



Videncenter for
Svineproduktion

Between Landbrug & Fødevarer/
Videncenter for Svineproduktion
(Danish Agriculture & Food Council/
Danish Pig Research Centre)
CBR-no. 25529529
Axelborg
Axeltorv 3
1609 København V
Denmark

(= VSP)

and Owner
Herd
Address
City

(= Multiplier)

- jointly called the Parties – have entered into the following

Agreement on Multiplication

1.0 Objectives

- 1.1 VSP has formed and operates the Breeding programme “DanAvl”.
- 1.2 VSP enters into this Agreement – which has been negotiated between VSP and the Multiplier’s organization DanAvl Opformering (*Association of Multipliers*) – with all authorised Multipliers.
- 1.3 Words and terms in this Agreement shall be understood as defined in appendix 15.1.a) – unless the context suggests otherwise.

2.0 Herd and Farm

- 2.1 This Agreement concerns the Multiplier's Multiplication herd(s), that at the time in question are registered in the Pig Breeding Database (=Database).
The Multiplier herd(s) registered in the Database are hereinafter referred to as the Herd(s) and the Holding(s) on which the Herd(s) are stabled are hereinafter referred to as the Farm.
- 2.2 In case that a Multiplier operates one or more Commercial herds besides the Herd, the Multiplier must enter into an Agreement on On-Farm Replacement Production with a DanAvl herd with VSP, cf. appendix 15.1 b) for the production sow(s) that are part of the Commercial herd(s).

3.0 Access and Reports

- 3.1 VSP is at any time entitled to inspect the Herd together with all recordings, data and sales journals concerning the Herd and to photo register individual animals as well as the Holding. The Multiplier and his staff must provide the necessary assistance during such inspections.
- 3.2 The Multiplier shall report recordings, data and sales journals – except for prices – determined by VSP after negotiations with DanAvl Opformering.
- 3.3 VSP is, after negotiations with DanAvl Opformering and against payment to the Multiplier, entitled to perform any activities in and with the Herd, which VSP determines necessary to ensure the development of the breeding programme. The term "activities" shall in this connection be understood as activities, which lie beyond what follows from the Rules for Multiplication, cf. 15.1 c).

4.0 Obligations of the Parties

- 4.1 From the date of this Agreement VSP shall record and compute the Herd's breeding data and breeding value (= Index) and give the Multiplier the option to use the results of such data.
- 4.2 From the date of this Agreement the Multiplier shall ensure:
- a) no later than 2 years after having been approved as Multiplier, or after having finalised a sanitation programme, that minimum 50% of the Herd's females are purebred and meet the conditions stipulated in the Rules for Multiplication, cf. 15.1 c) regarding the Herd's structure;
 - b) only to buy services pursuant to this Agreement from VSP during the term of this Agreement and in the following 12 months after termination to refrain from cooperation with other Breeding programmes on the development of pig genetics;
 - c) to pay Fees and user payments pursuant to this Agreement;
 - d) only to sell DanAvl breeding stock on the conditions VSP determines in agreement with DanAvl Opformering;

- e) that VSP or a third party assigned by VSP has the option to buy all or some of the purebred DanAvl breeding stock of the Herd when this Agreement terminates;
- f) at any time to be registered and comply with DANISH Product Standard (*DANISH Produktstandard*), if the Herd is situated in Denmark.
- g) that the requirements made by VSP to the multiplication work, the physical design of the Farm and its production facilities, nutrition, animal welfare and animal health are met.

5.0 Sale from the Herd

5.1 The Multiplier may sell DanAvl hybrids to Commercial herds and to the mentioned in cf. 5.2, without restrictions. However, the Multiplier must not sell

- a) DanAvl boars to AI stations
- b) F2-females, unless at least 80% of the females of the Herd are purebreds, cf. 4.2 a).

5.2 The Multiplier may sell purebred DanAvl breeding stock to

- a) DanAvl herds
- b) DanAvl distributors

DanAvl herds and DanAvl Distributors are listed on www.danavl.dk.

5.3 The Multiplier may sell purebred DanAvl breeding stock to Commercial herds, if the Multiplier has obtained the buyer's signature on a Buyer's Declaration and acceptance of Terms of Sales as set out by VSP, cf. 15.1 d) and forwarded a copy hereof to VSP prior to delivery of the purebred DanAvl breeding stock sold.

If the Multiplier sells purebred DanAvl breeding stock to his own customer, the Multiplier is under the obligation as a Distributor according to 15.1 e) and the Multiplier shall guarantee for his customer's payment of penalty in case of unauthorized resale of purebred DanAvl breeding stock or any of its offspring, as, however, the Multiplier shall not secure this primary liability by a bank guarantee.

5.4 Apart from the sales set out in Clause 5.1 – 5.3, the Multiplier must not sell DanAvl breeding stock without prior written consent from VSP.

Hiring out or any other kind of transfer of property or right of use of DanAvl breeding stock shall be considered as sale.

5.5 Apart from the delivery of pigs for slaughter or to fulfil sales pursuant to cf. 5.1 - 5.4 above, the Multiplier must not move either the Herd or individual animals from the Herd without prior written consent by VSP.

5.6 In case that the Herd is situated in Denmark the Multiplier is under the obligation to comply with the Danish rules in force at the time in question for protection against major infectious diseases.

6.0 Product description and Trademark

- 6.1 The Multiplier holds the right and is under the obligation to sell DanAvl breeding stock with the product description and according to terms and conditions set out in Rules for Multiplication, cf. appendix 15.1 c).
- 6.2 The Multiplier is under the obligation to comply with the Concept Manual, cf. appendix 15.1 f) laid down by VSP at the time in question, such as in relation to using the DanAvl Trademark for marketing and sale of DanAvl breeding stock.
- 6.3 It is prohibited for the Multiplier to sell piglets and finishers using the DanAvl Trademark or other trademarks that resemble or might be mistaken for the DanAvl Trademark – including breeding ear tags (marked DanAvl).

7.0 Rules for Multiplication

- 7.1 The Multiplier shall comply with the Rules for Multiplication, cf. 15.1 c), as set out by VSP after negotiation with DanAvl Opformering.
- 7.2 If VSP sets out new Rules for Multiplication, which will result in additional expenses to the Multiplier, including investments, that according to the Multiplier's opinion do not correspond to the breeding- and production gain, VSP Multiplication or more than half of the Multipliers having entered into this Agreement with VSP shall within 2 weeks after the announcement of such amendments to the Rules for Multiplication submit these or one of these amendments to a single arbitrator, cf. 7.3, who will decide, if the amendment(s) submitted shall become enforceable or not.
- 7.3 The request of arbitration shall be presented to VSP by outlining the issues to be considered.

Together with the request of arbitration the Multipliers shall propose which of the following 3 arbitrators they wish to rule the case as single arbitrator:

- a) The Professor of Animal Breeding, Faculty of Health and Medical Sciences, Copenhagen University
- b) The Professor of Quantitative Genomics, Faculty of Science and Technology, Aarhus University
- c) The Professor of Animal Genetics, Faculty of Health and Medical Sciences, Copenhagen University

If VSP cannot agree to the Multipliers' proposal, the single arbitrator will be chosen by draw among the 3 candidates.

The chosen single arbitrator shall simultaneously with the appointment confirm that he will take steps to ensure that the case will be decided no later than 4 weeks after his nomination, however, no later than 1st December.

When the Parties have had adequate time and opportunity to safeguard their interests, the single arbitrator shall set down the case for an award.

The handling of the case will be ruled by the rules for arbitration proceedings at the Danish Institute of Arbitration with the deviations the nature of the individual case calls for.

VSP and DanAvl Opformering may agree that one or more of the single arbitrators as mentioned in a), b) or c) shall be replaced, if the Parties appoint new candidates.

8.0 User payments and Fees

8.1 The Multiplier shall pay user payments as determined by VSP to VSP for services provided by VSP pursuant to this Agreement or according to a separate Agreement with the Multiplier, cf. 15.1 c).

8.2 The Multiplier shall pay the Fees laid down by VSP or the committee to which VSP, in cooperation with others, has delegated this competence, cf. appendix 15.1 g).

9.0 Income from Multiplication

9.1 Income from the sale of Breeding stock, piglets and finishers belong to the Multiplier.

9.2 The Multiplier is free to set his own prices.

10.0 Pre-emptive right and ownership of data

10.1 For a period of 12 months after the termination of this Agreement, VSP has the pre-emptive right to buy purebred DanAvl breeding stock, which the Multiplier intends to sell, at a price and on the conditions which the Multiplier has agreed with a third party. VSP shall exercise its right of preemption no later than 5 working days after receipt of information by the Multiplier about the identity of the third party and the sales price and conditions of the offer received.

10.2 After termination of this Agreement, VSP shall keep ownership of the breeding data which VSP has received, registered and computed regarding the Herd in the duration of this Agreement.

After termination of this Agreement, the Multiplier is entitled to receive a copy of the breeding data, which VSP has received from the Multiplier, and which is in VSP's possession at the time of the termination of this Agreement.

11.0 Competition

11.1 VSP is entitled to offer the services pursuant to this Agreement to other Multipliers at the conditions that are applicable at any given time.

11.2 During the term of this Agreement and the following 12 months, the Multiplier must not cooperate with any other Breeding programmes or breeding companies regarding development of pig genetics.

- 11.3 The non-competition clause in 11.2 is not applicable, if this Agreement is terminated on the grounds of breach of contract by VSP, if the Multiplier has sold the Herd respecting the pre-emptive rights in 11.1 above, or is hired by or for other reasons cooperates personally with Breeding programmes as stated in 11.2 above.
- 11.4 VSP is not entitled to form or operate Breeding programmes competing with DanAvl for the duration of this Agreement.
- 11.5 In relation to the Multiplier, VSP is – either in-house or in cooperation with a third party – free to form and operate Breeding programmes with alternative breeds and/or lines that are not a part of DanAvl. VSP is likewise entitled to enter into Agreement on On-Farm Replacement Production.

12.0 Communication, risk and liability

- 12.1 Any notices and all communication between the Parties must take place digitally by means of electronic post, electronic data input and electronic exchange of documents unless explicitly stated or informed of otherwise. VSP sets out rules for use of digital communication according to Multiplier's reports.
- 12.2 The Multiplier bears the risk for errors arisen during electronic reporting to VSP, unless it is clear or ought to be clear for VSP that messages have not been received or the data received is incorrect.
- A copy of VSP's data-log shall be considered as evidence of the contents of the data and messages received from the Multiplier unless there is evidence to the contrary.
- 12.3 In case that VSP communicates in more than one language, the Danish text will prevail in the instance of discrepancies between the Danish version and the translated version.
- 12.4 The Parties are mutually liable for consequences of gross negligence and gross omission incurred in connection with this Agreement.
- 12.5 The Parties are not liable for loss of profits or any other indirect damages.
- 12.6 Any claim arising from this Agreement must be given notice of no later than 3 months after VSP or the Multiplier have been or should have been aware of the basis of any such claim.

13.0 Assignment

- 13.1 The Multiplier may assign his rights and obligations pursuant to this Agreement to a new Multiplier approved by VSP, however cf. 13.2. VSP can decline such approval, only, if VSP has just objections as regards to the financial or professional qualifications of the new Multiplier.
- 13.2 If the Multiplier is organised as a company with limited liability any change of control shall be deemed as an assignment or transfer.

14.0 Commencement and termination

- 14.1 This Agreement will be effective on the date of the last signature as of July 1, 2014.
- 14.2 Each of the Parties is entitled to terminate this Agreement with a prior written notice of 12 months to the end of a calendar month.
- 14.3 Each of the Parties may terminate this Agreement by prior written notice of 6 months to be given at any time, if the other Party fails to cure a breach of the obligations or regulations he has entered into pursuant to this Agreement.
- 14.4 Each of the Parties may, exempt from liability, terminate and resign from this Agreement without notice, if this Agreement or parts of this Agreement, cf. 15.0 is/are demanded to be amended in fundamental parts, or is made completely illegal by The Competition Council (*Konkurrencerådet*) or the EU Commission.
- 14.5 VSP is entitled to inform Multiplier of a sales ban as set out in Rules for Multiplication, cf. appendix 15.1 c). Expressing and lifting the sales ban is communicated in writing to the Multiplier, the Distributors and DanAvl AI stations.
- 14.6 The Multiplier is entitled to terminate this Agreement without notice, if the Multiplier simultaneously
- a) slaughters all purebred DanAvl breeding stock in the Herd, or
 - b) offers VSP or a buyer appointed by VSP to buy all purebred DanAvl breeding stock of the Herd chosen by VSP at a price that corresponds to the SPF Denmark I/S list prices for comparable animals.
 - c) continues as Commercial herd and pays the Fees due for the remaining DanAvl breeding stock in the Herd (purebred as well as hybrids).
- 14.7 Each of the Parties may terminate this Agreement without notice, if the other Party materially violates his obligations pursuant to this Agreement or the set of rules which are part of this Agreement, cf. 15.1.

It shall be considered a material breach

- a) if the Multiplier files for liquidation,
- b) if there is taken possession of mortgaged property,
- c) if the Multiplier does not comply with the requirements with respect to the amount of purebred females in the Herd, cf. 4.2 a),
- d) if the Multiplier sells DanAvl breeding stock under a wrong Product description, cf. 6.0,
- e) if the Multiplier neglects to pay Fees and user payments due on time, cf. 8.0.
- f) if the Multiplier sets aside the rules for protection of the introduction of major infectious diseases, cf. 5.6.

15.0 Set of Rules

- 15.1 This Agreement includes the following sets of rules (= appendices) that, with the amendments and additions made to these at a later point in time, form integral parts of this Agreement:
- a) Definitions, cf. 1.3,
 - b) Agreement on On-Farm Replacement Production with a DanAvl-herd, cf. 2.2,
 - c) Rules for Multiplication, cf. 3.3,
 - d) Buyer's Declaration and acceptance of Terms of Sales, cf. 5.3,
 - e) Agreement on Sale, cf. 5.3,
 - f) Concept manual, cf. 6.2,
 - g) Fees in connection with production and sale of DanAvl genetic products, cf. 8.3,
 - h) Rules for Landbrug & Fødevarer's Arbitration Tribunal, cf. 16.2.
- 15.2 The individual set of rules, cf. 15.1, can be altered within 6 months notice or in the way and with the notice set out in the individual set of rules.
- 15.3 The Multiplier will be notified in writing of changes to the individual set of rules.
- 15.4 The individual and current sets of rules can be seen at www.vsp.lf.dk.

16.0 Disputes

- 16.1 Any dispute that might arise between VSP and the Multiplier, besides disputes regarding user payments or Fees, shall be final and conclusively decided by Landbrug & Fødevarer's Arbitration Tribunal for the Danish Pig Producers (= the DanAvl Arbitration Tribunal), however, cf. 16.3 - 16.5 below.
- 16.2 Disputes shall be decided in accordance with Rules for Rules for Landbrug & Fødevarer's Arbitration Tribunal, cf. 15.1 h), and in accordance with Danish legislation. However, Landbrug & Fødevarer's Arbitration Tribunal can decide the case *ex aequo et bono*.
- 16.3 If a dispute exceeds a financial value of DKK 2,500,000, the Multiplier may initiate legal proceedings at the Danish courts of law, where the case is decided in compliance with proceedings by *Retsplejeloven (The Administration of Justice Act)* and applicable Danish legislation, but disregarding *ex aequo et bono*.
- 16.4 If legal proceedings are initiated against VSP at the Danish courts of law, then VSP shall - disregarding the agreement of arbitration and the size of claim of recourse - also be entitled to take legal proceedings (= issue third-party notice) against the Multiplier in such legal proceedings.
- If legal proceedings are initiated against the Multiplier at the Danish courts of law, then the Multiplier shall - disregarding the agreement of arbitration and the size of claim of recourse -

also be entitled to take legal proceedings (= issue third-party notice) against VSP in such legal proceedings.

16.5 User payments and Fees stipulated under 8.0 are final and cannot be submitted to an arbitral tribunal.

16.6 Disputes covered by 7.2 are decided by a sole arbitrator as stipulated in 7.3.

17.0 Language

17.1 In case of discrepancies between the Danish version of the text of this Agreement and any translation, the Danish version will prevail and this Danish version, only, will be presented at the DanAvl DBMC Arbitration Tribunal or court in the event of a dispute, cf. 16.0.

, date /

Copenhagen, date /

On behalf of the
Multiplier:

On behalf of
VSP:
