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General Conditions of Purchase for Foodstuffs and Additives

The present conditions of purchase come into effect on 01.05.2018 and replace all previous versions of said conditions. They will be available on the MICARNA website www.micarna.ch from the aforementioned date onwards.

1 Scope of application

The following general conditions of purchase apply to all suppliers of foodstuffs and additives, in particular suppliers of meat, meat products, seafood, seasonings and natural casings. The aforementioned terms cover all animal species permitted under the Swiss Ordinance on Foodstuffs of Animal Origin. All carcasses from own slaughter are subject to separate conditions of purchase.

2 Bases

The following constitute an integral part of the present general conditions of purchase:

- Prevailing Swiss legislation
- Regulations and guidelines on the applicable meat branding programme
- Self-disclosure document submitted to MICARNA by the supplier
- SDS raw materials management portal (rules governing access to the MICARNA IT system)
- MICARNA product specifications

3 General

The member of MICARNA staff who places the order shall always be the direct point of contact for all matters pertaining to said order. All orders shall be sent, postage paid, to the delivery address or according to the agreed Incoterms. By delivering its goods to MICARNA, the supplier accepts the present conditions of purchase. Product specifications constitute an integral part of the present conditions of purchase. Deviations, if any, are subject to the product specification. All deviations from the present conditions of purchase shall be subject to prior written consent from the member of MICARNA staff who placed the order. The supplier pledges to inform MICARNA in good time of all events that may have a bearing on a stable business process. These include risks due to defective products and/or quality deviations, production problems, lack of raw materials, price changes, problems meeting the given delivery deadline etc. The general terms and conditions of the contracting partner shall not apply even if MICARNA does not expressly object to same.



4 Requirements on the part of the supplier

The supplier shall implement an efficient and transparent quality control process at all levels of production and shall ensure the traceability of all products it supplies. All suppliers shall be in possession of a GFSI (Global Food Safety Initiative) certificate. Where justified, small suppliers (max. CHF 3 million total turnover) may be exempted from this requirement. The supplier shall also meet the following product group requirements:

4.1 Natural casings

Pursuant to the Federal Ordinance on the Production and Marketing of Feedstuffs (FeedO), casings originating from animals reared on genetically modified feed must be labelled as such.

5 Specifications

The supplier shall enter a MICARNA specification for each article it delivers to MICARNA either on the online SDS Raw Materials Portal or on the offline MICARNA Specifications Form. Alternatively, the supplier, once the order is placed, shall agree in writing to the pre-defined criteria/specifications. These rules also apply to merchandise.

6 Label requirements

The supplier shall ensure, upon delivery of the order, that it is in possession of the requisite licences and certificates, and that it is in compliance with the terms and conditions, as well as the regulations of the brand owner.

6.1 Meat

The supplier undertakes to deliver only Swiss meat and/or meat products made exclusively from Swiss meat. This applies to meat from all animal species. Any deviation from this requirement must be expressly agreed in advance with the given purchaser and recorded in writing on the delivery note and invoice. Swiss meat must satisfy, as a minimum, *QM Schweizerfleisch* [Swiss meat quality management] standards. Pork may not be demonstrably derived from adult, young or immunocastrated boars.

7 Meat-specific requirements

7.1 Swiss pork – “*Schweine-Plus*” welfare programme

The supplier shall ensure that both he and his supplier(s) are members of the “*Schweine-Plus*” welfare programme and are registered on the *Proviande* whitelist. Participants in the “*Schweine-Plus*” welfare programme may supply only pig carcasses or parts thereof sourced exclusively from animals reared under this welfare programme.

7.2 Swiss beef

The supplier undertakes to participate in the industry-led DNA-based meat traceability programme “*Contrôle d’origine par ADN/DNA-Herkunfts-Check*”. Participants in this programme may therefore may



supply only meat and meat products sourced exclusively from animals whose DNA has been tested and registered in the DNA database.

8 Genetically modified organisms (GMO)

The vendor is contractually obliged to supply only meat that was produced demonstrably using production or rearing techniques that did not involve the use of gene technology. No animal feed shall be used which contain products that the Federal Ordinance on the Production and Marketing of Feedstuffs (FeedO) stipulates must be declared as "GMO". Deviations therefrom are permitted only on imported goods, and mention to this effect shall be included in the product specification. This rule also applies to meat products.

9 Receipt of goods

9.1 General

All deliveries must be unloaded in the presence of MICARNA receiving personnel. All defects are subject to the terms of the warranty.

9.2 Labelling, bills of delivery and delivery times

The corresponding guidelines are an integral part of the order placement.

9.3 Transport containers

All Migros reusable equipment, including transport containers, are administered by the Migros reusable equipment management unit (MTM, *Migros-Tauschgebinde-Management*). All suppliers who use Migros reusable equipment are required to conclude a contract with MTM. The supply agreement governs the rules pertaining to supplier containers.

10 Supplier audits

MICARNA reserves the right to perform, or task a third party to perform, upon reasonable notice, a supplier audit. MICARNA can also request all corresponding quality management processes.

11 Warranty

The supplier shall be liable for all defects in the purchased goods. Any deviation from the agreed specifications or from standard samples, specimens, representations and packaging requirements is deemed a defect. MICARNA may give notice of any defects up to six months after the end customer warranty period and/or "best before" date has expired. The same deadline applies to the statutory limitation for claims. MICARNA shall not be bound by the inspection and/or complaint/limitation deadlines set down by the prevailing legislation or by the supplier. The supplier waives the right to deem the goods accepted in the event that notification of defects is not provided immediately after discovery. In the event of the receipt of defective goods, MICARNA is entitled to request either redhibition, a reduction in price, the rectification of defects or the replacement of the defective



goods. Even if only single items in the delivery are defective, MICARNA is entitled to demand either redhibition or the replacement of the delivery in its entirety. Should MICARNA demand redhibition or a replacement delivery, said goods shall be dispatched at the expense and risk of the supplier, or made available to MICARNA for collection on a date stipulated exclusively by MICARNA. Perishable goods may be destroyed, however the costs incurred shall be at the expense of the supplier. Should the supplier fail to perform a replacement delivery forthwith or within the time stipulated exclusively by MICARNA, the latter shall be entitled, without granting any further grace period, to take delivery from a third party, at the expense of the supplier. In the event that defects are discovered in a single delivery or in a single request for delivery of goods, MICARNA is entitled not only to redhibition, a reduction in price, the rectification of defects or the replacement of the defective goods, but also to waive all outstanding deliveries of the same goods and/or withdraw forthwith from the contract, without incurring any obligation for compensation. The supplier shall be liable to MICARNA for any damage which MICARNA and/or contracting partners incur in connection with the delivery of defective goods, the rectification of defects, redhibition or the replacement of defective goods. Should MICARNA incur any damage as a result of a defect, it shall issue the supplier with a debit note. It is deemed that the supplier has accepted this document if it fails to send MICARNA a written objection stating reasons within two weeks.

12 Default

The supplier shall be deemed to be in default of performance of its obligations if it fails to deliver its goods to the purchaser within the time/deadline stipulated in the contract. All changes to the delivery time shall be subject to prior written consent from MICARNA. If the supplier is in default, MICARNA may – except in cases of force majeure – insist on the fulfilment of the contract and, without setting a grace period, may claim compensation for all damages incurred. Alternatively, MICARNA may waive the subsequent performance of the contractual obligations and claim compensation for damages owing to non-performance, or charge the costs of third-party delivery to the supplier, or rescind the contract. Default notwithstanding, the performance of the contract shall not be waived, unless expressly stated to the contrary. Goods delivered behind schedule that could not be sold may be returned to the supplier, who shall be charged the agreed purchase price and all damage incurred.

13 Payment conditions

The payment term is stipulated in the order/order confirmation. It shall commence upon receipt of the invoice or goods; the later of these dates shall apply. The assignment of purchase price receivables to a third party is only permitted in exceptional cases and with prior written consent. "Assignment" (*Cession/Zession*) must appear on the corresponding invoices.

14 Transfer of risk

The risk of the goods shall pass to MICARNA on the contractually compliant delivery of goods at the place of performance.



15 Product liability

If a claim arising from product liability is made against MICARNA or an additional contractual partner, the supplier shall indemnify said parties fully. The supplier shall undertake to maintain product liability insurance, with blanket coverage of at least CHF 5 million (lump sum) per personal/property damage claim. However, the product liability of the supplier shall not be limited to the amount insured.

16 Liability for auxiliary personnel

The supplier shall be liable for damage caused by its contractual partners and auxiliary personnel, regardless of whether the supplier is at fault or not.

17 Transfer of rights and obligations

The transfer of rights and obligations pertaining to the supplier, unless transferred to *Migrosbank*, is subject to prior written consent from MICARNA.

18 Severability

In the event that any provision of these Conditions of Purchase or any individual contracts shall be held to be invalid or unenforceable, the same shall not affect, in any respect whatsoever, the validity or enforceability of the remaining provisions. The provisions held to be invalid or unenforceable shall be reformed to provisions satisfying the economic intent and purpose of the original provisions to the maximum extent permitted by law. This provision on partial invalidity shall also apply in the case of an omission.

19 Governing law and jurisdiction

All legal relationships between the contracting parties shall be governed by Swiss law alone, with the complete exclusion of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (Vienna Convention).

The sole place of jurisdiction is Zurich. Any deviation from this provision is subject to prior written agreement. The original German version of the present conditions shall take precedence over versions in other languages.

Micarna SA

A blue ink signature of Albert Baumann, consisting of a stylized 'A' and 'B' with a horizontal line extending to the right.

Albert Baumann
Director of the Micarna Group

A blue ink signature of Manfred Bötsch, written in a cursive style.

Manfred Bötsch
Head of the Sustainable Development Service