

Manitoba Cooperative Honey Producers Limited

A Proud Producer of Bee Maid Honey

P O L I C Y M A N U A L

625 ROSEBERRY STREET

WINNIPEG, MANITOBA

R3H 0T4

TELEPHONE: (204) 783-2240

FAX: (204) 783-8468

E-MAIL: honey@beemaid.com

WEB: www.beemaid.com



Proudly Owned by Canadian Beekeepers.

TABLE OF CONTENTS

HISTORY	1
BEE MAID HONEY.....	2
STATEMENT OF PURPOSE	2
GENERAL POLICIES – Membership	3
GOVERNANCE OF THE ASSOCIATION	6
SHARE INVESTMENT	9
BULK CONTAINERS	9
DRUM DEPOT	10
BEE SUPPLIES	11
FREIGHT ASSISTANCE POLICY	11
RECEIVING AND GRADING HONEY	12
WAREHOUSING RENTAL POLICY.....	14
CROP YEAR HOLD HONEY.....	15
HONEY DELIVERIES & LOT DESIGNATION.....	16
MEMBER DRUM TAGS	16
TRACEABILITY	16
SHIPPING BASES AND QUOTAS	17
DISTRIBUTION OF MEMBER POOLS	19
PAYMENTS AND ACCOUNTS	20
Enhanced Savings Plan	21
Group Benefits	21
Electronic Transfer of Funds	22
E-Mail Addresses	22
HONEY DECLARATIONS.....	22
PURCHASE OF HONEY FROM NON-MEMBERS	22
STORAGE OF HONEY	23
MEMBER HONEY EXCHANGE PROGRAM.....	24
TRUCK LOAD CONTRACTS	24
C.F.I.A. CERTIFICATION	25

MANITOBA COOPERATIVE HONEY PRODUCERS LIMITED

POLICY HANDBOOK

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 his 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 will 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 accepted for deferred Membership will be placed on a waiting list and will be notified, in his turn, when he may become an active member.

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.

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 13).
- 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 13). 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 membership the new member will pay \$1.00 for one membership share and will sign a Plan “A” Marketing Agreement.
- 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 will be allowed. All other persons will be excluded. The purpose of the closed meeting will be for any members to bring forward any complaints or concerns they may have with the management and staff of the Cooperative.
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. The Cooperative shall allow those members, who so desire, to have money deducted from their member’s accounts and forwarded directly to the Canadian Honey Council for a research fund or a generic advertising fund.
8. 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.
9. 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.

10. 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 President and another to be Vice-President. 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 President shall act as Chairman and shall preside at all Board and Membership meetings. In the absence of the President, the Vice-President 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. If a Board member does not have a fax machine, he may purchase such a machine and charge the cost to the Cooperative. After two terms on the Board, such fax machine will become the property of the Director who purchased it.
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 President 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 President 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 President 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. It is the responsibility of the Member to store the drums in a clean manner. The Cooperative would prefer that such storage be in a weather tight location. If such storage is not available, the drums must be stored, with lids in place, on their sides. The drums must not be in contact with the ground, but rather laid on timbers, pallets, or other such material.
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 \$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.
- 3b. Management is authorized to establish a grading system for beeswax.
- 3c. 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”.

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	Labour Day
Good Friday	Thanksgiving Day
Victoria Day	Remembrance Day
Canada Day	Christmas Day
Civic Day	Boxing Day

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:

4a 1. **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.

4a 2. **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.

5. Adulterated honey will not be accepted. The Cooperative analyses honey for bee repellents, antibiotics, and any other contaminants. Honey that tests positive for any of these substances will be refused and returned to the Member at his expense. Also, no burnt honey will be accepted. An analysis of honey will be done in either the plant or sent to an area lab.
6. Members must deliver all honey by January 31st.

WAREHOUSING RENTAL POLICY

1. A Members' crop will be permitted under storage at a Members' location or otherwise.
2. All detail arrangements 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.
 - (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. Product in storage would be subject to periodic inspection as requested by the Advance Payments Program.
8. A Members' account would be credited with the following warehousing payment:
 - (a) a handling credit of \$2.00 per drum
 - (b) monthly rental of \$2.00 per drum

e.g. A member storing 200 drums for 6 months would receive a credit to his account of \$2,800.00.

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 to separate deliveries by floral source, colour and moisture. 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 is 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.
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).

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 x 170 x 60% = 20,400 lbs Shipping Base
20,400 lbs x 100% = 20,400 lbs Pool A quota

Year 2 20,400 + 36,000 lbs ÷ 2 = 28,200 lbs x 70% = 19,740 lbs Shipping Base
19,740 lbs x 100% = 19,740 lbs Pool A quota

Year 3 20,400 + 36,000 + 37,500 ÷ 3 = 31,300 lbs x 80% = 25,040 lbs Shipping Base
25,040 lbs x 100% = 25,040 lbs Pool A quota

Year 4 20,400 + 36,000 + 37,500 + 34,900 ÷ 4 = 32,200 lbs x 90% = 28,980 lbs Shipping Base
28,980 lbs x 100% = 28,980 lbs Pool A quota

Year 5 20,400 + 36,000 + 37,500 + 34,900 + 28,600 ÷ 5 = 31,480 lbs Shipping Base
31,480 lbs x 100% = Pool A quota

Year 6 20,400 + 36,000 + 37,500 + 34,900 + 28,600 + 31,330 ÷ 6 = 31,455 lbs Shipping Base
31,455 lbs x 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 ÷ 5 = 32,942 lbs
164,710 lbs ÷ 5 = 32,942 lbs Shipping Base x 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 x 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 x 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 ÷ 5 = 21,330 lbs Shipping Base

21,330 lbs x 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

Excessive (Pool B) 63,000
 ----- = 37.95%
 Total 166,000

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 ½ 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.
- 1b. 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. 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.
- 1c. 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.

STORAGE OF HONEY

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. All storage must be inside unheated buildings and in Bee Maid drums.
2. Insurance will be carried by Manitoba Cooperative Honey Producers Limited on the drums and product in storage.
3. Storage will commence on or after August 1st of a given year.
 - a) Members requested to store honey would submit a listing of:
 - i lot #
 - ii number of drums in each 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 that a Member wishes to place his honey in storage at the plant for purposes of income tax deferral, as provided in the Plan A Marketing Agreement, no credit will be made to the Member's account until January 1st of the next year.
 - d) Once the product is delivered to the plant, adjustments to the Members' account will be finalized, based on actual weights.

4. a) Delivery of honey in storage could be requested at any time, but shall be no later than June 15th of the same crop year.
- b) Management of the plant shall give the Members' 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.
5. Product in storage (at the Members' premises) would be subject to periodic inspection. AS REQUESTED BY THE ADVANCE PAYMENTS PROGRAM.
6. All arrangement details will be at Management's discretion.

MEMBER HONEY EXCHANGE PROGRAM

Bee Maid Honey offers the service of supplying a honey exchange program for Members. Raw Member honey can be traded for fully processed Canada No. 1 White Creamed Honey packed in a 1 kg. or 3 kg. container. A processing charge plus the cost of the container will be charged. Stock design containers currently sold through Bee Supplies will be used and if the Member wishes, can apply a label with the Members' name and address on the lid of the container. Contact the Bee Supply Outlet for current prices and further details.

Bee Maid will offer this service of exchanging packed honey for raw honey for Members who want to sell honey in their local markets. Please note that this exchange of packed honey is not retail ready. This means that the labeling information on the packaging is not suitable for retail sales so the product cannot be sold in any grocery store.

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 500,000 lbs. annually.
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 holder 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 honeyhouse registered as a Producer/Grader with the Canadian Food Inspection Agency by the end of the year 2013 and maintain such status.
2. The Board of Directors will assess the progress of compliance by the end of 2011. At such time, the Board may come back to the Membership for a proposal of a premium or penalty for non-compliance.
3. Producers with a Truck Load Contract must maintain a Producer/Grader status with the Canadian Food Inspection Agency.