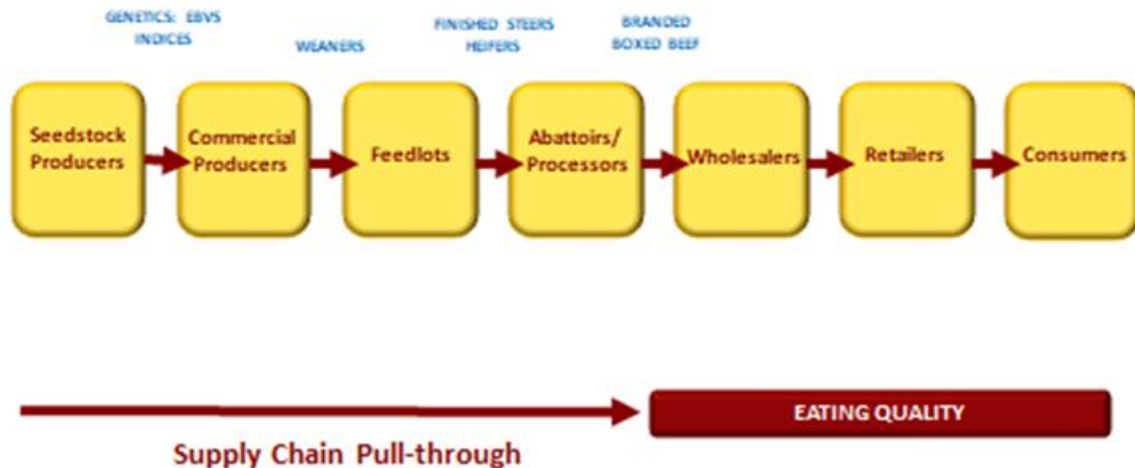


Wagyu Beef Value Chain



1. Introduction

The Animal Improvement Act of 1998 recognised Wagyu Society of South Africa (WSA) to be the custodian of the Wagyu breed. This includes its efforts to establish and ensure the integrity of its product.

Accordingly, WSA has established the South African Wagyu Quality Assured Beef Program (WQA) program which aims to ensure the integrity of the South African Wagyu beef supply chain and so assure the end customer of product reliability and quality.

2. Definition of Wagyu

The breed definition of Wagyu beef in South Africa is:

- Any animal sired by a WSA registered sire which is Fullblood or Purebred (see the table in the Article on Breeding Wagyu in this Newsletter for Wagyu Breed descriptions)
- Minimum breed level is Crossbred Wagyu F1 with at least 50% Wagyu breed content with a maximum variation of 5%.



3. Definition of WQA is:

The definition of WQA is:

- Wagyu breeding as per the South African Wagyu breed definition
- Minimum Marble Score 3
- Hormone free
- All males castrated prior to 5 months of age
- Ethically produced.

4. Program

Purpose

The Wagyu Quality Assured Beef Program will ensure that all sectors of the Wagyu supply chain:

- Ensure product integrity
- Provide a consistent message to consumers regarding Wagyu beef as a product
- Provide the Wagyu industry with the opportunity to market and brand the Wagyu product appropriately; and
- Protect the investment made by WSA members.

The Wagyu Supply Chain

The Wagyu Quality Assured Beef Program will **assure Wagyu breed content** in all live animal sectors of the Wagyu supply chain including:

- Seedstock producer
- Commercial/emerging producer
- Backgrounder
- Feedlot.

The Wagyu Quality Assured Beef Program will assure Wagyu in the Abattoir sector for minimum carcass attributes.

The Wagyu Quality Assured Beef Program will assure Wagyu at wholesale and retail level to ensure final product integrity and customer confidence and loyalty in the Wagyu brand.

Licensing

Each sector of the supply chain will have its business entities licenced to comply with the The Wagyu Quality Assured Beef Program at a small charge. The licence principles include:

- WQA licence certificate prominently displayed
- Only Fullblood and Purebred registered bulls used to produce progeny
- Each sector must only purchase Wagyu animals and/or beef from a WQA licenced entity and sell to a WQA licenced entity
- Commercial producers to tag all Wagyu slaughter progeny with WQA trademarked tags and supply a DNA sample (TSU) and a list of registered Fullblood/Purebred bulls used to produce the progeny to WQA. The tag

The Wagyu Quality Assured Beef Program

identifiers will only be activated on the WQA database when the matching TSU is received by WQA.

- The WQA animal database will be accessible only to licensees.
- Feedlots to supply feedlot entry and exit weights and dates
- Abattoirs to supply live animal tag/body number linkage and carcass attributes of:
 - Carcass Weight
 - Marble Score, or Marble Percentage if camera available
 - Eye Muscle Area, if camera available
 - Marbling Fineness, if camera available
- Wholesalers will only procure Wagyu product from WQA licenced abattoirs
- Retailers will only procure Wagyu product from WQA licenced abattoirs and/or wholesalers
- Licensees may use the WQA trademarked logo in their marketing with WQA specific approval e.g. WQA produced signage
- WQA will make the full list of licensees publically available
- Complimentary Commercial Membership with WSA if not already a member.

Fees and charges

The Wagyu Quality Assured Beef Program will only apply charges to:

- Commercial Producer – for the purchase of the tag bundle (matching visual tag, RFID button tag, Tissue Sampling Unit or TSU) from WQA for every WQA animal
- Abattoir – for payment per WQA certified carcass. The Certification Fee will be in the order of 1% of carcass value (eg. 400 kg carcass @ R100/kg = R40,000. 1% is R400) and will be based on the need for WQA to fund the following functions:
 - Supply chain audit
 - Data collection
 - Loading data for inclusion in Wagyu genetic analysis
 - ABRI fees
 - Data feedback to all participants in the value chain
 - WQA brand marketing
 - Administration.

The Wagyu Quality Assured Beef Program will offer value-added services and marketing products at a fee eg. metal gate signs carrying the logo and a statement such as “Proudly producing Certified Wagyu Beef”.

Supply Chain Audit

The Wagyu Quality Assured Beef Program will audit the Wagyu supply chain as follows:

- Commercial Producer – random 100% physical inspection to ensure all WQA identified animals are WQA tagged and TSU's have been submitted to WQA to activate the tags on the WQA database. Minimum 5% sire validation through genomic testing of the TSU supplied DNA

The Wagyu Quality Assured Beef Program

- Feedlot – random physical inspection to ensure all WQA fed animals are WQA tagged and a minimum 5% check on tags to ensure they are active in the WQA database. No use of hormones or disallowed feed products on WQA animals.
- Abattoir – random physical inspection to ensure all WQA lairage animals are WQA tagged and a minimum 5% check on tags to ensure they are active in the WQA database. Correct matching of WQA ear tag to body number. Minimum 5% check on WQA carcasses to ensure minimum Marble Score 3. WQA logo correctly displayed on all Wagyu vacuum packs and boxes and on all beef sold as carcasses or part carcasses.
- Wholesaler – random physical inspection of cool rooms to ensure all Wagyu beef is WQA. Random sample of meat served as WQA to be genomically tested for minimum Wagyu breed content. WQA logo is correctly displayed on marketing materials.
- Retailer (Butchers and Restaurants) – random physical inspection of cool rooms to ensure all Wagyu beef is WQA. Random sample of meat sold and/or served as WQA to be genomically tested for minimum Wagyu breed content. WQA logo is correctly displayed on menus and other marketing materials.

Data collection and storage

The Wagyu Quality Assured Beef Program will collect and store data as follows:

- WQA tag bundles sent to Commercial Producers will be registered in the WQA Register on ILR2
- When the TSU is returned to WQA with the DNA sample enclosed it will be:
 - Considered for sire validation as part of the 5% audit check and if selected, sent to the DNA service provider for sire validation and the TSU returned to WQA
 - Stored in the WQA TSU storage unit for subsequent testing as required. WQA retains the right to SNP genotype and test the DNA sample at its sole discretion.
- As the technology develops, the licenced Commercial Producer or Feedlot may purchase a SNP genotype and performance prediction of an animal
- WQA will collect feedlot and carcass performance data and store in ILR2 for input to Wagyu BREEDPLAN as follows:
 - Feedlots to supply feedlot entry and exit weights and dates
 - Abattoirs to supply live animal tag/body number linkage and carcass attributes of:
 - Carcass Weight
 - Marble Score, or Marble Percentage if camera available
 - Eye Muscle Area, if camera available
 - Marbling Fineness, if camera available

This is diagrammatically stated as follows:



Wagyu Guaranteed Beef (WG)

To ensure trust in the African Wagyu Value Chain

Seedstock

All Key Bulls and cows snipped (50K)

- Train all meat graders on camera and carcass
- CWB = MB Score of min 3, PB or FB bull
- Provide set of recommendations to industry

Commercial

- License with WG
- Calves tagged with WG tags
- List of Registered bulls and TSU's provided to WG

Feedlot

- License with WG
- Provide WG with list of animals;
- Entry and exit date and weights.

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