

MEMBER POLICY MANUAL



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HISTORY

The Cooperative was organized by a committee of the Manitoba Beekeepers' Association to relieve the distressed marketing situation in the beekeeping industry of the 1930's. The Cooperative was incorporated in 1939 under the Manitoba Companies Act with the head office located in Winnipeg. At the time, there were no facilities available to Manitoba beekeepers to process honey, to prevent loss through fermentation, to pack honey of a uniform high quality, or to market honey in an orderly manner. Each beekeeper was forced to pack their own honey and to market in competition with one another. The entire year's crop was dumped on the market each fall.

In 1939, the Cooperative, with very limited resources, and with a minimum of processing and packing equipment, commenced operations in an old rented warehouse in downtown Winnipeg. Immediately, the Cooperative proceeded to market, on an orderly basis, a processed high quality product under a registered brand name.

At about the same time, and with similar limited resources, the Saskatchewan Honey Producers Cooperative was formed and began packing and marketing honey for Saskatchewan beekeepers. This operation was set up at Tisdale, Saskatchewan, which was more or less the center of commercial beekeeping in that province.

By gaining the support of the beekeepers and by developing a market, the Cooperatives continued to grow and expand. Manitoba Cooperative expanded from an annual intake of 600,000 pounds to its present intake, varying from year to year, from 6,000,000 to over 10,000,000 pounds.

In 1958 the Cooperative moved from its old downtown location to a new building at 625 Roseberry Street, Winnipeg. As intake of honey increased, the building was expanded and three additions have been constructed, with the last one taking place in 1975. The current plant area is now over 67,000 square feet.

In 1970 a joint decision by the members of both the Saskatchewan and Manitoba Cooperatives led to an amalgamation of the membership of the two organizations, under the name of Manitoba Cooperative Honey Producers Limited. The assets of the two Cooperatives were also amalgamated. For the next several years honey packing continued at both Winnipeg and Tisdale. In 1976, for marketing and economic reasons, the processing and packing operations were discontinued at Tisdale. Since then all honey packing is being done at the Winnipeg plant. In 1983 the former honey packing plant at Tisdale was sold, and a smaller facility was acquired to facilitate the intermediate transshipment of small lots of honey to Winnipeg. This facility also acts as a bee supply depot for area beekeepers.

As part of the amalgamation agreement between the two sister Co-ops there was to be no freight on empty drums from Winnipeg to Tisdale. Individual members would then pick up their drums at Tisdale. The reasoning behind this agreement was that the Saskatchewan beekeepers would incur no extra costs, vis-à-vis empty drums, compared to when the Tisdale plant was operating. In practice, once drums were loaded onto a truck at Winnipeg, it was felt that there was little extra cost, or even lower cost, involved in delivering the load of drums directly to the members' honey-house anywhere in Saskatchewan. Thus for many years Saskatchewan members had their drums delivered prepaid, while the Manitoba counterparts had to either pay for drum delivery or pick them up at the plant in Winnipeg. This inequality was terminated in 1992. Now all members, be they in Manitoba or Saskatchewan, must pay freight on empty drums.

It is the responsibility of the individual member to arrange how he will get his honey to the plant at Winnipeg, but a freight allowance, based on distance, is paid on incoming honey.

BEE MAID HONEY LIMITED

Bee Maid Honey Limited is owned jointly and equally by Manitoba Cooperative Honey Producers Limited and Alberta Honey Producers Co-operative Limited. Bee Maid Honey is owned by the Member beekeepers in western Canada.

The Directors of the two Cooperatives are also the Directors of Bee Maid Honey. The Directors appoint and direct the Management of Bee Maid Honey Limited. Bee Maid receives the revenue from all processed honey sales and is responsible for paying the costs of honey containers, processing, freight, commissions, advertising and all other related expenses. The net proceeds are then returned to the Cooperatives on a shared basis.

Should either Cooperative have honey beyond that which is required by Bee Maid to fill its processed honey market, the Cooperative may sell this honey through as raw bulk honey. The net revenue from this honey is returned to the Cooperative supplying the honey.

STATEMENT OF PURPOSE

The purpose of Manitoba Cooperative Honey Producers is to provide members with a market for their honey and other beekeeping products, at a fair and equitable price. To this end prices paid to members are on a pooled basis, so that for each grade and colour classification, all members will receive the same settlement. Freight allowances on incoming honey scales on distance from the plant, are another method of assuring equity among members.

In addition to providing members with a market for their products, the Cooperative through its large-scale purchasing power provides supplies of beekeeping equipment to beekeepers. Control of the Cooperative is in the hands of the members. Regardless of the size of each member's operation, the principle of one member-one vote, shall apply.

GENERAL POLICIES

MEMBERSHIP

- 1a. All beekeepers in the geographical area of Saskatchewan, Manitoba and Northwestern Ontario are eligible to be accepted for membership. Dual memberships are not allowed. The applicant cannot be an existing member of the Alberta Honey Producers Co-operative.
 - b. To become a Member the beekeeper must have a minimum of 50 colonies and must agree to ship a minimum of 5,000 pounds of honey annually to the Cooperative.
 - c. There is **NO** shortfall tolerance if deliveries fall below 5,000 pounds.
 - d. It is the responsibility of each Member to advise the Board if they are unable to meet the shipping requirements. If a Member, for whatever reason, does not fulfill the minimum 5,000 pound requirement, the Member must put in a request to the Board for reinstatement. All such requests will be dealt with by Board discretion.
 - e. When a Member does not deliver their minimum 5,000 pound quota, they will receive a letter advising them that their Membership has been terminated. Letters of termination will be sent to such Members until July 31st, 2014. After such time, written notification will no longer be sent out.
2. Membership is not automatic. Applications for Membership are submitted to the Cooperative and are considered by the Board of Directors. If the Cooperative is in need of more honey than present Members can supply to meet anticipated market demands, then the Membership application may be approved. If, during a period of high production and/or slumping prices for honey, it is deemed not advantageous to the present Membership to accept additional Members, then any beekeepers applying for Membership will have said Membership deferred until such time as existing members have retired or market demands indicate the need for additional honey supplies. A beekeeper that is deferred will be placed on a waiting list and will be notified, in his turn, when he may become a member. This list will be updated on an annual basis and any beekeeper not confirming their desire to remain on this list may be removed.

Note: Membership includes the assignment of a shipping base. (See "*Shipping Bases and Quotas*")

The following guidelines will apply in accepting new Members and assigning a shipping base:

-Shipping bases have no monetary value and cannot be bought or sold.

-Shipping bases may be transferred at the discretion of the Board of Directors, when a beekeeping operation is sold or transferred to new ownership, as in family transfers.

-Beekeepers applying for Membership must have a minimum of 50 colonies

Priority in accepting new Members will be as follows:

- a. Direct family transfers as interpreted under the Income Tax Act. (100% transfer of shipping base).
- b. Sale of an operation of a Plan "A" Marketing Agreement holder to another Member holding Plan "A" Marketing Agreement. (100% transfer of shipping base).

- c. Request for change in Membership status from quota holder and Plan "B" Marketing Agreement to Plan "A" Marketing Agreement. (average last 5 years delivery = shipping base).
- d. Sale of all or part of an operation of a Plan "A" Marketing Agreement holder to a non-member. (80% transfer of shipping base applying to the portion purchased).

Example 1. Sale of whole operation (Members shipping base x 80% = new member's shipping base)

Example 2. Sale of half the operation (Half of the existing shipping base x 80% = new members' shipping base)

Only one new membership may be created by the sale of a partial operation. However, when a member sells his entire operation to more than one buyer, two new memberships may be created including a sale to an existing member.

- e. New member applications not covered by the above will be approved on a date of application basis. (Shipping Base as outlined on page 19).
- f. When an existing member or partnership incorporates, the existing shipping base(s) will be the shipping base of the corporation.
- g. A new member must ship honey, as per marketing agreement, for a minimum of four years before he may transfer his membership to a new member, except in special circumstances.

Transfers shall not result in extraordinary increases in shipping base. For example: a non-member with a large existing operation who purchases a small operation from a member with a Plan "A" Marketing Agreement would fall under the general guidelines as are applied to a new member (see page 19). The new members "Year 1" shipping base would be either, 80% of the shipping base of the operation purchased, or the "Year 1" shipping base as determined by "Year 1" deliveries of a new member, whichever is the higher number.

THERE ARE NO AUTOMATIC TRANSFERS OF MEMBERSHIP. ALL TRANSFERS ARE AT THE DISCRETION OF THE BOARD OF DIRECTORS.

- 3. Once accepted for new membership the new member will pay \$1.00 for one membership share and will sign either a Plan "A" Marketing Agreement or a Truck Load Contract Agreement, whichever shall pertain.
- 4a. A marketing agreement may be established for a period of 3 years and will renew automatically thereafter for a similar period. Either party may terminate the agreement by giving notice to this effect, by registered mail, to the other party between the 15th and 31st days of January in the year the agreement expires. Such termination shall then be effective on the 31st day of July following the giving of such notice.
- b. Membership in the Manitoba Cooperative Honey Producers Limited will be cancelled upon the termination of a marketing agreement.
- c. Notwithstanding Clause 4 a, above, if a member does not ship a minimum of 5,000 lbs. in a given crop year the Board may terminate the marketing agreement of that member and revoke the membership.
- 5a. Members may attend and participate in the annual meeting of the Cooperative held in Winnipeg at the end of November or beginning of December each year.

- b. Special membership meetings may be called at various times and locations throughout the year.
- c. Non-members may participate in discussion at annual or special meetings but only members may move motions, vote on motions, or vote in elections for directors or other officers.
- d. During the Annual Meeting there will be a portion of the meeting set aside as a closed meeting. At this closed meeting only members and their spouses, management, and members of the Alberta Honey Producers Co-operative will be allowed. The purpose of the closed meeting will be for any members to bring forward any complaints or concerns regarding staff and business.
- e. During the Annual Meeting there will be a portion of the meeting set aside as a closed/closed meeting. At this closed/closed meeting only members and their spouses will be allowed. All other persons will be excluded. The purpose of the closed/closed meeting will be for any members to bring forward any complaints or concerns they may have with management and staff of the Cooperative and/or Bee Maid Honey.
6. Members who deliver honey to the Cooperative for 25 consecutive years will be presented with a plaque of appreciation at the Annual Meeting following completion of the 25 years.
7. Inactive member equity and current account balances will be transferred into a trust account and retained. Such retained accounts will be relinquished to the member or his estate on presentation of proper documentation.
8. The Cooperative provides insurance coverage, for all members in good standing, when attending meetings of the Cooperative and while traveling to or from such meetings. Members are insured for death, disability, and losses resulting from injuries to a maximum of \$50,000.00. Directors are insured, while traveling to and from and while attending all meetings, to a maximum of \$100,000.00 each, or \$500,000.00 collectively.
9. Insurance is provided on members' honey once packed in Bee Maid drums. The honey is protected for loss by fire, with extended coverage which includes lightning, windstorm, hail, explosion, vandalism and malicious damage. The insurance has been broadened to include \$25,000.00 for stock of raw honey while being accumulated and harvested by members at any one location in Manitoba or Saskatchewan. There is a \$500.00 deductible applying to this policy.

GOVERNANCE OF THE ASSOCIATION

- 1a. A Board of Directors, consisting of 5 (five) members shall be in charge of running the Cooperative. Each Director shall serve a three-year term and is eligible for re-election at the expiration of his term. Notwithstanding, no Director shall serve more than a maximum of three (3) consecutive terms, or nine (9) years. A person may be re-elected after an absence of 1 year. A minimum of 2 (two) Directors shall reside in the province of Manitoba and 2 (two) shall reside in the province of Saskatchewan. The other Director may come from either province. The Directors' terms shall be on a rotating basis and one or two shall be elected or re-elected at each annual meeting.
- b. A minimum of 15 (fifteen) minutes will be allocated from the time nominations are opened for the position of Director(s) until nominations are closed.
- c. At the Annual Meeting, before an election to select a Board Member(s) each nominee shall verbally declare to the general meeting the following information:
 - i. Number of colonies operated
 - ii. Participation in current honey pool
 - iii. Residence
 - iv. Whether he/she has any outstanding claim against the Cooperative
- 2a. At the reorganization meeting of the Board, following each annual general meeting, the Board of Directors shall elect one of their Members to be Chairperson and another to be Vice-Chair. These two individuals, with Management, shall constitute the Executive. Such Executive shall serve until replaced. The Board may, at its initial or any subsequent meeting, appoint one or more of its Members to serve on standing or ad hoc committees.
- b. The Chairperson shall act as Chairman and shall preside at all Board and Membership meetings. In the absence of the Chairperson, the Vice-Chair shall preside.
- c. The Chairman, while presiding at Board meetings, may vote on motions if he should so wish. If he does exercise the privilege of voting on motions, he may not then cast a further vote to make, or break a tie.
- 3a. All Directors, while engaged on approved Board business or attending Board meetings shall have a per diem allowance per day as set by the Membership.
- b. An automobile mileage rate will be paid at a rate set by Management for attending meetings or other Board business.
- c. All meals will be reimbursed while attending meetings or while on other Board business.
- d. Hotel bills, while attending meetings or other Board business, will be paid. Receipts shall be submitted with the expense account.
- e. Any other out of pocket expenses shall be paid but must be itemized.
- f. All non-elected representatives, while engaged on approved Board business or attending Board meetings, shall have a per diem allowance per day as set by the Membership, an automobile mileage rate will be paid at a rate set by Management, all meals will be reimbursed, hotel bills will be paid with receipts submitted with an expense sheet and any other reasonable out of pocket expenses shall be paid but must be itemized.

- g. If a Board member does not have a laptop, he may purchase one and submit a copy of the receipt to the Cooperative where they will be subsidized up to a maximum of \$500.00. If one full term has not been completed by a Board member, the money must be paid back to the Cooperative in full.
4. The Board shall employ a Secretary-Treasurer, and such other employees as are needed, to conduct the day-to-day and year-to-year business of the Cooperative.
5. The Board shall meet from time to time during the year to consider any matters that may be brought before it.
6. All members of the Board of Directors may, if they wish, participate in presentations to, or any other business at the Annual Meeting.
7. The Chairperson shall, with the assistance of Management, prepare and present the Annual Report of the Board of Directors to the shareholders at the Annual Meeting.
- 8a. To facilitate capital expansion, day to day operations, or any other money needs of the Manitoba Cooperative Honey Producers Limited, the Board of Directors may from time to time:
 - i. Borrow money upon the credit of the Association in such amounts and upon such terms as may be deemed necessary
 - ii. Issue bonds, debentures, debenture stock, or other securities of the Association for its lawful purposes for such amounts and upon such terms as the directors may determine, and pledge or sell the same for such sums and at such prices as may be deemed expedient
 - iii. Charge, hypothecate, mortgage, or pledge the real or personal property of the Association or both, including uncalled capital, to secure any such bonds, debentures, debenture stock, or other securities of, or any money borrowed by the Association, providing that a duplicated original of such charge, mortgage or other instrument of hypothecation or pledge made to secure bonds, debentures, debenture stock, or other securities, shall be forthwith filed in the office of the Provincial Secretary, as well as registered under the provisions of any other act in that behalf.
- b. That all or any of the said bonds, debentures, debenture stock, or any other securities, and charges, hypothecation, mortgages, pledges, or other such instruments, and promissory notes and bills of exchange may be signed by the Chairperson and Secretary or any two Directors or other persons appointed by the Board for the purpose, and the corporate seal of the Association may be attached as the occasion may require, when the same shall be valid and binding upon the Association.
9. The Cooperative will participate in the Advance Payments Program (A.P.P.) for as long as the federal government shall offer this program. All necessary documents concerned with the A.P.P. plan shall be duly executed as needed.
10. Authorized personnel for the Cooperative shall invest any surplus money in short, medium, or long term guaranteed capital investments.
11. Signing authority shall be granted, by Board resolution, to two members of the Management staff. Such authority shall be renewed yearly, or more often, as the need arises.
12. A sum, designated "petty cash", shall be maintained at the office at all times. The maximum limit of this petty cash account shall, from time to time, be set by Board resolution.

13. The value of honey inventories shall be determined, from time to time, by the Chairperson and Management, subject to confirmation by the Board of Directors.
14. The Manitoba Honey Cooperative shall guarantee the operating loan of Bee Maid Honey to a maximum of \$200,000.00. The Alberta Honey Cooperative shall provide a similar guarantee.
15. The Bank of Montreal (or any other bank that the Manitoba Honey Cooperative shall engage as its banker) shall be and is authorized, without inquiry, to honour and pay any or all cheques, or other instruments duly signed for the Company by its authorized signing officers, drawn to the individual order to any officer or officers signing the same, whether encashed, tendered in payment of the individual's obligation or deposited to the credit of any such officer or officers, and the said bank is hereby held harmless and indemnified by reason of such action.

SHARE INVESTMENT

1. At the time of allotting the Final Payment for a Members' honey (usually November/December), each such Member will have an amount deducted, as declared by the Directors, withheld for each pound of honey delivered to the Cooperative. This sum of money will be allocated to a Revolving Share Account with a par value of \$1.00 per share.
2. The Revolving Share Account cycles over a period of 5 (five) years. Example: Revolving Shares allocated in December of 1995 for the 1994 crop year will be repaid to the member on or about the first of April 2000.
3. Notwithstanding the above, in the event of the death of a Member, the estate of said Member may apply to have the Revolving Share Account paid out in full before the expiration date of the five years. Similarly when a Member retires after reaching the age of 68, he may apply to have the entire Revolving Share Account be paid to himself.
4. A complete statement, detailing all transactions of a Members' Revolving Share Account, will be forwarded to the Member on a yearly basis.

BULK CONTAINERS

1. The Cooperative will only accept honey in Bee Maid 45 gallon drums. The drums are available at Winnipeg, and are to be used only for honey destined to the Cooperative. At no time must any substance, other than honey, be stored in Bee Maid drums.

2. All Members are required to maintain the condition of Bee Maid drums in compliance with the storage requirements outline in the new regulations developed by Canadian Honey Council and the Canadian Food Inspection Agency. The assessment criteria for drum storage by C.F.I.A. is as follows:
 - All empty bulk containers must be stored in a manner that prevents deterioration of the containers and prevents the entry of water and contaminants into the containers.
 - Empty bulk containers that are stored outside are properly closed, adequately covered and off the ground to prevent deterioration and contamination. *(While not clearly defined in this section, the inspection protocol indicates that C.F.I.A. will consider tarps to be adequate covering.)*
 - Residual honey from bulk containers is removed prior to storage to prevent pest harbourage.

All Members are required, at a minimum, to comply with these regulations; however efforts will continue to have all Members store the drums inside.

3. A strict accounting of the drums is kept. Once a year Members are given the opportunity of reconciling their count with the records kept by the Cooperative. All lost or damaged drums are charged to the Member at a rate established by the Board of Directors.

4. The cost of transportation on empty drums is the responsibility of each individual Member. One gasket is supplied for each drum when it leaves the plant. A universal weight of 51 pounds per drum is used.

5. If a Member requests empty drums to be shipped for use during the next crop year, the drums will be shipped at the Cooperative's expense and charged to the Members' account on August 1st.

6. Members are encouraged to transfer drums with neighboring Members if they have surplus drums. If drums are transferred, they may either be returned by the borrower at a later agreed upon date or formally transferred to the borrower by signing a formal transfer receipt as outlined under "*Drum Depot*".

7. Bee Maid and the Cooperatives have the right to reposition drums where needed at all times.

8. Members may withdraw drums for the upcoming season based on a maximum of 125% of their 5-year average requirements. Management will be able to use discretion based on individual situations.

DRUM DEPOT

1. In an effort to distribute Bee Maid Member drums as efficiently as possible, empty Drum Depots will be set up. This is being established to assist Members that do not require full truckloads of barrels by consolidating loads. Members willing to operate a Drum Depot must have the ability to store drums in a covered, clean, secure location.

The following procedure will apply for Drum Depots:

- i. The Depot Operator will be responsible for the freight charges of the empty barrels from the Cooperative to the Depot.
 - ii. The Depot Operator will charge a minimum of \$1.00 handling fee per barrel to the Member receiving barrels.
 - iii. When the Depot Operator provides barrels to the Member receiving barrels, a formal transfer receipt will be completed and signed by the Member receiving the barrels showing the number of barrels received. The receipt will include freight charges per barrel paid by the Depot Operator to the Cooperative and the handling charge per barrel. The Operator will then forward this completed receipt to the Cooperative where the barrels will be transferred between accounts and the freight and handling charges will be transferred from the Member receiving the barrels account to the Operator's account.
2. Those Members wishing to operate as a Drum Depot must contact the Cooperative and advise the number of empty barrels that are able to be stored and the storage conditions available. Transfer forms will then be forwarded to the Depot Operator.
 3. Depot locations and number of depots required will be determined based on historical member needs.

BEE SUPPLIES

1. It shall be left to the discretion of Management as to what types and kinds, and quantities thereof, shall be stocked in the "Bee Supply" area. Management also has full discretion as to where bee supplies shall be sourced.
2. No drug or chemical not licensed or approved by Agriculture Canada for use with honeybees, will be stocked.
- 3a. Only clean rendered beeswax will be accepted on the premises.
- b. Management is authorized to establish a grading system for beeswax.
- c. The current value is placed on all beeswax when it is received and that valuation shall establish the prices at which the wax will be purchased at any subsequent date.
4. Visa or MasterCard may be used for the purchase of bee supplies. Management shall determine the limit of the amount that may be purchased by such "credit cards".
5. The Bee Outfitters™ store in Winnipeg and Tisdale will be closed the last working day in July annually for year-end inventory count.

FREIGHT ASSISTANCE POLICY

1. In order, as nearly as possible, to equalize the cost of shipping honey for all Members' freight assistance to transport honey to Winnipeg is paid on a zone basis according to the following schedule:

Zone 1 - \$0.68 / cwt. net weight honey
 Zone 2 - \$1.01 / cwt. net weight honey
 Zone 3 - \$1.35 / cwt. net weight honey
 Zone 4 - \$1.55 / cwt. net weight honey
 Zone 5 - \$1.55 / cwt. net weight honey
 Zone 6 - \$1.89 / cwt. net weight honey
 Zone 7 - \$2.23 / cwt. net weight honey

2. The freight assistance is calculated and paid, together with the initial payment, immediately following grading of representative lot samples taken from the shipment after delivery to the Cooperative.
3. Management may direct a Member to ship his honey to another plant, i.e. Alberta Honey Producers plant at Spruce Grove and may negotiate special freight allowances in special circumstances.

RECEIVING AND GRADING HONEY

1. The Cooperative is open for the receipt of honey Monday to Friday, from 8:00 a.m. to 5:00 p.m., except for a lunch break from 12:00 - 1:00 p.m. daily. The plant is closed on statutory holidays. These include:

New Year's Day	Civic Day	Boxing Day
Louis Riel Day	Labour Day	
Good Friday	Thanksgiving Day	
Victoria Day	Remembrance Day	
Canada Day	Christmas Day	

****** The Cooperative will also be closed the last working day in July for year-end inventory count.***

2. Members shipping honey to the Winnipeg plant must make an unloading appointment. To make an appointment the Member shall phone the receptionist at the Winnipeg office and indicate the number of drums to be delivered, the hour and day preferred as well as the number of empty drums to be taken out (if any).
3. All honey received will be weighed and graded on a per lot basis. Determination of colour and grade shall be made by means of random samples taken from each lot as identified by the producer/Member.
- 4a. The grade will be based primarily on moisture content and colour according to the current schedule. Bonuses are paid for light colour and low moisture. Penalties are assessed for high moisture and excessive foreign material. Very high moisture honey is accepted only at the discretion of Management, based on ability to use such honey immediately. This schedule is as follows:

COLOUR

<u>RANGE IN MILLIMETERS</u>	<u>DESCRIPTION</u>	<u>CODE</u>
0-13	Extra White	EW
14-30	White	WH
31-40	Light Golden	LG
41-50	Golden	GD
51-60	Light Amber	LA
61-70	Amber	AM
71-85	Dark Amber	DA
over 85	Dark	DK

The final payment for the pools will be paid based on Pool A & B and depending on market conditions.

MOISTURE

The base price for the moisture payment on honey will be established by the Board of Directors and will reflect the yearly changes in the value of honey.

The following example is based on a return of 80 cents per pound.

MOISTURE

17.4% AND UNDER – BONUS 18.0 % AND OVER- PENALTY

15.4% AND UNDER – 2.8 CENTS PER POUND ADDED

15.5% TO 15.9% - 2.0 CENTS PER POUND ADDED

16.0% TO 16.5% - 1.5 CENTS PER POUND ADDED

16.6% TO 17.0% - 1.0 CENTS PER POUND ADDED

17.1% TO 17.4% - 0.3CENTS PER POUND ADDED

17.5% TO 17.9% - NO ADJUSTMENT

18.0% TO 18.5% - 0.3 CENTS PER POUND DEDUCTED

18.6% TO 19.0% - 1.0 CENTS PER POUND DEDUCTED

19.1% TO 19.5% - 1.5 CENTS PER POUND DEDUCTED

19.6% TO 20.0% - 2.0 CENTS PER POUND DEDUCTED

OVER 20% - ACCEPTANCE WILL BE SUBJECT TO DEDUCTION AND OUR ABILITY TO UTILIZE HIGH MOISTURE HONEY.

- Adulterated honey will not be accepted. The Cooperative analyses honey for bee repellants, antibiotics, and any other contaminants. Honey that tests positive for any of these substances and/or is outside the current Maximum Residue Levels (MRL) set by the Canadian Food Inspection Agency (CFIA) and Health Canada may be refused and returned to the member at his expense. Also, no overheated honey, as defined by CFIA regulations, will be accepted. Analysis of honey may be done either in the Cooperatives' lab or sent to a private lab.
- Members must deliver all honey by January 31st each year.

WAREHOUSING RENTAL POLICY

From time to time the Cooperative may not be able to immediately accept all honey offered to it by the Members. In such an eventuality, the following shall apply:

1. A Members' crop will be permitted under storage at a Members' location or otherwise.
 2. All arrangement details will be at Managements' discretion.
 3. All storage must be inside, unheated and in Bee Maid drums.
 4. Insurance will be carried by Manitoba Cooperative Honey Producers Limited on drums and product in storage.
 5. Storage would commence on or after August 1st of the crop year.
 - (a) Members requested to store honey would submit a listing of:
 - (i) lot #
 - (ii) no. of drums (in each respective lot)
 - (iii) colour (best estimate)
 - (iv) moisture (best estimate)
 - (v) floral source (best estimate)
 - (b) Upon receipt of this report, the Members' account will be credited at 630 lbs. per drum, and at the initial payment rate.
 - (c) In the event a Member was going to place his delivery in "Storage" at the plant for purpose of income deferral (as provided for in the Plan A Marketing Agreement), then no credit would be made to the Members' account for the initial payment or Advance until January 1st.
 - (d) Once the product is delivered to the plant, adjustments to the Members' account will be completed based on actual weights.
 6. Delivery of honey in storage would be requested anytime, but no later than June 15th of the same crop year.
 7. Management of the plant shall give the Member 30 days notice of when the honey in storage should be delivered to the plant. In the event that the Member, for whatever reason, chooses not to deliver his honey within this time period, storage payments shall cease at the end of the thirty (30) day period.
 8. Product in storage at the Member's location would be subject to periodic inspection as requested by the Advance Payments Program.
 9. A Members' account would be credited with the following warehousing payment:
 - (a) handling credit of \$2.00 per drum
 - (b) monthly rental of \$4.00 per drum
- e.g. A member storing 200 drums for 6 months would receive a credit to his account of \$5,200.00.

CROP YEAR HOLD HONEY

A motion was passed at the 2006 Annual General Meeting to allow Members to hold and not deliver a portion of their crop to the next pool year rather than have an excessive quantity be placed in Pool 2. This honey would be declared as "Crop Year Hold Honey" and held by the Member for delivery in the next crop year.

The framework for the application process for Crop Year Hold Honey is as follows:

1. Marketing Agreement (Plan A) holders will have the option of declaring a portion of their current crop as "Crop Year Hold" providing the following conditions are met:
 - i. That no payment whatsoever is made on crop year hold honey until the subsequent crop year
 - ii. That the Member assumes all risk for spoilage or loss of value in any manner
 - iii. That full declaration is made indicating the amount of honey held and the number of barrels used
 - iv. That the Members' account is in good standing
 - v. That the honey is available on demand at any time after the first day of the new crop year
 - vi. That the Manitoba Cooperative Honey Producers Limited honey intake is expected to exceed 60% of Bee Maid Honey's Pool 1 and Pool 2 requirements
 - vii. That the Member has delivered 110% of their shipping base into the current crop year

2. The Cooperative will permit Members to declare honey as "Crop Year Hold" under the following conditions:
 - i. Total honey allowed under this program is not to exceed one million (1,000,000) pounds, proportionally allocated to all Members who apply to hold the honey
 - ii. Application to place honey on "Crop Year Hold" is made no later than December 1st of the year in which the honey is produced
 - iii. Approved applications expire at midnight July 31st of each year with the honey placed under the "Crop Year Hold" to be delivered in the new crop year with the delivery to be made by prior arrangement
 - iv. All applications are subject to approval by the M.C.H.P. Board of Directors

NOTE: *The "Deferred Honey Policy" is not affected by this new "Crop Year Hold" application and is still available to all Members. The "Deferred Honey Policy" allow Members to deliver their honey in the fall and defer all payments until January 1st.*

HONEY DELIVERIES & LOT DESIGNATION

1. Members are asked to assist the Cooperative when delivering honey by separating deliveries into lots that have come from either a single yard, a day's pulling or a homogenized tank (designated a production lot). All honey should be traceable based on a production lot as determined by the producer. Upon delivery, Members should indicate how many barrels are in each lot so that the Cooperative is able to sample the various lots based on the Members' designation.
2. If all honey from a day's extracting appears to be the same quality, floral source, colour and moisture, it is to be treated as a single lot.
3. If there is a difference in the quality, the honey is to be separated and the difference designated by specific lots upon delivery.
4. All Members who ship their honey by transport companies are asked to list the lot numbers on the bill of lading in the order of loading, from the front of the trailer to the back. Drums from each lot are to be kept together on the trailer in order to unload the trailer as efficiently as possible.

MEMBER DRUM TAGS

1. To assist the Cooperative to identify and track the different lots, Members will be supplied with drum tags to be used on each drum of honey delivered to the Cooperative.
2. Drums tags are made of a fibrous paper material with a slot on each side so that the arm of the lever lock ring will slide through. Slide the label on the lever lock ring, face up, before locking the ring.
3. The intention is for the Member to identify their lots by yard or tank. This lot number will be recorded by the Cooperative onto the grading report. If the Member feels there is a predominant floral source, they must be sure to mark it on the drum tag as well.
4. Drum tags are provided to the Members prior to the production season.

TRACEABILITY

The Manitoba Cooperative Honey Producers Limited follow strict HACCP and quality control programs and traceability of honey at the beekeeper level is important. Members are encouraged to maintain accurate records in sufficient detail to permit the beekeeper to trace a honey lot to a region or bee yard(s).

LETTER OF GUARANTEE

Due to customers' standards becoming more demanding and their third party audits more thorough to ensure the quality and safety of our product, a higher standard of documentation regarding our source of honey must now be met. Under our Approved Supplier Program, Members of the Cooperative are required to sign a Letter of Guarantee annually and are also required to provide the producer's Provincial or C.F.I.A. registration number to ensure that the operation is approved by one of the government agencies. To be compliant with these new standards, no honey can be received without having these signed documents in place before the honey arrives at the Cooperative.

SHIPPING BASES AND QUOTAS

1. To facilitate equity among Members regarding sharing of market opportunities members have been assigned a shipping base. Because the existing shipping base failed to adequately account for changes in what a Member delivers over the years, or to allow new Members to expand their shipping base, it was necessary to revise the way shipping bases were calculated.

2. Because, in some years, all honey intake cannot be packed and sold in consumer packs, some honey may be sold in the bulk raw honey market. To most equitably apportion this price differential among its Members, the Manitoba Cooperative has established a system of two different Pool Accounts. Apportionment of honey to the two Pools will be on the following basis:
 - (a) Pool A will be determined on a yearly basis by using Bee Maid's forecast of packed honey sales for the year and dividing this total by the total shipping base. This will yield a percentage of shipping base for quota purposes. (Example: If Bee Maid's forecast of packed honey sales is 7,200,000 lbs. and the total shipping base is 9,000,000 lbs, by dividing the former into the latter you arrive at a figure of 80%. This annually determined % becomes the Pool A quota rate for the year.)

 - (b) Honey not sold under Pool A will be allocated to Pool B.

NEW MEMBERS

The phase-in to your Shipping Base will begin with your first year of shipments to the Cooperative and the following formulas will apply:

- Year 1. Initial Shipping Base: # of hives x Provincial Average x 60% = Shipping Base.
- Year 2. Average of Shipping Base you obtained plus actual deliveries for Year 1 x 70%
= Shipping Base x determined % = Pool A quota.
- Year 3. Average of Shipping Base you obtained plus actual deliveries for years 1 & 2 x 80% =
Shipping Base x determined % = Pool A quota.
- Year 4. Average of Shipping Base you obtained plus actual deliveries for years 1, 2 & 3 x 90% =
Shipping Base x determined % = Pool A quota.
- Year 5. Average of Shipping Base you obtained plus actual deliveries for years 1,2,3 & 4 =
Shipping Base x determined % = Pool A quota.
- Year 6. Average of Shipping Base you obtained plus actual deliveries for years 1, 2, 3, 4 & 5=
Shipping Base x determined % = Pool A quota.
- Year 7. Shipping Base you obtained plus actual deliveries for years 1, 2, 3, 4, 5 & 6. Drop the
high and low years and average the remaining 5 years = Shipping Base x determined
% = Pool A quota
- Subsequent Years. Drop high and low years of previous 7 years actual deliveries and average
remaining 5 years = Shipping Base x determined % = Pool A quota.

Example:

- Year 1** $200 \times 170 \times 60\% = 20,400$ lbs Shipping Base
 $20,400$ lbs $\times 100\% = 20,400$ lbs Pool A quota
- Year 2** $20,400 + 36,000$ lbs $\div 2 = 28,200$ lbs $\times 70\% = 19,740$ lbs Shipping Base
 $19,740$ lbs $\times 100\% = 19,740$ lbs Pool A quota
- Year 3** $20,400 + 36,000 + 37,500 \div 3 = 31,300$ lbs $\times 80\% = 25,040$ lbs Shipping Base
 $25,040$ lbs $\times 100\% = 25,040$ lbs Pool A quota
- Year 4** $20,400 + 36,000 + 37,500 + 34,900 \div 4 = 32,200$ lbs $\times 90\% = 28,980$ lbs Shipping Base
 $28,980$ lbs $\times 100\% = 28,980$ lbs Pool A quota
- Year 5** $20,400 + 36,000 + 37,500 + 34,900 + 28,600 \div 5 = 31,480$ lbs Shipping Base
 $31,480$ lbs $\times 100\% =$ Pool A quota
- Year 6** $20,400 + 36,000 + 37,500 + 34,900 + 28,600 + 31,330 \div 6 = 31,455$ lbs Shipping Base
 $31,455$ lbs $\times 100\% =$ Pool A quota
- Year 7** $20,400$ (low) $+ 36,000 + 37,500$ (high) $+ 34,900 + 28,600 + 31,330 + 33,880$
 $36,000 + 34,900 + 28,600 + 31,330 + 33,880 = 164,710$ lbs $\div 5 = 32,942$ lbs
 $164,710$ lbs $\div 5 = 32,942$ lbs Shipping Base $\times 100\% = 32,942$ lbs Pool A quota
- Subsequent Years:** Drop high and low years of previous 7 years actual deliveries and average remaining 5 years = Shipping Base \times determined % = Pool A quota.

EXISTING MEMBERS

The most recent 7 year period with high and low years deleted and remaining 5 years averaged = Shipping Base \times determined % = Pool A quota.

Example:

- | | |
|------------------------------------|-------------------------------------|
| 1996 Deliveries – 19,500 lbs | 2000 Deliveries – 22,500 lbs |
| 1997 Deliveries – 20,200 lbs | 2001 Deliveries – 33,400 lbs (high) |
| 1998 Deliveries – 18,900 lbs (low) | 2002 Deliveries – 21,700 lbs |
| 1999 Deliveries – 22,750 lbs | |

$19,500 + 20,200 + 22,750 + 22,500 + 21,700 = 106,650$ lbs $\div 5 = 21,330$ lbs Shipping Base

$21,330$ lbs $\times 100\% = 21,330$ lbs Pool A quota

PROCESS OF DISTRIBUTING MEMBER POOL A / POOL B DELIVERIES

Honey shipped by Members over-quota has been reallocated proportionately to Pool A and Pool B on a percentage basis for all 8 color classes. This will realign all deliveries to be equal rather than chronologically as it was delivered.

Example:

COLOUR	POOL A	POOL B	TOTAL
EW		50,000	50,000
WH	26,000	13,000	39,000
LG	21,000		21,000
GD	49,000		49,000
LA	4,000		4,000
DA	3,000		3,000
TOTAL	103,000	63,000	166,000

$$\begin{array}{l} \text{Excessive (Pool B)} \quad 63,000 \\ \text{Total} \quad \quad \quad 166,000 \\ \hline \quad \quad \quad \quad \quad \quad \quad = 37.95\% \end{array}$$

	REDISTRIBUTED TOTAL @ 37.95% =	POOL B	POOL A	TOTAL
EW	50,000 @ 37.95	18,976	31,024	50,000
WH	39,000 @ 37.95	14,801	24,199	39,000
LG	21,000 @ 37.95	7,970	13,030	21,000
GD	49,000 @ 37.95	18,596	30,404	49,000
LA	4,000 @ 37.95	1,518	2,482	4,000
DA	3,000 @ 37.95	1,139	1,861	3,000
TOTAL		63,000	103,000	166,000

PAYMENTS AND ACCOUNTS

1. Members will be paid for their honey as the honey is sold. These payments will be on the basis of an initial payment, with subsequent interim payments, and a final payment. With normal packing and marketing of honey by the Cooperative, these interim payments are generally made in January, March and June. The final payment is usually made in November. The Board of Directors decide the timing and amount of each payment. The announcement of the initial payment for the upcoming year is usually made in July, with an estimation of the timing of interim payments. The final payment is generally announced in early November.
2. So long as the Federal Government maintains the Advance Payments Program (A.P.P.) and advance payments for honey crops sent to producers, the initial payment made to Members for their honey shall be set at the A.P.P. rate.
3. A Member may ship his honey before the end of the calendar year, but request that any initial or interim payment for that honey be deferred until the 1st day of January. At this time initial and any interim payments will be posted to the Members' account. These requests to defer payment into the new year should be made before the honey is shipped. This will facilitate the office procedure in handling the request.
4. All payments will take the form of credits to each Member's account. If the individual Member wishes, an arrangement may be made with Management to have the money sent directly to him after each payment has been declared.
5. For those Members who maintain a credit account with the Cooperative, interest shall be paid on such accounts, calculated daily, and posted to the Members' account in December of each year. The interest paid on such credit balances will be $\frac{1}{2}$ percentage point less than the prime rate of the Bank of Montreal, or other bank with which the Cooperative is dealing.
6. Members who have a debit balance in their accounts shall be charged interest on the unpaid balance at the rate of 1 percentage point above the prime rate of the Bank of Montreal or other bank with which the Cooperative is dealing. Interest on these accounts will be calculated daily and posted monthly.
7. If a Member is short of money during the honey crop year he may apply to Management to receive a cash advance on his honey over and above any initial payment. The following guidelines will apply:
 - a. The Manager shall have discretion as to whether and how much advance shall be given.
 - b. The maximum advance will be calculated at 63% of the estimated final cash payment.
8. A computer print-out, showing all transactions on each Member's account, will be mailed to the Member twice a year. These mailings will be in August, showing all transactions for the Cooperative's fiscal year - August 1 to July 31, and again in January, showing transactions for the 12 calendar months - January 1 to December 31.

ENHANCED SAVINGS PLAN

The Manitoba Cooperative Honey Producers Limited has an enhanced saving provision where an amount can be set into a term position for a better interest rate. An amount set into a 1-year term would earn Prime less 1/4 % interest whereas an amount set into a 2-year term would earn interest at Prime.

GROUP BENEFIT PLAN

The Manitoba Cooperative Honey Producers Limited offers its Members an opportunity to enroll in a group health and dental plan. To enroll, please contact Lorrinda McMillan at Brereton House Marketing Corporation by phone (204) 953-2280, fax (204) 953-2288, toll free 1-866-878-5183 or by email at www.brereton.ca.

DIRECT LINE ELECTRONIC TRANSFER OF FUNDS

Members of the Cooperative are able to request that their money be sent by Electronic Funds Transfer. The Cooperative requires a VOID cheque to be sent with all the account information.

Members requiring a transfer of funds should advise the Cooperative either by Tuesday noon cut-off or the Thursday noon cut-off. In an effort to save the Cooperative transmission expenses, we are attempting to put through only two transmissions per week, unless demand dictates otherwise.

E-MAIL ADDRESSES

Members are asked to forward their e-mail addresses to the Cooperative so a file can be set up for each Member. This will allow us to send the newsletters and contact you with information quicker.

E-mail your addresses to Karen Miles at kmiles@beemaid.com.

HONEY DECLARATIONS

Each Member must declare his shipping intentions to Management on the forms provided. In the case of Marketing Agreement holders the declaration must be completed and submitted by December 1st of each year. All members must deliver the declared honey by January 31st.

PURCHASE OF HONEY FROM NON-MEMBERS

- 1a. To accommodate those honey producers who wish to sell their honey to the Cooperative, but do not meet the minimum requirement of producing 5,000 pounds the Cooperative shall, at the discretion of Management on a year to year basis, offer to buy a maximum of 5,000 lbs of such honey on a cash basis.
 - b. Upon delivery of honey, non-members will receive the same initial price as set under the Advance Payments Program (A.P.P.) for Members after the honey is tested. A second payment, as determined by the Board, is also made in March. The Final Payment will be paid based on 90% of the final Pool B Member return at the time of the Final Payment to Members less other payments made during the year.
 - c. Anyone wishing to sell honey to the Cooperative on a cash basis should contact the office to complete an application form, set up an account and arrange to obtain Bee Maid drums. These drums will be forwarded to the shipper, provided he pays a cash deposit of \$25.00 per drum. The deposit will be refunded when the drums are returned to the plant, with or without honey.
2. In order to keep the Cooperative's packing plant operating at peak efficiency during periods of low honey production and/or high demand for packed honey, and when Members do not have sufficient honey stocks to meet anticipated demand, the Board of Directors, in conjunction with Management, may explore the possibility of offering to purchase honey from non-members over and above the limit stated in 1 (a) above.

Guidelines to aid the Board and Management in such purchases shall be:

- i. Honey will be accepted in non Bee Maid drums. No deposit will be paid on such drums and the drums will be returned to the producer at his expense.
- ii. Provided the moisture content of such honey does not exceed 18.5%, there will be no moisture discount. Honey over 20% moisture will not be accepted.
- iii. Honey must fall within the required classifications.
- iv. Price will be negotiated between the shipper and Management.

MEMBER HONEY EXCHANGE PROGRAM

Members are able to purchase packed product through the Winnipeg Bee Outfitters™ store. We will provide fully processed Canada No. 1 White Creamed Honey packed in a 1 Kg or 3 Kg container. Stock design containers, which are currently sold through Bee Outfitters™, will be used and, if the Members wishes, can be labeled with the Member's name and address on the lid. This product will be available for purchase throughout the year. The Member can contact the Bee Outfitters™ store for current prices.

Bee Maid will offer packed honey for Members who want to sell honey in their local markets; however, this packed honey is not retail ready and is not to be resold in the national chain stores where Bee Maid Honey is being sold.

TRUCK LOAD CONTRACTS

1. Truck Load Contracts (TLC) is an intake policy approved by the Membership at the 2007 Annual General Meeting. Truck Load Contracts will be signed at the discretion of the Board of Directors, based on market conditions. The maximum total intake of such contracts will not exceed 20% of the annual Shipping Base.
2. Upon application and approval for Membership in the Manitoba Cooperative Honey Producers Limited, Truck Load Contracts will have full privileges, obligations and services and conform to payment schedules and equity provisions as outlined in the Policy Manual of Manitoba Cooperative Honey Producers Limited.
3. Truck Load Contract holders agree to deliver 50,000 lbs. (plus or minus 10%) of extracted honey produced by the Producer or under the Producers' direction and control as is necessary to meet the minimum standards as set by the Board.
4. Deliveries must be in Bee Maid owned drums and as Members, adhere to the drum policy outlined in this manual.

C.F.I.A. CERTIFICATION

A motion passed at the 2007 Annual General Meeting to have a proposal for inspection compliance, indicating a clear timeline and manner of implementation.

1. All Members must have their honey house registered as a Producer/Grader with the Canadian Food Inspection Agency by the end of the year 2013 and maintain such status. **Members must supply a copy of their registration certificate to the Cooperative on an annual basis.**
2. Producers with a Truck Load Contract must maintain a Producer/Grader status with the Canadian Food Inspection Agency.
3. That the Manitoba Cooperative Honey Producers will retain its original deadline for members to become registered with the Canadian Food Inspection Agency by December 31st, 2013 but will institute a testing fee on all unregistered honey delivered to the Manitoba Cooperative plus an administration fee for handling such honey effective with the 2014 crop year. The testing fee will be charged on a per pound basis. Any producer who is not registered must apply to the Board of Directors in writing before August 1st, 2014 to ask for an extension of one year. The member must prove that they have started the registration process in order for the Board to grant a deferral of fees for that crop year. Fees will be charged to the member's account of February 1st, 2015.
4. The Manitoba Cooperative Honey Producers will implement a cost recovery on all unregistered honey effective with the 2015 crop year. If a member is unable to have CFIA come and inspect their facility in order to become registered and the member has provided verification from CFIA that they are unable to come out and inspect to the Board of Directors, the cost recovery fee will be waived.
5. The amount of the cost recovery will be 2 cents per pound.
6. The amount of the cost recovery fee is calculated on all pounds delivered to the Cooperative.

APPENDIX A

Plan A Marketing Agreement

MARKETING AGREEMENT

(Plan A)

THIS AGREEMENT made this _____ day of _____, _____.

BETWEEN:

MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED

OF THE FIRST PART,
(hereinafter called the "*Association*"),

and

OF THE SECOND PART,
(hereinafter called the "*Producer*")

NOTE: Words or expressions used in the Marketing Agreement denoting the masculine gender shall be read as including the feminine gender unless the context otherwise requires.

WHEREAS the prime function of the Association is to provide an efficient orderly marketing system for honey for its members on a cooperative basis;

AND WHEREAS the Producer desires to ensure a guaranteed market for his product;

AND WHEREAS the Producer is a member of the Association;

AND WHEREAS it is desirable that the Producer and the Association enter into this Marketing Agreement;

NOW THIS AGREEMENT WITNESSETH IN CONSIDERATION of the mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. THE Association agrees to purchase and/or take delivery of all honey produced and offered to it by the Producer in each Production Year (as hereinafter defined), subject to the terms of this Agreement, and provided that the Producer is not in default hereunder and is a member in good standing of the Association.

2. THE Producer agrees to deliver to the Association, as directed by it, all extracted honey produced by him or produced under his direction and control, in such condition as is necessary to meet the minimum standards as defined by the Board of Directors of the Association (hereinafter called the "*Board*"). The Producer, despite the foregoing, may make sales of honey, packaged in consumer sizes only (such containers as determined to be consumers own containers, by the Association, from time to time), from his extracting plant to neighborhood consumers and for resale in the local trading area, providing the amount for resale does not in the aggregate in any one Production Year exceed 7,500 pounds. All honey delivered hereunder shall be graded by the Association (in its sole discretion, acting reasonably) according to color, flavor and moisture and paid for by the Association according to the grade established. The foregoing delivery shall, at the option of the Producer, as is

indicated by the Producer to the Association at the time of delivery, elect to have such honey delivered on a storage basis or on a sale basis.

3. NOTWITHSTANDING that the intention of the Association is to provide an efficient marketing system for the honey of its members, nothing herein shall obligate the Association to accept any delivery of honey from the Producer if the Association, in its sole and absolute discretion (acting reasonably) considers any honey to be of a poor quality or unfit or unmarketable, or in any other way unsuitable for resale or use by the Association; provided, however, that no such rejection of honey shall release the Producer from its obligation to deliver all honey produced by him to the Association, other than any specific delivery rejected by the Association.
4. BY executing this Agreement, the Producer warrants his title and authority to sell his honey to the Association, and his authority to execute and carry out the terms of this Agreement.
5. THE Producer agrees to provide to the Association on or before November 1st of each year, a report, on the form (Appendix 1) provided by the Association indicating the amount of honey produced by the Producer during the then current Production Year and such other details with regard to production as may be required by the Board.
6. UPON delivery of honey by the Producer to the Association;
 - (a) Subject to paragraph 7 hereinafter, if delivery is on a storage basis then the Producer shall receive no payment until the Producer has indicated in writing that the storage basis is to be converted to a sale basis and at

such time the Producer shall then be entitled to any interim advances applicable to sale deliveries at that time and the honey shall constitute part of the appropriate pool for the period during which the sale is to have taken place. The Association shall have the right any time after delivery to incorporate same with any honey of similar grade held or stored by the Association. The Association shall not be liable to the Producer to make any payment to the Producer until such sale of it takes place and responsibility to the Producer for honey so stored, should the Producer be entitled to a return of the Producer's honey for any reason, shall be limited to the return of a similar quantity of such grade of honey and not to the specific honey stored with the Association.

- (b) If delivery is on a sale basis the Association shall make an initial advance and if applicable, interim advances to the Producer of such amounts as are determined by the Board, less any and all amounts owed by the Producer to the Association. The Association agrees to receive, store, process, sell, confine or otherwise market any honey so delivered and sold to it in such manner as the Association considers best for the Producer. After deducting the necessary amount for expenses, the unforeseen contingencies, share capital, initial advances, interim advances, and indebtedness owed by the Producer to the Association, the Association shall pay to the Producer a final payment within a reasonable period of time after the honey for that Production Year has been disposed of.

7. NOTWITHSTANDING anything herein to the contrary, and without limitation notwithstanding that the Producer is not entitled to payment for the honey until sold by the Association, title to all honey produced by a Producer shall immediately pass to the Association upon the earlier of:
 - (a) the honey being placed in drums of the Association; or
 - (b) delivery of the honey to the Association.

8. WHEN the Association requests the Producer to store honey for it and the Producer concurs, an initial advance will be given upon receipt of a honey report and/or sample as determined by the Association for each lot of honey that is to be stored.
 - (a) THE following shall all constitute an event of default hereunder:
 - (i) the Producer fails to deliver honey in accordance with the terms hereof;
 - (ii) any warranty, representation or statement made or furnished to the Association by or on behalf of the Producer herein or any other document given to the Producer, proves to have been false in any material respect when made or furnished;
 - (iii) the Producer is in breach of any of his obligations under this Agreement or any other agreement it has with the Association, including, without limitation, failing to provide reports in accordance with the terms hereof,

- (iv) the Producer becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, assignment or arrangement with his creditors, or any steps are taken or proceedings commenced by any person for the dissolution, winding-up or other termination of the Producer's existence or the liquidation of its assets;
- (v) a trustee, receiver, receiver/manager or like person is appointed with respect to the business or assets of the Producer
- (vi) the Producer makes a sale in bulk of all or a substantial portion of his assets, whether or not an assignment of this Agreement or his rights hereunder form part of the sold assets, except with the prior written consent of the Association; or
- (vii) this Agreement or any of the Producer's assets are taken under a writ of execution.

(collectively an "*Event of Default*")

- (b) SUBJECT to subparagraph 8(c) hereafter, upon the occurrence of an Event of Default:
 - (i) the Board may, in its sole and absolute discretion, immediately terminate this Agreement with notice to the Producer;
 - (ii) the Board may, in its sole and absolute discretion, revoke the Membership of the Producer in the Association;

- (iii) the Producer shall immediately repay to the Association any advance payment made to him hereunder or under any other agreement with the Association;
 - (iv) the Board may, in its sole and absolute discretion, return to the Producer any honey delivered to the Association by the Producer (or an equivalent quantity of the same grade of honey);
 - (v) the Association may recover from the Producer all damages, and expenses incurred by the Association as a result of any breach by the Producer, as well as all damages and costs (including, without limitation, all legal fees on a solicitor and his client basis) incurred by the Association in enforcing the terms of this Agreement;
 - (vi) the Association may take any other steps it has at law or in equity to enforce or carry out the terms or intent of this Agreement.
- (c) Without limiting the rights available to the Association or the Board as set out hereinbefore, in the event the Producer fails to deliver honey in accordance with the terms hereof, the Board may forthwith revoke the Membership of the Producer in the Association.

For certainty, the above rights and remedies of the Association are cumulative and not alternative:

9. SUBJECT to clause 9 hereof, this Agreement shall remain in effect for a period of 3 years commencing August 1st, to July 31st, and unless otherwise terminated shall continually and automatically renew thereafter for additional 3 year periods. Provided however that either party may terminate this Agreement by giving written notice by registered mail to the other party between the 15th and 31st days of January in the year the agreement expires. Such termination shall then be effective on the 31st day of July following the giving of such notice. The Parties shall give the said written notice to the other party at the address shown herein or such other address as may be given to each party by the other. The termination of this Agreement shall not relieve either party of liabilities which may have previously been incurred to the other. For certainty, upon the termination of this Agreement, the Producer's membership in the Association shall immediately be revoked.
10. IT is understood that a production year shall be the same as the fiscal year of the Association which is from August 1st to July 31st (a "*Production Year*") and that the first year of the within contract shall commence from August 1st of the year immediately following the execution of this Agreement by the parties hereto but for certainty the parties intend that upon execution, this Agreement shall become a binding obligation on both parties.
11. BOTH the Association and the Producer, or either one of them, shall be excused for non-fulfillment of this contract as a result of fire, power shortage, lack of transportation facilities, floods, strikes, earthquakes, wind, hail, acts of God, invasion, order or civil or military authorities, or any other cause beyond

the control of the party to the extent that the fulfillment of the contract has been hindered or prevented by such cause or causes.

12. WHILE the Association agrees to use its reasonable efforts to market the honey of its members and obtain the best price possible, the Producer agrees that nothing in this Agreement shall render the Association liable to the Producer for any damage or injury which may be occasioned in respect of the operation of this Agreement, including without limitation, the following:
 - (a) the price obtained by the Association for honey sold;
 - (b) the rejection of any honey which the Association declines to accept.
13. BY executing this Agreement the Producer warrants that it is carrying on its operations of producing honey in accordance with all applicable federal, provincial, municipal or other laws and regulations.
14. THIS Agreement shall be interpreted in accordance with the laws of the Province of Manitoba and shall be binding upon and enure to the benefit of the parties hereto their heirs, executors, administrators and successors.
15. THIS contract, and any rights hereunder, may not be assigned or transferred by the Producer without the prior written consent of the Association.

IN WITNESS WHEREOF the parties hereto have affixed their corporate seals duly attested by the signature of their proper officers in that behalf the day and year first above written.

MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED

per: _____

per: _____

Witness

)
)
)
)
)
)

Producer's Signature

Witness

Producer's Signature

(If the Producer is a partnership, all partners must sign).

(If the Producer is a Corporation, then affix Corporate Seal).

AMENDMENT TO MARKETING AGREEMENT (PLAN A)

THIS AMENDING AGREEMENT is made with effect as of March 27, 2006 between MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED (the "Cooperative") and the undersigned producer (the "Producer")

WHEREAS the Cooperative and the Producer have entered into a marketing agreement (Plan A) (the "Marketing Agreement") relating to the purchase and sale of honey produced by the Producer;

AND WHEREAS on November 27, 2006, the members of the Cooperative agreed at an annual general meeting of members, that marketing agreements between the Cooperative and producers should be amended in the following manner.

NOW THEREFORE it is agreed as follows:

1. The Cooperative and the Producer agree that the Marketing Agreement shall be amended as follows:
 - (a) The Cooperative shall be entitled, in any year, to permit all its member producers to declare honey produced by them in that year as "crop year hold" under the following conditions:
 - (i) the total amount of honey allowed under this program is not to exceed 1 million lbs., which amount shall be proportionately allocated to all producers who apply to hold a portion of their honey;
 - (ii) application to place honey on a "crop year hold" shall be made by producers at the time of delivery of honey by them pursuant to the Marketing Agreement, either deemed or actual;
 - (iii) application to place honey on a "crop year hold" shall be made by producers no later than December 1 of the year in which the honey is produced;
 - (iv) honey withheld by the Producer pursuant to an approved application for "crop year hold" must be delivered to the Cooperative by the Producer no later than July 31st of the following year, and such delivery shall be made by the Producer with prior arrangements with the Cooperative; and
 - (v) all applications for approval for "crop year hold" are subject to approval by the board of directors of the Cooperative.
 - (b) Notwithstanding the terms of the Marketing Agreement, the Producer will be deemed to be in compliance with the Producer's delivery obligations under the Marketing Agreement under the following conditions:
 - (i) no payment whatsoever will be made to the Producer by the Cooperative until delivery of the "crop year hold" honey in the subsequent crop;
 - (ii) the Producer shall assume all risks for spoilage or loss in value of the "crop year hold" honey;
 - (iii) the Producer shall declare to the Cooperative in writing the amount of honey held pursuant to the "crop year hold" application and the number of barrels used to contain such honey;

- (iv) an application for a "crop year hold" shall only be approved by the board of directors if the Producer is a member in good standing of the Cooperative;
- (v) the Producer shall deliver the "crop year hold" honey on demand at any time after the first day of the new crop year;
- (vi) the Cooperative's honey intake is expected to exceed 60% of the Pool 1 and Pool 2 requirements of Bee Maid Honey Ltd.; and
- (vii) the Producer has delivered 110% of their shipping base into the current crop year.

2. In all other respects the terms of the Marketing Agreement between the Cooperative and the Producer shall remain in full force and effect unamended.

Dated the _____ day of _____, 20_____.

MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED

Per: _____
Authorized Signatory

INDIVIDUAL PRODUCER PLEASE SIGN BELOW

Signature

Print Name

Street Address

City/Province Postal Code

CORPORATE PRODUCER PLEASE SIGN BELOW

Full name of Corporation

Per: _____
Authorized Signatory

3. REPORT FORM

4. APPENDIX 1

MARKETING AGREEMENT NO. _____

Clause #5 in your Agreement states: "The Producer agrees to provide to the Association on or before November 1st of each year, a report, on the forms provided by the Association, indicating the amount of honey produced by the Producer during the year and such other details with regard to production as may be required by the Board."

In order to make effective plans, we require the requested information from you. All replies are confidential.

Please complete the following Questionnaire and return it to this office.

5. QUESTIONNAIRE

(1)	Number of colonies operated in 20_____:	
(2)	Total production in 20_____:	lbs.
(3)	Pounds shipped to M.C.H.P. to date:	lbs.
(4)	Pounds still to be shipped:	lbs.
(5)	Projected number in colonies in 20_____:	
(6)	Estimated Production in last 5 year average:	lbs.

Date:
Signed:

APPENDIX B

Truckload Contract Marketing Agreement

MARKETING AGREEMENT
(Truckload Contract)

CONTRACT NUMBER _____

THIS AGREEMENT made this _____ day of _____, _____

BETWEEN:

MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED

OF THE FIRST PART,
(hereinafter called the "Association"),

and

OF THE SECOND PART,
(hereinafter called the "Producer")

NOTE: Words or expressions used in the Marketing Agreement denoting the masculine gender shall be read as including the feminine gender unless the context otherwise requires.

WHEREAS the prime function of the Association is to provide an efficient orderly marketing system for honey for its members on a cooperative basis;

AND WHEREAS the Producer is registered with C.F.I.A. and the Producer desires to ensure a guaranteed market for his product;

AND WHEREAS the Producer is a member of the Association;

AND WHEREAS the Producer is aware of the policies of the Association as outlined in the Policy Manual;

AND WHEREAS a truckload lot represents 50,000 pounds, plus or minus 10%;

AND WHEREAS it is desirous that the Producer and the Association enter into this Marketing Agreement;

NOW THIS AGREEMENT WITNESSETH IN CONSIDERATION of the mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. THE Producer agrees to deliver to the Association, as directed by it, subject to the terms hereof, each year 1 (one) truckload lot of extracted white honey produced by him or produced under his direction and control in Manitoba and Saskatchewan in such condition as is necessary to meet the minimum standards as defined by the Board of Directors (hereinafter called the "Board"). Apportionment of such honey shall be placed in white honey Pool A based on the calculation outlined in the Policy Manual. All excess honey in each year shall be placed in Pool B of each class.
2. THE PRODUCER agrees to deliver at least such amount each year for a period of 5 years from the date hereof and for such further period as this Agreement may automatically renew in accordance with the terms hereof.
3. THIS Agreement shall be for a period of 5 years from the date hereof and shall renew automatically for a further 5 year period, provided however, either party may terminate this agreement by giving notice six months before the end of any contract period.
4. THIS Agreement shall not be transferable unless the Producer makes a bona fide sale of his honey production equipment and even if such sale does occur, no transfer of this Agreement may be made without the approval of the Board of Directors of the Association thereto. This Agreement shall not be assignable by the Association.
5. UPON receipt of the aforesaid 1 (one) truckload lot of honey from the Producer, the Association shall make an initial advance to the Producer on each pound as delivered of such amounts as are determined by the Board, less any and all amounts

owed by the Producer to the Association. The Association agrees to receive, store, process, sell, confine or otherwise market the honey so delivered to it in such manner as the Association considers best for the Producer. After deducting the necessary amount for expenses, the unforeseen contingencies, deferred fund, initial advances, and indebtedness owed by the Producer to the Association, the Association shall pay to the Producer, a final payment at the time each season's pool has been disposed of.

When the Association requests the Producer to store honey, an initial advance will be given upon receipt of a honey sample for each lot of honey that is to be stored. Storage fees will be paid by the Association on all honey stored by the Producer at a rate established annually by the Board of Directors.

6. IT IS understood that a production year shall be the same as the fiscal year of the Association which is from August 1st to July 31st, and that the first year of the within contract shall commence from August 1st, of the year immediately following the execution of this Agreement by the parties hereto.
7. THIS Agreement may not be cancelled by the Association or by the Producer if default has occurred herein solely by reason of an Act of God. Provided that where default does occur as a result of such Act of God, the party who or which had suffered from such Act of God shall give written notice to the other party that same has occurred and that the Producer has or may default as a result of such Act of God.
8. THIS Agreement shall be interpreted in accordance with the laws of the Province of Manitoba and shall be binding upon and ensure to the benefit of the parties hereto, their heirs, executors, administrators and successors.

IN WITNESS WHEREOF the parties hereto have affixed their corporate seals duly attested by the signatures of their proper officers in that behalf the day and year first above written.

MANITOBA COOPERATIVE HONEY
PRODUCERS LIMITED

Per: _____

Per: _____

_____)	_____
Witness)	Producer's Signature
)	
)	
_____)	_____
Witness)	Producer's Signature

(If the Producer is a partnership, all partners must sign.)

(If the Producer is a Corporation, then affix Corporate Seal.)

PRODUCER REGISTRATION NUMBER WITH C.F.I.A. _____