

Muntons plc Conditions of Purchase of Grain for Malting & Processing

Harvest 2008

Throughout these Conditions the use of the words 'we', 'us' and 'our' refer in all respects to Muntons plc.

1. GENERAL TERMS

Except where inconsistent with the terms and conditions shown below, the applicable AIC Grain & Pulses Contract (No. 1 for Farm suppliers, No. 2 for Trade suppliers) is deemed to apply and forms part of any contract. English Law shall apply to all purchases, irrespective of the origin or delivery point of the grain.

Privity of Contract

For all Agreements: -

- The provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply to the agreement.
- Unless otherwise stated within, no third party shall have the right to enforce all or any part of the agreement.
- The conferring of any benefit under the agreement to any person other than the parties specified in the contract agreement, shall not give that person the right to enforce all or any part of the agreement.

No contract between Muntons plc and a supplier of Grain for Malting or Processing is transferable without the written agreement of Muntons plc.

2. PURCHASE

a) Purchases will normally be made as follows, unless specifically agreed otherwise: -

(i) On Representative Samples – Received through the post, delivered by appointment to Cedars Maltings or Flamborough Maltings, or collected from farm suppliers by prior arrangement.

Sample Size – For quality assessment, a minimum purchase sample size of 150g is required. We will be unable to test samples that are below this weight.

Sample Markings – Samples must be clearly marked with the Supplier Reference (name and address, and location of grain if an ex-farm purchase), Tonnage and Variety. In the case of samples bearing split tonnage (e.g. 50/60 tonnes) we shall apply the delivery tolerance to the average tonnage, viz.; 55 tonnes.

(ii) On Pre-Harvest Contract

(iii) On Agreed Specification (which may be based on a representative sample).

Samples supplied against a contract will form the basis of that contract for delivery purposes. Suppliers must not deliver against such contracts, grain which differs from the original sample as this may interfere with our intake plans and may lead to rejection or allowances. Any such rejections will be at the absolute discretion of Muntons plc.

Where a purchase has been made for a forward position we may request fresh samples to be drawn and submitted for re-analysis 14 days prior to commencement of the delivery period.

b) Price

Trade contracts are always on a “Delivered Maltings” or “Delivered store” basis, and farm contracts are always on an “Ex-farm” basis unless otherwise agreed at the time of purchase.

Payment will be made only against the weight ascertained at the discharge point.

c) Orders

All purchases will be confirmed in writing and each purchase will be allocated a purchase order number.

Purchases made on a split month basis will be called for in either month **at our absolute option.**

Any queries arising from our purchase order should be addressed to us in writing by e-mail, post or fax to our relevant purchasing office within four working days of the date of the Purchase Order. Queries entered outside that period will not be considered. The details shown on our order are to be used for any subsequent queries.

d) Bids

We prefer to strike a deal rather than leave bids outstanding. Where we do bid, the offer will expire at 4.30 pm on the day following the bid, or at 10.00 am on Monday following a Friday bid unless otherwise stated at the time a bid is made. On expiry of these times samples may be discarded.

e) Chemical Contamination

Only chemicals approved by the British Beer and Pub Association may be used on grain offered to Muntons plc for malting or processing. The full list of acceptable chemicals may be obtained from BBPA – telephone 020 7627 9191, Fax 020 7627 9123, web <http://www.ukmalt.com/documents/AGROCHEMICALS2008-BARLEY-final.pdf>, email enquiries@beerandpub.com. The Supplier is responsible for ensuring that they have the latest BBPA Technical Circular for acceptable chemicals.

By entering into a contract with Muntons plc the seller warrants that any grain sold for delivery complies with the provisions of the Food and Environmental Protection Act 1985 and the Pesticides (Maximum Residue levels in Crops, Food and Feeding Stuff) Regulations 1997. In addition, Muntons plc will not accept grain that has been grown on land to which treated sewage sludge or bio-solids have been applied.

Grain intended for Muntons plc must not be stored with, or come into contact with, agrochemicals or seed dressings.

Malting barley may pick up an unacceptable taint if grown on land that has previously been used to grow onions or garlic. This may lead to rejection at intake.

f) Genetically Modified Material

Muntons plc do not accept any Genetically Modified Material

The crop covered by this declaration is NOT subject to the labelling requirement of EC regulations 1829/2003 on genetically modified food and feed, and 1830/2003 concerning the traceability and labelling of genetically modified organisms. However, necessary steps must have been taken to preserve the non-GM status of the crop supplied.

It is a condition of these terms that the seller **guarantees** that the crop supplied is **GM free** and not grown on land previously used for any form of **GM cropping**.

g) Farm Assurance

Muntons plc will buy only grain sourced from members of an approved and audited Assurance Scheme.

Under certain circumstances (and at our absolute discretion) we reserve the right to buy non-assured grain at a discounted price to that of Assured grain, although it is not our general policy to do so. Any delivery not following the correct procedure (e.g. a Grain Passport missing the AFS (formerly ACCS) sticker or a non-standard Genesis Passport) will not be accepted until the correct information is supplied within our working day time limits.

h) Organic Grain

Where organic grain is specifically purchased, the supplier must provide a copy of their organic certificate at the time of purchase, and again with each consignment. All deliveries of organic grain must be accompanied with paperwork stating the following: - Delivery reference, Commodity, Supplier's Organic Certification Number and the Lorry Registration Number. All organic barley must be National Organic Programme accredited

i) Stored Grain

Where grain is delivered to us from store using a TASC sticker on the passport, it must be understood that we require all grain delivered in this manner to be from ASSURED growers and that we reserve the absolute right to audit store records in order to confirm this.

3. DELIVERY

Deliveries are administered on a load-by-load basis. Each load will be required to conform to the original sample or the contractual specification, unless otherwise agreed. Individual loads must be suitable in all respects for malting or processing. We reserve the right at our absolute discretion to reject, or to accept at a price adjustment any loads that differ from the original sample or contract specification.

Muntons plc will not pay vehicle-standing time howsoever caused.

Where allowances are taken or refusals are applied, a representative sample of the load will be retained for one month after the date of delivery. Any queries arising from such samples must be made in writing by post, e-mail or fax to be received by the appropriate office of Muntons plc within 21 consecutive days of the day of delivery.

(i) FOR DELIVERED-BASIS CONTRACTS

a) Delivery Instructions

These will normally be issued at least two working days before delivery.

Delivery schedules will be based on tonnage; load size will be assumed to be about but not in excess of 30 tonnes.

b) Delivery Dates

Deliveries shall be made on the date(s) given on our Delivery Instruction. If you have any queries please contact our relevant Grain Office as soon as possible. Deliveries offered on an incorrect date will be subject to delays and may be refused. In the event of a refusal due to delivery on the wrong day, we will require a full replacement of the load / loads offered.

Sellers are required to ensure that all hauliers' address any queries through their company and NOT direct to us.

c) Delivery Times

Deliveries must comply with the time slot system as instructed for deliveries to our maltings at Stowmarket and Bridlington or to outside stores. Deliveries made outside the time allocated will be parked to one side to await a convenient space in the queue. If this is not possible the vehicle may be required to leave the site pending a new allocation. This arrangement is intended to reduce queues and improve turn-around time, and will work only with the full co-operation of suppliers and hauliers.

d) Identification

Drivers must identify their loads with our official Purchase Order number, the supplier's name, lot number and variety. We will not accept any load without this information. Drivers who have to telephone their office for such information may delay the tipping of their vehicle.

e) Weighbridge Specification

Platform – 15.24 metres (50 feet)

Maximum Gross Weight - 50 tonnes

A completed weighbridge ticket will be issued for each load.

f) **Transport**

All Bulk Grain Hauliers must be TASC registered

All vehicles must be rear emptying with their own power unit. Only vehicles fitted with dust chutes will be tipped. For Health & Safety reasons, all vehicles must be equipped with a reversing alarm and all drivers must wear high visibility clothing at all times when outside the vehicle on our sites.

A GROUND OPERATED SHEETING SYSTEM must be fitted on all vehicles, unless a low level safe and soundly mounted platform is available (as per AIC Code of Practice for Road Haulage). Any vehicle failing to comply with this will not be accepted. Vehicles must be un-sheeted/re-sheeted only when instructed by Muntons plc intake personnel. Trailers must be clearly marked for individual identification.

All transport used to deliver grain to Muntons plc must comply with normally expected hygiene and Health and Safety standards, as outlined in the AIC Code of Practice for Road Haulage, of which all suppliers are expected to be aware. Vehicles must be suitable in all respects for transportation of foodstuffs and must not have carried carcasses, meat and bone meal or related products; vehicles that are unclean will be refused. We require trailer history giving details of the previous three loads carried by the trailer to accompany every load; vehicles arriving without this history will be rejected. The acceptance of loads, which do not conform to maximum permissible gross weights, will be made at the absolute discretion of Muntons plc. Overloaded vehicles should not be submitted.

Growers Own Transport

Where it is known that a grower's own transport is required to be used for deliveries, this must be stated at the time of contract. In particular this relates to the cleanliness of the vehicle(s) and agreement must be reached with us concerning the transport prior to use. We will require the transport to meet TASC standards relating to previous loads carried and of cleanliness even though not registered.

g) **Spill Kits**

Muntons plc are committed to managing our business in an environmentally friendly manner. We recommend that all hauliers carry sufficient equipment for use in the event of a spill caused by their vehicle on site. There are however, spill kits located on site, but please be aware that we will charge for their use. Muntons plc will hold the vehicle operator liable for all costs and damages occurring from a spill incident. Where a spill takes place drivers must immediately inform a Muntons employee.

h) **No Smoking Regulations**

All hauliers must be made aware that all Muntons plc sites operate a no smoking policy as a safety and food hygiene measure. This also applies to drivers and their passengers in their vehicle cabs, and will be strictly enforced.

i) **Health & Safety on site**

It is **mandatory** for all drivers and anyone accompanying them to wear high visibility (reflective) clothing whilst outside their vehicle for any reason.

It is also **mandatory** that drivers wear steel toe-protector footwear on site. Open toed footwear is not allowed on site for haulage operations.

Certain areas of our sites require the wearing of hard hats and ear defenders. Anyone on site must comply with the signage should they need to go into any of these areas.

Under no circumstances will Muntons plc permit children under the age of 16 to accompany drivers of haulage vehicles. Any driver arriving on site with anyone under this age will be refused entry and turned away.

In the event of a fire or a fire alarm sounding immediate contact must be made with the Intake staff for instructions.

Drivers are expected to be aware of safety precautions whilst tipping and are not to climb onto their vehicle unless a suitable safe means of access is provided on the vehicle for that task.

j) Operation of the 'Pophole' on a trailer

This must be operational from the side of the trailer so the driver does not have to go to the rear of the vehicle when over an intake pit. Drivers of vehicles arriving on site without a side-operating device will be issued with a warning, followed by automatic rejection in the case of repeat arrival.

(ii) FOR EX-FARM / EX-STORE CONTRACTS – Placed directly by Muntons

Capping: In the event of a full load not being available for uplift, Muntons plc reserve the right to charge the seller for the difference between the weight uplifted and a full capacity load.

(iii) ALL DELIVERIES

a) Weighbridge Charge

A charge of £7.00 per accepted load will be made on all vehicles. This charge is not subject to VAT.

b) Pesticides/Insecticides

Every load must be accompanied by an AIC Grain Passport (Post-Harvest Pesticide Declaration). Each passport must be fully completed and signed by the grower/storekeeper or their proper agents at the point of loading, and by the driver of the vehicle.

Only chemicals approved by the British Beer and Pub Association are acceptable for application to grain for malting or processing. The applicable document is available free of charge using the following Internet link: http://www.beerandpub.com/content.asp?id_Content=2597&id_ContentType=248. If any post harvest chemical treatment has been applied to the grain by or on behalf of the seller or a previous owner, the seller must notify Muntons plc on the Grain Passport, detailing the chemical used and the date of application.

The seller must advise Muntons plc at the first opportunity of any post-harvest treatment likely to be declared on the Passport, but not less than two working days before delivery commences. If such notification is not given the grain will be rejected for malting or processing. Muntons plc reserve the right at their absolute discretion not to accept treated grain.

If **Phosphine** has been used for remedial treatment purposes, an Evacuation Certificate issued by a competent contractor must be provided to Muntons plc appropriate office at least two working days before delivery.

c) Condition

All grain shall be sweet, sound and free from mouldy, heated, split or green grains, infestation and from objectionable smell, taint or the presence of Mycotoxins, and shall be fully suitable in all respects for malting and food processing. Grain of an abnormal colour as determined by Muntons plc will not be accepted.

4. MYCOTOXINS

Changes in the regulations concerning Mycotoxins issued by the European Commission under their policy of continuing to strengthen all matters pertaining to Food Safety now require us to ensure that all of our raw materials are within set limits.

Although in general the UK has very few problems with Mycotoxins on malting barley, all malt enters the human food chain and as such is required to comply. To ensure this is the case, Muntons plc will be operating the following system at all sites: -

a) There will be no change to the existing arrangements for grain delivered to any of our sites up to and including 31st October each year.

b) For grain delivered after 31st October we will not accept any loads over 18% moisture content.

- c) For grain between 14.6% and 18.0% moisture content to be delivered after 31st October, we will randomly requested freshly drawn samples of 10kg for testing one month before delivery. Samples will be taken as follows: 100 individual samples of 100g blended together to create a 10kg test sample. Muntons plc or their agents will draw the sample and be responsible for all testing costs. Using 'Ochratoxin A' (OTA) as a marker, grain exhibiting levels higher than 5ppb will not be accepted and any costs beyond the point of rejection will be the responsibility of the seller. The analytical data will first be corrected to account for recovery of OTA by the method. This figure will then have the value for the inherent range of analysis deducted from it to determine the level of OTA in the sample. A decision will be made on the basis of that figure.
- d) Suppliers may at any time, and at their own cost, warrant through a recognized laboratory that their grain is within the prescribed limits for the presence of Mycotoxins. Muntons plc will accept any grain with such a warrant provided the grain meets all other required specifications. A valid certificate must have been obtained for the specific bulk from which grain is being delivered within 30 consecutive days of receipt at the maltings. Samples will be deemed to have been taken as in 4(c). The analysis certificate must indicate the percentage recovery of the method used and the range of accuracy of the figure quoted.
- e) We ask that as a general principle, suppliers shall ensure that their grain is stored in such a way that Mycotoxin development is prevented as soon as possible after harvest. We will not accept grain after 31st October that has been recently dried or is abnormally warm.
- f) The procedures outlined above may change as regulations change or as understanding and practices develop. It is important to note that the seller is ultimately responsible for ensuring all food safety measures are met.
- g) If any sample is found to exceed legal limits for food safety as laid down in UK or EU law we will be obliged to inform the Food Standards Agency of our rejection. This is our legal requirement. Where an analysis is disputed or borderline we will operate a system for re-analysis. For the time being indicative legal limits are for example 5 ppb for OTA, 1250 ppb DON.

Statement from the Maltsters' Association of Great Britain:

Please note the following statement:

“The moisture content of barley to be bought by maltsters’ from the 2008 crop

The prevention of mycotoxins in grain remains a strong food safety control, and maltsters’ are not complacent about the fact that compliance tests over several years have shown no problems in their malt. Mould on grain has always been a reason for maltsters’ refusal of a delivery. Such mould is either formed in the field, where prevention is under the growers control through good agronomy, or it can occur after harvest as a result of storing grain at certain temperature/moisture/time profiles. The key control for the prevention of grain storage mycotoxins is to ensure that adverse conditions do not exist that can encourage the growth of certain moulds. Maltsters’ make the following statement for 2008 malting barley crop purchases:

All cereals must be stored and managed in such a way as to minimise the risk of moulds that may produce mycotoxins. Grain should be below 14.5 per cent moisture and be dried in such a way that germination is not impaired. From November 1st grain above 14.5 per cent moisture may be accepted. This will be subject to individual maltsters’ terms and conditions.

The MAGB moisture allowance scheme is fully operational ONLY for the period of harvest, which is deemed to end at October 31st each year. The attention of Malting Barley growers and suppliers is drawn to the following statements applicable for the 2008 crop.

1. Harvest Intake Period (Commencement of harvest to October 31st)

For deliveries with moisture content in excess of 19.0%, reference must be made to individual Maltsters’ Terms and Conditions of Trade for allowances due for moisture and drying charges.

2. Forward Intake Period (November 1st onwards for crop year)

For deliveries with moisture content in excess of 14.5% reference must be made to individual Maltsters' Terms and Conditions of Trade for any drying charges that will be incurred.

The table of allowances for excess moisture content (>15.%) will continue to apply.”

For the 2008 crop it is Muntons intention, (subject to further notification) to accept deliveries of malting barley between 14.6% and 18% moisture content provided they are free from mould.

5. REFUSALS

a) Advice

In the event of a refusal of a load of grain we will telephone the supplier or his agent with details. A representative sample of the grain will be retained and will be available for collection for 14 days after delivery; thereafter it will be disposed of. Any queries arising from such samples must be made in writing by Recorded Delivery post or by email to be received by Muntons plc within 21 consecutive days of the day of delivery.

b) Germination – Grain for Malting

Any load tested below 98% germinative capacity will be refused. Please note that, in cases where the load tests between 96% and 98%, our practice will be to retest three times, and take the average of the best two results as the definitive figure.

c) Nitrogen

In accordance with the Code of Practice recommended by the NFU, BBPA, AIC and MAGB, we provide for a nitrogen tolerance of 0.05% (dry weight basis) higher than the purchase sample declared at the time of contract. We also provide for a tolerance of 0.05% lower than the purchase sample.

Grain may be purchased with a maximum or minimum nitrogen specification; there will be no tolerance applied above or below the specified maximum or minimum.

Muntons plc. at their absolute discretion, reserve the right to refuse, or accept at an allowance, loads that are outside contractual tolerances or specified parameters.

d) Moist grain

Loads that have been dampened using moisturising equipment are not acceptable and will be refused.

e) Incorrect Deliveries

We reserve the right, at our absolute discretion, to refuse loads of obviously incorrectly loaded grain.

f) Ergot

We will automatically reject deliveries containing any quantity of Ergot, however little that inclusion may be. This is a legal food safety requirement – there is no safe level of inclusion of Ergot that is permitted.

g) Infestation

We reserve the right at our absolute discretion to refuse deliveries containing live or dead injurious grain pests or deleterious quantities of other insects, alive or dead. We also reserve the right to refuse loads where we suspect the presence of live or dead grain pests.

h) Stones, Glass and Lead shot, or Lead Substitute shot

Deliveries containing stones, glass, lead shot or lead substitute shot will not be accepted.

i) Admixture

Muntons plc reserve the right to analyse grain for varietal purity after delivery, and in the case of purity being less than 98% to make a retrospective claim or rejection. Admixture must not exceed 2% by weight, and shall include all foreign substances, especially wild oats and wheat in barley, or barley in wheat, neither of which specifically is to exceed 1% when separated. Half corns must not exceed 0.5% by weight. Skinned grains and/or split grains are not to exceed 2% by weight. These tolerances may be varied at our absolute discretion in exceptional seasons.

j) Muntons plc policy on rejected loads:

(i) Farmer suppliers

When rejections are made against purchases from farmer suppliers, replacements will not normally be called for where rejections result from quality deficiencies or shortfall of crop (proof of shortfall may be requested). However, where rejections result from the delivery of grain of a variety other than that specified in the contract, or when the grain is obviously different to that originally purchased on a sample Muntons plc reserve the right at our absolute discretion, to call for replacements.

(ii) Trade suppliers

When rejections occur, Muntons plc reserve the right in all cases to call for replacements.

In all cases, if the original seller is unable to supply grain of the correct variety and of the contractual quality then Muntons plc reserve the right to buy-in replacement goods and charge any resulting damages to the seller. However, this does not apply to pre-harvest acreage contracts from farmer suppliers unless otherwise agreed.

6. ALLOWANCES

a) Advice

Where deliveries are received with screening and nitrogen levels within contractual fallback tolerances agreed at time of purchase, and with moisture levels below 19%, they will be accepted without reference to the supplier. Written notification of these (and other claims outside contractual tolerance, as agreed between Muntons plc and the supplier at time of delivery) will be posted by first class letter mail not later than the next working day following the date of delivery. In the case of quality, varietal or analytical variation resulting in an agreed allowance, a representative sample of the grain will be available for collection for 14 days after delivery, and thereafter will be disposed of. Any queries arising from such samples must be made in writing sent by Recorded Delivery post or by email to be received by Muntons plc within 21 consecutive days of the day of delivery.

b) Excess Moisture

All grain is purchased in accordance with the Maltsters' Association of Great Britain scale of moisture allowances, currently applicable from 15% to a maximum of 19%. All deliveries will be tested on a moisture meter calibrated to ISO 712 standard or by calibrated Infratec moisture meter. The moisture content of grain on delivery will be stated on the weighbridge ticket; all deliveries with moisture in excess of 15% will be subject to a claim. Any dispute over moisture will be resolved by reference to an oven moisture method (EBC Recommended Methods of Analysis 1997 method 3.2).

Deliveries in excess of 19% moisture may incur an additional drying charge of £2.50 per tonne per 1% or part thereof up to a maximum of 22%. Suppliers will be notified before such loads are tipped. We reserve the right not to accept grain in excess of 19% moisture. Acceptance will be at our absolute discretion. Muntons plc will not accept any loads over 18% moisture after 31st October each year.

c) Nitrogen

If the nitrogen content of a load on delivery falls outside the contractual tolerances, we may, at our discretion, accept the load with or without an allowance. Any allowance will be notified to the supplier before the load is tipped.

d) Screenings

Where deliveries contain excess screenings, or retention falls below a contractual minimum, fallback tolerances will apply as follows, and will be taken without reference to the supplier:

Where deliveries contain screenings (measured through a 2.25 mm long-holed slotted sieve) in excess of the contractual maximum, an allowance of £1.00 per excess 1% or part thereof, up to 4% over the contractual maximum, or 10% total screenings (whichever is the higher), will be claimed against the purchase price unless otherwise agreed at the time of purchase. Please note that deliveries to Bridlington will be subject to these fallbacks to 8% over contractual maximum, or 12% total screenings.

All deliveries, unless otherwise agreed, shall retain at least 80% on a 2.50 mm long-holed slotted sieve. Where retention falls below 80% or the agreed contractual minimum, allowances of £1.00 per 1% or part thereof to 5% below the contractual minimum will be claimed against the purchase price.

On deliveries where screenings are above the contractual maximum, and retention is below contracted minimum, only one allowance (the greater of the two) will be applied.

7. PAYMENT

Payment will be made on our computer records for grain received, less weighbridge charges, moisture allowance and any other allowances and levies as applicable.

Payment will be made on an average of 28 days from delivery on a load-by-load basis but may vary either way by no more than seven days depending on payment runs.

a) HGCA Corn Returns

Due to the increasing quantity of barley contracts based on published prices, we urge all our trade suppliers to ensure that returns are made each week in the interest of accuracy in reporting regional prices.

b) Confirmation of Feed Barley Price

Where grain is purchased at a premium over the feed barley price as quoted in the weekly HGCA Bulletin, and no price for the week of delivery is quoted for the applicable region, the England and Wales average price will be used for deliveries into Stowmarket and Bridlington. The HGCA price for a week ending on Thursday will be used for all deliveries up to and including Saturday of that week.

c) Contra

We shall be entitled, but not obliged, at any time or times without notice to the seller to set off any liability of the seller to us against any liability of us to the seller.

8. FORCE MAJEURE

We shall not be responsible for delay in taking delivery of grain occasioned by any Act of God, Strike, Lockout, Combination of Workmen, Accident, Breakdown of Plant or Machinery, Power Failure, Fire or for any reason caused by the action of a Public Authority or Public Utility Undertaking.

MUNTONS PLC

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Acknowledgement Slip

We confirm that we have read and agree to
Muntons plc Conditions of Purchase of Grain for Malting & Processing,
Harvest 2008

Please sign and return to:

Muntons plc, Cedars Maltings, Stowmarket IP14 2AG
F.A.O Melissa Abbott.

Signed :

Name in capital letters:

On behalf of:

Date:

Failure to sign and return this acknowledgement will not constitute reason for you
at any time during season 2008-2009 to deny receipt or knowledge of these
Conditions of Purchase.