

Rules of Sanction Procedure and Sanction Committee Procedure

§ 1 General

Participants' violations against their incumbent obligations, according to the declaration of participation or the participation agreement in the Initiative Tierwohl (participants' obligations), may be penalised, provided that this was concretely agreed with the participants. The Sanction Committee of the Initiative Tierwohl is responsible for penalising violations and verifying contractual measures and penalties.

The duties, rights and obligations of the Sanctions Committee are determined by the Statutes of the *Gesellschaft zur Förderung des Tierwohls in der Nutztierhaltung mbH* (Society for the Promotion of Animal Welfare in the Live-stock Production mbH) (also called "operating company"), the program manual, of which in particular the participation conditions, and this Rules of Sanction Procedure in their respective valid version.

§ 2 Determination of violations, immediate measures, convening of the Sanctions Committee

1. Violations against the participants' obligations may be determined by
 - a) a certification body within the framework of a program audit (initial audit), a verification audit, a random sample audit and an audit of special purpose or
 - b) the operating company or a third party appointed by the operating company within the framework of a parallel audit, a random sample audit, an audit of special purpose or
 - c) any other means.
2. Should the operating company have doubts regarding the compliance with the participants' obligations, it may perform or order announced or unannounced audits at any time by the certification bodies approved by the operating company, a staff member of the operating company or a person appointed by the operating company, with the purpose of clarification and verification. This also applies to further locations assigned to the participant. The costs arising out of these audits must be beard by the participant, if one or more severe violations against the participants' obligations are identified within the framework of these audits.
3. The head office of the operating company records the identified violations. It checks whether further measures upon the certification decision of the certification body, the audit decision of the operating company's staff member or the audit decision of the person appointed by the operating company, must be implemented, particularly with regards to
 - a) the refund of animal welfare payments,
 - b) the initiation of a sanction procedure by the Sanction Committee,
 - c) pressing criminal charges.

§ 3 Responsibility, sanctions

1. The Sanction Committee is decision-making and objection body. It decides on
 - a) the objection of a participant against the notification of refund (animal welfare payment) of the operating company,
 - b) the imposition of a sanction,
 - c) the objection against the imposition of a sanction.

The Sanction Committee does not debate or decide on objections and complaints against the certification decisions of the certification bodies.

2. The Sanction Committee decides on the imposition of sanctions under consideration of the specific circumstances of the individual case. For the selection of the sanction, the Committee considers the relevance of the violated obligation, the severity of the violation and the amount of refund of animal welfare payments by the operating company. It is entitled to penalise the participants' violations against their incumbent obligations by means of
 - a) the issuance of a warning,
 - b) the imposition of a program penalty of up to EUR 100.000,-,
 - c) other measures, which are appropriate, to penalise a violation and ensure the implementation of the obligations arising from the Initiative Tierwohl in the future (i.e. higher audit/inspection frequency, arrangement of additional inspections, imposition of reporting obligations)
 - d) the temporary or permanent exclusion from participation in the Initiative Tierwohl.

In case of severe violations, the Sanction Committee may recommend to the operating company a temporary or permanent exclusion from participation in the Initiative Tierwohl, beyond the regular contractual measures. This applies particularly in cases of wilfully or grossly negligence

- harm or danger to humans, animals or the environment,
- infringement against the legal provisions for animal welfare,
- endangering of the Initiative Tierwohl as a program or as a whole,
- misrepresentation of data, which are relevant for the admission to the Initiative, its implementation or the settlement of the animal welfare payments,
- sustained violation of the other participants' obligations, provided that a warning was previously issued for the same or a similar violation.

The temporary or permanent exclusion may be recommended towards a participant with all the participating locations allocated to him/her, towards individual participating locations (VVVO and production scope), participating corporate divisions and business units.

In addition to imposing a sanction, the Sanction Committee may recommend to the operating company, pressing criminal charges against the participant, if the requirements and procedures of the Initiative have been violated in a criminally relevant manner.

3. The sanctions of the Sanction Committee are implemented by the operating company, the recommendations of the Sanction Committee are verified by it. The concerned participants in the Initiative Tierwohl will be informed in writing of the decision of the Sanction Committee. The operating company is authorized to internally publish within the program, via the Tierwohl database, the names of the participants that are temporary or permanently excluded from the Initiative.

The operating company is at liberty to assert any further claims against the participants in the Initiative.

§ 4 Objection

1. The participants may present an objection to the Sanction Committee against the decision of the operating company with regards to the refund of animal welfare payments, or of the Sanction Committee with regards to the imposition of a sanction. If the participant has previously initiated a complaint procedure by the certification body against the certification decision, the acceptance of the objection is subject to the legally binding conclusion of this complaint procedure.

The participants must be instructed about the possibility and the process of objection along with the announcement of the respective decision.

2. The objection must be communicated in writing within 30 days after receipt of the written decision to the operating company

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The objection must be justified in writing.

3. The Sanction Committee reviews the decisions according to sections 1 a) and b) under consideration of the specific circumstances of the individual case. It documents its decision and informs the participant in writing about the result of this review within the objections procedure.
4. Filing an admissible objection has a postponing effect. The decision of the Sanction Committee is only effective if the Sanction Committee confirms its decision within the objections procedure. This does not apply if the Sanction Committee agrees the exceptional immediate enforcement of a sanction. In this case, the participant, regardless of the objection, must initially follow the defined sanctions.
5. Any further objection against the decision of the Sanction Committee on an objection of the participant is not allowed.
6. Bringing legal action to the ordinary court, in cases which fall under the responsibility of this Sanction Committee according to § 3 of this Rules of Sanction Procedure, is only acceptable after the Sanction Committee has debated the case, the possibility of objection is exhausted, and the Sanction Committee has taken a final decision.

§ 5 Constitution, convening, decision making

1. The Sanction Committee is appointed by the operating company as independent, neutral body. The Society may optionally either establish an own Sanction Committee, or make use of an already existing suitable expert body, which it entrusts with the functions of the Sanction Committee.

The Sanction Committee shall be constituted of one judge or a lawyer, an independent expert from livestock pig, an independent expert from livestock poultry and one assessor. Chaired by the judge or the lawyer, the committee decides whether and how violations are penalised. External experts may be called in by the chairperson in individual cases. They have no voting rights within the Sanction Committee.

The members of the Sanction Committee shall not be employed for the Society, the shareholders, or any singular company participating in the Initiative Tierwohl.

The shareholders of the operating company decide on the constitution of the Sanction Committee, the nomination of its members, and their compensation.

2. The Sanction Committee is convened by the management in coordination with the chairperson in writing, with a term of two weeks. In urgent cases, the notice period may be shortened and the Sanction Committee may be convened to a telephonic meeting. The agenda must be announced along with the invitation.
3. The Sanction Committee has quorum, if after invitation of the chairperson, each of the technical responsible experts (pig, poultry), and the assessor participate of the meeting. The voting right of the independent experts is restricted to the sanction cases in his/her field.

The decisions of the Sanction Committee are reached per majority vote, recorded in writing, justified, and signed. The decisions of the Sanction Committee are announced by the chairperson on behalf of the Sanction Committee. Its implementation is responsibility of the operating company's management jointly with the chairperson.

4. The members of the Sanction Committee are obliged to maintain strict secrecy about all matters which come to their attention in this capacity. This also applies beyond the termination of their duty as member of the Sanction Committee.

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Gesellschaft zur Förderung des Tierwohls
in der Nutztierhaltung mbH