



APPENDIX 5.1 QUALITY APPENDIX

The Supplier shall comply with the following Buyer's requirements for Suppliers and Products.

1. General requirements

1.1. General

With respect to production and Products, the Supplier shall comply with the following general Buyer's requirements for Suppliers and Products. Products bearing the Buyer's label shall also be governed by the further special requirements that are set out in the Private Label Agreement appendix.

The following requirements of Finnish and European Union/European Economic Area legislation may be amended from time to time, and may also differ from the requirements set out herein. This means that the following quality requirements do not form an exhaustive and immutable list, but describe the common understanding of the Parties regarding statutory requirements at certain time. The Supplier shall at all times remain subject to a duty to investigate compliance of its Products with the legislation of the European Union/European Economic Area and of Finland.

1.2. Product information

At the Buyer's request, the Supplier shall furnish the Buyer's representative with all of the information on the Products that the Buyer requires. The Supplier shall have no right to prohibit forwarding of this information where this is necessary in order to ensure safety of the Products.

It shall be a duty of the Supplier to furnish the Buyer with a Material Safety Data Sheet (MSDS) on any technochemical Product for which an MSDS is required under European Union/European Economic Area or Finnish chemicals legislation. A product information form with a completed hazardous substances appendix must be provided for all Products that are classified as dangerous under European Union/European Economic Area or Finnish chemicals legislation.

The Supplier undertakes to provide Buyer with a Safety Data Sheet if:

a substance on its own, delivered to Buyer meets at least one of the following criteria:

- substance is classified as dangerous according to directive 67/548/EC,
- substance is classified as PBT or vBvP substance according to REACH Regulation Annex XIII,
- substance is a substance of very high concern;

AND/OR

Preparation delivered to Buyer meets at least one of the following criteria:

- a preparation contains at least one substance classified as dangerous under directive 1999/45/EC,
- a gaseous preparations contains at least 0.2 % by volume of a substance posing human health or environmental hazard or of a substance of very high concern,
- a non-gaseous preparation contains at least 1 % by weight of a substance posing human health or environmental hazard or it contains at least 0.1 % by weight of a substance of very high concern or a substance classified as PBT or vBvP substance according to REACH Regulation Annex XIII.

Supplier undertakes to provide Buyer with a Safety Data Sheet in accordance with REACH Regulation Annex II for all substances fulfilling at least one of the above mentioned criteria or alternatively, with sufficient information on how to ensure the safe use of such dangerous substances in preparations without exposure of humans and the environment.

A complete listing of all such substances now and in future has to be delivered as well. The listing should include at least: name of the substance, CAS-/EC-number and concentrations of dangerous substances in gaseous and non-gaseous preparations.

For Products or their packaging delivered to Buyer containing substances of very high concern (SVHC) in a concentration above 0.1 % (w/w) per article (product or packaging) the Supplier undertakes to comply with the following:

Supplier undertakes in future to provide Buyer with a complete listing of substances of very high concern in articles delivered to Buyer. The listing must contain at least the following information:

- chemical name of the substance,
- CAS-/EC-number,
- Product or packaging weight,
- weight of each substance within an individual product or packaging and the weight-% of the substance therein,
- main uses of each substance in end products or in their packaging.

Instructions on how to use safely these articles (products or packaging) containing substances of very high concern without exposure for human health and the environment are to be delivered as well.

The Supplier shall follow the candidate list and list of substances subject to authorisation and notify the Buyer if such new substances are annexed to the candidate list or to the list of substances subject to authorisation, which will have influence to Supplier's obligations towards the Buyer or if there are such changes to the Products delivered to the Buyer, which will change the amount of substances of very high concern in the Products delivered to the Buyer.

The Supplier shall notify the Buyer of all changes to information mentioned above.

In addition the Supplier shall on Buyer's request investigate if the substances of very high concern (SVHC) in the Products delivered to the Buyer could be replaced with other substances.

The Supplier shall be responsible for required environmental, quality, point of origin and chemical registration of its Products, and for other corresponding registration and notification procedures to public authorities and similar agencies unless otherwise agreed.

1.3. Product safety, quality and quality systems

The Supplier shall ensure the safety of its Products and compliance thereof with the statutory requirements of Finland and of the European Union/European Economic Area.

The condition of Products at time of reception shall enable them to continue to satisfy the Buyer's quality requirements on reaching the final destination (the point of sale). Products shall also be in other respects normally fit for resale to and use by consumers according to the normal purpose of the Product.

Manufacturing of foodstuffs must comply with operating methods based on HACCP principles (HACCP-Codex Alimentarius regulations). Risk assessment shall pay particular attention to allergens and/or new production technologies and novel foods.

Cultivation and production of vegetables shall comply with GAP principles (Good Agricultural Practice, GLOBALGAP, "Quality Requirements for Vegetables" produced in Finland), IP principles (Integrated Production) or other corresponding principles.

The quality of vegetables must comply with product-specific commercial norms based on the common market arrangements of the fruit and vegetables sector. In other cases the Product shall satisfy the standards of the FAO/WHO/Codex Alimentarius or of the OECD.

Except where otherwise separately agreed in writing, the Buyer shall not accept Product ingredients derived from cloned animals.

The Buyer shall approve testing on animals only where there are no alternatives, and only when the objective is to enhance the protection of human beings.

The Buyer requires Suppliers of technochemical products to apply procedures based on GMP or HACCP/FMEA principles.

The Supplier shall be required to discharge the obligations of its role under the European Union REACH Regulation (2006/1907/EC).

The following four quality system standards approved by CIES shall be accepted for production quality systems:

- BRC (Technical Standard and Protocol for Companies Supplying Retailer Branded Products)
- CCvD-HACCP (Criteria for Assessment of an Operational HACCP-system compiled by the Dutch National Board of Experts-HACCP)
- IFS (International Standard for Auditing Food Suppliers)
- SQF 2000 Code (Safe Quality Food)

and the following other standards shall also be approved:

- EFSIS (Standard and Protocol for Companies Supplying Food Products)
- DS 3027, second edition (Management of Food Safety Based on HACCP/Denmark; supplanted by the ISO 22000 standard)
- an ISO 22000 or ISO 9001/2000 quality control system standard

While the Buyer shall require no certification from the Supplier with respect to the foregoing quality systems, such certification shall be deemed an advantage when selecting suppliers.

The Supplier shall provide documentation on product safety and quality assurance when the Buyer's representative so requests.

Should the Buyer or a public authority detect quality nonconformities in the Products in the course of its own inspections, then the Buyer may commission or request the Supplier to have any further analyses conducted by an accredited laboratory at the Supplier's expense.

The Buyer's representative shall be entitled to perform on-site inspections and audits at the Supplier's production plants and in the buildings thereof where Products are processed and stored.

1.4. General principles of environmental and social responsibility

Environmental responsibility

Production operations and original production must satisfy the requirements of European Union/European Economic Area and/or applicable national environmental legislation. Procedures must be described for handling solid waste, chemicals, discharges and wastewater.

No PVC may be used in product packaging, and bleaching of packaging materials may not employ methods that are based on the use of elemental chlorine.

Suppliers must comply with the principles of sustainable development particularly with regard to fish and shellfish products. Fisheries must apply sustainable methods and be based on sustainable fish stocks. Important aspects include the origin and size of fish, the time of fishing, the state of fish species in various fishing areas, and the methods of fishing and fish farming.

An approved environmental system certificate (ISO 14001, EMAS) shall be deemed an advantage. In the absence of certification, the Buyer shall be entitled to perform on-site inspections or auditing to verify aspects of environmental responsibility.

The Supplier has undertaken to continually improve environmental affairs, particularly with respect to the material and energy efficiency of Products.

The Supplier shall be liable for ensuring compliance with animal welfare regulations in the production of products of animal origin.

Social responsibility

Production operations and original manufacturing must comply with statutes and collective agreements in the country concerned, and must satisfy the minimum working life standards of the International

Labour Organisation and the principles of the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child.

Workers' right to form associations and belong to a trade union: Workers shall be entitled to join and form associations and trade unions. Workers shall be entitled to bargain collectively on working conditions and on terms and conditions of employment. Workers' representatives serving in trade unions shall be permitted to meet their members at their workplace.

Workers shall not be subject to discrimination: Workers shall be treated impartially and without regard to age, gender, race, religion, political opinion, trade union activity, sexual orientation or corresponding grounds.

Terms and conditions of work: Regular working hours shall not exceed 48 hours, nor shall overtime exceed 12 hours per week. Overtime compensation shall be paid for overtime work at rates no lower than those prescribed in national legislation. Workers shall be paid no less than the statutory minimum wage, and higher rates shall be paid for overtime work.

Safety of the working environment and treatment of workers: Workers shall be provided with a safe working environment, and no physical, psychological or sexual harassment shall be permitted.

Ban on the use of child labour: The minimum age for beginning work shall be no lower than the age prescribed in national legislation, and shall in no case be lower than 15 years.

Ban on the use of prisoners and forced labour contravening human rights: Workers shall be employed in the enterprise on a voluntary basis. No pledge or other security shall be required from workers in exchange for employment. Workers shall be entitled to leave the workplace at the end of their work shifts.

An approved SA 8000 certificate shall be deemed an advantage in respect of social responsibility. It is requested that a copy of any such certificate be submitted to the Buyer.

In the absence of an SA 8000 certificate, the Buyer may require a supplier that is located in or imports Products from risk areas specified by the Buyer to sign the BSCI Code of Conduct, complete self-evaluation and arrange auditing.

BSCI auditing procedure for procurement from risk areas

Code of Conduct

The Business Social Compliance Initiative (BSCI) is a format for supervising social responsibility developed in Europe in 2003. BSCI seeks to improve supplier working conditions to the standard required by international conventions, and to clarify and harmonise supervision of suppliers by enterprises. The BSCI auditing format is administered by the Foreign Trade Association (FTA) in Brussels.

The Buyer is a member of BSCI and has agreed to comply with the organisation's Code of Conduct and auditing format for procurement from risk countries. These countries currently include countries in Asia, Africa, the Middle East and Latin America, together with certain European countries and regions such as the Spanish province of Almeria. Suppliers that are based in or commission Product manufacturing in risk countries, and parties that import from risk countries and serve as agents shall be required to

sign the BSCI Code of Conduct. Suppliers shall be required to initiate the BSCI auditing procedure within six months of signing up to the principles of the Code of Conduct.

Any Supplier bound by the BSCI that infringes its duties under the BSCI must compensate the Buyer for all damage and losses thereby caused. The Buyer shall also be entitled to terminate the Agreement with immediate effect or at a time specified by the Buyer in the event that the Supplier fails to rectify its negligence within a reasonable stipulated period after receiving a written complaint from the Buyer.

The auditing procedure

After signing the Code of Conduct requirements, the Supplier shall initiate the auditing procedure. At the first stage the Supplier shall conduct a self-evaluation of production operations in accordance with the BSCI format. The self-evaluation form shall be returned to the Buyer. At the next stage the Supplier shall subscribe to external auditing by an accreditation institute approved by Social Accountability International (SAI). A list of approved auditors is available from the Buyer. The report of the completed audit shall be sent to the Buyer. If the audit reveals nonconformities with respect to the requirements of the BSCI Code of Conduct, then the Supplier shall compile a plan of remedial measures and a timetable for implementation. The audit shall be repeated no later than three years after the first audit to verify implementation of the remedial measures. Further details of the BSCI procedure are available at www.bsci-eu.org.

The Supplier shall pay the costs of the BSCI auditing procedure.

1.5. Traceability of Products

The Supplier shall have an effective and documented traceability system. Consumer packages shall include date and/or manufacturing batch markings for the purpose of identifying and tracing the Product in product groups where such markings are a statutory requirement.

The Supplier shall be capable of furnishing the Buyer with details of the origin of a Product and of its raw materials.

In the event of a health hazard or suspicion thereof the Supplier shall submit details of the batch in question to the Buyer immediately, and within two days in other cases.

1.6. Product hygiene

Products shall be free of pathogenic microbes. Products may not be contaminated with salmonella. A salmonella inspection certificate must accompany every batch of imported fresh meat, raw meat products and eggs specifying that the batch is free of salmonella.

1.7. Use of pesticides in vegetables

Only such pesticides that are approved in the European Union shall be used in the cultivation and production of vegetables. The Buyer shall not permit the use of pesticides for which the maximum concentration is governed by a limiting value of 0.01 mg/kg.

1.8. Organic production methods

A Supplier of organic products operating within the territory of the European Union shall belong to an organic production control system in accordance with European Union/European Economic Area and Finnish legislation. Manufacturers and growers, importers, and parties that commission the manufacture of, store or engage in wholesale trading in organic products shall be entered in the register of organic production maintained by the control authority.

The Supplier shall furnish the Buyer with an organic production certificate of inspection for organic products in accordance with European Union/European Economic Area and Finnish legislation, and shall notify the Buyer of the public authority supervising the Supplier and of the identity number of any public authority operating within the territory of the European Union.

If the Buyer is the importer of organic products under European Union/European Economic Area and Finnish legislation, then the Supplier shall be liable for ensuring that any imported organic products are accompanied by a certificate of inspection of organic production in accordance with the said legislation.

An import licence is required for certain organic products imported from outside of the territory of the European Union. In the event that the Buyer is the importer, the Supplier shall furnish the Buyer with all of the details and documents that are required in order to procure the said licence. In other cases the Supplier shall furnish the Buyer with a copy of the import licence and of any other information and documents needed by the Buyer.

1.9. Irradiation

Products shall not be irradiated, nor may they contain irradiated raw materials or other irradiated ingredients.

1.10. Genetically modified vegetables

Except where otherwise separately agreed in writing, the Buyer shall not accept genetically modified fresh vegetables.

1.11. Use of antibiotics in foodstuff production

The Buyer shall not approve the use of antibiotics or comparable substances or ingredients in the manufacture and/or processing of foodstuffs.

1.12. Salt concentration in foodstuffs

The Supplier shall allow for the requirements of Finnish national legislation on salt content labelling.

1.13. Azo dyes

Use of azo dyes shall not be permitted in any foodstuffs.

1.14. Methyl bromide

Use of methyl bromide shall not be permitted in any foodstuffs.