

General Terms of Sale and Delivery

1. Validity of the terms

1.1 These General Terms of Sale and Delivery shall apply exclusively to legal transactions which LOHMANN enters into with business entities, in other words with such natural or legal persons or partnerships with legal capacity which are acting by way of performance of a commercial or self-employed professional activity. These General Terms of Sale and Delivery shall not be applicable in the case of legal transactions with consumers who cannot be considered to be undertaking a commercial or self-employed professional activity.

1.2 All deliveries and other performance as well as offers of LOHMANN shall be effected exclusively on the basis of the following terms.

1.3 These terms of business shall be exclusively applicable; terms to the contrary or deviating terms of the customer shall not be applicable unless LOHMANN expressly agreed to their validity.

1.4 Legal declarations of the parties which must be made in writing according to the contract and/or these General Terms of Business shall also be regarded to be submitted in the correct form if they are transmitted by fax or by e-mail.

1.5 If one or several provisions of these terms of business or of the individually negotiated contractual regulations are or become ineffective, then this shall not affect the validity of the other provisions.

2. Offer and conclusion of the contract

2.1 The offers of LOHMANN shall result in a commitment period of one month at the most.

2.2 The employees of LOHMANN are not entitled to make verbal ancillary agreements or to give verbal undertakings which deviate from an offer submitted in writing or a contract concluded in writing.

2.3 Orders and purchase orders on the part of the customer are only binding for LOHMANN if they are confirmed in writing by LOHMANN or are met by LOHMANN by sending the goods.

3. Prices

3.1 The prices indicated in the offers of LOHMANN are net prices. Value added tax and other compulsory levies shall be charged on these prices, which shall be indicated separately in the invoice at the applicable statutory rate on the day of invoicing. Any details on ancillary costs are made without guarantee.

3.2 Unless otherwise agreed, LOHMANN's prices are expressed ex hatchery or farm.

3.3 In the case of longer-term supply contracts, the agreed price is valid for the duration of six months from the conclusion of the contract. LOHMANN is thereafter entitled to demand a

price adjustment in accordance with the altered cost factors. If the thus justified price increase is more than 10 % of the initial price, then the customer is entitled to terminate the contract.

4. Deliveries

4.1 Delays in delivery as a result of force majeure, strikes, unforeseeable interruption of operations, supply restrictions for the raw materials and materials necessary for the production of the object of sale, shortage of freight space and other circumstances for which LOHMANN is not responsible shall release LOHMANN for the duration of their occurrence from the obligation to effect delivery and shall justify an appropriate amendment to the delivery dates. The same shall apply in the case that the hatching results are below expectations, animals die or fall ill due to reasons for which LOHMANN is not responsible. The customer is entitled in these cases, after the expiry of a reasonable additional period which is to be set by it in writing, to refuse acceptance of the belated deliveries. In the indicated cases, the customer shall not be entitled to any more extensive claims against LOHMANN.

4.2 LOHMANN is entitled to effect the contractual performance in part deliveries.

4.3 LOHMANN is entitled to terminate any orders from, or placements for, Customer (including confirmed placements) immediately at any time by written notice in the event of any direct or indirect change of ownership of Customer, including without limitation, any indirect sale or merger of Customer, or in the event of any assignment of Customer's obligations regarding Lohmann or its goods.

5. Place of performance, passing of risk, shipment

5.1 Unless otherwise agreed, place of performance is the hatchery or farm from which delivery is effected; in all other cases, place of performance is Cuxhaven.

5.2 Unless otherwise agreed, the risk of the accidental loss and of the accidental deterioration of the object of sale shall pass to the customer with its surrender to the customer or haulier. This shall also be applicable if LOHMANN awards the shipment order for the customer or undertakes shipment itself. It is the customer's responsibility to take out insurance which covers the indicated risk.

The passing of risk shall also take effect if the customer lets the agreed delivery date pass through its own fault or if collection is not effected within 24 hours after receipt of the notification of the readiness for shipment.

5.3 If the customer issues no special instructions, LOHMANN is free to choose the carrier and the shipper and also the means of transport.

6. Terms of payment

6.1 Unless otherwise agreed, all invoices must be paid by the customer without deduction within seven days after invoicing in the indicated currency. Prompt-payment deductions are not permissible unless they are expressly agreed.

6.2 LOHMANN reserves the acceptance of bills from case to case. If applicable, bills and also cheques shall only be accepted subject to payment. Bank charges and fees, dishonoured direct debit and processing charges as well as bill discount interest shall be borne by the customer.

6.3 If the customer is in default with the payment of an invoice, all outstanding claims of LOHMANN, irrespective of the agreed dates for payment, shall fall due immediately. In addition, LOHMANN is entitled to withhold the outstanding deliveries and to demand cash in advance for them until settlement of all outstanding invoices.

6.4 The set-off with counter-claims of the customer is not permissible unless these counter-claims are due and undisputed or have been recognised by declaratory judgment.

7. Reservation of title

7.1 All deliveries and performance shall be effected subject to reservation of title. Title shall only pass to the customer when it has met its total liabilities in existence at the time of payment resulting from the business relationship with LOHMANN. In the case of a current account, the reserved title shall be regarded to be security for LOHMANN's balance claim.

7.2 If chicks have hatched from supplied hatching eggs, then the reservation of title shall cover these chicks. In the case of supplied parent or grandparent animals, the reservation of title shall also cover their descendants.

7.3 In the case of the treatment or processing of the object of sale supplied subject to reservation of title, LOHMANN shall be the manufacturer as defined by law (Article 950 of the German Civil Code), however to the exclusion of the assumption of all manufacturer's obligations. LOHMANN shall be entitled to the pro rata co-ownership of the new article in proportion to the purchase price of the treated or processed article to the value of the new article.

7.4 In the case of the joining or mixing of the object of sale with an article of the customer or a third party, LOHMANN shall acquire in place of the customer the pro rata co-ownership of the new article. Claims to which the customer is entitled in the case of a statutory passing of title to a third party against this third party are hereby assigned in advance to LOHMANN. LOHMANN accepts this assignment.

7.5 The customer is entitled to resell the goods supplied subject to reservation of title in the ordinary course of business. It hereby assigns in advance to LOHMANN the first-ranking part of its claims from the authorised and unauthorised resale which corresponds to the invoice price (incl. VAT) of the articles supplied by LOHMANN. The names and addresses of the purchasers and also the amount of the respective claim are to be notified to LOHMANN on its first request. The customer is authorised to collect the claims assigned to LOHMANN as long as it meets its payment obligations towards LOHMANN in a due and orderly manner and LOHMANN does not revoke this authorisation due to other legitimate reasons. LOHMANN accepts the advance assignments regulated in this provision.

7.6 If hatching eggs or the animals are insured by the customer, it assigns its claim to payment of the insured sum to LOHMANN, which shall be cancelled by payment in full of the invoices concerning the insured hatching eggs or animals. LOHMANN accepts this assignment. The customer is obliged to surrender to LOHMANN on its first request a corresponding security note of its insurance company.

7.7 Until the due and orderly exploitation of the goods supplied subject to reservation of title or of the new article created by joining, mixing, treatment or processing, the customer must

hold such goods in safekeeping separately from other articles. It shall bear all necessary costs and expenses during this period for preservation and shall be liable towards LOHMANN for all deterioration. Adequate insurance must be taken out for the goods against damage, loss and destruction. Corresponding written proof must be provided at LOHMANN's request.

7.8 It is not permitted to pledge or transfer by way of security the purchased goods or the created new article. Attachments of or other impediments to the property of LOHMANN by third parties are to be notified by the customer to LOHMANN without delay and are to be averted using suitable means. If LOHMANN has occasion to safeguard its rights to the supplied goods by instituting third-party action against execution according to Article 771 of the Code of Civil Procedure, the customer shall be liable for the court and out-of-court costs incurred by LOHMANN if the opposing party is not in a position to reimburse these costs.

7.9 In the case of conduct contrary to the contract by the customer, especially in the case of default in payment, LOHMANN is entitled to withdraw from the contract and to take back the supplied goods.

7.10 LOHMANN undertakes to release securities at the customer's request in so far as the realisable value of these securities exceeds the claims which are to be secured by more than 20 %; LOHMANN shall be entitled to select the securities which are to be released.

8. Warranty

8.1 Regarding the nature, health, suitability or usability of the object of sale, only such details shall be binding which are stated in the contract of sale. Performance descriptions and other details in brochures and similar generally accessible information are non-binding. They do not constitute a procurement guarantee or even only a contractual indication of quality.

8.2 A hatching guarantee is not assumed by LOHMANN, unless an express corresponding undertaking is given in an individual case.

8.3 The burden of proof for a lack of fertilisation shall be incumbent on the purchaser.

8.4 In the case of hen and cock chicks, LOHMANN gives a gender guarantee of at least 98 %.

8.5 The customer must raise objection to a defect without delay, namely within the following periods:

- In the case of short volumes and breakage of hatching eggs, within 24 hours after their arrival at the place of destination;
- In the case of qualitative defects to hatching eggs, within 24 days after their arrival at the place of destination;
- In the case of defects to day-old chicks, LOHMANN has to be notified immediately, latest within 24 hours after their recognition. (The examination result of a relevant specialised veterinary surgeon must be enclosed with the complaint; as soon as it is available. Further action will be decided after consultation with LOHMANN's veterinary laboratory in Cuxhaven);
- Complaints regarding the gender must be asserted without delay, at the latest, however, within 10 weeks after the arrival of the hatching eggs or animals at the place of destination. At the same time, proof must be furnished that among the supplied chicks more than 2 % do not correspond to the agreed gender.

If the customer does not meet its obligation to raise objection to a defect without delay, then

the goods shall be regarded to be authorised, unless the defect was not recognisable, even upon the application of the necessary care of the incoming goods examination.

8.6 For short volumes or defective products LOHMANN shall undertake subsequent or substitute deliveries as quickly as possible to the extent that is necessary to make good short volumes and replace defective products. The customer is obliged to accept the fault-free part of the delivery and to accept the subsequent or substitute delivery. Only if a complete and fault-free total performance of LOHMANN is not rendered by the subsequent or substitute delivery shall the customer be entitled to make use of the other legal remedies to which it is entitled by law (depending on the circumstances, reduction of the purchase price, rescission of the contract of sale, damages, reimbursement of futile expenses). In the case of only slight defects, the customer shall, however, not be entitled to a withdrawal right.

8.7 The warranty period shall end one year after the delivery of the goods.

9. Tasks and obligations of the customer in case of supplied parent stock eggs or animals

The customer agrees that in handling the parent stock eggs or animals the following provisions will be ensured:

9.1 The customer will use the parent stock only for multiplication purposes, i. e. to produce commercial end products. The customer is not allowed to use the supplied parent stock for any other purpose, especially not for breeding / selection purposes. The customer will not sell, give or transfer the parent stock to others, especially not to any breeding company or any affiliated company of a breeding company. The customer is only allowed to sell, give or transfer the parent stock for authorized slaughter or to fulfill the authorized multiplication purposes.

9.2 The customer is obliged to give proof by request to LOHMANN or its authorized representatives concerning the utilization, handling and slaughtering/killing of the LOHMANN parent stock.

9.3 In the event that the customer or any of its representatives breaches any of the obligations towards LOHMANN according to this section (lit. 9.1 – 9.2), the customer shall be obliged to pay to LOHMANN a compensation.

9.4 Exceptions from the regulations of this section (lit. 9.1.), especially any resale of parent stock), shall only be allowed if LOHMANN has given prior written consent to the customer. For every resale of breeding stock incl. resale for authorized slaughter or multiplication purposes the customer is obliged, prior to delivery, as a part of the purchase contract on the resale, to close an agreement with its purchaser which obliges the purchaser to comply with all obligations resumed by the customer according to this section (lit. 9.1 – 9.3) and to oblige any further potential purchasers in the same way. This obligation shall apply accordingly to any further purchaser towards its next purchaser.

9.5 In case of a transfer of LOHMANN parent stock to others, the customer assigns by request to LOHMANN all claims of contractual penalty and further damage (lit. 9.3).

10. Tasks and obligations of the customer in case of supplied grandparent stock eggs or animals

The customer agrees that in handling the grandparent stock eggs or animals the following provisions will be ensured:

10.1 The customer will use the grandparent stock only for multiplication purposes i. e. to produce parent stock generation. The customer is not allowed to use the supplied grandparent stock or the thereof produced parent stock generation for any other purpose, especially not for other breeding / selection purposes. The customer will not sell, give or transfer the grandparent stock) to others, especially not to any breeding company or any affiliated company of a breeding company. The customer is only allowed to sell, give or transfer the grandparent stock) for authorized slaughter. The customer is allowed to produce commercial end products with the parent stock generation (derived from grandparent stock) or to sell, give or transfer the produced parent stock generation to its customers for the production of commercial end products. The customer and its customer are not allowed to use the parent stock generation for other breeding purposes or to give, sell or transfer it to any breeding company or any affiliated company of a breeding company.

10.2 The customer is obliged to give proof by request to LOHMANN or its authorized representatives concerning the utilization, handling and slaughtering/killing of the LOHMANN grandparent stock.

10.3 In the event that the customer or any of its representatives breaches any of the obligations towards LOHMANN according to this section (lit. 10.1 – 10.2), the customer shall be obliged to pay to LOHMANN a compensation.

10.4 Exceptions from the regulations of this section (lit. 10.1), especially any resale of grandparent stock, shall only be allowed if LOHMANN has given prior written consent to the customer.

10.5 For every resale of grandparent stock or parent stock incl. resale for authorized slaughter or in case of parent stock multiplication purposes the customer is obliged, prior to delivery, as a part of the purchase contract on the resale, to close an agreement with its purchaser which obliges the purchaser to comply with all obligations resumed by the customer according to this section (lit. 10.1 – 10.4) and to oblige any further potential purchasers in the same way. This obligation shall apply accordingly to any further purchaser towards its next purchaser.

10.6 In case of a transfer of LOHMANN grandparent stock to others, the customer assigns by request to LOHMANN all claims of contractual penalty and further damage (lit. 10.3).

11. Limitation of liability

11.1 If a material defect or any other breach of duty results in a loss, then LOHMANN shall be liable according to the statutory provisions

- a) if it is a case of physical injury,
- b) if the loss comes under the German Product Liability Act,
- c) if the loss is due to the culpable infringement of a cardinal obligation,
- d) if the loss is due to intent or gross negligence.

More extensive contractual and tortious claims of the orderer are excluded.

11.2 Damages, with the exception in the case of physical injury and in the case of intentional or grossly negligent actions, are restricted

- a) in the case of the infringement of a cardinal obligation to the typical contractual loss,
- b) in the case of the infringement of an obligation prior to the contract or in the case of an impediment to performance which already existed at the time of the conclusion of the contract to the damage caused by breach of trust,
- c) in other liability cases to the loss without lost profit or other financial losses of the orderer.

11.3 In so far as LOHMANN's liability is excluded or limited, this shall also apply to the personal liability of the employees and other vicarious agents of LOHMANN.

12. Applicable law

The legal relations between the contracting parties shall be exclusively governed by and construed according to German law. The application of UN sales law is excluded.

13. Place of jurisdiction

In the case of business transactions with merchants or legal persons under public law, place of jurisdiction at the plaintiff's option is Cuxhaven or the domicile of the defendant.

As at: October 2018