

FIXED PRICE SLAUGHTER CONTRACT

The Parties to this Agreement are:

MEAT CORPORATION OF NAMIBIA

A juristic person established in terms of the Meat Corporation of Namibia Act, Act 1 of 2001,

of

Meatco Head office, Sheffield Street, Northern Industrial Area

P O Box 3881, Windhoek, Namibia.

represented herein by its duly authorised Representative,

Mwilima Mushokabanji, Chief Executive Officer

(Hereinafter referred to as 'MEATCO')

AND

.....
[PRODUCER FULL NAMES]

Registration number / ID number:.....

Producer number:.....

of

.....
[ADDRESS]

represented herein by its duly authorised Representative(s),

Full Names:.....

I.D:.....

(Hereinafter referred to as the 'PRODUCER')

A. OBLIGATIONS OF THE PARTIES

- i) The Parties hereby agree to enter into this FIXED PRICE SLAUGHTER CONTRACT.
- ii) MEATCO undertakes to procure the cattle from the PRODUCER subject to the terms and conditions set out herein and, additionally, in accordance with all the terms and conditions as set out in the Pro Forma Sales Advice, excluding clause 14 thereof, annexed hereto as “**Schedule A**”.
- iii) The PRODUCER undertakes to familiarize itself with and comply with all MEATCO procedures and Farm Assured Namibian Meat (“**FAN MEAT**”) regulations, which will be made available to the PRODUCER at the request of the PRODUCER.
- iv) The PRODUCER undertakes to familiarize itself with all export requirements, regulations and requirements as determined by the Directorate of Veterinary Services (“**DVS**”), which will be made available to the PRODUCER at the request of the PRODUCER, and warrants that the cattle delivered will be compliant with export requirements and regulations and be fit for human consumption as determined by the DVS.
- v) In order to qualify for the agreed upon price, the PRODUCER shall upon delivery of the cattle to MEATCO, complete and sign a Sales Advice form similar in form to Schedule A to be provided to the Producer by MEATCO and MEATCO shall in turn perform its obligations in terms of Schedule A and verify that the PRODUCER has met a minimum of ninety percent (90%) of the quantity of cattle which such PRODUCER has committed to deliver to MEATCO (the “**Minimum Cattle Delivery Amount**”) within the specified delivery period as per Schedule B.

vi) Failure by the PRODUCER to meet the Minimum Cattle Delivery Amount

- a) Failure by the PRODUCER to deliver the Minimum Cattle Delivery Amount as per this Contract, shall result in:
 - i. MEATCO charging the PRODUCER a penalty of Two Thousand Namibian Dollar (N\$2 000-00) per each head of cattle not delivered (short of ninety percent (90%)); and
 - ii. the PRODUCER being paid for the cattle delivered according to MEATCO’s weekly announced Producer Price instead of the price stipulated in terms of this Contract.
- vii) In case of cattle being delivered in excess of 100% of the agreed quantity, as per Schedule B of this contract:
 - a) additional cattle delivered shall be purchased at MEATCO’s weekly announced Producer Price, at the sole discretion of MEATCO; and
 - b) the cattle delivered above one hundred percent (100%) of the contract quantity shall be paid in accordance with MEATCO’s weekly announced Producer Price, subject to terms and conditions to be agreed between the Parties.

viii) Failure by MEATCO to purchase or take delivery of cattle

- a) If for any unforeseen reason, MEATCO is unable to purchase and take delivery of at least the Minimum Cattle Delivery Amount, within fourteen (14) days of the agreed delivery period, and subject to there being no omission, commission, fault, or breach of any terms of this Contract by the PRODUCER, then MEATCO shall pay the Producer, a penalty of Two Thousand Namibian Dollar (N\$2 000) per each head of cattle that MEATCO is unable to purchase and take delivery of.

- ix) Any cattle delivered outside the grades and/or weight classes specified in Schedule B herewith shall, at MEATCO's sole discretion, be received and paid in accordance with MEATCO's weekly announced producer price.

- x) In case of Acts of God or other force majeure event(s), which result in the closure of the abattoir, MEATCO may cancel the contract at its sole discretion without being liable to pay the penalty.

- xi) In the event of any force majeure event preventing Meatco from purchasing the cattle as per this Contract based on the slaughter weight, MEATCO shall, in such event, purchase the cattle live and the carcass weight will be calculated at fifty four percent (54%) of the delivery weight at MEATCO of the live animal, in order to determine the slaughter weight under such circumstance.

B. CONTRACT PRICE

- i) MEATCO agrees to pay the PRODUCER the CONTRACT PRICE, as specified in Schedule B, subject to the PRODUCER complying with all his/her/its OBLIGATIONS and SUSPENSIVE CONDITIONS stipulated in this contract.

C. SUSPENSIVE CONDITION

- i) The contract only becomes binding and enforceable once:
 - a. the Parties have signed this contract and the PRODUCER has received a MEATCO confirmation letter stipulating the applicable slaughter period and cattle quantity to be delivered to MEATCO;

 - b. MEATCO agrees to provide a slaughter allocation to the PRODUCER on a first come first served basis principle, and at the sole discretion of MEATCO; and

 - c. the PRODUCER has provided, within 10 business days of MEATCO's request, a guarantee or security for the payment of the maximum penalty capable of being imposed in terms of clause A. vi) above to the satisfaction of MEATCO.

D. PAYMENT

- i) Payment will be made by way of electronic funds transfer (EFT) within thirty (30) calendar days after invoice date according to the banking details provided in writing to MEATCO by the PRODUCER or his/her/its duly authorised Agent.
- ii) In the event of a penalty as stipulated in Section A. vi) a) i); such payment must be made to MEATCO within thirty (30) calendar days after invoice date.
- iii) In the event of a penalty as stipulated in Section A. viii) a); such payment will be made by way of electronic funds transfer (EFT) according to the banking details provided in writing to MEATCO by the PRODUCER or his/her/its Agent within thirty (30) calendar days after invoice date.

E. GENERAL

- i) This Contract will take effect once the SUSPENSIVE CONDITION has been fulfilled, and both parties have signed the contract.
- ii) The contract terminates on the date of settlement of all payments due and payable in terms of this contract.
- iii) Slaughter cattle allocated through this Contract are exclusive and may not be delivered through any other MEATCO agreement.
- iv) **Best endeavours**
 - a. The PRODUCER shall use its best endeavours to supply at a minimum, the Minimum Cattle Delivery Amount.
 - b. MEATCO shall use its best endeavours to purchase and take delivery of at least the Minimum Cattle Delivery Amount.
- v) **Ownership, risk and benefit**
 - a. The PRODUCER shall bear the risk of loss in the animals until such animals are received by MEATCO.
- vi) **Dispute Resolution**
 - a. Except where specifically provided to the contrary in this Agreement, any dispute arising out of or relating to this Agreement, or the breach, termination or invalidity thereof then any party may give written notice to the other Party/ies that such dispute shall be finally resolved with the commercial rules of

Professional Arbitration and Mediation Association of Namibia (“**PAMAN**”) by an arbitrator or arbitrators appointed by PAMAN. There shall be a right of appeal as provided for in the aforesaid rules and the arbitration shall be held in Windhoek, Namibia.

b. Each Party to this Agreement-

- i. Expressly consents to any arbitration in terms of the aforesaid rules being conducted as a matter of urgency; and
- ii. Irrevocably authorises any of the other Parties to apply, on behalf of all Parties to such dispute, in writing, to the secretariat of PAMAN in terms of the aforesaid rules for any such arbitration to be conducted on an urgent basis.

vii) **Notices and Domicilia**

- a. Each of the Parties chooses *domicilium citandi et executandi* (“domicilium”) for the purposes of the giving of any notice, the payment of any sum, the serving of any process and for any other purposes arising from this Agreement at their respective addresses set forth in this agreement.
- b. Each of the Parties shall be entitled from time to time, by written notice to the others to vary its domicilium to any other address which is not a post office of poste restante.
- c. Any notice given and any payment made by a Party to any of the others (“the addressee”) which
 - i. Is delivered by hand during the normal business hours of the addressee at the addressee’s *domicilium* for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee at the time of deliver;
 - ii. Is posted by prepaid registered post to the addressee at the addressee’s *domicilium* for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the 14th (fourteenth) day after the date of posting.
- d. Where, in terms of this Agreement any communication is required to be in writing, the term “writing” shall include communications by electronic mail or facsimile. Communications by electronic mail or facsimile shall, unless the contrary is proved by the addressee, be deemed to have been received by the addressee 24 (twenty four) hours after the time of transmission.

viii) **No Waiver**

- a. No relaxation, indulgence or extension of time granted by any Party (the “Grantor”) to another Party shall be construed as a waiver of any of the Grantor’s rights in terms hereof, or a novation of any of the terms of this Agreement or estop the Grantor from enforcing strict and punctual compliance with the terms of this Agreement.

ix) Survival of Rights, Duties and Obligations

- a. Termination or expiry of this Agreement for any cause does not release any Party from any liability which at the time of termination or expiry has already accrued to such Party or which thereafter may accrue in respect of any act or omission prior to such termination or expiry.

x) Severance

- a. If any provision of this Agreement that is not material to its efficacy as a whole is rendered void, illegal or unenforceable in any respect under any law of any jurisdiction, the validity, legality and enforceability of the remaining provisions are not in any way affected or impaired thereby and the legality, validity and unenforceability of such provision under the law of any other jurisdiction are not in any way affected or impaired.

xi) Assignment

- a. Save as permitted by the provisions of this Agreement, no Party may cede any of its rights or delegate or assign any of its obligations under this Agreement.

xii) Breach

- a. If either Party commits a breach of this Contract, the other Party shall be entitled, without prejudice to any other remedy it may have in law, at its option either to cancel this Contract and claim damages or to claim specific performance together with damages (if any).

xiii) Whole Agreement

- a. The Parties record that this Contract together with annexure hereto constitutes the sole and exhaustive record of their agreement on the subject matter thereof, and unless specifically specified in this Contract, no variation or amendment thereof which alters the basic nature of scope of the Contract shall be of any force and effect unless reduced to writing and signed by the Parties. All references to 'this Contract' shall mean this document and all annexure hereto.

xiv) Counterparts

- a. This Agreement may be signed in any number of counterparts. Each counterpart is an original and all counterparts taken together constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterpart.

xv) Applicable law

- a. This Agreement is governed by and shall be construed in accordance with the laws of Namibia.

b. Subject to the provisions of this Agreement, the Parties consent and submit to the non-exclusive jurisdiction of the High Court of Namibia, Windhoek in any dispute arising from or in connection with this Agreement.

SIGNED by the PRODUCER at this..... day
of.....20.....

.....
Signature (Insert Full Name)
Duly authorised

Witnesses:

1. _____
Witness Signature Witness Full Name

2. _____
Witness Signature Witness Full Name

SIGNED on behalf of MEATCO at this..... day
of.....20.....

.....
Signature
Mwilima Mushokabanji (CEO)

Witnesses:

1. _____
Witness Signature Witness Full Name

2. _____
Witness Signature Witness Full Name

SCHEDULE A



CONDITIONS OF PURCHASE:

Meatco purchases cattle as set out on page one (1) of this Sales Advice subject to the following conditions:

1. Meatco will be liable for the loss due to injury or death of cattle as a result of the negligence or omission on the part of Meatco, its employees or agents upon the cattle entering the abattoir lairages.
2. The Producer warrants being the legal owner of the cattle sold.
3. Cattle must be branded with the registered brand mark of the Producer, and must be clearly readable by the competent authority.
4. This Producer Sales Advice, a valid Directorate of Veterinary Services (DVS) "Permit to Move Animals", Animal Movement Notice, valid DVS Certificate of Cleaning & Disinfection of Livestock Transport Vehicle, Proof of residency Compliance (90/40 Days), DVS Certificate of "Registration to Transport Animals" and any other prescribed document requested from time to time by the competent authority or Meatco, must accompany said cattle to the abattoir.
5. The Producer and/or his/her agent is/are solely responsible for the correctness and validity of all the documents referred to in Clause 4 and accept(s) accountability for any penalties or additional costs resulting from the incorrectness thereof.
6. The Producer or his/her agent is responsible for all transport costs, statutory levies or fees and/or insurance costs or any arrangements related to the transport of cattle to the abattoir.
7. All cattle must comply with the criteria of the national Farm Assured Namibian Meat (FAN Meat) Scheme.
8. Animal welfare principles as per law and regulations of importing countries must be adhered to all times.
9. Meatco does not purchase cattle, and no such cattle may be delivered to Meatco's abattoir, which are or were
 - a) of a small frame size;
 - b) in a state of poor health;
 - c) deceased;
 - d) emaciated;
 - e) dead;
 - f) cows that might calf in transit or in abattoir lairages;
 - g) fed on animal protein as supplementary feed;
 - h) subjected to vaccines, antibiotic and/or internal/external parasitic treatment products to which a withdrawal period has been assigned during the registration of such product unless the applicable withdrawal period has expired since the last treatment; or
 - i) subject to any antibiotic tranquilizer, estrogen, goitrogen, therapeutic or similar substance treatment, which may render the carcass, meat or viscera unfit for human consumption by reason of residual content herein.
10. No animal which falls under one or more of the categories listed in Clause 9 may be rendered or accepted for sale. Should such an animal nevertheless be delivered to Meatco's abattoir, the Producer must remove such animals, subject to any applicable veterinary regulations, and any loss or cost associated with the removal of such animals shall be for the Producer's own account.
11. In the event of condemnations, as determined by the Directorate of Veterinary Services (DVS), resulting from disease or any other condition, Meatco will not purchase the animal or any part thereof.
12. No carcass or part thereof declared unfit for human consumption by DVS may be removed from the abattoir premises by the Producer.
13. Meatco does not pay for cattle with carcasses, or any part thereof, condemned as a result of bruising.
14. The price payable to the Producer is determined per the official MEATCO PRICING POLICY FOR LIVESTOCK PROCUREMENT. This price includes compensation for the fifth quarter (hide and offal).
15. In the event of conditional release of a carcass, Meatco will determine the price at 55% of the price, as per Clause 14.
16. Condemned measles affected carcasses fetch 10% of the price stipulated in Clause 14, while 90% of this price will be paid for conditionally released measles affected carcasses.
17. Cattle must overnight in abattoir lairages for slaughter the next day. Entrance to the abattoir closes daily at 17h00. It is specifically noted, that the Producer and/or his/her transporter is/are responsible for the timely delivery of the cattle to the abattoir.
18. If cattle arrive at the abattoir lairages after 17h00 the Producer loses his allocated slaughter quota for the next day. Cattle shall then stand over and will be fed and watered at the Producer's expense until such time that another slaughter quota becomes available. In the case of cattle not being able to be slaughtered within 72 hours of arrival, they need to be removed from Meatco's premises at the Producer's expense.
19. Although slaughter at Meatco is done according to predetermined date and time scheduled, delays in the process might occur due to an event as described in Clause 26. Meatco shall not be liable for any losses resulting from such delays.
20. Carcass grading and classification is based on the National Beef Grading system and is determined by the Meat Board of Namibia in its sole discretion.
21. Should the Producer disagree with the grading results, he/she may appeal to the Meat Board of Namibia in writing. The appeal must be lodged before the end of the applicable slaughter day by completing the appeal request and paying the applicable re-inspection fee. Meatco will not be held responsible for any delayed response from the Meat Board of Namibia on such appeal.
22. Carcasses are weighed after evisceration, trimming and post mortem inspection.
23. Determination of the price of the cattle delivered will be set after DVS post mortem inspection and approval for human consumption.
24. For settlement purposes, the cold mass of a carcass is derived from the weighed hot mass less 2.5% standard moisture loss.
25. Settlement for purchases of cattle during the month is done 30 days following the date of financial statement.
26. No failure by Meatco to perform in accordance with any of the above conditions shall constitute a breach of contract if the failure arose from force majeure, including acts of God, war, strikes, lock-outs, sanctions, or changes in laws, regulations, ordinances or the like made by any competent authority, or other circumstances wholly outside the control of Meatco.

SALES ADVICE

1. The Producer Sales Advice must be completed accurately and in full by the Producer and handed in at the Meatco Livestock Reception Office when animals are delivered to the abattoir lairages.
2. Meatco reserves the right to postpone slaughter of animals in the event of the Producer Sales Advice not being completed in full.
3. Meatco reserves the right to postpone slaughter animals until such time that all prescribed documents as per Clause 4 have been fully submitted by the Producer.
4. If possible and reasonable, Meatco shall endeavour to adhere to special requests as indicated on the Producer Sales Advice by the Producer.
5. In case of Conditions of Purchase not signed by the Producer or his/her authorized representative, the load of cattle will be treated by Meatco as stipulated by the Conditions of Purchase as stipulated on this page.

