ARTISAN CHEESE PROGRAM

Program Objective:

To increase the demand for cheese by making cow’s milk available for the manufacture of
unique specialty or ethnic-type cheeses by artisan cheese processors, excluding cheddar and
mozzarella cheeses.

Definition:
The word “artisan” or “Artisanal” implies that a cheese is produced primarily by hand, in
small batches, with particular attention paid to the tradition of the cheese maker’s art, and
thus using as little mechanization as possible in the production of the cheese. Artisan cheeses
may be made from all types of milk and may include various flavourings.

Overall Program Criteria:

1. Set aside a pool of milk, equivalent to 3.0 million litres that would be designated as
   “Artisan Cheese Milk”. This pool of milk would be in addition to the amount of PSQ
   allocated to Ontario’s existing industrial quota plants.

2. The milk for this program is to be made available for a period of five years or until
   the volume is fully utilized.

3. Up to 300,000 litres annually is to be made available to each new qualifying, artisan
   cheese processor, until the total volume equivalent to 3.0 million litres has been
   assigned.

4. The Artisan Cheese Program will be reviewed by industry stakeholders after four
   years, or sooner, if the 3.0 million litres is fully utilized.

5. Applications to receive milk under the Artisan Cheese program are to be reviewed by
   a joint committee of DFO/ODC staff, with recommendations to be made to the DFO
   Board for approval.

6. Any volumes of milk not utilized under the program would be re-allocated to the
   provincial PSQ pool.

7. The industry will give consideration to the feasibility of setting aside a portion of
   future MSQ increases for the purpose of funding additional volumes of milk that
   would be made available for additional Artisan Cheese applications.
Applicant Criteria:

1. Only “new” processors are to be eligible to apply for milk under the Artisan Cheese Program, i.e. dairy processors licensed by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) subsequent to the programs introduction, i.e. April 1 2006. Processors licenced to process cow’s milk prior to April 1 2006, are not eligible for application to this program.

2. Artisan Cheese processors must first apply to the Canadian Dairy Commission for a Domestic Dairy Product Innovation Program (DDPIP) contract for each new cheese. Plants receiving a DDPIP contract for their cheese are not eligible to receive milk for that cheese under the Artisan Cheese Program. Failure to receive a DDPIP contract for a specific cheese may make that cheese eligible for consideration under the Artisan Cheese Program.

3. Milk received under this program may be utilized in the manufacture of all types of cheeses, with the exception of cheddar, and mozzarella cheeses, providing the cheese is manufactured by hand, utilizing traditional cheese making practices.

4. Applicants wishing to receive milk under this program must provide DFO with a list of the type(s) of product that they plan to manufacture and demonstrate that their product is not available within the region.

5. Raw milk cheeses manufactured from milk under this program must be manufactured in accordance with all Federal, Provincial and Municipal regulations and policies. Finished product must be tested to ensure that it meets all public health and safety requirements.

6. Artisan Cheese processors approved by DFO/ODC to receive milk under this program, must obtain a Licence to Operate a Plant License from the Ontario Ministry of Agriculture, Food and Rural Affairs, comply with all plant regulations under Regulation 761 and the DFO Milk General Regulation 07/06 under the Milk Act, including the industry’s credit requirements before receiving any milk.

7. Permanent Plant Supply Quota (PSQ) will be allotted to the Artisan cheese plant at the end of five years of continual utilization. The volume of PSQ issued will be the greater of the last year of utilization or the average of the last two years.

8. Any milk entitlement or permanent PSQ assigned to a new Artisan Cheese processor is non-transferable at any time, with exception of instances where there is a change in ownership of the company and the plant continues to operate as an on-going operation, at the same location. In instances where an Artisan Cheese processor ceases operation, all milk entitlement or permanent PSQ assigned to that processor under this program will be returned to the Artisan Cheese Milk Pool.

9. Artisan Cheese plants will not be permitted to lease or purchase additional PSQ during the first five years of continual utilization.

Milk deliveries to successful Artisan Cheese Program applicants will be in compliance with all appropriate sections of the Plant Supply Quota policy and prevailing transportation policies that apply to all other