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Rules and procedures concerning trade between CARMO FOOD Nordic A/S and suppliers

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1.1 Introduction

The purpose of the following is to lay down guidelines for delivery of goods to CARMO FOOD Nordic A/S. Naturally, we hope that all our suppliers will welcome this material, in order to make it useful for, and to the benefit of, all of us.

It is imperative that this material is known by all branches of the supplier's business, at any department with connection to logistics.

The logistics guide is also available at the CARMO FOOD Nordic A/S homepage at the following internet address: <http://carmofood.com/purchasing.aspx>

Since changes occur during the year, it is important that the supplier is updated with the newest version.

As it will appear from this logistics guide, the trade is increasingly depending upon correct basic data, labeling and packaging. Any questions in relation to the following guidelines may be addressed to your contact person, or via e-mail to following address:

Email: info@carmofood.com

1.2 Concerning incorrect deliveries

CARMO FOOD Nordic A/S is occasionally met with claims from our customers concerning errors on our deliveries.

Usually the problems are caused by our suppliers not delivering goods according to the agreement on time of deliverance, quantity, quality, labelling, etc.

We are discovering errors on:

- Labelling not following the Danish rules and standards.
- Wrong expiry dates put on labels and cartons
- The agreed barcodes and the ones actually put on cartons and products are different
- The quality check done by suppliers that result in products being delivered below agreed standards and not able to forward to our customers.
- The packing of the pallets that leads to cartons and products being damaged
- The packing of the products, which lowers the quality.
- Differences in the printed weight on the products and the one registered at our coldstore
- Wrong storage temperature printed on the labels
- And important for our business; quantity on deliveries below the agreed which are causing lots of problems for us in servicing our customers.

The majority of problems are caused by lack of attention from our suppliers and should be avoided. When we have to correct errors on deliveries, CARMO FOOD Nordic A/S is put on a number of costs that strain our business. The costs consist of resources on receipt of goods at our coldstore, extra freight, storage, administration etc.

When deliveries are faulty hopefully we catch the errors before transmission, but sometimes the errors are discovered by our customers causing lots of frustration and problems for their business as well as ours.

When CARMO FOOD Nordic A/S has to correct the errors, the customer has to send the products back causing extra expenses on transport and administration, new products sent if possible or customers purchasing products elsewhere at our expense – all of it making our costs unreasonable and damaging CARMO FOOD Nordic A/S' credibility and relations to the customer.

Because of all the previous mentioned reasons, CARMO FOOD Nordic A/S will on future deliveries withdraw the costs from incorrect deliveries to the suppliers' receivables.

On the following pages you find detailed information on the procedures for packing, labelling, storage, etc. and we hope with this to minimize errors in the future.

Kind regards

CARMO FOOD Nordic A/S

2 Levels of packing, marking and delivery

2.1 Levels of packing

In order to specify where each basic data belongs, we will begin by defining the different levels of packing, the levels on which the specific goods are located.

Level of packing Definition

Retail pack	The retail pack is the unit which is scanned at a cash register and sold to the consumer. Example: One beef tenderloin, one bag of chicken breasts, one lamb leg, etc.
Carton	A carton contains an amount of retail packs and normally makes up the level of packing on which trade between CARMO FOOD Nordic A/S and the customer takes place. Example: 1 carton containing 12 packages of chicken nuggets
Pallet	A pallet contains of a number of cartons packed together with a number of cartons per layer and a number of layers per pallet.

2.2 Identifications – EAN-numbers

Regardless of the level of packing, the goods must be identified clearly, so that a certain EAN-number applies to each level of packing.

The EAN-number is distinct in two ways – it is unique and it can be expressed in a barcode.

In relation to the establishment of goods we will ask for the following EAN-numbers:

Level of packing	Use	Types of Numbers
Retail pack	For scanning in the shop	EAN-13 (this is not necessary for bulk products)
Carton for all products except beef and veal	For the reception of goods at CARMO FOOD Nordic A/S and for communication via EDI	EAN-128 A1(01) + (15) + (10) + (37) + (00) or alternatively EAN-13 or ITF-14
Carton for beef and veal	For the reception of goods at CARMO FOOD Nordic A/S and for communication via EDI	EAN-128 AI(01) + (15) + (3103) + (10) + (422) + (423) + (7030) + (7031)
Extra requirements for pallet-labels below are for certain customers for direct deliveries:		
Pallet for all products except beef and veal	For the reception of goods at CARMO FOOD Nordic A/S	EAN-128 (AI 02)+ (37) + (15) + (3103) + (10) + (00)
Pallet with beef and veal	For the reception of goods at CARMO FOOD Nordic A/S	EAN-128 (AI 02)+ (37) + (15) + (3103) + (10) + (422) + (423) + (7030) + (7031) + (00)

2.3 Labeling of pallets

To be able to handle pallets at reception and in the coldstore a correct labeling is a precondition.

On cartons a UCC/EAN-128 or an EAN13/ITF14 barcode must be applied. This label must be placed either on the end or on the long side. It must appear clearly from the label which product the carton in case contains, as well as necessary information about shelf life, batch number, etc. in clear text.

On whole pallets 2 identical UCC/EAN-128 labels must be attached on the outside on possible film to allow scanning. One of the labels on the items short side and the other on the adjacent right long side.

On mixed pallets, likewise, 2 identical UCC/EAN-128 labels are attached, regarding each pallet of one article number. Though, the label must here be placed under possible film, since the film is removed before the scanning of each pallet.

CARMO FOOD Nordic A/S' requirements for labeling follow the EAN concept of labeling pallets as expressed in information code UCC/EAN-128.

2.4 Working out EAN128

Cf. the standard the label is divided into three areas for free format (free text), readable information, and indication of bar codes, respectively (see examples below).



The free format is to be used to indicate specific information in free text.

To ensure the possibility of visual identification, name of supplier (e.g. logo), contents of pallet, and other relevant information may be stated.

The readable information describes the information present in the barcode, and is therefore to be placed in the middle square in clear text.

The symbols of the barcode, like the numerical stating of these, must appear from the lower part of the label. Application identifies (AI) are stated in brackets in front of the numerical statement concerned.

The SSCC barcode must always be placed as the lowest barcode-symbol on the label and the symbol can only contain this code with AI (00). Note the difference of size between each barcode – SSCC must be larger than the rest. Note that each pallet must have its own unique number valid across code number, client, etc.

TWO PALLETS MAY NEVER HAVE THE SAME SSCC NUMBER.

The size of the label depends on the type of information it is to contain. It is recommended that the A5 format (148 mm x 210 mm) is used as the smallest label-size on the consignment. On the carton, the largest size possible is recommended.

2.5 Measures

In the sense of logistics, reporting of measures is **ALWAYS** of the carton.

Dimensions	Definitions
Height in cm	The height is measured at the vertical side of a carton, when the carton is placed on the pallet. This ALWAYS applies, even if the retail pack in the carton should be turned differently at the pallet than when unpacked. The height enters into the calculation of the total height of the pallet and into the volume of the carton.
Length in cm	The length is measured at the longest horizontal side of the carton, when the carton is placed on the pallet. The length enters into the calculation of the volume of the carton.
Width in cm	The width is measured on the shortest horizontal side of the carton, when the carton is placed on the pallet. The width also enters into the calculation of the volume of the carton.

Please note: The height of the pallet itself must enter the calculation of the cartons when measuring the height. E.g. + 14,4 cm for a standard EURO-pallet.

2.6 Weight

In the sense of logistics, reporting of weight is also ALWAYS of the carton.

Weight	Definition
Gross weight	The gross weight is the weight of the carton including the wrapping for consumer as well as for transport. The pallet itself enters into calculation of the weight.
Net weight	The net weight is the weight of the product itself, excluding any wrapping on the product itself and outer cartons.

2.7 Packing and palletizing

Basic data of packing and palletizing is important in a number of fields, partly in relation to calculating the height and weight of the pallet, partly in relation to placing an order. CARMO FOOD Nordic A/S always strives to order full layers of pallets and/or whole pallets (standard EUR-pallets).

Packing and palletizing	Definition
Number of cartons per pallet layer	By this is meant the number of cartons which amounts to one pallet layer on the pallet.
Number of pallet layers per EUR-pallet	By this is meant the total number of pallet layers present on the pallet.
Number of cartons per EUR-pallets	By this is meant the total number of cartons on a "full" EUR-pallet.
Type of pallet	CARMO FOOD Nordic A/S needs to know how the article will be delivered at our terminals. If an article is delivered as a quart-, half-, or whole pallet ready for sale, this must be reported. In all other cases it is expected that the packing is: Cartons packed on a EUR-pallet (see later).
Rules of checking	When CARMO FOOD Nordic A/S receives basic data from the supplier, the following checking is made to ensure that the reported amounts are correct: Number of cartons per pallet layer x number of pallet layers = Total number of cartons per standard EUR-pallet

This part has dealt with basic data, which has got a logistic significance for the cooperation between CARMO FOOD Nordic A/S and suppliers, and between CARMO FOOD Nordic A/S and the customers. It is important to emphasize that more significant basic data are related to an article, than those mentioned in this part. All necessary basic data appears by the scheme for establishing, which can be obtained by contacting your contact person at CARMO FOOD Nordic A/S.

If, in the effort to meet the demands for basic data, any question of doubt appears, suppliers are most welcome to contact CARMO FOOD Nordic A/S.

Unfortunately, CARMO FOOD Nordic A/S has been forced to introduce economic sanctions, as mentioned previously, for suppliers who fail to comply with specified logistical procedures for correct packing, palletizing, and labeling without prior written agreement.

2.8 Purchasing – ordering of goods

The placing of orders is made by CARMO FOOD Nordic A/S via fax or email.

The purchasing order will contain the following points/information which must be transferred to delivery note and invoice:

1. Order number from CARMO FOOD Nordic A/S
2. Name of articles
3. Date of delivery
4. Quantity of article for CARMO FOOD Nordic A/S

2.9 Purchasing – confirmation

In case the order of purchasing cannot be effectuated as ordered, as to the amount and date of delivery, this must be reported immediately by fax or e-mail to the purchaser at CARMO FOOD Nordic A/S.

CARMO FOOD Nordic A/S will not accept remaining orders without previous agreement. Missing goods will be reordered.

If changes occur, in relation to dimensions of cartons, number of cartons per layer of pallet, total amount of cartons on a "full" pallet, this should likewise be reported to the purchaser concerned. Changes in size of cartons (i.e. number of retail packs per cartons) can perhaps lead to a new number of articles for CARMO FOOD Nordic A/S and a new EAN barcode of retail item.

It is imperative that the size of the carton corresponds with the size reported when placing the order.

2.10 Coldstore – delivery of goods

At the reception of goods the following requirements must be met:

Changing of pallet: 1/1 EUR-pallet only approved EUR-pallets (80 x 120 cm) will be changed.

As standard rule must all goods be delivered on approved wooden 1/1 EUR-pallets. Shipping pallets are accepted only with previous agreement with Purchasing Department or head of coldstore at the coldstore where goods are delivered. They are considered disposable.

2.11 Coldstore – reception of goods

At the reception, CARMO FOOD Nordic A/S will sign for the number of cartons and pallets received and a reservation is made for quality and date stamping.

A valid receipt consists of a stamp and initials of the receiving employee at CARMO FOOD Nordic A/S.

In relation to articles of weight, each pallet must be marked with a note of weight.

Delivery note must always follow the goods themselves or be attached to the consignment note.

2.12 Coldstore – packing

Cartons must be attached to the pallets by an outer packing. This can be film, strapex-tape, or the like.

All goods must be secured in such a way, that the goods can stand transportation and storage without the occurrence of sliding or collapsing of the goods.

- The goods must never exceed the base of the pallet without prior agreement.
- Each pallet can only contain one single article number unless else is agreed.
- In case the amount per article number is less than the contents of a “full” whole pallet, normally whole layers are ordered and delivered. **Please note** that a whole pallet must be put between each code number in case more article numbers are stacked on one pallet of base. If the ordered amount of one or more article numbers is less than one single layer more article numbers may be put on the same pallet without separation with pallets between different article numbers.
- Items not in closed packing must be provided with a cover out of consideration for consumer units.
- Date stamped goods, with same article number but different dates, must, as a rule, not be mixed on the pallet at delivery at the terminal. Are more dates mixed, all items of the article number in case will be registered with the first sell-by date. The oldest products must always be on top of the pallet.
- If slip-sheets are used in relation to container shipments, these must be made of plastic and be a minimum of 3 mm thick. Furthermore, slip-sheets must have a 14 cm overlap on the short side where the truck grabs the pallet.
- Please note the following limits of height and weight on pallets:

Pallet type	Carton gross-weight:	Max. height including goods	Max. weight with goods
1/1-pallet	Max. 5 kg	180 cm	800 kg
1/1-pallet	Max. 10 kg	160 cm	800 kg
1/1-pallet	Max. 15 kg	140 cm	800 kg

To minimize transport-costs is it allowed to stack 2 pallets on top of each other as long as they can be inside the truck and the cartons will not be damaged at arrival.

2.13 Coldstore – requirements of packing

All goods must be packed in order to stand normal handling and transportation.

It must be aimed to keep each carton at a modular measure at the base, for example 60 x 40 cm or 30 x 40 cm.

Maximum weight per carton must never exceed 15 kg with reference to AT-announcement no. 4.05.2. “Valuation of heavy lifts”.

3 Refrigerated goods

It is a common matter of the supplier and CARMO FOOD Nordic A/S to ensure that food legislation is observed. Questions in relation to food legislation can be sent to your normal contact-person at CARMO FOOD Nordic A/S.

CARMO FOOD Nordic A/S makes requirements of temperature as follows, in relation to the delivery of refrigerated goods, including fresh meat:

- 2° goods will be dismissed at temperatures exceeding 2° C
- 5° goods will be dismissed at temperatures exceeding 7° C

Our thermometers are calibrated with a tolerance of +/- 0.5 C, which means that we do not tolerate more than +1° C digression.

Refrigerated goods, of which a temperature below – 2 C is detected, will be dismissed.

Refrigerated goods, which do not meet requirements of legislation will be dismissed with the demand of **collection of the goods immediately.**

Other sliced types of cold meat, and sliced, smoked types of fish: Min. – 3.5° C.

Refrigerated goods delivered to CARMO FOOD Nordic A/S may never under any circumstances have been frozen through.

Measuring of temperature will be made in the expected coldest, as well as expected warmest, point of the article. Consignments, which have been dismissed due to digressions of temperature, may of course never be delivered again.

3.1 Shelflife:

All fresh products must be loaded / delivered as soon as possible after production and latest 1 week after production. If older products are delivered without prior agreement these will be dismissed at delivery.

4 Deep-frozen goods

CARMO FOOD Nordic A/S makes the following requirements of temperature for the delivery of deep-frozen goods.

The delivered must have a temperature of max. – 18° C and will be dismissed when a temperature of more than – 15° C is detected. An exception from this is ice-cream, which will be dismissed if the temperature exceeds – 18° C.

4.1 Shelflife:

All frozen products must have minimum 3 / 4 left in shelflife (e.g. 18 month's out of 24 month's) when delivered to CARMO FOOD Nordic A/S unless else is agreed. Older products will be dismissed at delivery.

CM Food does not accept to receive goods which are older than previous delivered goods.

5 Product safety:

The supplier must make sure that:

- A. The goods are original and of best quality.
- B. The goods on the day of delivery in any way are legal to distribute in Scandinavia.
- C. Any kind of packing material including pallets legally must be taken in and distributed within EU and / or Denmark. This also includes that wooden material that is imported to EU from third countries (except from Switzerland) follows the international standard ISPM 15 about treatment and marking.
- D. When supplying organic products the supplier will 1 time every year send a confirmation that they are approved for selling organic products by the local authority.
- E. No irradiated goods or goods containing irradiated ingredients will be delivered.
- F. All products are delivered in packing material free of PVC.
- G. All material mentioned to be in touch with the food is legal in any sense and do not give smell and taste to the product.
- H. The products is legal in accordance to the Danish rules for nitrite and nitrate.
- I. All raw poultry is labeled with information about good kitchen-hygiene (God køkkenhygiejne - see next page):

Taste the world



CARMO FOOD

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God køkkenhygiejne:

Hold altid rått fjerkræ og emballage adskilt fra andre madvarer. Vask omhyggeligt køkkenredskaber og hænder efter håndtering. Steg eller kog altid fjerkræ til kødsaften er helt klar og temperaturen i midten af kødet er min. 75°C.