

The processing economy
without trust problems

LOHN
WHITEPAPER
VERSION 5.0



Be our partner, feel the value!

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ABSTRACT.

Mechanism of economic business at lohn

Lohn is a widely spread contractual form in various industrial fields of international cooperation relations, especially in the industry of clothing, footwear, furniture, machine building industry, electronics and appliance industry, food industry and petrochemical industry.

According to the specialist's definition, the processing in lohn system consists of an international economic business carried out on a contractual basis between two companies of different countries where one performs, for a retribution in cash or in kind, a custom-made product according to the designs, drawings, usually with raw materials and materials of the other companies, which keep their right to trade that product under its own trademark.

At present, the annual production achieved in lohn at the worldwide level exceeds 12,000 B \$.

Lohn, the custom-made production, is a simple form that can contribute to the advantageous mutual settlement of some international asymmetries related to the available workforce and the cost of workmanship, raw material demand or production capacities.

The custom-made product indicates two aspects:

- a) the finite product is performed with the raw materials and the materials of company that performs the order;
- b) the finite product is manufactured by processing of raw materials and the materials of company that requires the order.

Being about the finite products performed according to the client's indications and drawings and in the quantity required by him, the dispatch is 100% ensured.

The company that launches the order is called **buyer, importer or beneficiary**. The company that performs the product is called **exporter or producer**.

The buyers at lohn are companies that hold prestige marks. We may assert that the main goal for the buyer, followed by lohn operation, is the valuation of capacities of some prestigious marks they benefit of, as well as the managerial and marketing ability.

The producers at *lohn* have the following specific trading aspects:

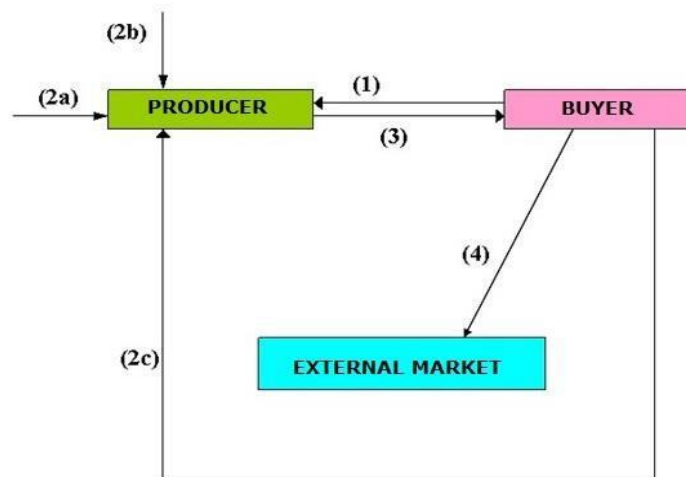
- they benefit of production factors, buildings, cars, utilities and especially workforce with a proper qualification;
- they do not have prestigious trademarks and are only focused on the industrial production side, exploiting the competitive benefits of the origin countries, related to the cost-effective of workforce and the favorable fees.

The international cooperation based on processing at *lohn* presents for the producer, the advantage that he is granted the possibility to fully involve in the manufacturing capacity and benefit, too, from the maximum exploitation of this capacity.

In his turn, the buyer is granted the possibility to send for processing the raw materials and materials to a country where the workforce is cheaper than in his own country and obtain products manufactured according to his own project and vision. It is noted that, for many times, the beneficiary makes the producer available, as rental or sale in the account of processing, certain machines, installations and devices that ensure a high labor productiveness and a high technical – qualitative level of the end product.

The *lohn* mechanism is equally simple and efficient for the buyer

Figure 1. **Processing mechanism at *lohn***



(1): Order

(2a): National labor

(2b): Raw materials, internal materials

(2c): Raw materials, imported

(3): Deliveries

(4): Sale

Thus, the buyer launches the order of product to the producer whom he requires the model, offers him the necessary drawings, usually raw materials, too, entirely or partially, accessories and possibly a special manufacturing know-how. All these items are stipulated by the agreement concluded between the parties, where there are also mentioned a set of clauses such as price at which the producer provides the finite product to the buyer, price that includes mainly the workmanship as asset. The agreement expressly stipulates that the product is performed under the buyer's trademark, who reserves the trading right on his own market and on the worldwide market.

Transport costs are also taken into account in the efficiency of a cooperative action such as custom-made production. The buyer will preferably turn to countries as close as possible to the outlets for the products ordered.

Depending on the buyer's involvement, one can talk about **active lohn** and **passive lohn**.

In the case of **active lohn** the producer processes the materials made available by the buyer and exports them to their owner. It also favors the import of technology, broadens the market, increases the qualification of the labor force, opens the perspectives of the cooperative actions. The buyer can also provide tools for finite products, can provide technical assistance in terms of qualification of the labor force or can be involved in organizing and improving the producer's activity.

Passive lohn is the opposite of the first, i.e. the buyer sends the materials that belong to it for processing in the producer's country and returns them in the finished form in its own country.

The major gap between labor costs in developed countries and emerging or poor economies makes lohn a major driver of the world economy for the next 50 years.

Performing lohn contracts through blockchain will bring important benefits in the future to both buyers and producers. The high transparency of these contracts will eliminate unregistered work as well as the exploitation of vulnerable persons or minors, increase the trust and contributing to the sustainable livelihoods.

Blockchain in performing loan contracts

Blockchain through smart contracts can bring indisputable benefits to loan contracts because it secures on the one hand the buyer's investment that can control and truly manage the producers involved in the development of its products and, on the other hand, provides the psychological comfort required for the producer who, in compliance with the term of the agreement, will definitely receive its payment for the work carried out as soon as possible.

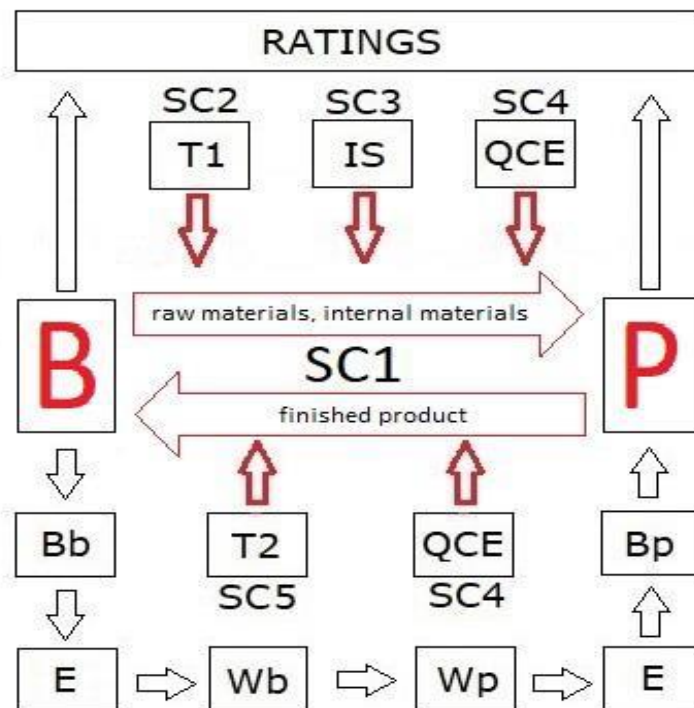
Producer's reputational risk management is one of the major concerns of buyers within a loan contract because the latter give to producers, whom they know only from third-party references or under a contract governed by local laws, valuable raw materials having the uncertainty of manufacturing some products according to the required standards and at the deadlines stipulated in the contract. By registering with smart contracts each step of the parties within the loan contract the blockchain will allow the achievement of a reputational profile of both the buyer and the producer. Thus each of the parties can choose the partner they are going to work with in full awareness. Given that loan contracts are usually performed in emerging countries with less predictable business law, it is very important to secure the relationship between the parties. From the producer's perspective, the development of the production activity based on smart contracts will allow the optimization of production flows, the increase of the accountability of the factors involved due to the rigorous traceability of the product manufactured, the comfort of working with a buyer about whom there are honest and unquestionably accurate information and especially the speed of settlement of the labor provided within the contract.

All of these things contribute to a sustainable development of producers from emerging economies, to create a good reputation regarding compliance with the quality standards of the manufactured products and last but not least to transparency of human rights and work ethic observance for the persons employed by them.

The relationship between the main parties of the loan contract managed in blockchain by smart contracts will create a relaxed business climate and the secondary actors such as carriers, quality control experts or internal suppliers will be able to contribute through other secondary smart contracts to the smooth performance of the main contract. The economic discipline of each party involved will be guaranteed by the **Smart Contract Rating System**.

Because as long as all the actors involved will have a general rating archived in the project, they will take care that their business reputation remains high.

Figure 2.



ADENDA

B - buyer
 P - producer
 QCE - quality control expert
 T - transportator
 IS - internal suppliers
 Bb - buyer bank
 Bp - producer bank
 E - Exchange
 SC - Smart contract
 Wb - buyer wallet
 Wp - producer wallet

Stage 1

To do this, it hires the T1 carrier to deliver the raw materials and the technical documentation for the production. The T1 carrier is registered with the SC2

complementary smart contract.

The fulfillment of the delivery conditions stipulated by SC2 is a prerequisite for the continuation of the contract.

Stage 2

In this stage, the internal IS suppliers deliver the other goods or services necessary for the production (accessories, complementary raw materials, production areas, utilities, etc.) The quality of the goods or services delivered by them is followed by the SC3 complementary smart contract.

Stage 3

At this time, the QCE quality control expert appears, who is hired by the buyer to defend its interests in the relationship with all the parties involved in the production process and to follow the achievement in very good conditions of the manufactured products by observing exactly the technical indications provided. QCE carries out its activity based on the complementary SC4 smart contract and supervises the performance of the T1 carrier, the internal IS suppliers that are paid for by its express indication within SC4 and especially the producer P closely following the stages of the manufacturing process and the rigorous observation of the technological indications. QCE ascertains that all the validity terms of the SC4 complementary smart contract are met and proposes to make payment for the production made to producer P.

Stage 4

The settlement of the Lohn contract price can be done within the Lohncontrol smart contract by transferring in the manufacturer's wallet a number of LOHN tokens with a total value equal to the Lohn contract at the market price at the time of the transfer. In this situation, the producer can use the tokens either by selling them on the free market or by selling them to Lohncontract.com platform at market price.

*The guarantee of money transfer is based on the **"WE DON'T TOUCH THE MONEY"** philosophy and is intended to provide maximum confidence to all parties involved in performing the Lohn contract.*

*The promptness, diligence and proper execution of the conditions for the development of the Main SC1 Smart Contract and the Complementary SC2, SC3, SC4, and SC5 Smart Contracts by the parties involved will be forwarded to an IPFS archive that will establish through a specific algorithm the **Smart Contract Rating Systems** of each part.*

***Smart Contract Rating Systems** will help businesses manage the reputational risk of trading partners.*

How does a lohn contract work in blockchain ?

The contract between the buyer and the producer also involves third entities that lead to the completion in good conditions thereof. These are the carriers who deliver the raw materials and other goods required to achieve the production in the first phase, and then they pick up the finished products to deliver them to the buyer. Domestic suppliers of raw materials, related services and utilities represent another important category for the success of the production. Above all there are the quality control experts natural or legal persons, who follow on behalf of the buyer the entire production process, from the delivery of the raw materials, the quality thereof, supply or delivery times, the quality of the goods or services provided by the domestic supplier, the timeliness of the deliveries or of the transportation of the goods and, in particular, the proper execution of the production by observing the buyer's technological indications.

The contribution of each of the involved parties is governed by IF/THEN-type smart contracts subordinated to the main contract between the buyer and the producer. Chaining and the proper execution of these complementary smart contracts lead in the end to a rigorous achievement of the main contract between the parties.

lohncontrol smart contract in running lohn contracts (Figure 2) Closing mechanism for blockchain bidding

Example:

Buyer B concludes with producer P a lohn contract (governed by an IF / THEN-type SC1 smart contract) for the production of goods with a determined value.

1. Until choosing a winning bid of a producer, the buyer must acquire a number of LOHN tokens equal to the total bid amount + **the 3% commission due to the lohncontract.com platform.**
2. The purchased tokens will be immobilized in the lohncontrol smart contract until the contract is concluded and then transferred to the manufacturer who will sell the tokens on the free market or to the lohncontract.com platform.
3. Token acquisition is primarily from the free market and if there are not enough tokens available for sale, they can be purchased in addition to the platform's stock at market price using stablecoins, USDT or USDC
4. The stablecoins can be transferred to the manufacturers as a payment and they can keep or sell them.
5. The Market LOHN Value (MkLV) will be calculated in real-time and will be displayed continuously on the platform's front page.

The use of the platform by buyers, as manufacturing order makers is conditional upon the immobilisation in a Lohncontrol smart contract of a number of LOHN tokens equal to the amount that it has to pay for the placed order. This means that all the time active request value (AVR) must be covered by LOHN token. If the active requests amount increases, the LOHN tokens that are in a predetermined number will have to cover this value and automatically will increase too.

The LOHN token is an utility token in the sense that accessing the platform's services depends on holding a number of LOHN tokens equal in value to the value of the offer request launched on the Lohncontract.com business services platform. At the same time, holders of LOHN tokens can choose to keep the tokens purchased in the LOHNPOOL staking facility to which the net profit of the Lohncontract.com platform is distributed, thus benefiting from a reward resulting from the current activity. The distribution of the net profit to the tokens locked in LOHNPOOL is done in stablecoin. LOHN tokens held in private wallets, other than LOHNPOOL, are not subject to profit distribution by the Lohncontract.com business services platform.

Because the 10B LOHN tokens to the \$ 0.01 initial value can only cover a \$ 100M active request, any \$ 10M increase in the value of active requests placed on the platform will cause a proportional increase in the token value LOHN that has to support the platform as a kind of escrow agent. This increase, proportional to the platform's use, was determined by a mathematical calculation materialized in a growth algorithm that includes multiple variables such as the availability of LOHN tokens on the free market or **$MkLV = ARV / SLT$**

where

MkLV - Market Lohn Value

ARV - Active Requests Value

SLT - Stock Lohn Tokens

The obligation to hold LOHN tokens for the use of the platform creates a relationship of interdependence between the value of all active bid requests and the token market price.

At initial price of \$0.01 USD/LOHN, all 1B LOHN tokens in circulation cover 100M USD queries. This means that an influx of supply over this value leads to an increase in the token market price.

The platform operates in 32 industrial branches globally and has a target for the next three years of 0.1% of global Lohn production estimated at USD 12,000 B as per the international economic statistics.

How will Lohncontract.com actually work?

The platform will be a dynamic, complex ecosystem that will integrate all parties involved into a Lohn contract and their relationships will be managed independently in the blockchain through the Lohncontrol Smart Contract that will release the payments due to each one to fulfill the tasks initially allocated.

The main actors of this ecosystem will be buyers from developed economies who want to produce quality goods in a cost-effective units and manufacturers from developing economies interested in these orders. The relationship between them will be possible with the participation of some directly involved actors such as transport companies, connected logistics, warehouses, then quality control experts who are engaged in industrial production processes and finally the providers of payment solutions within the smart the contract, which closes the economic circuit.

Equally important in the performance of the Lohn contract but with indirect involvement in the smart contract are the secondary actors in the second series, namely raw material suppliers, internal suppliers, utilities suppliers and then framework providers for software infrastructure, financial risk management, data providers, financial risk insurance, legal services.

In the production process management area, industrial process engineers, industry specialists, development partners will be involved, and the ecosystem will mobilize financial institutions: clearing houses, friendly banks,

escrow partners, funding solutions, blockchain accounts on the settlement area.

The blockchain architecture of the lohncontract.com ecosystem is designed to provide psychological comfort to all parties involved who will know that the payment for the services provided or the goods delivered under the lohn contract will be made independently by the smart contract at the time of the assumed tasks.

The blockchain thus introduces a trustworthy protocol without which firms located in different parts of the world, from different economic cultures, would not be able to interact or would do so and would incur high financial risks.

The **Smart Contract Rating System** is a section of the lohncontract.com ecosystem that continually archives blockchain on the percentage of task accomplishment and market behaviour of each party involved in a lohn contract generating a trustworthy rating that will provide a precise orientation in choice of business partners. There will be an uninterrupted concern for each smart contract actor to protect his image and business history through honest and professional conduct as a good qualifier will also bring his expected customers.

The lohncontract.com trading platform will provide small and medium-sized businesses around the world with access to some of the business opportunities currently reserved to major economic players, linking through disruptive technology-blockchain niche projects to manufacturing and commercialization of industrial goods, projects which exploits the appeal of consumer markets for quality products at competitive prices.

The platform provides the means, working methods and tools needed for a complex industrial production process in an honest, trustworthy and safe domestic environment for all parties to a lohn contract.

The lohn, which is based on labour cost advantages and raw materials in emerging economies, will be a business solution as long as there are developed and developing countries in the world.

MVP.

What is bursadelohn.ro

bursadelohn.ro is a B2B platform dedicated to the Lohn textile industry in Romania. The idea has been developed from concept to reality in 2016 and has become fully operational in 2017. It is the only platform of its kind in the world and has been developed by an in-house manufacturer, so the project is based on concrete entrepreneurial experience. It operates in a market that topped about 6 billion euros in exports and attracted organically about 10% of Romanian Lohn-textile companies.

The interest in this platform, for both buyers and manufacturers who are using it as a good tool in future production planning, has prompted us to build a project that works on a global scale. The meeting with blockchain technology that introduces a trustworthy protocol into the business relationship and eliminates third-parties has revealed us how to build this global platform and how to finance the implementation of such a large-scale project through an ICO.

This is how the Lohncontrol.com project has appeared. It is pursuing a 16-month period for development the concept from scratch, build a presentation site for ICO, and, in particular, coagulate a team of experts for the future platform, the team that will be able to manage and implement the project both in emerging and developed countries.

Lohncontrol technology. *Proof-of-Tasks* for blockchain platforms.

Lohncontrol project proposes a new consensus protocol that builds upon the *Proof-of-Tasks* by implementing it with Proof-of-Stake mining architecture of Ethereum smart contracts.

How does *Proof-of-Tasks* work?

In the *Proof-of-Tasks* blockchain consensus protocol the platform lohncontract.com mine only the template of the blocks. Such a template has two things in them – the header information about tasks and the reward address for the validators.

The header information inside a block points to a random stakeholder. These stakeholders then validate the pre-mined blocks.

The more stack a validator holds, the chances of them approving a block increases. Only after the validation, that particular block gets into the blockchain.

This is how *Proof-of-Tasks* uses the best of the consensus algorithm *Proof-of-Stake* to validate and add a block to the blockchain.

Moreover, the network pays both: the platform miner, lohncontract.com and the validators the fair share of the transactional fees.

Thus the system acts against the “tragedy of the commons” and creates a better solution for block validation.

The impact of the *Proof-of-Tasks* consensus protocol is similar with *Proof-of-Stake*: more secured against any attack and a not power-hungry system.

The Lohncontrol Smart Contract will work through dedicated APIs for each section of the platform.

Given that Ethereum 2.0(Serenity) launch is just around the corner, we'll efficientize the work by focusing our development efforts on writing smart contracts following architectures optimized for the features introduced with it.

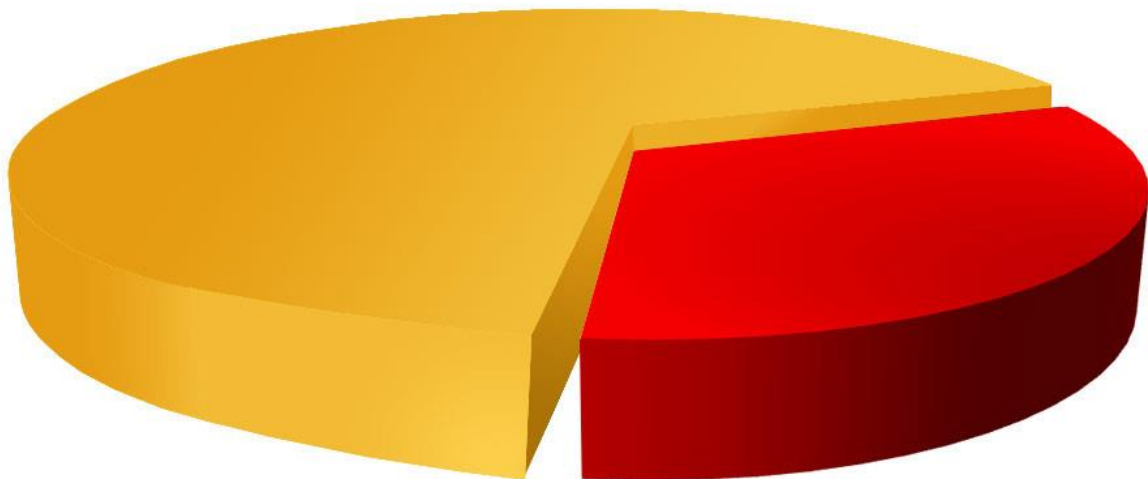
Doing so we'll be able to have cheaper transactions, faster transactions and confirmation times through attestations, being able to scale horizontally across shards to possibly thousands of transactions/second as well as take advantage of many other features within the newest version of Ethereum compared to the current dApps deployed on the current Proof of Work Ethereum blockchain

which will continue to have most of the limitations that they have now.

Doing so we won't have to spend resources on re-architecting the decentralized application, rewriting the code and migrating it on Ethereum 2.0 as it is not backwards compatible with the current Ethereum blockchain.

TOKEN SALE

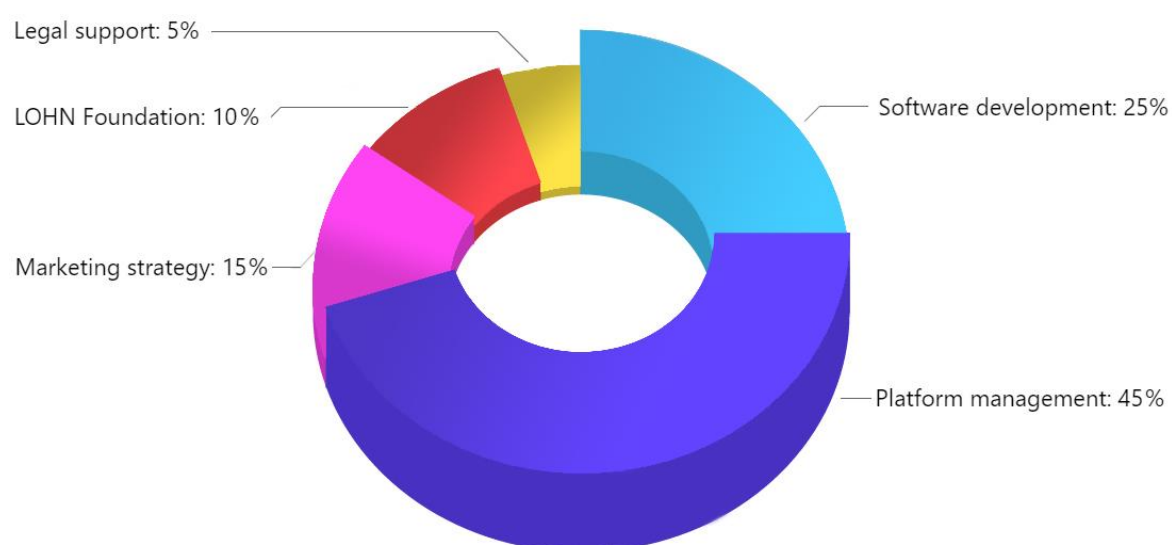
- **Ticker** **LOHN**
- **Token type** **utility ERC20**
- **Total Tokens** **10B**
- **Circulating Tokens** **7B**
- **Token Price** **1 LOHN = 0.01 USDT**
- **KYC** **Yes**
- **Accepts:** **USDT, USDC**
- **Can't participate:** **USA**



- **LOHN Public Tokens** **70%**
- **LOHN Stock Token** **30%**

The reserve required to ensure the operation of the lohncontract.com platform. Locked in smart contract.

FUNDS DISTRIBUTION



Software development 25%

Platform management 45%

Marketing strategy 25%

LOHN Foundation 10%

Legal support 5%

OUR TEAM



Irina Masnita
Industrial management



Laurentiu Popa
CTO



Oana Taroiu
Quality manager



Sorin Visinescu
Risk manager



Catalin Iordache
Concept manager



Andrei Danciu
Legal



Daniela Ghitoiu
Customers manager



Vasile Lupu
Art Director



Hakan Isidogru
Strategy & business
development



Ovidiu Stancale
Industrial management



Narcis Ciobotariu
Blockchain developer



The team is a complex team of people with strong expertise in customer management, logistics, quality management, legal services and frameworks, industrial engineering, payment solutions and financial risk management. It was built on the architecture of the Lohncontrol project in the sense that each member of the team covers one section of the trading platform and has the responsibility to manage this section through the acquired experience.

The team is made up of entrepreneurs with many projects and people accustomed to the rhythm and rigor of multinational work. Each of them has performed in the activities, he/she has developed by acquiring a know-how that made him/her eligible for the Lohncontrol team. In the project they will capitalize their own gained experience and will add value to the business services ecosystem that Lohncontrol proposes. The team is a great puzzle of expertise and abilities in main or complementary activities of processing economy.

OUR VISION

The Lohn (processing economy) has been and will be a solution to produce goods at reasonable and high-quality prices through the efficient use of labor and cheap raw materials in emerging economies. It is also a business model that creates economic and social progress across the world bringing together markets with productive resources and capabilities.

The trading platform developed by the Lohncontrol project will create global opportunities for small and medium-sized businesses that are responsible for generating 60% of GDP. It will give them a visibility that they do not have at this time and will encourage the development of direct business between them. This means low manufacturing costs and greater adaptation to market demands. Those who will win at the end of this interaction will be consumers who will get good products at realistic prices.

The platform will revolutionize the processing economy, over 50 years old, creating a new business model with rigorous management and user friendly experience provided by blockchain technology. The blockchain will introduce a new element in the relationship between the parts of a processing economy (Lohn) contract, namely the trustworthy protocol.

This trust provided by the Lohncontrol smart contract within the trading platform will mean a guarantee of honesty for all parties involved. In this way those who will order consumer goods will have the certainty that they will receive them and it will be made to the quality standards imposed by them and those who will produce them will have the comfort that they will receive the money for their work.

OUR PRODUCT

Lohncontrol proposes the Lohncontract.com trading platform that will in fact be a business services platform for processing economy. The targeted users are the small and medium-sized firms worldwide, responsible for 60% of GDP, who will have the opportunity to develop business directly between them, escalating geographical, cultural or linguistic barriers.

Specifically, a small company from a developed economy will have an organized trading environment and some secure business tools to launch orders for the manufacture of goods according to their own specifications. Its partner may also be a small production company in an emerging economy. The platform will provide a safe and honest environment in which they can develop joint business.

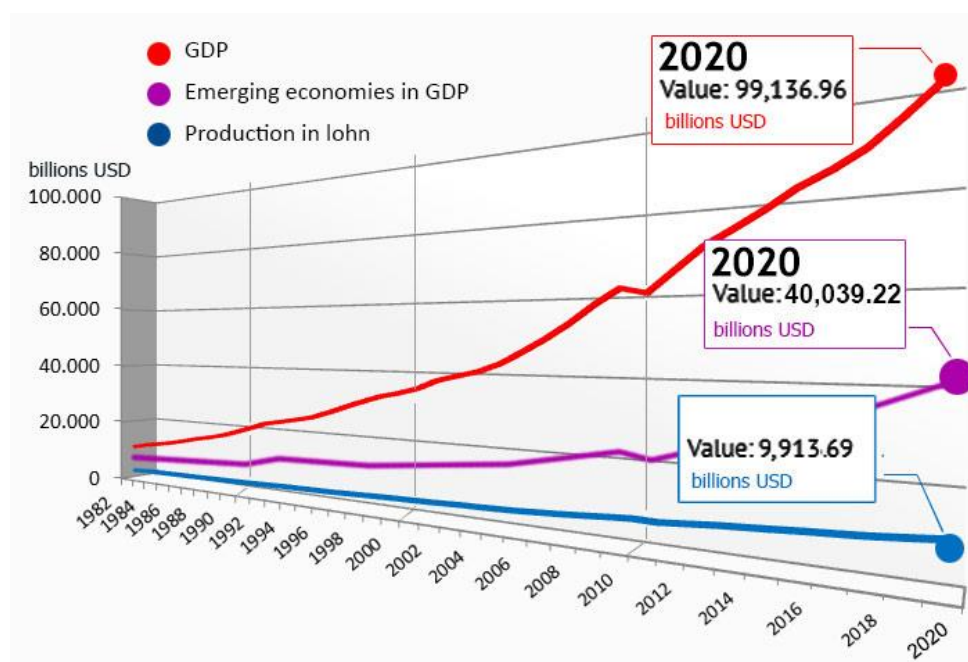
The platform creates an ecosystem in which buyers and producers will be the main actors in processing economy activities. In addition, other companies will offer complementary services or products: suppliers of raw materials, logistics, quality management, industrial process management, legal services and settlement of payments between the parties.

Never the small and medium-sized firms around the world have been in a single project with so many working tools to grow their businesses and optimize their profits. Lohncontract.com, the business services platform developed by the Lohncontrol project, it will be such a place. The platform operates in 32 industrial branches globally.

INDUSTRIAL GLOBAL REPORT

Global industrial production is concentrated in highly-engineered countries that are the largest owners of international brands and the largest consumers of goods on one hand and on the other hand in emerging economies where the main attractiveness is related to the low production costs. Low production costs are the result of several factors with separate or simultaneous action, namely labor cost, proximity of basic raw material, low electricity and water price, permissive waste management and recycling legislation, cheap infrastructure or tax incentives that stimulate and protect foreign investments.

Emerging countries are responsible today for 40% of GDP, which in absolute figures means 40,000 billion USD per year, of which at least 25% represents Lohn industrial production for major international brands, especially in fashion, appliance, electronics, ship and boat building or metal industry.



The industries that most exploit the low production costs in emerging countries are manufacturing industries or industries that develop near inexpensive natural resources.



[Read more about Industrial Global Report](#)

Terms & conditions for use and sale

Last updated: 8th of June, 2021

All of you please read these terms of token sale carefully and note that the point 2 contains a binding arbitration clause and class action waiver, which affect your legal rights and if you do not agree to these terms of sale do not purchase tokens.

Your purchase of LOHN (tokens) during the token sale period (token sale) from LOHN FOUNDATION.(foundation, we, or us) is subject to these terms and conditions of use and sale (terms and conditions). Each of you and foundation is a party, and together the parties by purchasing tokens from us during the sale period, you will be bound by these terms and all terms incorporated by reference.

lohncontract.com is named platform and LOHN tokens is tokens.

If you have any questions regarding these terms and conditions, please contact us at office@lohncontrol.com.

You and our foundation agree to the following things:

1. Clarifying terms and conditions

These terms govern only your purchase of tokens from us during the sale period. Any use of tokens in connection with providing or receiving services in the platform will be governed primarily by applicable terms and policies specified in whitepaper.

2. Clause of severability

If any term, clause or provision of these terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from these terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these terms and conditions.

3. Purpose and use of tokens in the platform

LOHN is an utility token. The purpose of the tokens is to gain access to lohncontract.com platform services because until choosing a winning bid of a producer, the buyer must acquire a number of LOHN tokens equal to the total bid amount + the 3% commission due to the lohncontract.com platform by supplying an escrow blockchain account indicated by the lohncontract.com platform.

Ownership of tokens carries no rights, express or implied, other than the right to use tokens as a means to enable usage of and interaction with the platform, if successfully completed and deployed. In particular, you understand and accept that tokens do not represent or confer any ownership right or stake, share or security or equivalent rights, or any right to receive future revenue shares, intellectual property rights or any other form of participation in or relating to the platform and/or foundation and its corporate affiliates, other than rights relating to the provision and receipt of services in the platform, subject to limitations and conditions in these terms and applicable platform terms and conditions. The tokens are not intended to be a digital currency, security, commodity or any other kind of financial instrument.

4. Prohibited territories for buying tokens

Please note that due to legal and regulatory uncertainty in the USA, their citizens and residents are prohibited from making contributions and participating in the LOHN token sale. You fully understand and agree that we are not liable if the country of your citizenship, residency or location becomes restricted.

We may, at our sole discretion, terminate these terms, close your account and return your funds if you are resident in one of the restricted territories.

We do not intend that contributions should be made in restricted territories or by residents or citizens of restricted territories. The availability of the project documentation does not constitute an offer, solicitation or invitation for making contribution and participation in the LOHN token sale in such jurisdictions. The fact that the project documentation may be accessible in any such jurisdiction shall not be construed as a representation or warranty with respect to the legality of making contributions, participation in the LOHN token sale or access to and use of the project documentation. It is your sole responsibility to determine the law that applies in the location in which you are present or reside, and that you should understand your legal rights and responsibilities to make contributions and participate in the LOHN token sale.

5. Refusal of purchase requests and cancellation

Your purchase of tokens from us during the sale period is final, and there are no refunds or cancellations except as may be required by applicable law or regulation. We reserve the right to refuse or cancel token purchase requests at any time in our sole discretion.

6. Specifications and token sale procedures

Important information about the procedures and material specifications of our token sale is provided in **Section 2** , including, but not limited to, details regarding the timing and pricing of the token sale, the amount of tokens we will sell, and our anticipated use of the token sale proceeds. By purchasing tokens, you acknowledge that you understand and have no objection to these procedures and material specifications.

7. Acknowledgment and assumption of risks

You acknowledge and agree that there are risks associated with purchasing tokens, holding tokens, and using tokens for providing or receiving services in the platform, as disclosed and explained in **Section 3** . If you have any questions regarding these risks, please contact us at office@lohncontrol.com. **by purchasing tokens, you expressly acknowledge and assume these risks.**

8. Security

You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold tokens you purchase from us, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost, you may lose access to your tokens. We are not responsible for any such losses.

9. Personal information

We may determine, in our sole discretion, that it is necessary to obtain certain information about you in order to comply with applicable law or regulation in connection with selling tokens to you. You agree to us such information promptly upon request, and you acknowledge that we may refuse to sell tokens to you until you provide such requested information and we have determined that it is permissible.

10. Taxes

The purchase price that you pay for tokens is exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of tokens, including, for example, sales, use, value added, and similar taxes. It is also your responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from your purchase of tokens.

11. Representations and warranties

By purchasing tokens, you represent and warrant that:

- (1) You have read and understand these terms and conditions (including all Sections);
- (2) You have sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of cryptographic tokens, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these terms and conditions and to appreciate the risks and implications of purchasing the tokens;
- (3) You have obtained sufficient information about the tokens to make an informed decision to purchase the tokens;
- (4) You understand that the tokens confer only the right to provide and receive services in the lohncontract.com platform and confer no other rights of any form with respect to the platform or foundation or its corporate affiliates, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;
- (5) You are purchasing tokens to provide or receive services in the platform and to support the development, testing, deployment and operation of the platform. You are not purchasing tokens for any other uses or purposes, including, but not limited to, any investment, speculative or other financial purposes;
- (6) Your purchase of tokens complies with applicable law and regulation in your jurisdiction, including, but not limited to legal capacity and any other threshold requirements in your jurisdiction for purchasing the tokens, using the tokens in the platform, and entering into contracts with us, any foreign exchange or regulatory restrictions applicable to such purchase, and any governmental or other consents that may need to be obtained;
- (7) You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of tokens;

(8) If you are purchasing tokens on behalf of any entity, you are authorized to accept these terms and conditions on such entity's behalf and that such entity will be responsible for breach of these terms by you or any other employee or agent of such entity (references to "you" in these terms and conditions refer to you and such entity, jointly);

(9) You understand and acknowledge that title to, and risk of loss of, tokens you receive from the Smart Contract System (as defined and explained in **Section 1**) passes from foundation to you in Seychelles.

12. Indemnification

1.To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless foundation and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the foundation **parties**) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys' fees) that arise from or relate to:

- (a) your purchase or use of tokens,
- (b) your responsibilities or obligations under these terms and conditions,
- (c) your violation of these terms and conditions, or
- (d) your violation of any rights of any other person or entity.

2. Foundation reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under point 11(1). This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and foundation.

13. Disclaimers

To the fullest extent permitted by applicable law and except as otherwise specified in a writing by USA:

(a) the tokens are sold on an "as is" and "as available" basis without warranties of any kind, and we expressly disclaim all implied warranties as to the tokens, including, without limitation, implied warranties of merchantability, fitness for a particular purpose, title and non infringement;

(b) we do not represent or warrant that the tokens are reliable, current or error-free, meet your requirements, or that defects in the tokens will be corrected; and

(c) we cannot and do not represent or warrant that the tokens or the delivery mechanism for tokens are free of viruses or other harmful components.

Some jurisdictions do not allow the exclusion of certain warranties or disclaimer of implied terms in contracts with consumers, so some or all of the exclusions of warranties and disclaimers in this section may not apply to you.

14. Limitation of liability

1. To the fullest extent permitted by applicable law:

(a) in no event will foundation or any of the foundation parties be liable for any indirect, special, incidental, consequential, or exemplary damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, loss of use or data, or damages for business interruption) arising out of or in any way related to the sale or use of the tokens or otherwise related to these terms, regardless of the form of action, whether based in contract, tort (including, but not limited to, simple negligence, whether active, passive or imputed), or any other legal or equitable theory (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable);

and

(b) in no event will the aggregate liability of foundation and the foundation parties (jointly), whether in contract, warranty, tort (including negligence, whether active, passive or imputed), or other theory, arising out of or relating to these terms or the use of or inability to use the tokens, exceed the amount you pay to us for the tokens.

2. The limitations set forth in point 13(a) will not limit or exclude liability for the gross negligence, fraud or intentional, willful or reckless misconduct of foundation.

3. Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages accordingly, some of the limitations of this section may not apply to you.

15. Release

To the fullest extent permitted by applicable law, you release foundation and the other foundation parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties.

You expressly waive any rights you may have under any applicable law as well as any other statute or common law principles that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.

16. Miscellaneous

These terms and conditions constitute the entire agreement between you and us relating to your purchase of tokens from us. We may make changes to these terms and conditions from time to time as reasonably required to comply with applicable law or regulation.

If we make changes, we will post the amended terms and conditions at <https://lohncontrol.com/docs/Terms-and-conditions-lohncontract.pdf> and update the **last updated** date above. The amended terms and conditions will be effective immediately. We may assign our rights and obligations under these terms. Our failure to exercise or enforce any right or provision of these terms and conditions will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these terms and conditions where the delay or failure results from any cause beyond our reasonable control. Purchasing tokens from us does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in herein, these terms and conditions are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these terms and conditions, will be provided in electronic form.

Section 1

Description of foundation, platform and tokens

1. Overview of foundation

LOHN FOUNDATION is a foundation incorporated in Seychelles that aims to make an international platform named lohncontract.com specialized in Lohn production of goods manufacturing and more. Lohn system consists of an economic business, carried out on a contractual basis, between two companies of different countries. One company performs, for a retribution in cash or in kind, a custom-made product according to the design, drawings, usually with raw materials and materials of the other company, which keep the right to trade that product under its own trademark.

2. Overview of platform and services

lohncontract.com develops trading platform meant to provide predictability to the consumer goods manufacturing economy. We refer here to the goods of the textile, leather and footwear industry, the electronics and household appliances industry, the petrochemical industry, the food industry and more other. For instance, all foods developed by hypermarkets under their own brand are the result of active lohn contracts. Trading platform support local producers and the development of their commercial relationships with global brands.

The contract between the buyer and the producer also involves third entities that lead to the completion in good conditions thereof. These are the carriers who deliver the raw materials and other goods required to achieve the production in the first phase, and then they pick up the finished products to deliver them to the buyer. Domestic suppliers of raw materials, related services and utilities represent another important category for the success of the production. Above all there are the quality control experts natural or legal persons, who follow on behalf of the buyer the entire production process, from the delivery of the raw materials, the quality thereof, supply or delivery times, the quality of the goods or services provided by the domestic suppliers, the timeliness of the deliveries or of the transportation of the goods and, in particular, the proper execution of the production by observing the buyer's technological indications.

The contribution of each of the involved parties is governed by IF/THEN-type smart contracts subordinated to the main contract between the buyer and the producer. Chaining and the proper execution of these complementary smart contracts lead in the end to a rigorous achievement of the main contract between the parties.

2. Overview of tokens and conversion procedures

The tokens are based on the Ethereum protocol and conform to the widely-used ERC20 standard. Prior to the launch date (as defined below), foundation will create and deploy an Ethereum based smart contract system (**Smart Contract System**), which creates and maintains a ledger that maps Ethereum addresses to token balances and implements the Ethereum ERC20 standard.

Until choosing a winning bid of a producer, the buyer must acquire a number of LOHN tokens equal to the total bid amount + the 3% commission due to the lohncontract.com platform by supplying an escrow blockchain account indicated by the lohncontract.com platform. The purchased tokens will be

immobilized in the smart contract of the respective bid until the contract is concluded by discounting the price of the escrow blockchain account, after which they will automatically return to the platform's stock.

The obligation to hold LOHN tokens for the use of the platform creates a relationship of interdependence between the value of all active bid requests and the token market price. At initial price of \$ 0.01 USD / LOHN, all 10B LOHN tokens in circulation cover 100M USD queries. This means that an influx of supply over this value leads to an increase in the token market price. Thus, at a value of \$ 200M, for example, requests posted on the LOHN token will have to cost \$ 0.020 to support the platform. At \$ 500M, the token will cost \$ 0.050.

Section 2

Token sale procedures and specifications

1. Token price

The price per token will be \$0.01 in ETH , according to applicable U.S. dollar exchange rates published on **coinmarketcap.com** as at the time payment is submitted for the purchase of tokens, according to the procedures set forth in point 3 of this **Section 2** . Foundation reserves the right to lower the price per token, at its sole discretion, during the sale period.

2. Commencement, duration and completion of token sale

The foundation will conduct a token sale until selling 7B LOHN tokens. If less than 100M LOHN in proceeds has been received by the termination of the sale period (the **minimum threshold**), the Smart Contract System will not deliver tokens and will instead return all Ether received from purchasers to the return addresses provided by purchasers (as discussed further below). In that circumstance, foundation will have no further obligations to purchasers, under these terms or any other agreement, after such purchasers' Ether is sent to the return address provided.

3. Procedures for buying and receiving tokens

To purchase tokens during the sale period, you must have certain token wallets established and operational. Specifically, you must have an Ethereum wallet that supports the ERC20 token standard in order to receive tokens that you purchase from the foundation. Foundation reserves the right to prescribe additional guidance regarding specific wallet requirements. At the launch date, foundation will make available a web application to facilitate your purchase

and receipt of tokens. If you wish to purchase tokens, you must first provide either your Ethereum address to the web application as a return address. Foundation is collecting return addresses so that it may return purchasers' Ether in case the minimum threshold is not reached or in the event that unforeseen circumstances otherwise cause foundation to decide to not proceed with the sale of tokens. Second, you will need to provide an Ethereum ERC20 compatible wallet address for the delivery of tokens you purchase via the Smart Contract System. Foundation may also request certain optional information, such as an email address, through the web interface.

The web application will then send you a unique deposit address or Ether. Once the unique deposit address has received Ether from you, foundation will authorize the Smart Contract System to deliver tokens to the Ethereum ERC20 wallet address that you provided to foundation for delivery of the tokens. The Smart Contract System is deployed by foundation from Seychelles, and is programmed so that all transactions it executes will be executed in Seychelles. As such, title to, and risk of loss of, tokens delivered by the Smart Contract System passes from foundation to purchasers in Seychelles.

The foundation anticipates that delivery of tokens from the Smart Contract System to purchasers will occur within one week after the sale period concludes, but reserves the right to delay delivery up to four weeks after the conclusion of the sale period. Although the foundation does not anticipate any security issues arising from the sale of tokens, this four week timeframe is intended as a precautionary buffer period for foundation to resolve any such security issues.

4. Tokens to be sold

The foundation anticipates selling 7B tokens during the sale period. The tokens to be sold during the sale period will be from a pool of foundation -owned tokens transferred from the foundation wallet to the Smart Contract System. All Tokens will be of equal value and functionality. During the sale period, after the KYC/AML verification is performed the participant is able to transfer tokens from his account to any ERC20 wallet.

Unsold tokens will be distributed pro rata to ITO token holders.

5. Tokens retained by foundation

Tokens retained by foundation in LOHN STOCK is the reserve required to ensure the operation of the platform and is locked in smart contract with sale restrictions. This tokens will be used only for platform operating.

The purchased tokens from LOHN STOCK will be immobilized in the smart

contract of the respective bid until the contract is concluded by discounting the price of the escrow blockchain account, after which they will automatically return to the platform's stock.

6. Use of proceeds from token sale

The funds proceeds from foundation's sale of tokens will be used to compensate technical and non-technical staff, cover marketing costs and operating expenses, and develop technical infrastructure.

Currently, we envision that our development of technical infrastructure will focus on two primary areas. The first area of development involves strengthening and enhancement of our existing platform, services and related infrastructure, as described in point 2 of **Section 1** above (**Overview of platform and services**) The second area of development involves our anticipated initiatives for creating new tools, capabilities and functions for the services and platform on an international basis. At a more detailed level, the following is an overview of how the foundation currently anticipates using the funds proceeds from the sale of tokens:

a) Software development (estimated 25% of proceeds). Foundation anticipates that it will need to attract and assign specialists with a variety of skill sets, in order to fully staff its different development teams. These include dedicated teams working on tools, upgrades to the distributed systems, infrastructure and platform stability, smart contracts and other novel technologies (e.g., specific state channels), and general research.

b) Platform management (estimated 45% of proceeds).The foundation aims to grow from 12 people to having 50 specialists over the course of two years in 15 countries. This will entail a dedicated sales team that will manage the sales process for small/medium enterprises and undertake project management to coordinate with core team. Foundation will also build out a dedicated marketing team, which will drive awareness and adoption of the platform, plan and execute marketing initiatives , and develop documentation and tutorials with the goal of encouraging adoption. Furthermore, foundation will have a dedicated support and customer success team and will also contribute to the development of documentation and tutorials relating to the Lohncontract.com platform. Finally, a back office team will be built, with a generalist staff that handles human resources, bookkeeping and logistics, and with an office manager for each physical location. Foundation's anticipated infrastructure expenses will focus on establishing and maintaining geographically service advantageous support offices, co-locating critical infrastructure, and acquiring and maintaining physical hardware (as necessary).

c) Marketing expenses (estimated 15% of proceeds). Through its marketing staff, as discussed above, foundation will undertake a variety of marketing-related projects and initiatives, including in-person events, press outreach, advertisements, and promotional content, analytics and customer management tools.

d) LOHN FOUNDATION (estimated 10% of proceeds). **LOHN FOUNDATION** is the founder's dream for building a creative sharing economy network for the benefit of all lohn contract parties. LOHN FOUNDATION aims to actively support the development of professional education throughout the world, to provide training to specialists from emerging economies, to contribute to the harmonization of international legislation on processing economy in lohn. It aims to help local authorities in disadvantaged areas of the world by supporting initiatives aimed at creating jobs for local communities. LOHN FOUNDATION aims to establish traceability of the labor force employed in emerging economies to prevent human exploitation by unregistered tax work, through excessive work or child involvement in industrial goods manufacturing processes.

Foundation's anticipated infrastructure expenses will focus on establishing and maintaining geographically service advantageous support offices, co-locating critical infrastructure, and acquiring and maintaining physical hardware ,as necessary.

e) Legal expenses (estimated 5% of proceeds).This expenses are dedicated to implementation of the platform lohncontract.com in different jurisdictions and to create an international legal support.

Section 3

Certain risks relating to purchase, sale and use of tokens

Important note: As noted elsewhere in these terms, the tokens are not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this **Section 3** is intended to form the basis for any investment decision, and no specific recommendations are intended. Foundation expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from:

- a) reliance on any information contained in this **Section 3**,
- b) any error, omission or inaccuracy in any such information or
- c) any action resulting from such information.

By purchasing, holding and using tokens, you expressly acknowledge and assume the following risks:

1. Risk of losing access to tokens due to loss of private key(s)

A private key, or a combination of private keys, is necessary to control and dispose of tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing tokens will result in loss of such tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your tokens.

2. Risks associated with the Ethereum Protocol

Because tokens and the platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the platform or tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the tokens and the platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

3. Risk of mining attacks

As with other decentralized cryptographic tokens based on the Ethereum protocol, the tokens are susceptible to attacks by miners in the course of validating token transactions on the Ethereum blockchain, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the platform and the tokens, including, but not limited to, accurate execution and recording of transactions involving tokens.

4. Risk of hacking and security weaknesses

Hackers or other malicious groups or organizations may attempt to interfere with the platform or the tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the platform is based on open-source software, there is a risk that a third party or a member of the foundation team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the platform, which could negatively affect the platform and the tokens.

5. Risks associated with markets for tokens

The tokens are intended to be used solely within the platform, and foundation will not support or otherwise facilitate any secondary trading or external valuation of tokens. This restricts the contemplated avenues for using tokens to the provision or receipt of services, and could therefore create illiquidity risk with respect to the tokens you hold. Even if secondary trading of tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Furthermore, to the extent that third parties do ascribe an external exchange value to tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

6. Risk of uninsured losses

Unlike bank accounts or accounts at some other financial institutions, tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by us, to offer recourse to you.

7. Risks associated with uncertain regulations and enforcement actions

The regulatory status of the tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the platform and the tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the platform and the tokens.

Regulatory actions could negatively impact the platform and the tokens in various ways, including, for purposes of illustration only, through a determination that tokens are a regulated financial instrument that require registration or licensing. Foundation may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

8. Risks arising from taxation

The tax characterization of tokens is uncertain. You must seek your own tax advice in connection with purchasing tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

9 . Risk of alternative networks

It is possible that alternative networks could be established that utilize the same open source code and protocol underlying the platform and attempt to facilitate services that are materially similar to the services. The platform may compete with these alternative networks, which could negatively impact the platform and tokens.

10. Risk of insufficient interest in the platform or distributed applications

It is possible that the platform will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the platform) more generally. Such a lack of use or interest could negatively impact the development of the platform and therefore the potential utility of tokens.

11. Risks associated with the development and maintenance of the platform

The platform is still under development and may undergo significant changes over time. Although we intend for the tokens and platform to follow the specifications set forth in **Section 1** , and intend to take commercially reasonable steps toward those ends, we may have to make changes to the specifications of the tokens or platform for any number of legitimate reasons. This could create the risk that the tokens or platform, as further developed and maintained, may not meet your expectations at the time of purchase.

Furthermore, despite our good faith efforts to develop and maintain the platform, it is still possible that the platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the platform and tokens.

12. Risk of an unfavorable fluctuation of Ether

The foundation team intends to use the proceeds from selling tokens to fund the maintenance and development of the platform, as described further in **Section 2**. The proceeds of the token sale will be denominated in Ether. If the value of Ether or other currencies fluctuates unfavorably during or after the sale period, the foundation team may not be able to fund development, or may not be able to develop or maintain the platform in the manner that it intended.

13. Risk of dissolution of the platform

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether , decrease in the tokens' utility, the failure of commercial relationships, or intellectual property ownership

challenges, the platform may no longer be viable to operate and the platform project may be abandoned.

14. Risks arising from lack of governance rights

Because tokens confer no governance rights of any kind with respect to the platform or foundation or its corporate affiliates, all decisions involving the platform or foundation will be made by foundation at its sole discretion, including, but not limited to, decisions to discontinue the platform, to create and sell more tokens for use in the platform, or to sell or liquidate the project. These decisions could adversely affect the platform and the tokens you hold.

15. Unanticipated risks

Cryptographic tokens such as the tokens are a new and untested technology. In addition to the risks included in this **Section 3**, there are other risks associated with your purchase, holding and use of tokens, including those that the foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this **Section 3**.