

# Licence Agreement

between

**Demeter-International e. V.  
Brandschneise 1  
64295 Darmstadt  
GERMANY**

as licensor  
subsequently called Demeter International,

and

**28680  
Living Seeds Sementes Vivas SA  
Rua da Misericordia 14, 6º andar  
1249-038 Lisboa  
PORTUGAL**

who is an operator (legal entities are represented by their representative), who produces, processes and/or trades products subsequently called "Licensee"

## § 1

### Preamble

- (1) The protected trademarks "Demeter", "in conversion to Demeter" and "Biodynamic" that are jointly used by producers, processors and traders are intended to provide consumers with a guarantee that they are receiving products containing ingredients which have been produced with a particular responsibility to the environment and the consumer. The trademarks also indicate that, in addition to recognised organic practice, the points of view and results of Rudolf Steiner's philosophy are taken into account in the production, processing and retailing of Demeter/Biodynamic products.

The trademarks designate a form of agriculture and horticulture in which all processes serve to preserve and promote the health and fertility of the earth. For this reason, dubious biocides practical only for short-term economic purposes, are not used. Farmers, processors, traders and consumers by their participation in the value added chain, have the possibility to support

Biodynamic agriculture and thereby support life processes of fundamental importance for all people.

The parties to the contract understand and agree that this can only be successful if all participants are conscious of their responsibilities and act accordingly. Only then can the trust which the consumer places in Demeter and Biodynamic products be justified.

- (2) Demeter International as the trustee organisation of the "Internationaler Verein für biologisch-dynamische Landwirtschaft e. V., Arlesheim" as well as "Forschungsring für Biologisch-Dynamische Wirtschaftsweise e.V., Darmstadt", hereinafter referred to as owner, administers the rights to the trademarks.
- (3) The objective of the Demeter International is to promote Demeter quality according to the principles contained in Rudolf Steiner's book "Landwirtschaftlicher Kurs" (Agricultural Course) as well as to support the production and distribution of Demeter products.

Therefore it supports research, consultancy and training in Biodynamic farming methods, helps producers in finding market opportunities and processors and wholesalers in procuring Demeter products. It also takes care of the administration and protection of the trademark as well as the certification of Demeter and Biodynamic products.

- (4) Demeter International does not engage in trade or processing.

## § 2

### Subject of the contract

- (1) The Licensee may use the trademarks, names, symbols or terms as referred to in §1 (1) for products which have been produced in accordance with the standards. The term "Biodynamic" may be used in conjunction with the mark Demeter, or in the case of wine and cosmetics, alone. Products from enterprises in conversion to Demeter may alternatively be labelled as "In conversion to Demeter".
- (2) Every mention of either Demeter or Biodynamic in any paragraph of the this contract document refers to all trademarks administered by Demeter-International e. V.
- (3) Demeter International will annually authorise the licensee to use those trademarks, names, symbols or terms as referred to in § 1 (1) which have been laid down in an annual certificate.
- (4) The most recent edition of the Demeter Processing and Labelling Standards, published by Demeter International is always incorporated in this contract. The Licensee will work according to these standards. Whenever there is a modification of the standards by Demeter International the licensee will receive a copy of the most recent edition.
- (5) Once this contract has been signed by both parties, the Licensee may label his products with the trademarks, names, signs and terms as referred to in §1 (1) in accordance with the requirements of the annual certificate and the standards for labelling.

## § 3

### License Fee

- (1) The Licensee will pay Demeter International a license fee for the use of the trademarks, names, symbols and terms referred to in §1 (1).
- (2) At present the fee is calculated as follows for processors:  
The fee refers to the added value (excluding Value Added Tax), i.e. the difference between the sale price and the purchase price of Demeter goods. The fee is 1,7 %.

For domestic sales, i.e. products that are not exported and for exports to countries who are not full members of Demeter International a reduced fee of 1,0 % applies.

The license fee on the added value will not be charged during the first 3 years.

The annual minimum fee is Euro 300,00.

- (3) The fee due must be paid to Demeter International by the middle of the quarter following date of invoice. This fee is to be paid in full as invoiced by Demeter International. The fee is to be paid in Euro. The Licensee will cover banking and administrative costs if payments are made in currencies other than Euro.
- (4) The Licensee may contractually oblige an importer to pay the fees referred to in §3 (2) to (3).
- (5) After termination of the contract, the obligation to pay the licence fee remains in force until all sales of Demeter products have been settled and the fee has been paid to Demeter International.
- (6) If Demeter International introduces a new, generally binding licence fee arrangement, the above provisions shall be replaced by the new provisions.
- (7) If "Demeter" or "Biodynamic" products are purchased directly from other producers or suppliers abroad, a contribution in accordance with the above provisions is nevertheless due and payable.

#### § 4

##### **Production of Demeter and Biodynamic products**

- (1) The Licensee will comply with the International Demeter Production Standards.
- (2) The Licensee will only adopt methods or techniques which have either been generally approved by Demeter International or which have been previously approved by it on an individual basis.

#### § 5

##### **Purchase of Demeter or Biodynamic products**

- (1) The Licensee undertakes to purchase Demeter products only from enterprises with a valid Demeter certification. Demeter International will give the Licensee any pertinent information at any time.
- (2) The Licensee will purchase and accept only Demeter products which are of an outer appearance at least equal to good general trade standards, and which are labelled with the trademarks.

#### § 6

##### **Storage of Demeter and Biodynamic products**

- (1) The Licensee will store Demeter products whether processed or unprocessed separately from other products, will identify the products as "Demeter" and state their origin.
- (2) The Standards for pest control in store rooms and business premises must be observed. The Licensee will only adopt pest control methods which have either been generally approved by Demeter International or which have been previously approved by it on an individual basis.
- (3) Storage must be arranged in such a way to prevent any contamination of Demeter products with, in particular, agents for pest control or GMO.

## § 7

### Processing of Demeter and Biodynamic products

- (1) The Licensee will comply with the International Demeter Processing Standards.
- (2) The Licensee will only adopt methods or techniques which are described in the International Demeter Processing Standards or which have been approved by Demeter International on an individual basis.
- (3) If the products of a licensee are processed, stored or packaged by a third party, the contract documents shall contain clauses which legally bind that party to conform to the Demeter Standards, and guarantee Demeter International inspection and certification rights. Demeter International has form contracts available for use as guidelines.

## § 8

### Sale of Demeter and Biodynamic products

- (1) When selling Demeter and Biodynamic products, the Licensee will take into account the interests of existing vendors of Demeter and Biodynamic products.,
- (2) The Licensee will supply Demeter labelled products to
  - a. Only processors, wholesalers and traders with a Demeter contract.
  - b. The retail trade and end consumers including restaurants and caterers.
 The licensee will respect the marketing strategy of the responsible Demeter organisation of the importing country. The Licensee is encouraged to give preference to marketing through "quality oriented retail shops".
- (3) Sale to non-Demeter contract partners is possible if the Licensee himself does not label the goods as Demeter products nor refer to Biodynamic agricultural production and ensures that his customers use neither the Demeter trademarks nor the term Biodynamic (or similar references) for product advertising or labelling.
- (4) In any sales to customers abroad, the Licensee must ensure that the respective customer is authorised by the responsible Demeter organisation abroad to trade in Demeter products.
- (5) The Licensee will only sell products under the Demeter trademark which conform to the established quality standards.

## § 9

### Obligation to keep records

- (1) Licensees certified for production will keep maps, showing all fields, stables, storage and other production facilities such as water channels or sources, compost places etc., as well as field diaries, registers of all inputs in detail and harvest quantities. If processing is carried out or subcontracted, additional records must be kept - recipes, ingredients, additives, processing aids, processing methods as well as products labels, product separation and product flow. All these documents have to be made available during inspections.
- (2) The Licensee will keep written records of his purchases of Demeter products and of his sales; these documents shall record the origin, type, quantity and price. He will keep these records in such a way that the suppliers and purchasers can be identified to a representative of Demeter International. The complete files containing all copies of the purchasing and sales invoices can

serve as written records which meet the requirements of this paragraph.

- (3) The Licensee shall organise his written records of the sale of Demeter products in such a way to be able to calculate the Demeter contribution referred to in § 3, and to identify the purchasers - with the exception of the end consumers - to Demeter International at any time. The complete and full file of copies of all receipts and invoices can serve as such proof.

## § 10

### **Inspection rights of Demeter-International**

- (1) The Licensee will prepare the inspection. He will present documentation in proper order and will fully support the inspector.
- (2) The Licensee authorises an inspector, approved by Demeter International, to inspect his operation. He will grant access to all files and documentation required for the inspection of Biodynamic farming, processing and trading operations. The data supplied must prove that all products traded with the trademarks, symbols, names and terms referred to in §1 (1) originate from certified fields and certified processing facilities.
- (3) A product sample will be supplied free of charge for every product, if requested.
- (4) The Licensee will pay the inspection costs.
- (5) The Licensee must inform Demeter International immediately of any legal changes which affect Demeter products.
- (6) After submission of complete inspection documents Demeter International will issue an annual certificate of compliance and will communicate any conditions attached to it to the Licensee.
- (7) If there is suspicion of a possible infringement or a risk of contamination, Demeter International may send a representative, or ask the inspection body to make an unannounced inspection or an analysis for residues. The cost of such an inspection or analysis will be paid by the Licensee.
- (8) The members of the International Certification Office as well as the agent of Demeter International are obliged to keep the information gained as a result of the inspection rights of Demeter International confidential unless they relate to violations of the provisions of the contract, and to refrain from exploiting all business and company secrets of which they have gained knowledge.
- (9) The inspection report may be sent to other parties only with the written consent of the Licensee.
- (10) Demeter International reserves the right to request a test of any product at any time, should there be suspicion of pesticide residues or for any other reason. Demeter International may also institute systematic testing of products using high risk inputs, Demeter International is to be informed immediately of all positive test results. Demeter International may require that affected products are not marketed using the trademarks see § 1. The trademarks shall not be used to market products if there is sufficient doubt that the product quality meets consumer expectations.

## § 11

### **Labelling, packaging and advertising of Demeter and Biodynamic products**

- (1) Labelling and advertising using the trademarks, names, symbols and terms as referred to in §1 (1) must be in accordance with the Demeter International Labelling Standards.

- (2) In the interest of trademark protection and all licensees, and in his own interest, the Licensee will present all drafts for labelling and packaging material, with details of the design, print quantity, period of advertising etc. to Demeter International for examination and approval in good time before printing or use. The advertising materials may be used only after Demeter International has given its approval.
- (3) The Licensee must ensure that the certification status of the Demeter products is correctly identified on invoices, delivery or packaging notes and all other associated documents.
- (4) The Licensee is willing to co-operate as far as possible with the aim of Demeter International to achieve a uniform visual appearance for Demeter and Biodynamic products.

## § 12

### **Biodynamic advice for production**

- (1) The initiation and development of an enterprise using the Biodynamic method requires qualified advisory support.
- (2) The Licensee will obtain such advice and support. Advisors contracted for the purpose of Biodynamic consultation must be approved by Demeter International. The degree of support required depends on the nature and the status of the operation.
- (3) The Advisory fee is to be paid by the Licensee.
- (4) The Licensee will send the advisory reports to the International Certification Office of Demeter-International.
- (5) The advisory reports may be sent to other persons or bodies only with the written consent of the Licensee.

## § 13

### **Liquidated Damages**

When the Licensee violates his contractual obligations arising from this contract the Licensee will pay a damage of up to Euro 20,000 per case. The amount is to be fixed by Demeter International on a case-to-case basis. In the case of a serious violation this contractual penalty is due without prior warning. As a rule, Demeter International will warn the Licensee before the penalty clause is applied.

## §14

### **Arbitration**

- (1) Disputes arising from this contract are to be adjudicated by a Court of Arbitration. The jurisdiction of this court replaces that of any other court. The attached Agreement of Arbitration shall apply.
- (2) Darmstadt is agreed upon as the legal venue.

## §15

### **Modification**

Modifications or amendments to this Licence Agreement may be agreed on by the parties in writing only.

## §16

### Duration of contract and termination

- (1) This contract will expire at the end of the year. This contract may be extended to the following year by annual confirmation by Demeter International. The conditions and requirements of the certification bind the Licensee contractually.
- (2) This contract can be terminated in writing by either party on the 31st December of any year, with at least a three month notification period.
- (3) This contract may be terminated immediately if the Licensee severely or repeatedly violates his obligations or if the Licensee ceases to operate according to the Demeter Standards.
- (4) After termination of the contract the Licensee is no longer entitled to use the trademarks, names, symbols or terms referred to in §1 (1).

**Attachments:**                      Arbitration Agreement  
   List of sanctions

Darmstadt, 06 October 2015  
place, date



.....  
Signature licensee



.....  
Signature Demeter International e.V.

## Arbitration Agreement

between

**Demeter International e. V., Brandschneise 1, 64295 Darmstadt, GERMANY**

**and Living Seeds Sementes Vivas SA, Rua da Misericordia 14, 6ºandar, 1249-038 Lisboa, PORTUGAL**

The following is agreed:

### § 1

1. The contracting parties agree to present any dispute resulting from the Licence Agreement signed on 06 October 2015 to a Court of Arbitration. Claims justifying an injunction (court) as well as non-payment of amounts due may be presented to public courts of law.
2. In the case that the arbitration proceedings do not lead to a ruling, a public court of jurisdiction may be involved by either party.

### § 2

1. The court of arbitration consists of three members. Each signatory to the contract will appoint one member. These nominees will elect - with the consent of either party - a chairman. The chairman needs to be qualified as a lawyer.
2. The claiming party will communicate to the other party the name of its member where upon the other party will inform the claiming party within one week about its nominee. After expiry of the term (1 week) without nomination, a member of the other side may apply for the nomination of a chairman with the court of law at the city of Darmstadt.
3. The election of the chairman by the two nominees has to take place within one week of its nomination. Paragraph § 2, 2. applies to the nominees if the two nominees cannot agree on a chairman.

### § 3

1. The Court of Arbitration will convene within two weeks after being requested to do so by either party.
2. The Court of Arbitration will decide by majority rule.
3. The ruling of the Court of Arbitration is binding on both parties.

Darmstadt, 06 October 2015  
place and date

.....  
Signature licensee

*Thomas Lintli Ottavendriell*  
.....  
Signature Demeter International e. V.



## **Sanctions Register for Licensees of Demeter-International e. V.**

The sanction register is part of the Demeter Licence Agreement and regulates violations of the licensee's contractual obligations, in particular violations of the International Demeter Standards.

### **One or more of the following sanctions may be imposed:**

1. Requirement to take corrective actions.
2. Imposition of additional requirements such as extra inspections, consultancy, delivery of specific documentation, training (all at the cost of the licensee).
3. Warning
4. Fine (liquidated damages) ranging from Euro 250,- to Euro 20.000,- per case.
5. Revocation of certification of particular fields and/or products.
6. Cancellation of the Licence Agreement.

### **Violations and their Sanctions in particular**

#### I. Infringements with regard to the conversion to Demeter

If certifications by the Demeter-International are based on erroneous or misleading statements/information of the licensee the following sanctions apply:

Warning, revocation of certification of particular fields/products, liquidated damages.

In serious cases there may be cancellation of the entire Licence Agreement.

The above also applies in cases of refusal to communicate or refusal to accept a corrective action.

#### II. Infringements with regard to horticulture/agriculture

- a. If chemical pesticides or fertilisers have been used, the following sanctions apply:

Revocation of the contract and liquidated damages.

- b. If other non-permissible pesticides, stored product protection agents, or fertilisers have been used, the following sanctions apply:

Warning, revocation of certification of particular fields/products, liquidated damages.

In serious cases, cancellation of the entire Licence Agreement may be applicable.

- c. In the case of short comings in the application of the Biodynamic preparations, the following sanctions apply:

Warning, revocation of certification of particular fields/products, liquidated damages.