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respeggt System Manual

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1. Introduction

Every year, several billion male chicks of egg-laying chicken breeds are killed worldwide because they do not lay eggs and because fattening them is economically unviable. In Europe alone, around 330 million day-old male chicks are killed each year. respeggt has developed a technological solution for ending chick culling. Through both the process of gender identification in the hatching egg and supply chain control, respeggt provides efficient and sustainable services for implementing supply chains that are free of chick culling to the egg industry.

This current version of the respeggt System Manual describes the services offered by respeggt as well as its requirements for supply chain controls to verify supply chains that are free of chick culling and to guarantee the product promise "Free of Chick Culling" to consumers. The respeggt System Manual defines the binding rules for securing, verifying and implementing the respeggt processes along supply chains.

All respeggt system partners must comply with the currently valid version of the respeggt System Manual and implement its requirements in a responsible manner. These requirements are to be accepted by signing the respeggt Declaration of Consent.

Through their business activities, all respeggt system partners contribute to ending chick culling.

All respeggt system partners are committed to fair and cooperative business conduct and strive to communicate openly and constructively.

The respeggt system partners must comply with the applicable legal framework and, furthermore, continuously focus on considering and improving the welfare and protection of animals.



2. Services offered by respeggt

respeggt is a wholly independent service company and is not in any way economically dependent on any other company along the supply chain of egg production and distribution. All entrepreneurial decisions are taken solely by the management of respeggt. respeggt offers the services described in the following sections to all system partners in egg production and distribution.

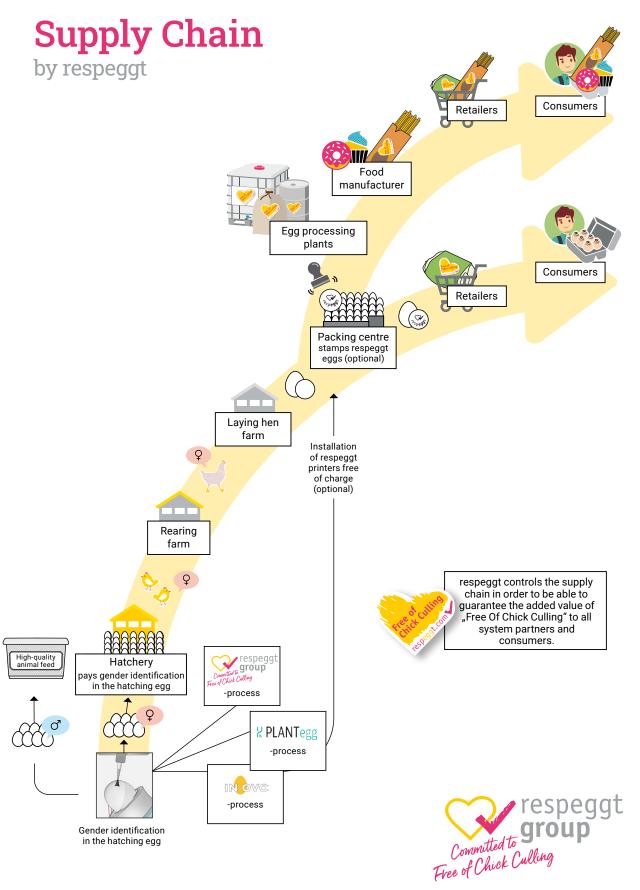
Figure 1 shows the respeggt supply chain.

2.1 Gender identification in the hatching egg

respeggt operates its own gender identification centres or assembles the technology for the process of gender identification in partner hatcheries. As a result, the process of gender identification in the hatching egg can be offered to **hatcheries of any size**, even if a hatchery does not have its own technology for gender identification.



Figure 1: The respeggt supply chain



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There are two options for implementing the process of gender identification:

respeggt gender identification centres

are operated by respeggt, which performs the gender identification process and provides its services to the hatcheries.

The procedure:

- 1. Delivery of hatching eggs by the hatchery.
- 2. Pre-incubation until the process of gender identification is carried out.
- 3. Gender identification in the hatching egg at the earliest on the ninth day of the incubation process.
- 4. Sorting of hatching eggs into male and female eggs.
- 5. Delivery of the male hatching eggs to an animal feed plant for further processing.
- 6. Delivery of the **female hatching eggs** back to the hatchery for final incubation and hatching.

The necessary biosecurity is ensured at the gender identification centre through a hygiene station for the hatching eggs at the goods receiving area, specially trained and skilled staff and strict hygiene requirements. The hatchery pays a **fixed price**¹ for each female hatching egg to respeggt for gender identification in the hatching egg.

Partner hatcheries

receive the technology from respeggt which is then assembled on the hatchery's premises.

The procedure:

- For hatching eggs that were pre-incubated at the partner hatchery, gender identification is performed at the earliest on the ninth day of the incubation process.
- 2. The hatching eggs are sorted into male and female eggs.
- 3. The male hatching eggs are delivered to an animal feed plant for further processing.
- 4. The **female hatching eggs** are returned to the incubators of the partner hatchery.

The partner hatchery and respeggt sign a cooperation agreement which defines ownership of the technology, staffing and pricing conditions.

Procedure at the other respeggt system partners:

- 1. The hatchery delivers the respeggt chicks to a rearing farm after hatching.
- After about 17 to 18 weeks of rearing, the respeggt pullets are housed at a respeggt laying hen farm. When the pullets are more than 19 weeks old, the laying hen farm receives a respeggt "Free of Chick Culling" certificate for each respeggt laying hen flock that has been controlled by respeggt.
- When they are approximately 22 weeks old, the respeggt laying hens begin laying (unfertilized) "Free of Chick Culling" fresh eggs – so-called respeggt eggs.

¹ The pricing conditions are agreed with the respective respeggt system partner in a separate document.

Additional procedure for the supply chain of



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respeggt eggs:

- 4. The respeggt eggs are delivered by the laying hen farm to the packing centre.
- 5. At the packing centre, the respeggt eggs are packed into egg boxes. During this step, respeggt eggs may be packed into egg boxes with the **heart-shaped respeggt label** (see Figure 2). Additionally, respeggt eggs may be marked with the **respeggt stamp** at the packing centre (see Figure 2 and Annex 4.2). The packing centres are entirely free to determine their own pricing and respeggt has no insight into or influence over their internal calculations.
- 6. The food retailers offer respeggt eggs in their supermarkets. The food retailers are solely responsible for setting their retail prices for respeggt eggs; respeggt has no in-sight into or influence over their internal calculations.

respeggt foodstuffs:

- 4. The respeggt eggs are delivered directly from the laying hen farm or its downstream packing centre to the egg processing plant.
- At the egg processing plant, the respeggt eggs are processed into respeggt egg products (e.g., liquid whole eggs, liquid egg white, liquid egg yolk, whole egg powder, egg white powder, egg yolk powder or boiled eggs).
- The respeggt egg products are delivered to a foodstuff producer and may be used as an ingredient in the production of respeggt food-stuffs. A foodstuff producer may also process respeggt eggs directly (i.e., without cooperating with an egg processing plant).
- 7. The foodstuff producer distributes the respeggt foodstuffs to food retailers or alternative distribution partners and may use the heartshaped respeggt label on their packaging. The distributors are solely responsible for setting their retail prices for respeggt foodstuffs and respeggt has no insight into or influence over their internal calculations.

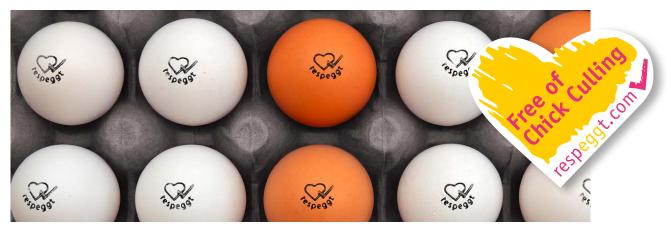


Figure 2: respeggt stamp and heart-shaped respeggt label



2.2 The respeggt supply chain control

To guarantee the added value of gender identification in the hatching egg up until the distributed end product, whether fresh eggs or foodstuffs, respeggt has developed a supply chain control system that provides a guarantee for the added value "Free of Chick Culling". This allows transparent control along the supply chain from the process of gender identification in the hatching egg up until the final product (i.e., respeggt eggs or respeggt foodstuffs). Plausibility checks, mystery shoppers at the point of sale, the regular control of all companies as well as clearly defined requirements and agreements ensure that **the added value promise of "Free of Chick Culling" can be guaranteed**. To make this promise visible, eggs may be marked free of charge with the respeggt stamp and the heart-shaped respeggt label may be printed on both the respeggt egg boxes as well as the packaging of respeggt foodstuffs. The respeggt supply chain control can be performed for **all methods of rearing**.

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Besides its own process of gender identification in the hatching egg, respeggt also recognises other processes of early gender identification. The PLANTegg and the In Ovo processes are also performed at the earliest on the ninth day of the incubation process. As these solutions are equivalent in terms of sustainability and animal welfare orientation, eggs and foodstuffs resulting from supply chains using these processes may also bear the heart-shaped respeggt label.

Consumers can easily verify the added value of "Free of Chick Culling" by entering the producer codes on our website <u>https://www.respeggt.com/en/#code-check</u>. In addition, they can see which solution was applied to guarantee the added value of "Free of Chick Culling", i.e., the message "Free of Chick Culling thanks to gender identification in the hatching egg using the respeggt/PLANTegg/In Ovo process" is displayed. This offers consumers a high level of transparency and a high degree of safety in terms of the product promise.

There are two methods for implementing supply chain control: supply chain control using the gender identification process with respeggt technology and supply chain control using the PLANTegg or In Ovo processes. These methods are described in the following sections.



2.2.1 Supply chain control using the respeggt process

2.2.1.1

At **four weeks before hatching** at the latest, the supply chain control system must be commissioned upon ordering the birds at the hatchery. The hatchery forwards the order and the contact details of the laying hen farm to respeggt.

2.2.1.2

All respeggt system partners must sign a **Declaration of Consent** to confirm that they will meet the respeggt requirements described in this System Manual.

2.2.1.3

It is mandatory that a respeggt coordinator is always present during the process of gender identification in the hatching eggs and during the hatching of the chicks in order to verify that the respeggt requirements are respected.

2.2.1.4

The supply chain control service is included in the price paid for the process of gender identification. respeggt does not charge any additional costs for this service.

2.2.1.5

Once control of the supply chain has been successfully completed and the respeggt laying hens are more than 49 weeks old, the laying hen farm receives a **compensation of € 0.05** per housed respeggt laying hen directly from respeggt if the flock is "Free of Chick Culling" due to the respeggt technology applied.



2.2.2 Supply chain control using the PLANTegg or In Ovo processes

In order to achieve the greatest possible quantity of respeggt eggs, respeggt also offers supply chain control for other early processes of gender identification (i.e., <u>PLANTegg</u> and <u>In Ovo</u>).

2.2.2.1

The supply chain control system must be ordered by **four weeks before the housing of the hatching eggs** at the latest at the hatchery. The hatchery forwards the order and the contact details of the laying hen farm to respeggt.

2.2.2.2

All respeggt system partners must sign a **Declaration of Consent** to confirm that they will meet the respeggt requirements described in this System Manual.

2.2.2.3

It is mandatory that a respeggt representitive is always **present during the hatching of the chicks**, in order to verify that the respeggt requirements are respected.

2.2.2.4

The "Free of Chick Culling" eggs resulting from a supply chain of PLANTegg or In Ovo processes that is controlled by respeggt are also called respeggt eggs. The requirements for the rearing of respeggt flocks and the separation of goods for respeggt eggs (see Section 3) are therefore the same as for supply chains using the respeggt technology and must be fulfilled.

2.2.2.5

The supply chain control price of \notin 0.09 per hatched female chick for other early processes of gender identification is invoiced to the commissioning hatchery by respeggt at the time when the chicks hatch. The aggregate sum of the amount of \notin 0.09 per female chick is capped at a maximum total amount of \notin 5,000 for larger flocks.



3. Requirements for respeggt system partners

Any hatchery, rearing farm, laying hen farm, packing centre, egg processing plant or foodstuff producer may become part of a respeggt supply chain. For this, hatcheries, rearing farms, laying hen farms, packing centres, egg processing plants and foodstuff producers must sign a **Declaration of Consent** to confirm that they will meet the requirements described in the following section.

3.1

No male or female chicks may be culled during hatching and/or the rearing process. The male chicks must be fattened according to the requirements in the currently valid version of the rearing guidelines of KAT e.V. ("KAT-Leitfaden Aufzucht"). After the slaughter of the respeggt brother layers, the slaughter report must be sent by the hatchery to <u>data@respeggt.com</u>.

3.2

The respeggt hatching eggs/chicks/laying hens/eggs/egg products must be **permanently separated** from conventional hatching eggs/chicks/laying hens/eggs/egg products. The respeggt system partners may agree to the use of labels, boxes and brood trays in different colours for this purpose. On its website, https:// www.respeggt.com/en/system-partners/, respeggt provides a barn sign (that can be downloaded as a PDF file) for the correct marking of barns housing respeggt flocks in rearing and laying hen farms. A laying hen farm may only house conventional laying hens and respeggt laying hens at the same time if it uses a **separate producer code** for the respeggt flock. The producer code of a respeggt flock may not be used for any conventional flock.

3.3

All respeggt system partners in a supply chain shall always mark any relevant documentation, e.g., labels, delivery notes, transport documents and invoices, with the references **"respeggt OKT"** (Ohne Kükentöten) or **"respeggt FoCC"** (Free of Chick Culling), or with the respeggt document stamp. Additionally, a specification for "respeggt FoCC" must be created and used in the merchandise management system by respeggt system partners. It does not suffice to solely use the reference "FoCC" or "Free of Chick Culling" as a marking.

Figure 3: Correct marking of documents and pallets



3.4

The respeggt flock passport is a hard copy document that allows the verification of the added value of "Free of Chick Culling" across the supply chain. It is issued by the hatchery and accompanies the respeggt birds during their entire life cycle. The employees of the hatcheries, rearing farms and laying hen farms shall enter the delivery data of respeggt flocks into the respeggt flock passport and send a photograph of the updated passport via email to data@respeggt.com. The employees of the hatchery shall forward the respeggt flock passport with the transport documents of the respeggt chicks to the rearing farm, and the employees of the rearing farm shall forward it with the transport documents for the respeggt pullets to the laying hen farm. The employees of the rearing farm and the laying hen farm shall control the respeggt flock passport and supplement it with additional relevant data. They shall subsequently display the respeggt laying hens, a photograph of the fully completed respeggt flock passport must be sent via email to data@respeggt.com by the laying hen farm.

Important note: If a respeggt system partner does not receive the flock passport together with the respective flock, it must request this flock passport directly from the supplier or by sending an email to <u>data@respeggt.com</u>.

3.5

At least once per year or once per flock, respeggt will organise an **announced visit** to the respeggt system partners in order to verify the correct implementation of the requirements resulting from the respeggt System Manual. The respeggt system partners commit to submitting all the necessary documentation required for this purpose during this visit. In exceptional cases (e.g., a high number of AI cases), these visits may be conducted digitally by respeggt.

3.6

In the few exceptional cases where there are insufficient female respeggt chicks in a hatch, the hatchery may supplement this hatch. If a hatch is to be used to supplement an order with respeggt supply chain control, the respeggt flocks may only be supplemented with FoCC chicks resulting from an early process of gender identification (i.e., the respeggt, In Ovo or PLANTegg processes) or chicks resulting from the process of fattening the male layer chicks (in line with the KAT guidelines).

It is imperative that the hatchery informs respeggt prior to such an additional purchase of chicks by sending a notification to <u>data@respeggt.com</u>.



3.7

The trading of respeggt eggs is permitted between different packing centres and between packing centres and the egg processing plants. During the **control of incoming goods**, the company that receives the respeggt eggs must verify the authenticity of the traded respeggt eggs by checking their producer codes on the website <u>https://www.respeggt.com/en/#code-check</u>. Additionally, it must be simultaneously ensured that the producer code on the delivery note is the same as the producer code on the eggs.

3.8

If a laying hen farm decides to implement a supply chain control system, the corresponding respeggt system partners must add the following text to their order confirmations and invoices: "respeggt animals with supply chain control. May be distributed with the heart-shaped respeggt label 'Free of Chick Culling'." If a laying hen farm decides <u>not</u> to implement supply chain control, the corresponding respeggt system partners must add the following text to their order confirmations and invoices: "Animals <u>without</u> supply chain control. May <u>not</u> be distributed with the heart-shaped respeggt label 'Free of Chick Culling'."

3.9

All respeggt system partners consent to the processing of their data by signing a Declaration of Consent. If this consent is withdrawn by a respeggt system partner, the particular supply chain may, from this point in time, **no longer use** the heart-shaped respeggt label "Free of Chick Culling" in distribution.

3.10

The use of the heart-shaped respeggt label on packaging for end consumers, whether fresh eggs or foodstuffs, is only permitted following compliance with the requirements of the **respeggt Style Guide** and after **approval** of the packaging to be used by respeggt (see Annex 4.1). When using the heart-shaped respeggt label on egg boxes, it is possible to also mark the respeggt eggs individually by printing the respeggt stamp on their head side. For this purpose, respeggt may deliver printing equipment to the packing centres free of charge (see Annex 4.2).

3.11

Only respeggt eggs may be used for the production of respeggt egg products. To achieve a higher output, it is possible to mix different batches of respeggt eggs. In these cases, the producer codes of the respective egg batches need to be recorded in the merchandise management system of the egg processing plant.



3.12

Foodstuffs may only display the heart-shaped respeggt label if the eggs or the egg products that they contain are verifiably at least 95% respeggt eggs or have verifiably been made with at least 95% respeggt eggs.

3.13

If end products, e.g., foodstuffs or fresh eggs, are distributed without the heart-shaped respeggt label on packaging for end consumers, references to the added value of "Free of Chick Culling" on packaging or on any other **advertising material shall be without reference to respeggt** and shall not in any way allow conclusions to be drawn about respeggt.

3.14

In the event of a violation of the respeggt requirements described in the respeggt System Manual or the Declaration of Consent, respeggt will decide on the extent and degree of the resulting **penalties** or the withdrawal of the right of use for the heart-shaped respeggt label.

3.15

The respeggt system partners shall properly inform their **employees** about the special character of respeggt hatching eggs/chicks/laying hens/eggs/egg products and the special handling that is consequently required for these eggs/birds/products. The employees of the respeggt system partners must know and fulfil the requirements relating to the incubation/hatching of respeggt chicks, the rearing of respeggt laying hens or the handling of respeggt eggs and respeggt egg products.

3.16

The respeggt representatives provide the respeggt flock passports and the respeggt material to the hatcheries. This material will be handed over to the rearing farms together with the respeggt chicks. The laying hen farms and packing centres will receive the respeggt material by mail from respeggt before the pullets are housed.

3.17

The respeggt system partners will receive the applicable version of the **respeggt poster "The 7 respeggt rules"** and (on request) a respeggt document stamp from respeggt. The main requirements for each respeggt system partner are listed on the respeggt posters (<u>https://www.respeggt.com/en/system-partners/</u>). The respeggt system partners shall display the respeggt poster permanently in a convenient place in their company where it is easy to see for all employees.



4. Annexes

4.1

respeggt Style Guide

4.2

Marking of respeggt eggs with a stamp