

CONSENT DECREE
BETWEEN THE UNITED STATES DEPARTMENT OF
AGRICULTURE, FOOD SAFETY AND INSPECTION SERVICE AND
DEFENDANT TRANSHUMANCE HOLDING COMPANY, INC.

I. PREAMBLE

Transhumance Holding Company, Inc. ("Defendant") hereby enters into this Consent Decree with the United States Department of Agriculture, Food Safety and Inspection Service ("FSIS") to promote compliance with the statutes, regulations, and written directives pertaining to the humane handling and slaughter of livestock, as required by Title I of the Federal Meat Inspection Act, as amended (21 U.S.C. § 601 *et seq.*) (FMIA), including Section 3(b) of the FMIA (21 U.S.C. § 603(b) and the Humane Methods of Slaughter Act (HMSA) (7 U.S.C. § 1901 *et seq.*), and the regulations promulgated thereunder (9 C.F.R. Part 313). Contemporaneous with this Consent Decree, Defendant is entering into a Settlement Agreement with the United States.

II. TERMS, SCOPE AND OBLIGATIONS OF THE CONSENT DECREE

Defendant shall cause its subsidiary Ellensburg Lamb Company, Inc. ("ELC") to establish and maintain a written Humane Handling and Slaughter Compliance Program ("Compliance Program") at its Dixon facility, at ELC's expense, that includes each of the following elements:

- A. Humane Handling Coordinator. Within 30 days of execution of this agreement, ELC shall identify to the Director, Enforcement and Litigation Division, FSIS (hereinafter "Director") for review and concurrence a full-time, on-site, Humane Handling Coordinator ("HHC") with at least two years of experience in livestock slaughter or who has taken instructional courses and training in humane handling and slaughter from a reputable organization. The HHC may concurrently serve another role for ELC. The Director shall be provided the resume and qualifications of the proposed HHC. FSIS has the right to require ELC to select someone else. Within 30 calendar days of an approved HHC vacating the assigned role, ELC shall identify a new Humane Handling Coordinator, subject to approval by the Director, who meets the qualifications detailed above. The HHC shall be responsible for the overall implementation, coordination, monitoring, documentation, recordkeeping, evaluation, and maintenance of ELC's Compliance Program to ensure compliance with all statutory, regulatory, and other applicable humane handling and slaughter requirements, including:



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1. Ensure that all stunning devices, restraining equipment and any other equipment used in livestock handling and slaughter have been tested for functionality and compliance with the manufacturer's guidelines;
2. Identify specific stunning devices and projectiles that shall provide adequate force to ensure animals are unconscious after a single application;
3. Address procedures to be implemented and monitored to assess signs of consciousness in each animal after the application of a stun and throughout shackling, hoisting, sticking and bleeding;
4. Address the specific actions to be taken by employees in the event of an ineffective stun;
5. Ensure that the monitoring and documentation of all handling procedures are conducted on a daily and ongoing basis, or as applicable, to ensure that livestock are treated in a humane manner prior to slaughter; and
6. Ensure that corrective actions are implemented and recorded in a timely manner to prevent recurrence of noncompliance.

Defendant understands and agrees that it is responsible in the event that ELC fails to comply with any of these provisions. Defendant has identified the following person as the Point of Contact with respect to this agreement:

Shane MacKenzie
Ellensburg Lamb Company, Inc.
EVP of Operations
Office 530-297-3520
Cell 916-826-0871
Fax 530-758-3152
shane.mackenzie@superiorfarms.com

- B. Training. ELC shall conduct refresher training for its management, supervisors, and employees working in the live animal areas including anyone conducting the stunning, in all aspects of the humane handling and slaughter requirements set forth in the HMTA (7 U.S.C. §1901 *et seq.*), the FMIA (21 U.S.C. §§ 603 and 610), and the regulations promulgated thereunder (9 C.F.R. § 313). This training shall be conducted within 60 days of the effective date of this agreement and shall be conducted by a qualified, independent third party that

has been vetted and approved by FSIS as a qualified trainer (upon submittal of the name and qualifications) and shall ensure, at a minimum, that management and supervisory personnel are trained and qualified in: (i) livestock handling practices; (ii) restraint and stunning techniques; (iii) signs of consciousness and unconsciousness; and (iv) the regulations in 9 C.F.R. § 313. ELC shall maintain records of the training, as part of the humane handling and slaughter program, for review and verification by FSIS.

- C. Audits. The HHC shall conduct a comprehensive program reassessment ("audit") starting six months after the Director approves the individual identified by ELC to serve as HHC and every six months thereafter. The HHC will provide a written report of the findings to the Director, Enforcement and Litigation Division, FSIS, regarding ELC's compliance in all aspects of the humane handling and slaughter requirements set forth in the HMSA (7 U.S.C. § 1901 *et seq.*), the FMIA (21 U.S.C. §§ 603 and 610), and the regulations promulgated thereunder (9 C.F.R. Part 313) and all other provisions of this agreement. The audit shall include: a comprehensive review of ELC's humane handling practices from truck unloading to preparing for stunning; a review of humane stunning procedures and stunning techniques used; evaluation of compliance with statutory and regulatory requirements; and issuance of written findings and recommendations.
- D. Halal. To the extent ELC chooses to market its meat as Halal compliant, it shall maintain active certification for Halal slaughter from an outside Halal certifying organization. ELC shall provide a copy of its annual Halal certification to the Office of Field Operations, FSIS, in-plant inspector for review, and also keep and maintain the certification, and all audits conducted by the certifying organization, as part of its records. In the event the certifying organization rescinds or decides it will not certify ELC lamb meat as Halal compliant, and as a result ELC has no certification in place, ELC shall cease marketing its meat as Halal compliant for so long as it has no certification.
- E. Other Statutory and Regulatory Requirements. ELC shall maintain compliance with applicable statutory and regulatory requirements for sanitation, food safety programs, process controls, humane slaughter and handling, and all other applicable requirements, including, but not limited to, Sanitation Performance Standards (SPS), Sanitary Standard Operating Procedures (SSOP), Hazard Analysis and Critical Control Point (HAACP) and all other requirements as specified in 9 C.F.R. Parts 310, 313, 416, 417, and 418, as applicable. Defendant and ELC shall fully and completely cooperate with any FSIS investigation, inquiry, review, or examination of ELC's compliance with the FMIA, HMSA, or this Settlement Agreement.

- F. Duration. ELC shall comply with the terms of this agreement for a period of two years from the effective date of this agreement.

III. BREACH AND DEFAULT PROVISIONS

Defendant shall fully and timely comply with all of its obligations under this Consent Decree and underlying laws. Defendant and FSIS hereby agree that any failure by Defendant to comply with the obligations set forth in this Consent Decree may lead to the imposition of the following monetary penalties (hereinafter referred to as "Stipulated Penalties"). Upon receipt of a Demand Letter from FSIS notifying Defendant that it is in violation of this Consent Decree, Defendant shall be liable to pay a Stipulated Penalty in the amount of \$5,000. Should the subject violation last more than one week without being cured, as determined by FSIS, Defendant agrees to pay an additional Stipulated Penalty of \$5,000 per week until the deficiency is cured, as determined by FSIS. Payment of any Stipulated Penalties shall be made by electronic funds transfer to an account specified by FSIS in its Demand Letter. In the event Defendant seeks to challenge imposition of a Stipulated Penalty, Defendant may file an appropriate proceeding in this court within 30 days after it receives the subject Demand Letter.

Neither the Settlement Agreement nor this Consent Decree alters Defendant's obligations to comply with all FSIS laws or affects FSIS's ability to administer, inspect, and enforce the laws. FSIS retains all rights to impose all enforcement actions consistent with Part 500 of Title 9 of the Code of Federal Regulation. Nothing in this Consent Decree precludes the referral of any violation of law to the Department of Justice for possible criminal or civil proceedings or precludes the administrator from taking other appropriate administrative action under the FMIA and the regulations promulgated thereunder.

IV. MISCELLANEOUS

Defendant and FSIS agree as follows:

This Consent Decree shall become final and binding on the date the final signature is obtained on the Consent Decree.

A. Defendant is responsible for all expenses incurred with compliance with this consent decree. The costs of performing this consent decree are unallowable costs for government contracting purposes.

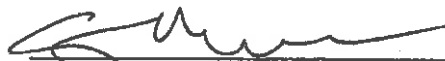
B. Defendant shall fully and completely cooperate with any FSIS investigation, inquiry, review, or examination of Defendant's compliance with the FMIA or this Consent Decree.

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The undersigned signatory for Defendant represents and warrants that he is authorized to execute this consent Decree. The undersigned FSIS signatory represents that he is signing this Consent Decree in his official capacity and that he is authorized to execute this Consent Decree.

D. The Consent Decree may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Consent Decree. Electronically- transmitted copies of signatures shall constitute acceptable, binding signatures for purposes of this Consent Decree.

Dated: May 14, 2019



Shane MacKenzie
Ellensburg Lamb Company, Inc.
EVP of Operations
Transhumance Holding Company, Inc.

On behalf of Defendant

Dated: May, 2019

Scott C. Safian
Director Enforcement and Litigation
Division,
Office of Investigation, Enforcement, and
Audit F.S.I.S., USDA
Stop Code 3753, PP3, Cubicle 8-235-A
1400 Independence Avenue, SW
Washington, DC 20250

On behalf of FSIS

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C. The undersigned signatory for Defendant represents and warrants that he is authorized to execute this consent Decree. The undersigned FSIS signatory represents that he is signing this Consent Decree in his official capacity and that he is authorized to execute this Consent Decree.

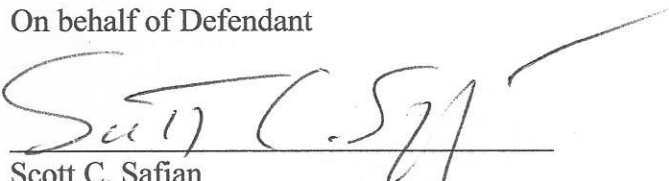
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On behalf of FSIS