



Free of
Chick Culling

respeggt.com

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respeggt- System Manual

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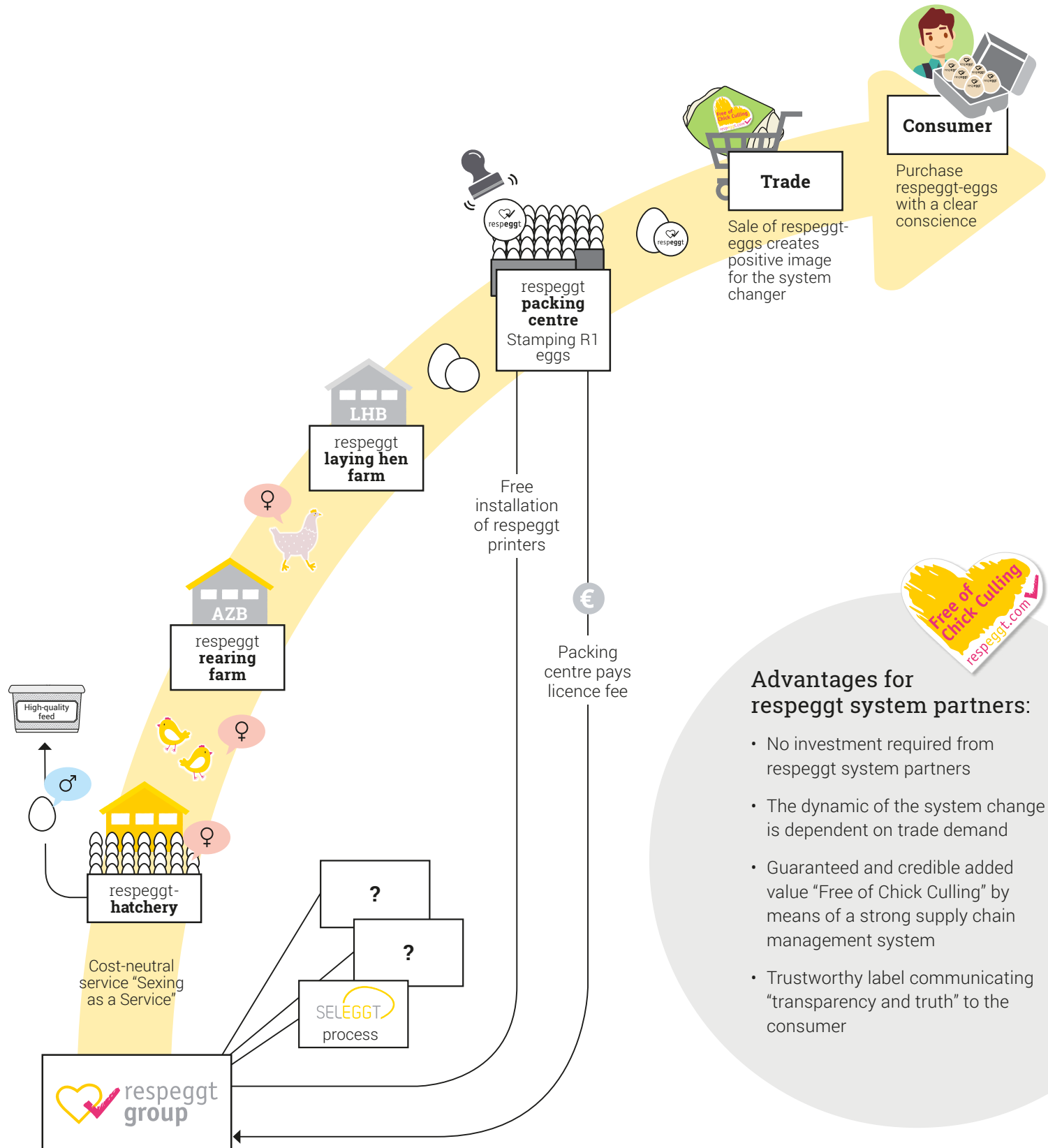
1. Preamble

Every year, several billion male chicks of the laying breeds are killed worldwide because they do not lay eggs and it is uneconomical to fatten them. In Germany alone about 40 million male day-old chicks are killed every year.

Key industry and political players and representatives from civil society have made various endeavours to eliminate chick culling from the egg production supply chains in the medium term. On the 13th of June 2019 the Federal Administrative Court's ruling in Leipzig determined that the culling of male day-old chicks does not in principle comply with the German Animal Protection Act and will only be permitted on a transitional basis until efficient methods of gender identification are available on the market. SELEGGT GmbH and respeggt GmbH aim to contribute significantly to solving the problem of chick culling. This will be achieved through the process of gender identification in the hatching egg. For this purpose, SELEGGT GmbH has developed the so-called SELEGGT process based on endocrinological gender identification.

The respeggt GmbH provides a platform for hatcheries to apply practice-ready solutions for gender identification in hatching eggs. respeggt GmbH would like to make the "end of chick culling" as simple as possible for all system partners in the supply chain and therefore offers the business model of "Sexing as a Service" (SaaS). Meaning that respeggt GmbH acts as a service provider with its own personnel to provide gender identification in hatching eggs for hatcheries utilizing the existing technological processes. Consequently, hatcheries do not have to invest in the technological processes of gender identification in hatching eggs. The services provided by respeggt GmbH are not charged to the hatcheries. Instead, a licence fee is charged to the packing centres by respeggt GmbH. The process of producing table eggs without chick culling creates added value for the table eggs. This added value, known as "Free of Chick Culling", becomes subject to licencing if the table eggs are marketed as so-called respeggt-eggs. The marketing guidelines of the respeggt-eggs will be elaborated further throughout the course of this system manual.

This way the egg production supply chain “Free of Chick Culling” can be established on the market. The added value is communicated to the consumer through the respeggt label known as “Free of Chick Culling” (see the respeggt business model in Figure 1 for further details).



Advantages for respeggt system partners:

- No investment required from respeggt system partners
- The dynamic of the system change is dependent on trade demand
- Guaranteed and credible added value “Free of Chick Culling” by means of a strong supply chain management system
- Trustworthy label communicating “transparency and truth” to the consumer

Figure 1: The respeggt business model

The respeggt-System Manual serves as a binding guideline for securing, reviewing, and implementing the respeggt process within the supply chain.

The respeggt system partners include:

- respeggt hatchery
- respeggt rearing farm (RF)
- respeggt laying hen farm (LHF)
- respeggt packing centre

The respeggt system partners must accept the terms and conditions of the valid version of the respeggt-System Manual and implement them responsibly. To accept the terms and conditions the partners need to sign either the respeggt-System Manual Agreement or the respeggt-Declaration of Consent.

The respeggt system partners contribute to the medium-term end of chick culling through their entrepreneurial efforts in the sector.

The respeggt system partners make a commitment to fair and cooperative business conduct and strive to communicate openly and constructively.

The respeggt system partners must comply with the applicable statutory framework. Furthermore, they must constantly review and improve the welfare and protection of animals.

2. General information

Gender identification in hatching eggs is viable for all common laying hen breeds. The respeggt GmbH is a completely independent company and is not economically dependent on any other company along the egg production supply chain. All business decisions regarding respeggt GmbH are made exclusively by the management of respeggt GmbH.

3. Glossary

Definition of a respeggt supply chain:

A respeggt supply chain is created at the beginning of production in a respeggt hatchery, where respeggt GmbH performs the gender identification in the hatching egg.

The following respeggt system partners belong to the respeggt supply chain:

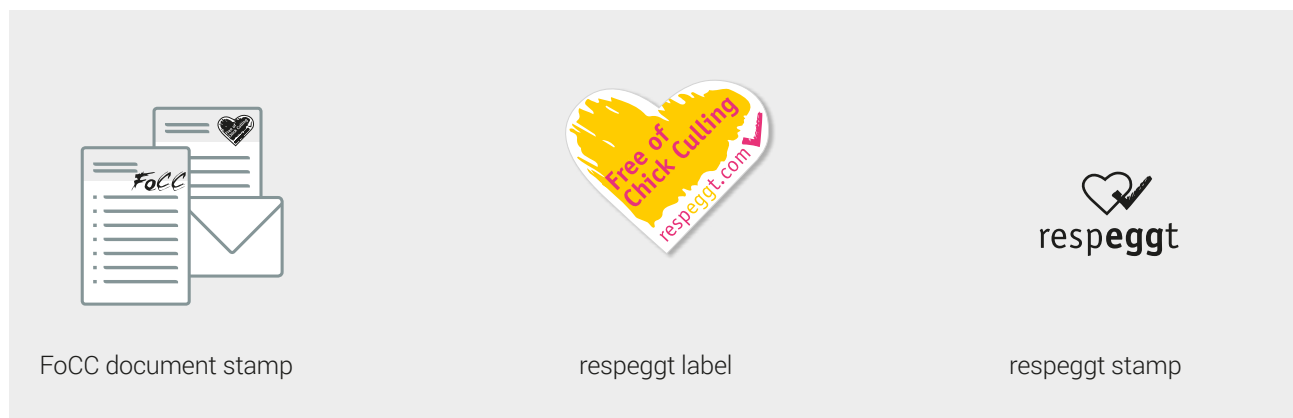
- respeggt hatchery
- respeggt RF
- respeggt LHF
- respeggt packing centre

The life cycle of a respeggt laying hen is categorised and designated as follows:

- respeggt chicks
- respeggt pullet
- respeggt laying hens

Regardless of the type of husbandry, respeggt laying hens always lay so-called R1 eggs. R1 eggs receive the respeggt stamp in a respeggt packing centre, and from then on the eggs are referred to as respeggt-eggs.

Further designations:



4. Process for setting up a respeggt supply chain

In principle, all hatcheries, rearing farms, laying hen farms and packing centres may participate in a respeggt supply chain. The hatcheries and packing centres must sign the respeggt-System Manual Agreement. The rearing and laying hen farms must sign the respeggt-Declaration of Consent. All partners must comply with the applicable legal standards and requirements.

In this context, respeggt hatcheries and respeggt packing centres play a key role. The RFs often form an organisational unit with the hatcheries. The packing centres also form a unit with the upstream LHF, since the LHF either belong directly to the packing centre or are bound to a packing centre by exclusive purchase agreements – in the case of independent agricultural layer farms.

The respeggt-System Manual Agreement and the respeggt-Declaration of Consent define all relevant monetary matters, e.g. the amount of licence fees or compensation payments, of respeggt GmbH to the relevant respeggt system partner.

Incorrect deliveries of respeggt chicks or short deliveries of respeggt pullets shall be compensated by respeggt GmbH if the cause can clearly be traced back to the service of gender identification in the hatching egg or if there is verifiable fault on the part of respeggt GmbH.

Signing the respeggt-System Manual Agreement (or respeggt-Declaration of Consent) does not automatically result in an active business relationship between the signing parties and respeggt GmbH.

The respeggt supply chain is established as follows:

- 1) First, the packing centre evaluates the customer's interest in stocking licenced respeggt-eggs in their product range. Provided customer interest prevails, the respeggt supply chain can be successfully implemented..
- 2) The packing centre then initiates the setup for a respeggt supply chain.
- 3) The packing centre accepts and signs the respeggt-System Manual Agreement and becomes a respeggt packing centre.
- 4) To set up the respeggt supply chain, the respeggt packing centre sends the filled-out respeggt order enquiry form to respeggt GmbH (see Appendix 7.1).
 - Visit **www.respeggt-group.com** to download the respeggt order enquiry form.
 - If there is not yet a signed respeggt-System Manual Agreement for the participating LHF, the respeggt packing centre must ensure it is provided to respeggt GmbH.
- 5) respeggt GmbH checks available capacities for hatching and sexing in a respeggt hatchery.
- 6) The order will only be confirmed by respeggt GmbH after free capacities have been assured and all relevant documents have been received..

The functions and requirements of the respeggt system partners are described in more detail in chapter 5.

4.1. Hatcheries

4.1.1. Currently, respeggt chicks are produced exclusively in the SELEGGT hatchery in Barneveld (Netherlands). In this test hatchery, a continuous incubation and hatching process of approx. 20,000 to 30,000 respeggt chicks per week has been carried out since February 2019. The limited capacities currently result in a maximum supply of approx. 20,000 to 30,000 respeggt chicks per week.

4.1.2. In the future respeggt GmbH will also offer "Sexing as a Service" to third-party hatcheries. The terms and conditions for these third-party hatcheries are yet to be defined.

4.1.3. Furthermore, the respeggt hatchery is responsible for ensuring that respeggt GmbH receives the respeggt-Declaration of Consent from the RF involved in the respeggt supply chain.

4.1.4. The respeggt hatchery is also responsible for ensuring that a sufficient number of hatching eggs are incubated to guarantee the right quantity of respeggt laying hens. The respeggt hatchery must consider parameters such as expected hatching rate, sexing error, number of infertile eggs and mortality in the respeggt RF.

4.2. Rearing farms

4.2.1. RF may participate in a respeggt supply chain if they have signed the respeggt-Declaration of Consent in its current version.

4.2.2. The respeggt hatchery delivers and invoices an increased number of respeggt chicks (approx. 6 % for brown and approx. 8 % for white) to the respeggt RF.

The respeggt RF can thus generally ensure the required number of ordered respeggt pullets to be delivered to the respeggt LHF.

The additional amount is calculated as follows: 3 % sexing error of male chicks plus a mortality rate of 3 % for brown ones and 5 % for white respeggt chicks in the RF.

4.2.3. Lower mortality rates and a lower sexing error rate of male chicks may result in an oversupply of respeggt pullets in a respeggt RF.

It is prohibited to kill surplus female respeggt chicks or respeggt pullets if the excess supply cannot be accommodated in a respeggt LHF.

In cooperation with respeggt GmbH, all respeggt system partners are responsible for finding an individual solution. Surplus respeggt pullets are to be housed in another respeggt LHF – if necessary in a conventional LHF.

4.3. Laying hen farms

4.3.1 LHF may participate in a respeggt supply chain if they have signed the respeggt-Declaration of Consent in its current version.

4.3.2. If respeggt GmbH fails to deliver the agreed upon amount of respeggt pullets, respeggt GmbH will provide financial compensation for the shortfall in delivery.

4.4. Packing centre

4.4.1. First, the packing centre evaluates the customer's interest in stocking licenced respeggt-eggs in their product range. Provided customer interest prevails, the respeggt supply chain can be successfully implemented.

The packing centre then initiates the setup for a respeggt supply chain. To set up the respeggt supply chain, the packing centre sends the filled-out respeggt order enquiry form to respeggt GmbH.

The packing centre sets up a respeggt supply chain in agreement with respeggt GmbH.

4.4.2. Packing centres may participate in a respeggt supply chain if they have signed the respeggt-System Manual Agreement in its current version.

4.4.3. The respeggt packing centre decides under which brand respeggt-eggs are marketed. The respeggt packing centre decides on the distribution channel of the respeggt-eggs.

4.4.4. The respeggt packing centre decides which LHF becomes a respeggt-LHF and which flock of laying hens is converted to respeggt laying hens.

In coordination with the respeggt GmbH, the respeggt packing centre and the respeggt LHF decide on the respeggt RF to be the pre-supplier of respeggt pullets.

The respeggt packing centre sends in the signed respeggt-Declaration of Consent for the respeggt RF to respeggt GmbH.

5. Requirements for respeggt system partners

5.1. Requirements for respeggt hatcheries

Currently, gender identification in the hatching egg is exclusively performed in the SELEGGT hatchery in Barneveld (Netherlands). Upon delivery of the respeggt chicks from Barneveld to a respeggt RF, a respeggt flock passport and a poster ***"The 7 respeggt rules – Requirements for respeggt rearing farms"*** and a respeggt document stamp will be delivered to the respeggt RF.

In the future respeggt GmbH will also offer "Sexing as a Service" in third-party hatcheries. The terms and conditions of participation for these third-party hatcheries still need to be defined and then will be published in the respeggt-System Manual.

5.2. Requirements for respeggt rearing farms

5.2.1. The respeggt chicks must be permanently separated from conventional chicks by fences, partitions or similar barriers in a respeggt RF. During the entire life cycle of a respeggt flock, respeggt chicks must never be mixed with conventional chicks.

5.2.2. The respeggt RF needs to be properly informed about the special character of the respeggt chicks delivered to it. The personnel of the respeggt RF must know and follow the requirements for rearing respeggt chicks. The respeggt RF receives the respeggt poster ***"The 7 respeggt rules – Requirements for respeggt rearing farms"*** from its respeggt hatchery.

The requirements for a respeggt RF are listed on the respeggt poster. The respeggt RF must display the respeggt poster permanently in a convenient place for all employees to read (see Figure 2 on the following page).

5.2.3. Upon delivery of the respeggt chicks, the respeggt RF receives a respeggt flock passport from the respeggt hatchery.

The respeggt flock passport must be filled-out by employees of the respeggt RF.

The employee must then display the respeggt flock passport in the rearing house of the respeggt chicks so that it is clearly visible.

The 7 respeggt rules

Requirements for respeggt rearing farms

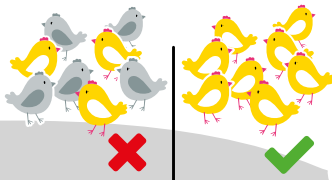


1

All employees must know and follow the respeggt rules for rearing respeggt chicks.



2



The respeggt chicks must **never** be mixed with conventional chicks.

3

Male chicks of the respeggt flocks must be reared until at least **12 weeks** of age and may only be slaughtered from this point onwards.



4



The **respeggt flock passport** must be hung up in a **clearly visible place** on the respeggt chicks' housing entrance door.

5

The respeggt flock passport must be delivered **together** with the respeggt pullets to the subsequent respeggt laying hen farm.



6

The relevant documents such as delivery notes, transport documents and invoices must always be marked with **FoCC** (Free of Chick Culling) or the FoCC document stamp.



7



Employees of **respeggt GmbH** are always welcome.

Figure 2: Poster "The 7 respeggt rules – Requirements for respeggt rearing farms"

5.2.4. The delivery of female respeggt chicks contains a small percentage of male chicks. This error rate is inevitable with gender identification in the hatching egg.

It is **forbidden** to kill these male chicks during the rearing phase just because they lack economic value.

The male chicks must be raised until at least 12 weeks of age. From 12 weeks of age, cockerels may be delivered to a slaughterhouse.

respeggt GmbH will compensate the loss of profit for cockerels from a respeggt flock after the delivery to a slaughterhouse has been verified.

For this purpose, the respeggt system partner sends the proof of slaughter to respeggt GmbH¹ for verification.

5.2.5. All respeggt system partners of a respeggt supply chain must always mark relevant documents such as delivery notes, transport documents and invoices with FoCC (Free of Chick Culling) or with the FoCC document stamp provided by respeggt GmbH.

5.2.6. Before delivering the respeggt pullets to the respeggt LHF, employees of the respeggt RF shall take the following steps:

Employees of the respeggt RF must fill out the respeggt flock passport with the delivery details, photograph it and send it to ***data@respeggt-group.com***.

Employees of the respeggt RF shall forward the respeggt flock passport together with the transport documents of the respeggt pullets to the respeggt LHF.

5.2.7. The respeggt RF shall not forward any cockerels to the downstream respeggt LHF. Exemption: Only at the express request of the respeggt LHF shall cockerels be delivered.

The number of cockerels delivered must be reported to respeggt GmbH immediately.

respeggt GmbH does not pay any compensation to the respective respeggt system partner for these cockerels.

5.3. Requirements for respeggt laying hen farms

5.3.1. The respeggt LHF are contract suppliers of respeggt packing centres. The respeggt LHF have a binding delivery agreement with its respeggt packing centre for at least one complete laying period.

5.3.2. The respeggt LHF may continue to keep conventional laying hens in addition to respeggt laying hens. The respeggt flock must be given its own producer code (e.g. KAT number). The producer code may not be used by any other flock.

5.3.3. The respeggt laying hens must be permanently separated from conventional laying hens by fences, partitions or similar barriers in a respeggt LHF. During the entire life cycle of a respeggt flock, respeggt laying hens must never be mixed with conventional laying hens.


5.3.4. The respeggt LHF receives the respeggt poster ***“The 7 respeggt rules – Requirements for respeggt laying hen farms”*** (see Figure 3, following page) from its respeggt packing centre. The requirements for a respeggt LHF are listed on the respeggt poster.

¹ The terms and conditions of the compensation are stipulated in the respeggt-System Manual Agreement and the respeggt-Declaration of Consent.


The respeggt LHF must display the respeggt poster permanently in a convenient place for all employees to read (see Figure 3).

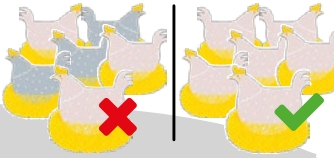
The 7 respeggt rules


Requirements for respeggt laying hen farms

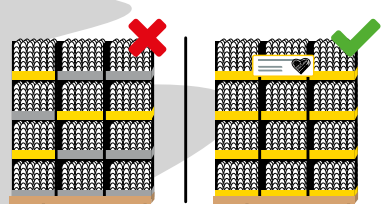



- 1 All employees must know and follow the respeggt rules for rearing respeggt hens.



- 2 The respeggt laying hens must **never** be mixed with conventional hens.


- 3 The **respeggt flock passport** must be hung up in a **clearly visible place** on the respeggt chicks' housing entrance door.


- 4 The clutches of the respeggt laying hens must always be collected **separately** from conventional eggs. They must then separately from conventional eggs be transported and sorted internally, and packed on trays which are then to be placed on pallets.


- 5 The relevant documents such as delivery notes, transport documents and invoices must always be marked with **FoCC** (Free of Chick Culling) or the FoCC document stamp.


- 6 The **producer code** is stamped onto the **belly side** of the eggs as the respeggt stamp is placed on the head side of the eggs at the packing centre.


- 7 Employees of **respeggt GmbH** are always welcome.




Figure 3: Poster "The 7 respeggt rules – Requirements for respeggt laying hen farms"

5.3.5. Along with delivery of the respeggt pullets, the respeggt LHF receives a respeggt flock passport from the respeggt RF. After housing, the respeggt flock passport must be filled out by an employee of the respeggt LHF. The employee must then hang up the respeggt flock passport in the rearing house of the respeggt laying hens so that it is clearly visible.

The employee then sends a photo of the filled-out respeggt flock passport to ***data@respeggt-group.com***.

5.3.6. The respeggt LHF applies the producer code to the belly side of the eggs.

The respeggt packing centre applies the respeggt stamp to the head side of the eggs.

5.3.7. The respeggt LHF must keep the clutches (R1 eggs) of the respeggt laying hens separate from conventional eggs at all times. The R1 eggs must always be internally collected, transported, sorted, packed on trays, and palletised.

The respeggt LHF and their corresponding respeggt packing centre need to define internal operating procedures which prevent R1 eggs from being mixed up with conventional eggs.

The respeggt LHF and the respeggt packing centre also need to define how the R1 pallets and delivery documents should be marked so that R1 eggs are clearly identifiable at all times. R1 eggs must be clearly and immediately identifiable at the respeggt LHF, during transport to the packing centre and within the packing centre. The immediate identification of R1 eggs has a high priority.

Recommendation: Mark the pallets and delivery notes of the R1 eggs in a different colour than usual and apply the FoCC document stamp (see Figure 4).



Figure 4: Marking R1 eggs on corresponding documents with FoCC document stamp.

5.3.8. All respeggt system partners in the respeggt supply chain must always mark all relevant documents such as delivery notes, transport documents and invoices with FoCC (Free of Chick Culling) or with the FoCC document stamp provided by respeggt GmbH.

5.3.9. If the respeggt LHF receives an under-delivery of respeggt pullets due to the gender identification in the hatching egg, the respeggt LHF is entitled to financial compensation from respeggt GmbH. The compensation is calculated on the basis of the average contribution margins of a laying hen. To calculate the compensation the following factors are taken into account:

- Type of husbandry
- Current egg prices
- Feed costs

If, for another reason, an under-delivery is caused solely by respeggt GmbH, the respeggt LHF is also entitled to financial compensation from respeggt GmbH.

A shortfall in deliveries, e. g. due to negligence at the respeggt RF, during transportation or in the event of force majeure, shall not be compensated by respeggt GmbH. Once the flock reaches 50 weeks of age, the compensation will be negotiated individually and fairly between respeggt GmbH and the respeggt system partner concerned².

5.4. Requirements for respeggt packing centres

5.4.1. The respeggt packing centres are of utmost importance in a respeggt supply chain.

The respeggt packing centres are responsible for ensuring that the R1 eggs are transported, stored and packaged separately from conventional eggs – from the producing respeggt LHF to the end consumer packaging.

5.4.2. The aim of the respeggt packing centre and respeggt GmbH is to market as many R1 eggs as respeggt-eggs as possible.

In agreement with the respeggt packing centres, respeggt GmbH will provide them with the necessary number of respeggt printers.

The respeggt printers are installed on the outgoing goods conveyors of the sorting and packing machines.

Before sealing the egg cartons, the respeggt printers mark the R1 eggs with the respeggt stamp right on the head side.

Only use small packaging that carries the respeggt label according to the guidelines of the respeggt style guide (see Appendix 7.2).

The costs of installing the printers are covered by respeggt GmbH.

By signing the respeggt-System Manual Agreement, the packing centre expresses a general willingness to respeggt GmbH installing the necessary number of respeggt printers on the packing conveyor belt at the packing centre.

5.4.3. Use of the respeggt stamp on the R1 eggs is subject to licencing.

Participating respeggt packing centres are bound to licence the entire amount of respeggt-eggs to respeggt GmbH.

5.4.4. R1 eggs are only subject to licencing if the packing centre brands them as respeggt-eggs. Only R1 eggs may be marked and marketed as respeggt-eggs. The respeggt printers in the respeggt packing centre count the number of respeggt-eggs automatically. This amount of respeggt-eggs is used to calculate the weekly licence fee between respeggt GmbH and respeggt packing centre.

² The terms and conditions of the compensation are stipulated in the respeggt-System Manual Agreement and the respeggt-Declaration of Consent.

5.4.5. To verify the idea of “transparency and truth” in a respeggt supply chain, the flow of R1 eggs from the respeggt LHF to the packing centre is made fully transparent. Thereby ensuring that R1 eggs originate from a respeggt LHF. The respeggt packing centre is obliged to report all R1 eggs delivered to it by respeggt GmbH in the previous week by the 3rd working day of the current week at the latest. The respeggt packing centre is obliged to continuously report the R1 egg quantities from the respeggt laying hens to respeggt GmbH from 22 weeks of age until the respeggt flock is moved out of its housing.

The respeggt packing centre also reports the total amount of all respeggt-eggs from the previous week to respeggt GmbH.

The reported amount of respeggt-eggs does not allow conclusions to be drawn to whom and to what extent the respeggt packing centre has marketed respeggt-eggs.

The reported amount of the respeggt-eggs is verified by the automatically sent printer data.

To cross-check the printer data, the packing centre sends the amount of respeggt-eggs via e-mail to **data@respeggt-group.com**.

Use the template provided by respeggt GmbH for this purpose.

In future, the data will be uploaded and transmitted online via the ERP system of respeggt GmbH (see also chapter 5.4.8.).

5.4.6. On the yearly balance sheet, a so-called respeggt quota of at least 40 % of the R1 eggs produced must be licenced to respeggt GmbH.

In order to comply with the minimum percentage of the respeggt quota, respeggt GmbH prepares a balance sheet for each respeggt packing centre at the end of a calendar year.

The respeggt quota results from the sum of all respeggt-eggs in the calendar year divided by the sum of all R1 eggs delivered by the respeggt LHF to the respeggt packing centre in the calendar year. The sum of all R1 eggs delivered to the packing centre during the calendar year remains the same regardless of any other R1 eggs purchased or sold. This means that if the respeggt packing centre purchases or sells R1 eggs, the sum of all R1 eggs delivered by the respeggt LHF to the respeggt packing centre in the calendar year remains unaffected. However, marking purchased R1 eggs as respeggt-eggs increases the sum of all respeggt-eggs in the calendar year and thus improves the respeggt quota (see Figure 5).

$$\text{respeggt quota} = \frac{\sum \text{all respeggt-eggs in a calendar year}}{\sum \text{all R1 eggs from the respeggt-LHFs delivered to the respeggt packing centre in the calendar year}} \times 100$$

5.4.7. If the respeggt quota is equal to or greater than 40 %, no subsequent licencing is due for this calendar year. If the respeggt quota falls below 40 %, an additional licence fee is due for the past calendar year.

respeggt GmbH calculates the difference and then charges this amount to the corresponding respeggt packing centre in January of the following year.

5.4.8. Trading R1 eggs between the respeggt packing centres is permitted.

For safety and transparency between the acting respeggt packing centres, delivery documents and pallets of R1 eggs must always be marked with FoCC or the FoCC document stamp (see Figure 4).

In order to improve the respeggt quota, the respeggt packing centre may mark purchased R1 eggs as respeggt-eggs.

The respeggt packing centre must report all arrivals of R1 eggs from the previous week to respeggt GmbH in the weekly data enquiry (see chapter 5.4.4.). If R1 eggs are purchased from or sold to other respeggt packing centres, only the total amount of R1 eggs purchased or sold must be reported.

It is not necessary to name the respeggt packing centre R1 eggs were traded with.

If the respeggt packing centre does not mark R1 eggs as respeggt-eggs, those need to be marketed as conventional eggs. If the respeggt packing centre sells R1 eggs which are not marked as such, to another respeggt packing centre, those need to be marketed as conventional eggs.

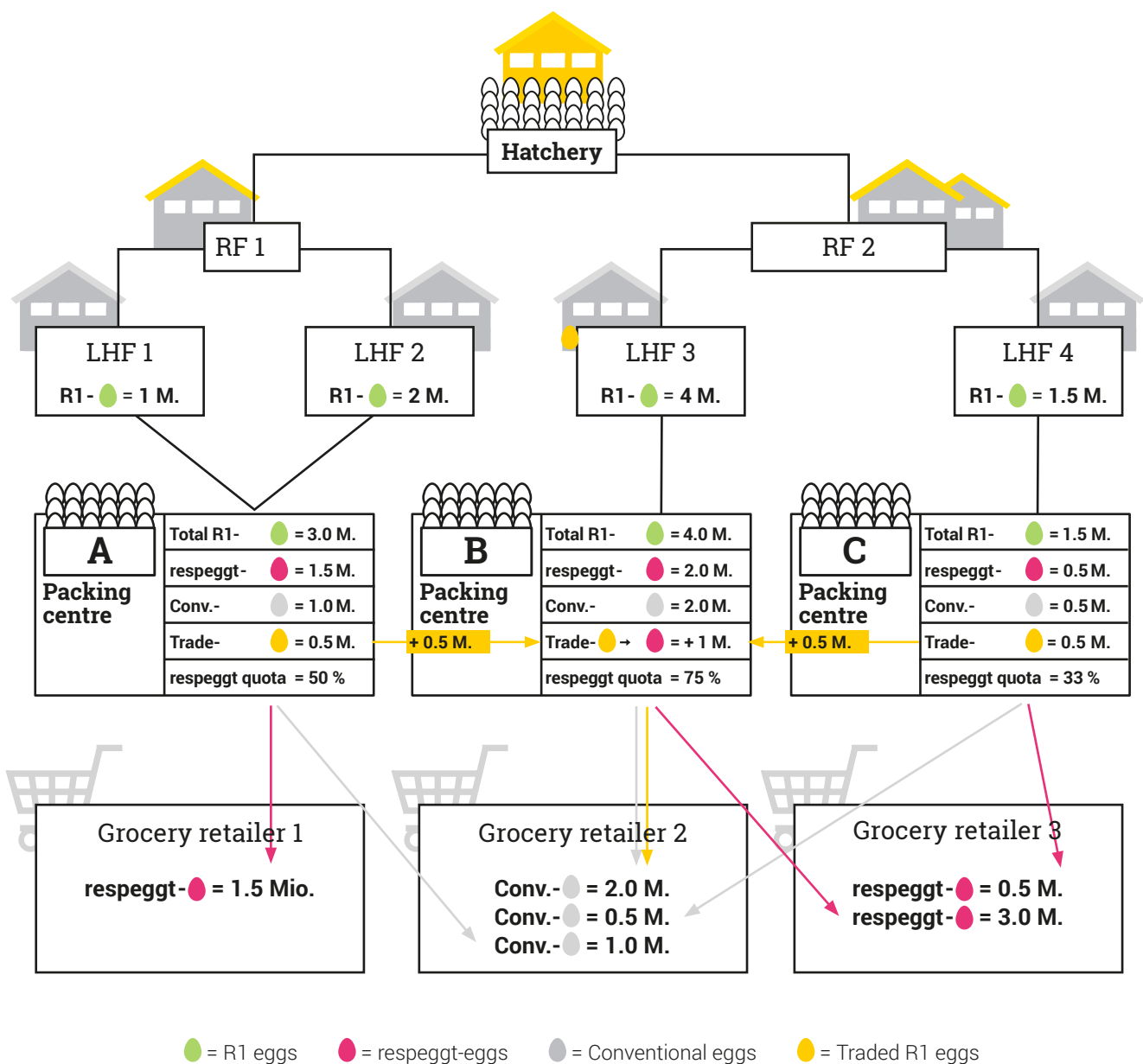


Figure 5: Example for calculating the respeggt quota

Figure 5 serves as an example for calculating the respeggt quota. In the upper third of the figure, you can see the quantity of R1 eggs produced among the LHF's. These R1 eggs are delivered to the following packing centres.

LHF 1 and LHF 2 deliver a total of 3.0 million R1 eggs to packing centre A.

LHF 3 delivers a total of 4.0 million R1 eggs to packing centre B.

LHF 4 delivers a total of 1.5 million R1 eggs to packing centre C.

In the following steps these amounts remain constant for each packing centre.

Packing centre A marks 1.5 million R1 eggs as respeggt-eggs and thereby receives a respeggt quota of 50 % ($1.5/3.0$).

Packing centre A sells 0.5 million R1 eggs to Packing centre B.

The respeggt quota of packing centre A remains unchanged, since the total amount of R1 eggs (3 million) is influenced only by the contractually bound LHF of the packing centre and not by trade between packing centres.

Packing centre B marks 2 million of its own R1 eggs and 1 million purchased R1 eggs as respeggt-eggs and thus improves its respeggt quota to 75 % ($3.0/4.0$), as the total amount of respeggt-eggs (2 million own + 1 million purchased) increases and the total amount of R1 eggs (4 million) remains unchanged.

Packing centre C marks 0.5 million R1 eggs as respeggt-eggs and thereby receives a respeggt quota of 33 % ($0.5/1.5$).

Packing centre C sells 0.5 million R1 eggs to Packing centre B. The respeggt quota of packing centre C remains unchanged, as the total amount of R1 eggs (1.5 million) is only affected by the contractually bound LHF of the packing centre and not by trade between packing centres.

5.4.9. The respeggt packing centre receives the respeggt poster "The 7 respeggt rules – Requirements for respeggt packing centres" from respeggt GmbH.

The requirements for a respeggt packing centre are listed on the respeggt poster.

The respeggt packing centre must hang up the respeggt poster permanently in a convenient place for all employees to read (see Figure 6).

5.4.10. The respeggt packing centres shall provide the respeggt LHF with a respeggt poster listing the individual requirements for a respeggt LHF. The respeggt poster shall be provided to the respeggt packing centres by respeggt GmbH.

5.4.11. The respeggt packing centre is responsible for ensuring that the associated respeggt LHF implements and complies with all requirements for the production of R1 eggs.

5.4.12. The respeggt packing centre is responsible for ensuring that R1 eggs are not confused with conventional eggs during all goods movements. Every respeggt packing centre has to ensure that all movements of goods concerning R1 eggs are organized in such a way that no mix-up with conventional eggs can occur. This needs to be ensured during the R1 eggs entire journey starting at the respeggt LHF, during transport to the respeggt packing centre, and at the respeggt packing centre during storage, sorting, and packaging.

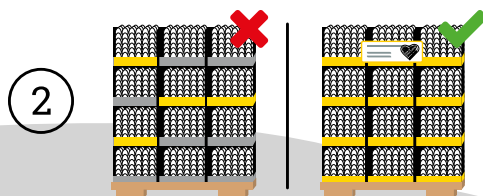
The respeggt packing centre organises its ERP systems as well as pallet and batch identification in such a way that the R1 eggs are clearly and immediately identifiable at all times. With this goal in mind, the internal data processing and document management are also organised accordingly.

The 7 respeggt rules

Requirements for respeggt packing centres



- 1 All employees must know and follow the respeggt rules and requirements for respeggt-eggs.



The R1 and respeggt-eggs must always be transported, sorted, packed on trays, and palletised **separately** from conventional eggs.

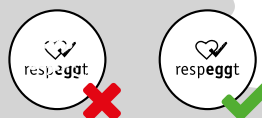
- 3 The relevant documents such as delivery notes, transport documents and invoices must always be marked with **FoCC** (Free of Chick Culling) or the FoCC document stamp.



- 4 Before closing the cartons only R1 eggs may be marked with the respeggt stamp. The **respeggt stamp** is always applied to the **head side** of the R1 eggs.



- 5 The respeggt stamp is always applied cleanly and **legibly**.



- 6 The respeggt printer must always be professionally **maintained and serviced** by the respeggt packing centre.



- 7 Employees of **respeggt GmbH** are always welcome.



Figure 6: Poster "The 7 respeggt rules – Requirements for respeggt packing centres"

5.4.13. The respeggt packing centre agrees to ensure that the number of laying hens or flocks to be housed within its contracted suppliers is realistically planned.

Only then it is possible to fulfil the realistic demand for respeggt-eggs from customers of the respeggt packing centres.

5.4.14. Expressing the added value of R1 eggs marked "Free of Chick Culling" or "Gender identification in the hatching egg" is carried out in strict compliance with the requirements of the respeggt style guide (see Appendix 7.2.).

Markings and claims deviating from the respeggt style guide on R1 eggs or their cartons are strictly forbidden and in violation of the contract.

This breach of contract constitutes a circumvention of the licencing agreement with respeggt GmbH.

5.4.15. The respeggt stamp may only be applied to the R1 eggs with the official respeggt printer. The respeggt stamp shall be applied to the head side of the R1 eggs.

5.4.16. The respeggt packing centre is responsible for ensuring that the respeggt stamp is always printed cleanly and legibly on the head side of the R1 eggs. The sample images of the respeggt stamps that the respeggt printers can print (see Figure 7, next page) serve as a reference.

5.4.17. The employees of the respeggt packing centre must always service and maintain the respeggt printers according to the specifications of the printer manufacturer.

The employees of the respeggt packing centre must also replace the printer rubbers at regular intervals.

The employees of the respeggt packing centre must refill the printer ink at regular intervals.

The employees of the respeggt packing centre thus guarantee a perfect printed image on the respeggt-eggs. When the respeggt printer is installed, the printer manufacturer Nuovo will provide the appropriate care and maintenance instructions to the respeggt packing centre. This manual lists all relevant specifications for the care and maintenance of the respeggt printers that the respeggt packing centre needs to follow. The respeggt packing centre orders the necessary consumables directly from the printer manufacturer Nuovo with the specification/specifying it's for "respeggt". respeggt GmbH covers the costs of the consumables (ink and printer rubbers). Further details on the reimbursement of printer consumables are stipulated in the respeggt-System Manual Agreement.

5.4.18. The respeggt packing centre is responsible for ensuring that respeggt-eggs are in compliance with all applicable legal requirements and existing standards when putting them on the market.

5.4.19. All respeggt system partners of the respeggt supply chain must always mark relevant documents such as delivery notes, transport documents and invoices with FoCC (Free of Chick Culling) or with the FoCC document stamp provided by respeggt GmbH.

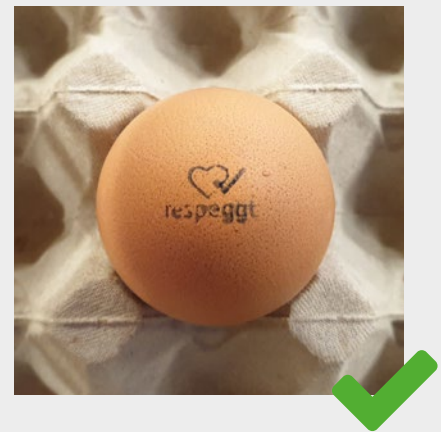
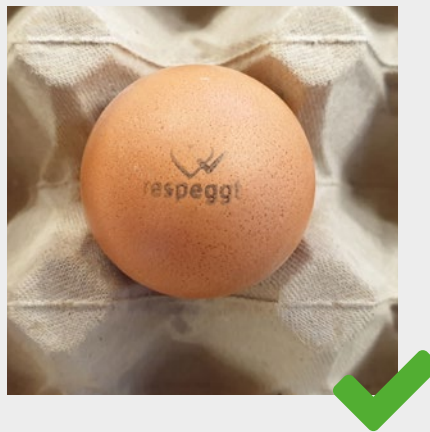
Excellent stamp print quality:**Acceptable stamp print quality:****Poor stamp print quality:**

Figure 7: Examples of the stamp print quality

6. The respeggt advisory board

Usually, system manuals are dynamic documents. New developments and changing framework conditions may lead to amendments or adaptations to the documents from time to time. A respeggt advisory board has been constituted for this purpose. The board consists of three members entitled to vote: one representative from the packing centres, the hatcheries, and respeggt GmbH. The representative of the respeggt packing centres shall be elected from and by the members of the respeggt packing centres. German and Dutch laying hen farms also appoint a representative from their midst to the respeggt advisory board.

From 2020 the respeggt advisory board members will be appointed from the respective institutions (hatcheries, packing centres, respeggt GmbH) for a period of two years. Dr. Ana Blanco of respeggt GmbH, Mr. Chiel ter Heerdt, managing partner of the hatchery ter Heerdt and Mr. Hermann-Josef Hennes, managing partner of Eierhof Hennes GmbH have agreed to form the first respeggt advisory board for the sake of a fast and simple establishment of the respeggt advisory board.

The respeggt advisory board convenes at least once a year to decide primarily on adjustments to the respeggt-System Manual. The advisory board must appoint a chairman who may not be the representative of respeggt GmbH. The chairman shall represent the respeggt advisory board externally.

If necessary, each member of the advisory board may arrange a telephone conference of the advisory board at any time to discuss amendments or withdrawals to the respeggt-System Manual. Amendments can only be decided upon unanimously by the respeggt advisory board. The representative of respeggt GmbH is responsible for informing all respeggt system partners ASAP about amendments concerning the respeggt-System Manual and publishing them online at www.respeggt-group.com.

The representative of respeggt GmbH on the respeggt advisory board convenes, presides over and takes the minutes of the meetings.

The respeggt advisory board may extend the circle of advisory board members following a unanimous decision made by the board to include other stakeholders or industry representatives up to a maximum size of 5 persons or institutions.

7. Appendix

7.1. respeggt order enquiry

7.2. respeggt style guide