

GENERAL PURCHASING CONDITIONS FOR THE LIVESTOCK TRADE

Article 1 – Definitions and applicability

- 1.1 a. Livestock Dealer: the user of these conditions and a member of the 'de vereniging Vee & Logistiek Nederland' (The Dutch Livestock and Logistics Association) who acts in his capacity of purchaser or acts as authorized representative or mandatory of the purchaser. Livestock Dealer also includes the business of the Livestock Dealer including its personnel and persons who are engaged by the Livestock Dealer within the context of the performance of the agreement;
- b. Customer: the party that purchases livestock from the Livestock Dealer or its own behalf or on behalf of another party;
- c. Agreement: the agreement concerning the services during the purchase and sale of (farm) animals including in any event horses, goats, pigs, cows and sheep and/or the purchase and sale of these (farm) animals;
- d. Client: the person who purchases, in its own name or otherwise, animals on the instructions of the Livestock Dealer.
- e. Supplier: the producer of livestock and the non-producer who sells livestock on its own behalf or on behalf of another party;
- f. Protocol: a set of rules and agreements determined by the board of the VLN concerning the procedures to be followed by the parties involved in the case of defects in the field of animal health such as animal diseases;
- g. AVVC: General Livestock Transportation Conditions, issued by 'Stichting Vervoeradres' (Foundation Vervoeradres), with its registered office in The Hague at Statenplein 2 (2582 EW), www.vervoeradres.nl;
- h. VLN: 'de vereniging Vee & Logistiek Nederland' (The Dutch Livestock Logistics Association), with its registered office at Benoordenhoutseweg 46 in The Hague (www.vee-logistiek.nl).
- i. Inspection body: the Dutch Food and Consumer Product Safety Authority as well as any other government body, sectoral organization or public or private organization in the Netherlands or abroad that has partial or full responsibility for the task of inspecting agricultural or domestic animals with a view to the suitability of this livestock or pets for certain purposes such as transportation, consumption, sports, breeding programs and so on.
- 1.2 These conditions apply to all agreements of the Livestock Dealer concerning the purchase of animals of any kind from its Supplier, including the related service and advice, and to agreements to perform activities.
- 1.3 Agreements that deviate from these conditions only bind the Livestock Dealer if the Livestock Dealer has expressly agreed to them in writing.
- 1.4 General (purchasing) conditions applied by the Supplier or the Client do not apply.
- 1.5 With the exception of the provisions of the sixth paragraph, other parties in addition to the Livestock Dealer such as the Client can invoke these general terms and conditions in relevant cases.
- 1.6 All rights concerning these purchasing conditions, including the right of use, are vested in the VLN. Use by others than the Livestock Dealers referred to in the first paragraph sub a is prohibited. The VLN board has the right to grant an exemption from this prohibition. Any party that uses these purchasing conditions without the approval of the VLN will forfeit to VLN a penalty of €10,000 without prejudice to VLN's right to compensation of costs and damage.

Article 2 – Conclusion agreement and offers

- 2.1 All offers and advice of the Livestock Dealer are without obligation and based on the information provided by the Supplier or Client with the request.
- 2.2 The prices apply per animal, per kilo or live weight or per kilo or carcass weight. The livestock dealer has the right to set prices including or excluding VAT. The stated price is based on the price and other cost factors indicated by the Client to the Livestock Dealer. If one of these cost factors increases after the offer but before the delivery, the Livestock Dealer will have the right to charge those costs within reason and reduce the (net) purchasing price. This can happen, inter alia, in the case of changes in import or export duties, taxes and/or the Euro exchange rate versus foreign currency.
- 2.3 The Supplier notifies the Livestock Dealer and its Client, prior to or at the latest during the conclusion of the agreement, of the most recent veterinary position of the animals to be supplied, including data pertaining to inspections, pregnancy status, weighing data and inoculations, as well as veterinary reports and veterinary history, and in addition, relevant information about the farms or businesses and locations such as the original location where those animals have stayed, which shall include items such as certificates and health-certificates pertaining to those farms or businesses.
- 2.4 The Livestock Dealer will endeavour to perform the agreement to the best of its abilities. The Supplier is aware that the Livestock Dealer acts exclusively in its capacity of intermediary who resells the animals sold to other parties. The Livestock Dealer is therefore unable to provide to the Supplier all information that may be relevant for the Supplier and the Supplier is aware of this.

Article 3 – Delivery and risk transfer

- 3.1 The place of delivery is the address indicated by the Livestock Dealer.
- 3.2 The Supplier is obliged to deliver the animals at the time indicated by the Livestock Dealer at the agreed place of delivery. If the Supplier fails to deliver the animals to which the agreement relates or fails to deliver them on time, the Supplier will be in default without requiring a further notice of default. At such times, the Livestock Dealer will have the right to dissolve the agreement. In addition, the Supplier is obliged to pay the damage sustained by the Livestock Dealer or its Client, including but not limited to the costs of transport, stabling and feeding, organised by the Livestock Dealer, to be increased by the hours the Livestock Dealer spends on this, all of the above subject to a minimum of €100 exclusive of VAT.
- 3.3 If no time has been agreed, ownership and the risk of the animals to be delivered passes to the Livestock Dealer or its Client at the moment the animals leave the tailboard, with the exception of provisions such as those stated in article 7 paragraph 1 and article 9.
- 3.4 In cases of purchases of animals intended for slaughter, export or another purpose in which an inspection organization inspects the animals, the Supplier bears the risk of animals not passing the inspection. In that case, the Supplier is legally in default without any further notice of default being required. And article 10.3 applies.

Article 4 – Transport

- 4.1 The Supplier arranges for the transport of the animals and for sufficient liability insurance in the broadest sense of the word.
- 4.2 If it has been agreed that the Livestock Dealer or the Client arranges for the transport of the animals, the AVVC will also apply to the transport: article 11 AVVC as well as other provisions that deviate from these general conditions do not apply. Damage caused during transport is for the account of the Supplier. The Supplier arranges for sufficient insurance of the transport, including cargo and liability insurance with sufficient cover.
- 4.3 In the event the Supplier uses property of the Livestock Dealer such as means of transporting livestock or services provided by the Livestock Dealer, the Supplier indemnifies the Livestock Dealer against all damage that may be sustained by the Livestock Dealer, the Supplier, the Client or third parties inter alia as a result of defects in that property or errors on the part of the Livestock Dealer.
- 4.4 If it has been agreed that the Livestock Dealer arranges for transport or part thereof, the Livestock Dealer excludes all liability for damage that arises during said transport. The Livestock Dealer excludes in particular liability for damage that arises during or as a result of the transport, including defects in the animals, contamination of or by the animals, the death of animals and damage to the property of the Customer or third parties. Article 8 applies.
- 4.5 With the exception of evidence to the contrary, the Supplier will each time be the organiser or carrier within the meaning of the EC Transport Regulation (no. 1/2005) and on that basis also arranges for the data and documents required for the transport.
- 4.6 The Customer will act as the organiser or carrier if the Supplier is not or cannot be the organiser or carrier in a legal or actual sense. If the Livestock Dealer wishes such, the Supplier will be required to hold the Livestock Dealer's Purchaser rather than the Livestock Dealer directly liable for damage unless the damage is attributable to the Livestock Dealer. If it is established that the Livestock Dealer is the organizer or transporter, the Supplier indemnifies the Livestock Dealer against all damage and claims such as fines and levies that third parties, including the government, client, Customer, may have against the Livestock Dealer, on the condition that there is no intentional or gross recklessness on the part of the Livestock Dealer.

Article 5 – Payment

- 5.1 The Supplier is obliged at all times to pay to the Livestock Dealer inspection and weighing costs and other disbursements and levies. The Livestock Dealer has the right to charge disbursements.
- 5.2 The Livestock Dealer has the right to suspend its payment obligations if the Supplier fails to comply properly with the agreement. This includes not only defects in the animals that have been delivered or the suspicion that those defects exist, late deliveries and inaccuracies in the Supplier's invoices.
- 5.3 The Livestock Dealer pays the Supplier's invoices in cash or by bank such to be decided by the Livestock Dealer and at the latest within thirty days after performance of the agreement.
- 5.4 The Livestock Dealer is at all times entitled to set off the amounts owed to the Supplier against amounts owed to said Livestock Dealer by the Supplier, regardless of the nature or due date thereof.

Article 6 – Force majeure

- 6.1 Force majeure is defined as: each circumstance beyond the control of the Livestock Dealer, which prevents compliance with the agreement temporarily or permanently.
- 6.2 The following apply in particular as force majeure to the extent these are not included in the provisions of the first paragraph: war, the threat of war, civil war, riots, industrial disputes, transport difficulties, transport bans, animal disease crises and government measures pursuant thereto such as trade and transport restrictions, fires, illness on the part of the Livestock Dealer or persons employed by the Livestock Dealer and other disruptions in the business of the Livestock Dealer or that of the Client or the Livestock Dealer's suppliers.
- 6.3 In the event of force majeure, the Livestock Dealer will have the option of extending the term of delivery by the duration of the situation of force majeure or to dissolve the agreement to the extent that it is not yet performed. If the force majeure still continues after thirty days have passed, the Supplier is also entitled to dissolve the agreement. If the agreement is dissolved, the Livestock Dealer is not obliged to pay any compensation, on the understanding that the Livestock Dealer may be obliged to reimburse the Supplier to cover any advantage from which the Livestock Dealer might have benefited as a result of the force majeure.

Article 7 – Guarantees

- 7.1 The Supplier guarantees that:
- a. the delivered animals are healthy and free from disease, foreign substances, contamination or other deviations;
 - b. the animals delivered comply with the agreement, including the suitability to use the animals for the purposes indicated by the Livestock Dealer or its Client;
 - c. he has the right to sell the animals;
 - d. the animals are suitable for transport and comply with the requirements set under or pursuant to the Transport Regulation;
 - e. the animals are provided with marks required by the government or chain partners and registered in accordance with the applicable regulations;
 - f. the animals are provided with the transport documents required under or pursuant to the law;
 - g. he - not only on conclusion of the agreement but also until actual delivery - provides complete and correct (food chain) information to the Livestock Dealer about the delivered animals, in particular the most recent veterinary status of the animals, including information about inspections, pregnancy status, weighing and vaccinations as well as veterinary reports and veterinary history, and the veterinary status of the farms or businesses (holdings) and locations such as the place of origin where those animals have resided, including holdings' and health certificates;
 - h. the animals comply with the other statutory requirements.
- 7.2 If an animal causes more than the customary costs, such as costs of additional feeding, medicine or destruction, those costs will be for the account of the Supplier.
- 7.3 The Supplier indemnifies the Livestock Dealer against fines, levies, administration costs, fees and other costs incurred by the Livestock Dealer as a result of a failure to comply with the Supplier's obligations as referred to in the first paragraph.

Article 8 – Liability

- 8.1 The Livestock Dealer does not accept liability for:
- a. activities performed, to the extent allowed by law and with the exception of gross recklessness or intent on the part of the Livestock Dealer;
 - b. errors or defects resulting from data or advice made available by third parties or the Supplier;
 - c. delays in the delivery of the animals to the extent these are the responsibility of the Livestock Dealer.
- 8.2 The Livestock Dealer does not accept liability for indirect damage including stagnation in the production of the business of the Supplier or third parties.
- 8.3 In case in which the Livestock Dealer's liability is nevertheless determined, the Livestock Dealer's liability is limited to the amount that will be paid out by the Livestock Dealer's liability insurer in connection with the damage. If the insurer makes no payment, liability will be limited to at most the amount of the purchase price that was charged for that animal or those animals without prejudice to the Customer's obligation to pay the purchase price.
- 8.4 Any claim against the Livestock Dealer lapses after expiry of one year after the day on which the party that submits the claim was aware or should reasonably have been aware of the facts on which it bases its claim.

Article 9 – Defects

- 9.1 If the Livestock Dealer, its Client or an inspection organization concludes that the animals sold have one or more defects, the Supplier will be obliged, at the Livestock Dealer's first request and at the Livestock Dealer's discretion, to either deliver replacement animals or to refund the purchase price, and this without prejudice to the Livestock Dealer's right to any compensation for damages.
- 9.2 Defects that manifested themselves up to four weeks after delivery will be deemed to have been present at the time the agreement was concluded. The Supplier has the right to refute the evidentiary presumption in a decisive manner within at most two months after delivery: if the Supplier fails to present this conclusive evidence to the contrary or fails to deliver it on time, it will be an established fact between the parties that the defects were already present at the time of the conclusion of the agreement. Deviations from the terms referred to in the first and second sentence are possible by means of a protocol.
- 9.3 As regards defects that manifested themselves within four weeks after delivery, the Supplier and the Livestock Dealer may agree in derogation from the provisions of article 13 to jointly appoint an independent expert who render a binding opinion concerning:
- a. the moment the damage arose;
 - b. the question whether the defect could have been discovered at the time of delivery;
 - c. the extent of the damage;
 - d. the Supplier's obligation to contribute to the compensation of the damage.
- 9.4 In the case of defects in the area of animal health, such as animal diseases or a suspicion thereof, action will be taken in accordance with the protocols determined by the VLN. If a party fails to act in accordance with the applicable protocol, said party is liable in principle for the damage sustained by the parties as a result of the defect.
- 9.5 In the event the terms provided for in this article or pursuant to the protocols in this article or during the processing of the delivered animals, the Supplier's rights referred to in this article will lapse.

Article 10 – Suspension, dissolution and default

- 10.1 If the Supplier fails to comply with the obligations that arise from the agreement that has been concluded or fails to comply with them on time or properly, or if there is a well-founded fear thereof, and in the event of bankruptcy or suspension of payment on the part of the Supplier or in the event of the cessation, sale or liquidation of its business, the Livestock Dealer will have the right, without prejudice to the provisions of the third paragraph, to suspend performance of the agreement by a reasonable term, or to dissolve the agreement.
- 10.2 Claims concerning the part of the agreement that has already been performed and damage resulting from the suspension or dissolution, including lost profit, are immediately payable.
- 10.3 If the Supplier is in default, the Livestock Dealer is entitled to exercise the rights that the law grants, such as dissolution of the agreement, the right to replace animals that do not meet the requirements, the right to return the purchase price, all this without prejudice to the Supplier's obligation to compensate the Livestock Dealer and also to reimburse the Livestock Dealer's lost profit. The Livestock Dealer is entitled to monetize the delivered animals.

Article 11 – Relationship between the Client and the Livestock Dealer as regards purchase orders

The following stipulations apply if the Client is also the Livestock Dealer's Supplier:

- a. The Livestock Dealer will endeavour to carry out the Client's order to the best of its abilities, but does not guarantee any result in that connection;
- b. The Livestock Dealer is free to determine who will carry out the order. The applicability of Articles 7:404 of the Dutch Civil Code and 7:407(2) of the Dutch Civil Code is excluded;
- c. The Client owes the Livestock Dealer a compensation for the agro services it has provided. The Livestock Dealer has the right to charge an advance;
- d. Invoices drawn up by the Client or third parties require the written approval of the Livestock Dealer.

Article 12 – Purchase and sale conditions VLN: conflict rule

- 12.1 If the Supplier applies the VLN sales conditions, these purchasing conditions will apply between the parties on the understanding that:
 - a. in the event of defects in the livestock or other damage, the injured party is obliged, if the other party wishes such and without prejudice to the second and third paragraph, it is not the other party but rather its trading relationship such as the Supplier as the producer of livestock or the Customer as the end user will held directly liable, unless the damage is attributable to the other party itself;
 - b. to the extent such does not place it in a legally less advantageous position, the other party will be obliged to cooperate in actions such as cooperating in a transfer of the contractual rights and obligations of the injured party that are intended to recover its damage directly from the trading relationship of the other party such as its Supplier as the producer of livestock or the Customer as the end user.
- 12.2 The parties are obliged to consult with each other first in order to attempt to reach an amicable settlement.

- 12.3 In the event of defects in the livestock or other damage, the parties are always obliged to inform each other concerning the actions they intend to implement towards third parties, in particular relationships of the parties.

Article 13 – Applicable law and arbitral award

- 13.1 All agreements concluded by the Livestock Dealer are subject to the written and unwritten standards that apply in the livestock trade and are otherwise subject to Dutch law. The Vienna Sales Convention is expressly not applicable
- 13.2 If one or more provisions of these conditions prove to be invalid, the agreement will be interpreted as much as possible according to its purport.
- 13.3 The parties submit all disputes, including transport disputes that follow from the current and future legal relationships between them to arbitration in accordance with the regulations determined for this purpose by 'Stichting voor Veearbitrage' (Foundation for livestock arbitration). These regulations can be obtained from Stichting voor Veearbitrage, with its registered office in The Hague, postal address De Panoven 27d (4191 GW) in Geldermalsen, www.veearbitrage.nl.