

Introduction:

ERS-agreement

A.I. Total B.V. offers livestock farmers worldwide the highest quality genetic solutions by providing access to the semen of the very best elite bulls through the 'AiTotal-ERS programme' (ERS = *Early Release Semen*). Forward-thinking dairy farmers and breeders can therefore access the highest quality cattle genetics from exceptional bloodlines and proven cow families at an early stage.

To develop and obtain high-quality elite bulls, A.I. Total B.V. has invested a lot of money, time and knowledge. This agreement serves to protect these investments and intellectual property and to continue to provide livestock farmers with top elite cattle genetics in the future. Only after signing this agreement will you be granted access and allowed to use genetics from the elite bulls in the AiTotal-ERS programme.

User instructions:

To access the AiTotal-ERS programme, simply and quickly sign this agreement in advance. You can request this at info@ai-total.com, after which you will receive more information and a link to 'DocuSign' by e-mail for the secure placement of a legally valid 'eSignature' signature. This agreement is for both conventional and sexed semen. Available elite ERS bulls are listed at <https://www.ai-total.com/aidol>. The listing is regularly updated with new elite bulls added to the programme. The availability of ERS bulls is limited, may vary by country and/or region and varies throughout the year.

For all bull calves conceived with the semen from the AiTotal-ERS programme, you grant A.I. Total B.V. the exclusive and irrevocable first right of purchase. The bull calves must be compulsorily presented for a genomic test, but A.I. Total B.V. will decide itself whether the test will actually be carried out.

If A.I. Total B.V. wishes to exercise its first right of purchase based on the test result, you will receive the compensation described in Article 7. If A.I. Total B.V. rejects the bull calf, it must be reared exclusively for the purpose of slaughter.

Customer data / Contractor

Company name :
VAT registration :
Name of legal representative :
Job title :
Address :
Location/ Country :
Phone number :
Email :

Whereas:

- A.I. Total B.V., upon signing this agreement, provides the contractor with access to the use of the semen of the elite bulls through the AiTotal-ERS programme for the highest quality cattle genetics worldwide.
- Contractor is obliged to offer all born bull calves of the first generation conceived with the semen of bulls from the AiTotal-ERS programme to A.I. Total B.V. for genomic testing.
- Contractor grants A.I. Total B.V. the exclusive and irrevocable first right of purchase on all first-generation bull calves sired with the semen of elite bulls from the AiTotal-ERS programme at pre-agreed prices and conditions.
- The contractor grants A.I. Total B.V. the exclusive and irrevocable first right of purchase on at least half of the number of second generation born bull calves sired with the first generation AiTotal-ERS heifer calves.
- For the second generation of born bull calves sired by the first generation of AiTotal-ERS heifer calves, the distribution will be maintained whereby the contracting party must offer at least the first three born bull calves to A.I. Total B.V. For the next three born bull calves, the contracting party will voluntarily decide to offer them to A.I. Total B.V., whereby A.I. Total B.V. hereby expresses its interest in that offer. This is repeated up to and including the 36th month of life of the first generation of AiTotal-ERS heifer calves (which have since become cows).
- The Contractor is prohibited from offering, supplying or selling - directly or indirectly - bull calves rejected by A.I. Total B.V. to third parties in any form whatsoever, for any use whatsoever, but explicitly not as breeding bulls. The rejected bull calves may only be sold to third parties for rearing for slaughter or delivered directly to the slaughterhouse. Nothing may explicitly be supplied to competing farms.
- Contractor is prohibited from supplying semen or embryos - directly or indirectly - from the AiTotal-ERS programme, sell or otherwise dispose of or make available to third parties, including explicitly competing companies.
- Contractor is prohibited from producing cattle genetics - or results thereof - arising from the AiTotal-ERS programme identical genetic copies, including clones.

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- A.I. Total B.V. may request the contractor to castrate rejected bull calves conceived with the semen of bulls from the AiTotal-ERS programme.
- Contractor itself should be and remain aware of the elite bulls covered by the scope of this agreement at the time of use, as found at <https://ai-total.com/aidol>.

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Article 1. Obligations and rights A.I. Total B.V.

- 1.1. A.I. Total B.V., by signing this agreement, grants the contractor exclusive access to the AiTotal-ERS programme for high-quality elite bull semen.
- 1.2. Only if A.I. Total B.V. determines to genomically examine a bull calf, the costs will be borne by A.I. Total B.V. as described in article 3.1. sub a.
- 1.3. A.I. Total B.V. has the right to resell and/or dispose of bulls (calves) if it exercises its purchase option as described in Article 7.

Article 2. Contractor's obligation regarding the use of AiTotal-ERS bull semen

- 2.1. Contractor only uses AiTotal-ERS bull semen on cows wholly owned by him or, if there are multiple owners by financial interest, all parties who own agree to the ERS Agreement by attaching their names to this agreement and co-signing it.

Article 3. Contractor's rights and prohibitions concerning bull calves born from the AiTotal-ERS programme

- 3.1. All bull calves born from the AiTotal-ERS programme must be presented to A.I. Total B.V. for genomic testing;
 - a. The bull calf must be registered for genomic testing at <https://www.ai-total.com/aidol/submission> within 7 days of birth. If A.I. Total B.V. decides to actually genomically examine the bull calf, the costs will be paid by A.I. Total B.V.
- 3.2. If A.I. Total B.V. decides not to test a reported bull calf, or chooses not to exercise its purchase option, the bull calf must be reared exclusively for slaughter.
- 3.3. The contractor is prohibited - under penalty of an immediately payable fine without notice of default of EUR 25,000, excluding damages to be determined by the court - from:
 - a. to sell, deliver or otherwise trade rejected bull(s) born from the AiTotal-ERS programme to third parties - directly or indirectly - in the broadest sense of the term.
 - b. Produce, sell or otherwise trade - directly or indirectly - semen from bull(s) born from AiTotal-ERS programme for any purpose whatsoever, irrespective of how it came into the possession of the contractor.
- 3.4. Previous article 3.3. applies in particular to the prevention of selling and/or supplying - directly or indirectly - to (competing) companies operating in the same line of business of A.I. Total B.V. worldwide. If this violation is detected, an additional immediately payable fine of EUR 25,000 will be imposed without notice of default being required.
- 3.5. After receiving the test results of the genomic examination, A.I. Total B.V. has an option period to buy with a deadline for decision until the bull calf is 12 months old.
- 3.6. The contractor has an irrevocable obligation to deliver when A.I. Total B.V. wishes to exercise its purchase option on the bull calf born from the AiTotal-ERS programme. For the transfer of ownership, the contracting party will receive a purchase agreement. A sample agreement can be requested at aidol@ai-total.com.
- 3.7. If A.I. Total B.V. exercises its exclusive and irrevocable purchase option, the transaction prices can be found in Article 7 of this agreement. However, A.I. Total B.V. has no purchase obligation.
- 3.8. A.I. Total B.V. may request the contractor to have a rejected bull castrated before it leaves the premises where the rejected bull was born and/or is currently located.
- 3.9. If the contracting party independently decides to dispose of a genomically approved bull calf without the written consent of A.I. Total B.V. in any form, including selling, slaughtering or otherwise disposing of it, the contracting party shall owe A.I. Total B.V. an immediately due and payable penalty of EUR 50,000 without notice of default being required, exclusive of damages to be determined by the court.

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Article 4. Contractor's rights and prohibitions concerning heifer calves born from the AiTotal-ERS programme

- 4.1. The contractor shall be prohibited from selling any heifer calves born from the AiTotal-ERS programme within 36 months of birth without the written consent of A.I. Total B.V. under penalty of a immediately payable penalty without notice of default being required of EUR 10,000 excluding damages to be determined by the court .
- 4.2. Until heifer calves born from the AiTotal-ERS programme have reached the age of 36 months, the contracting party is prohibited without the written consent of A.I. Total B.V. - under penalty of an immediately payable fine without notice of default of EUR 25.000, exclusive of damages to be determined by the court - to sell, produce or otherwise trade - directly or indirectly - the bull and heifer calves born therefrom (the second generation), the semen of the bulls born therefrom, embryos and/or embryos of heifer calves born therefrom to third parties in the broadest sense of the meaning.
- 4.3. The contractor shall be obliged to offer at least half of the second generation of born bull calves sired by the first generation of AiTotal-ERS heifer calves to A.I. Total B.V. For this purpose, the distribution shall be kept whereby the contractor must offer at least the first three born bull calves to A.I. Total B.V. For the next three born bull calves, the contracting party voluntarily decides to offer them to A.I. Total B.V., with A.I. Total B.V. hereby already expressing its interest in that offer. This is repeated up to and including the 36th month of life of the first generation of AiTotal-ERS heifer calves (which have since become cows). All resulting bull calves of the second generation are subject to the same purchase amounts and bonuses as the resulting first generation bull calves as described in Article 7.
- 4.4. The contractor shall not be allowed to use contract bulls from a third party for insemination on heifer calves arising from the AiTotal-ERS programme without written permission from a legally valid representative of A.I. Total B.V.
- 4.5. A.I. Total B.V. reserves the right to require the contractor to use conventional semen from a mutually acceptable bull for insemination until the heifer calf reaches the age of 36 months.

Article 5. Contractor's ban on pregnant cows fertilised with AiTotal-ERS bull semen

- 5.1. The Contractor may only sell pregnant cows fertilised with AiTotal-ERS bull semen to third parties with the written consent of a legally valid representative of A.I. Total B.V. The purchasing party for the pregnant cow must therefore sign a three-party agreement with the Contractor and A.I. Total B.V. in which the rights of A.I. Total B.V. with regard to the unborn calf are laid down. If a breach is detected then the contracting party shall owe A.I. Total B.V. an immediately payable penalty of EUR 25,000 without notice of default being required, excluding damages to be determined by the court.

Article 6. Contractor's ban on embryos produced with AiTotal-ERS bull semen

- 6.1. The Contractor may only sell embryos produced with AiTotal-ERS bull semen to third parties with the written consent of a legally valid representative of A.I. Total B.V. The purchasing party for the embryo must therefore sign a three-party agreement with the Contractor and A.I. Total B.V. in which the rights for A.I. Total B.V. with regard to the unborn calf are laid down. If a breach is detected then the contracting party shall owe A.I. Total B.V. an immediately payable penalty of EUR 25,000 without notice of default being required, excluding damages to be determined by the court.

Article 7. Transaction prices and payments to contractor

- 7.1. If A.I. Total B.V. wishes to exercise its option to purchase a bull calf as described in Article 3, the contractor will be paid the transaction prices as set out in Article 7.7.
- 7.2. A.I. Total B.V. provides a bonus payment based on the GTPI index as stated in Article 7.7. and, if applicable, Article 7.8. The bonus payment is determined when the bull calf has reached the age of 450 days. Only bull calves with a NAAB code (www.naab-css.org) and qualified semen for the European or North American market are eligible for a bonus payment. When the bull calf is exactly 450 days old, the bull calf is compared with all bulls of the breed that are 450 days and older and hold a NAAB code.
- 7.3. The purchase price and health test fee (if applicable) will be paid to the contractor within 7 working days of delivery.
- 7.4. The bonus payment will be paid to the contractor within no later than 60 working days after the bonus is determined.
- 7.5. For payment of the bonus by A.I. Total B.V., the bull calf must have passed the health and semen production test and produced a minimum of 2,000 doses (at 0.25ml).
- 7.6. If the bull meets the veterinary requirements, but dies or is otherwise disposed of before the minimum number of 2,000 doses is achieved, there is no entitlement to the bonus and no payment follows for it.
- 7.7. Purchase allowances and bonus payments are as follows:

Ranking (GTPI)	Health test	Purchase price	Bonus	Total
Top 10	€ 500	€ 2.000	€ 97.500	€ 100.000
Top 50	€ 500	€ 2.000	€ 47.500	€ 50.000
Top 100	€ 500	€ 2.000	€ 22.500	€ 25.000
Top 250	€ 500	€ 2.000	€ 7.500	€ 10.000
Outside Top 250	€ 500	€ 2.000	€ 2.500	€ 5.000

- Prizes are not cumulative within ranking categories. Example: for a Top 250 GTPI bull, the owner receives only the Top 250 bonus. The Top 1000 bonus is not applicable for this bull.

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7.8. Red and Polled bull calves that are 450 days old and have a NAAB code ranking in the top of all available Red Carrier, Red & White and/or Polled worldwide may be eligible for an additional bonus payment. This bonus will be paid together with the first mentioned bonus under the conditions described in articles 7.4. to 7.6. if the bull calf is part of the classification below. The amount of these bonuses are as follows:

Ranking (GTPI)	Heterozygous Polled (Pp)	Heterozygous Red (RC)	Homozygous Polled (PP)	Homozygous Red (RR)
Top 3	€ 3.000	€ 10.000	€ 20.000	€ 20.000
Top 10	€ 1.000	€ 3.000	€ 5.000	€ 5.000

Article 8. Transfer of ownership of bull calf

8.1. A.I. Total B.V. and the contractor agree that A.I. Total B.V. irrevocably acquires ownership of the bull calf at the time when A.I. Total B.V. has notified the contractor that it wishes to purchase the bull calf subject to the condition as described in Article 7 of this agreement and subject to the condition that the bull calf fulfils the veterinary requirement as described in the bull calf purchase process in Articles 3.5., 7.5. and 7.6. of this agreement.

Article 9. General provisions

- 9.1. Any use of a (rejected) bull calf without the written consent of A.I. Total B.V. is in breach of the obligations under this agreement and will be treated as a breach of contract, or default. If a breach is detected, Articles 3.3. and if applicable 3.4., or Articles 3.9. and/or 4.1. and/or 4.2. shall apply immediately.
- 9.2. The Contractor shall transfer all the foregoing provisions relating to the marketing and/or alienation - in whatever form - by way of a chain clause to the legal successors and/or users. If a breach is established, Articles 3.3. and if applicable 3.4. or Articles 3.9. and/or 4.1. and/or 4.2. shall apply immediately.
- 9.3. Upon termination of this agreement, all rights and obligations accrued during the term of this agreement shall continue to exist for A.I. Total B.V. at the time of settlement.
- 9.4. The obligations under this agreement start immediately after signing this agreement.
- 9.5. In addition to the rights described in the previous articles, no other rights are granted to the contractor.
- 9.6. Written consent from A.I. Total B.V. must always be given per unique bull calf and signed with a legal signature by a legally valid representative of A.I. Total B.V. The Contractor must actively check for this himself.
- 9.7. A.I. Total B.V. may invoke termination or suspension, including for reasons of force majeure. If A.I. Total B.V. wishes to terminate this agreement, this will be communicated in writing without giving reasons with a notice period of 30 days.

Article 10. Applicable law and competent court

- 10.1. This contract is exclusively governed by Dutch law. If individual provisions of this contract are or become ineffective, the remaining provisions shall remain in force and the statutory provisions shall apply.
- 10.2. Foreign laws, treaties and/or other conditions of the buyer are excluded in advance.
- 10.3. Disputes arising from this agreement shall be settled exclusively by the competent court of Zwolle, the Netherlands.