

ANNEX 1

CUCUMBERS

SPECIAL PROVISIONS

1. 2018 MINIMUM SELLING PRICES

1.1 The minimum prices to be paid to producers are the following:

Manual harvests PRICE per net ton F.O.B buyer's factory or receiving station			
GRADE	SIZE (mm)	\$ / st	\$ / mt
1	0 – 26,0	697	768
2	26,1 – 31,0	697	768
3	31,1 – 42,0	503	554
4	42,1 – 51,0	238	262
5	51,1 – 55,0	86	95
"Field-run"	n/a	216	238
"With defects"	n/a	86	95

1.2 Under no circumstances shall the producer or the Federation sell or the buyer purchase at a price below the minimum prices specified in Article 1.1 or under any terms and conditions that may be at variance with any provision in this Agreement, a crop of contracted cucumbers, or a crop exceeding the contracted volume or the restrictions on percentages of individual grade size or under any other agreement.

1.3 Each buyer may elect to have cucumbers produced for specific needs relative to research, technology or any other development project. Any proposal thereof shall be submitted to the Federation prior to the 1st day of April. The Federation and the Association shall enter into an agreement with respect to the specific conditions applicable to the areas and/or volume involved.

2. PAYMENT TERMS

2.1 After deducting all monies owed by the producer, the buyer shall pay the producer for all accepted cucumbers as follows:

2.1.1 All weekly deliveries made before 11:59 PM on Saturday evenings shall be payable at 67% within the next seven (7) days;

2.1.2 The remaining 33% of monies due to the producer shall be paid within fourteen (14) days following the Saturday evening in the week during which the producer made all his deliveries and no later than the 15th of October, whichever comes first;

2.1.3 Payments shall be deposited directly at the producer's designated banking institution;

2.1.4 Upon payment to the producer, a remittance slip shall be sent to the Federation, by email.

2.1.5 All monies owed for seed, transportation expenses and other services provided by the buyer are payable at the time of payment for the product and bear no interest.

- 2.2 Upon the final payment, the buyer shall provide the producer with an invoice stating the following:
- ⇒ the net payment for all cucumbers delivered
 - ⇒ the purchase price paid for cucumbers
 - ⇒ the deductions provided for in the Joint Plan
 - ⇒ the deductions agreed upon, if applicable, with the producer and/or established by law
 - ⇒ the number appearing on each receiving slip used for determining the net payment
 - ⇒ the seed cost charged to the producer
- 2.3 Should there be any dispute, the producer may submit a grievance notice to the Federation pursuant to Article 5.2.2 of the General Provisions on or before the 60th calendar day from the date on which the above-mentioned invoice was mailed.
- 2.4 No later than the 15th of October, the buyer shall provide the Federation with a report, stating for each producer the volume and percentages recorded on each delivery for each grade size.

3. CONTRACT AND SEED

3.1 Production intentions

Buyers shall sign the "Production Intention" form with producers in the fall preceding the forthcoming crop, or no later than the 1st of February of the crop year concerned.

3.2 Production contracts

Contracts between the buyer and the producer must be signed before the 30th of April of each year.

- 3.3 Only seeds supplied and recommended by the buyer shall be used by the producer for planting his crop. This seed shall conform to government standards.

The list of varieties to be produced shall be forwarded to the Federation before the **15th** of March.

- 3.4 The buyer shall be required to have a sample taken for germination by an established firm for all carry-over seed lots two years old and over. The buyer shall specify the results of the sampling on a tag attached to each delivery of seed or on the container.

- 3.5 The buyer shall also indicate the following information on the tag:

- ⇒ the species
- ⇒ the variety
- ⇒ the percentage of germination
- ⇒ the number of seeds per pound

Seeds shall be supplied in their original container and the container shall show at least this information.

- 3.6 The crop produced with seeds supplied by the buyer shall be delivered exclusively to such buyer until fulfillment of the contract with this buyer.

Should there be production surpluses, the producer shall first offer them to his buyer, i.e. up to 10% of the volume contracted.

Should the need arise for additional production volumes, the buyer must first contact the producers under contract with him.

4. HARVESTING AND DELIVERY

4.1 Delivery

4.1.1 The buyer shall be responsible for the transportation of cucumbers from the producer's field, unless the producer himself provides for delivery.

4.1.2 The delivery or hauling of fresh cucumbers shall usually be made on the same day as harvesting for all producers.

The buyer shall forward to the producer a receiving slip on which shall be recorded the number of boxes shipped and screened for deliveries by a carrier, the net weight per grade, the weight of all cucumbers over 55 mm, the weight of non-compliant cucumbers and the value of the crop delivered. In the case of a producer (or his representative) who delivers his product to the grading station himself, the buyer shall give him the receiving slip upon the reception of the cucumbers. Where the buyer or his duly mandated transporter picks up the producer's crop at such producer's farm, the buyer shall forward the receiving slip by fax or e-mail to the producer within 36 hours after picking up the cucumbers.

A copy of the receiving slip shall be sent to the Federation by email on the day of the reception of the cucumbers.

4.1.3 The buyer's scales shall automatically record the weight results and the producer's name on the receiving slip. Containers shall be weighed before and after they have been filled. The producer or his representative may at any time request verification of the weight.

4.2 Containers

4.2.1 Where the buyer provides the containers for hauling cucumbers, he must ensure that such containers are in good condition, maintain the quality of the cucumbers and are safe to use.

The buyer shall contact the producer before harvesting time to determine the number of containers needed and the date they should be received at the farm.

4.2.2 The producer shall be responsible for any loss of or damage to the containers supplied by the buyer while in his possession and through his own fault, unless such damage occurred through normal use. For each container lost or damaged or not returned to the buyer, the producer shall pay the buyer \$48.00 per small container and \$65.00 per large container.

4.2.3 The producer and the buyer undertake to keep the containers clean and free of any contaminant.

4.3 The obligation of the buyer shall be limited to the volume contracted. The buyer may refuse from a producer any weekly delivery (calculated as of his first delivery day) in excess of 25% the contracted volume, such percentage being cumulative each week. The producer shall inquire from his buyer whether the latter authorizes him to make deliveries of cucumbers over and above the contracted volume.

- 4.4 The official opening date of a receiving station falls on the day when the total of accumulated deliveries pursuant to Article 4.2 of the General Provisions reaches 5% of contracted volume. When cucumbers are delivered to a receiving station both from the North Shore and the south shore of the St. Lawrence River, the 5% of contracted volume shall be determined individually for each shore. The buyer may refuse cucumbers delivered after the 34th day following the opening date (e.g.: July 18 + 34 days) or after the 1st of September. However, the buyer shall agree to take delivery of cucumbers every day over the course of this period.
- 4.5 The buyer is responsible for assessing the quality of cucumbers within a maximum of 6 hours of delivery at the grading station. During this process, he shall determine whether to accept or refuse any or all of the cucumbers, which will then be his responsibility. The producer and the Federation must be notified promptly of the result of quality evaluations and of the buyer's decision to refuse cucumbers, if any.

The buyer has the right to refuse any delivery of cucumbers, in whole or in part, if such cucumbers are rotten, frozen or damaged during handling, partially yellow, afflicted with diseases such as mosaic, anthracnose or scab, soft or spongy, shrivelled, sunburnt, over-ripe, unsound and unfit for processing. Rejection of any or all cucumbers shall be made by the buyer upon delivery pursuant to Article 4.2 of the General Provisions. The buyer shall forthwith notify the producer personally of the foregoing and record on the receiving slip the quantity rejected and the reason thereof. In the event that the buyer rejects any cucumbers, the producer shall not be compensated for any expenses or damages incurred or for any other reason.

Cucumbers that are broken, crooked, misshapen (see pictures and descriptions in the document "SHAPE DEFECTS" attached at the end of Annex 1 - Cucumbers), partially yellow, with nubs and crooks, or with a diameter exceeding 55 mm shall be paid at the price of cucumbers with defects.

4.6 Refused cucumbers

- 4.6.1 All cucumbers delivered to the buyer by the producer or his representative and rejected by the buyer pursuant to the provisions of Article 4.5 of this Annex, shall be returned on a daily basis and at no cost to the producer, who must then dispose of them as he wishes. Should the producer and the buyer make different arrangements, the buyer must be able, at any time, to furnish proof of the disposal of the rejected cucumbers which were not returned to the producer directly.
- 4.6.2 When the producer delivers his cucumber to the buyer, the containers of the rejected cucumbers must be clearly identified in the producer's name in order to facilitate the recuperation of the cucumbers rejected by the buyer.
- 4.6.3 Should the percentage of refused cucumbers in any delivery exceed 10%, the producer shall pay the buyer a \$15/st fee (plus taxes) for grading and handling. Such fees shall apply to that portion exceeding 10%. Should the percentage of refused cucumbers exceed 20%, the producer shall pay a \$25/st fee (plus taxes). Such fees shall apply to the total weight of refused cucumbers.

Should the percentage of all refused cucumbers in a crop year exceed 10%, the producer shall pay the buyer a \$15/st fee (plus taxes) for grading and handling. Such fees shall apply to that portion exceeding 10% and where applicable shall be deducted from the fees already billed pursuant to the provisions specified in the above-mentioned paragraph.

5. GRADE RESTRICTIONS

5.1 The producer shall strive to plant his crop in such a way as to meet the stated grade requirements of his buyer. Unless notified otherwise by his buyer, a producer who is under contract with more than one buyer shall alternate deliveries between buyers.

5.2 Application conditions

5.2.1 The buyer may elect to apply either of the following restrictions:

Grade	Restriction
No 1 or No 5	5% 10,5%

All restrictions on percentages of individual grade size shall be calculated on each delivery and must be applied to all the buyer's producers without exception.

5.2.2 If a restriction is applied, the buyer must specify it in the producer's individual contract.

5.2.3 The buyer shall inform the producer on a daily basis of his cumulative percentage relative to restrictions applied.

5.2.4 The buyer shall notify the producer concerned and the Federation 24 hours prior to applying a restriction on the percentage or a grade size and refusing cucumbers.

5.2.5 All acceptable cucumbers subject to restrictions, rejected by the buyer under this clause, shall receive the grade 4 price set out in the buyer's pricing grid. Restrictions on the percentages of individual grade size shall be applied as follows:

5.2.5.1 For the first two full weeks following commencement of grading operations, the buyer shall accept from the producer all Grade No. 1 cucumbers, without, however, exceeding the total volume allocated for such cucumbers.

Starting from the third week, the buyer may apply the daily restrictions up to the total volume allocated for Grade No. 1 cucumbers.

5.2.6 Notwithstanding Article 3.6, the Federation shall have the right to sell to another buyer, subject to minimum prices specified in this Agreement, any surplus of cucumbers of a grade size for which the buyer may restrict deliveries. Containers for hauling such cucumbers shall be returned to the buyer within 24 hours.

5.2.6.1 The Federation shall be responsible for hauling the cucumbers;

5.2.6.2 The producer shall pay a \$20/st fee (plus taxes) for transportation and such fees shall be reimbursed to the Federation;

5.2.6.3 Should the Federation find any buyer for the product, the producers shall be paid as follows:

⇒ All producers who have best respected monies on percentages of individual grade size shall have priority for receiving monies on all sales until expiry of all cucumbers sold

⇒ Should the Federation have no buyer, the cucumbers shall simply be destroyed

5.2.7 Should deliveries of cucumbers exceed the restrictions on percentages of individual grade size prescribed by the buyer, pursuant to Article 5.2.1, and such cucumbers were neither returned by the buyer or consigned to the Federation within the 24-hour time limit prescribed, they shall be deemed accepted by the buyer and payable according to the relative price for each grade size.

5.3 Grading charges

5.3.1 When the buyer applies the restrictions on percentages of individual grade sizes, the producer shall pay the buyer a \$15/st fee (plus taxes) for grading and handling relative to any surplus pursuant to Article 5.2.1 exceeding 1.5% of the restriction on No 1 or 3% of the established restriction on No. 5. This fee of \$15/st (plus taxes) shall apply to that portion exceeding the permissible tolerance.

5.3.2 For cucumbers which the Federation must dispose of, grading fees of \$15/st (plus taxes) shall be paid to the buyers on a pro rata basis for all cucumbers sold in proportion to the total volume of cucumbers rejected, independently of the buyer who has supplied such cucumbers to the Federation. Such fees shall be payable on the 15th of October.

Grading fees withheld from the producer by the buyer for all cucumbers exceeding the permitted tolerance shall be deducted from grading fees payable by the Federation.

6. GRADING

6.1 "Field-run" cucumbers must not be graded. They shall be sent to processing after undergoing an operation to remove any matter unfit for processing if needed.

6.2 Where cucumbers are not graded upon the reception, the buyer shall ensure that the storage conditions will maintain their quality. The buyer shall also ensure that grading operations are done in such a way that graded cucumbers always meet the standards for grade size stipulated in this Agreement.

6.3 The containers used for grading purposes must be identified as follows:

- ⇒ the producer's number
- ⇒ the grade number
- ⇒ the weight of the empty container and the total weight of the container with the cucumbers, or the net weight of the cucumbers

6.4 The Federation shall mandate an inspector to verify the graders before the season starts and to conduct random checks of the graded product to ensure that all graders meet the grade size standards specified in the Agreement.

The producer may, at all times, supervise and verify the grading and weighing of his cucumbers.

A copy of the Inspector's Mandate is attached at the end of this Annex (Annex 1 – Cucumbers).

The verification criteria shall be as follows:

6.4.1 Pre-operational verification

All grading bars must conform to the grade size standards for each of the grades specified in the Agreement, before the start of seasonal operations.

6.4.2 Verification of the graded product

- 6.4.2.1 A mandatory sample of each grade shall be taken at random just before the product falls into the container; this sample shall be used to determine the conformity of the grader.
- 6.4.2.2 A sample may be taken from the containers holding the graded products (optional), for control purposes only.
- 6.4.2.3 The volume of the sample shall be predetermined, but shall have an approximate weight according to the grade, as described below:

Grade	No 1	No 2	No 3	No 4	No 5	Higher
Weight (lb)	5	15	25	35	45	20

- 6.4.2.4 If the verification reveals an abnormal percentage of discrepancies, the buyer shall be notified of this and the inspector shall analyze a second sample.
- 6.4.2.5 If the first and second verification reveals an abnormal percentage of discrepancies and if it can be proven that these discrepancies are due to a mechanical or functional grader defect, the necessary corrections must be made as soon as possible, within 12 hours; otherwise, the inspector may stop the grader, making sure he immediately notifies the Federation of this.
- Should he fail to make the necessary corrections, the buyer must compensate the producers concerned in monetary terms, corresponding to the total value of the discrepancies observed, from the moment the inspector detected the defect.
- 6.4.2.6 The buyer must supply the inspector with the weight of each of the sub-grades of the lots verified.
- 6.4.2.7 The inspector shall remit a report on each verification to the buyer, with a copy to the Federation.
- 6.4.2.8 The Federation shall supply the tools necessary for the verifications.

The buyer must ensure that there is adequate space for the verifications and provide the inspector with a suitable working environment.

6.4.3 Inspection charges and penalties

- 6.4.3.1 The buyer shall assume part of the grading operations verification costs. This amount shall be \$0.60/st graded during the season and will be invoiced by the Federation no later than the 30th of October.
- 6.4.3.2 Should a 12-hour notice be prescribed, due to a shortfall for the producer of 0,1% or more of the value of the graded lot, an amount of \$250 (plus taxes) shall be charged to the buyer in order to cover the cost of the additional inspection. This amount is payable upon receipt of the invoice and no later than the 15th of October, according to the terms and conditions specified in Article 3.4 of the *General Provisions* of this Agreement.

7. PRODUCTION

- 7.1 The producer shall use only phytosanitary products conforming to government standards and approved by the buyer on fields growing contract crops and on the crop itself.
- 7.2 The producer shall authorize representatives of the buyer to visit a field of contracted cucumbers at any time, and permit such representatives to take measurements and carry out any other task relative to their duties.
- 7.3 The producer who abandons a crop of cucumbers, in whole or in part, shall notify his buyer of the foregoing and shall come to an agreement with such buyer before disposing of his crop.

8. FUNGICIDE AGAINST DOWNY MILDEW AND STRIPED BEETLES

- 8.1 Preferably, the decision to apply a treatment against downy mildew and/or striped beetles shall be taken following an inspection and recommendation by a third party. Failing this recommendation, the buyer and producer shall agree to the treatment beforehand.
- 8.2 Where spray treatments are needed to control downy mildew (*Pseudoperonospora cubensis*) and/or striped beetles (*Acalymna vittata*) in cucumber fields, the buyer and the producer shall assume an equal share (50% - 50%) of the agreed application cost of \$10/acre, as well as the cost of the fungicide and/or insecticide used.
- 8.3 The amount claimed may not, however, exceed 100% of the average processing costs of all of the producers supplying the buyer for the season. The Federation shall be responsible for calculating these average costs.
- 8.4 The producer shall document all phytosanitary treatments, using the form provided by the Federation.
- 8.5 No later than the 15th of October, the producer shall bill the buyer, using the form referenced in Article 8.4, and send a copy to the Federation. The buyer shall refund the producer, within the time frame stipulated in Articles 8.2 and 8.3, and no later than the 15th of November of the crop year.

APPENDIX

SEED PRICES AND SERVICE CHARGES

Manual harvests

Seed prices and service charges for the **2018** cucumber crop are as follows:

Buyer	Seed prices \$/1,000 seeds		
	"EUREKA" variety	Parthenocarpic (seedless) varieties	All other varieties
Les Aliments Whyte's inc.	9.55	11.00	4.25
Donal Joyal inc.	9.55	11.00	4.25
Elphège Joyal (1989) inc.	9.55	11.00	4.25

The producer must reduce the planting densities of seedless varieties to take into account the characteristics of these cultivars. Considering that the cost of seedless varieties charged to the producer represents 50% of the value of the seed and the difference is assumed by the buyer, such buyer might not want the producer to use parthenocarpic varieties.

	2018 Transportation cost *	
	\$ / Short Ton	\$ / Metric Ton
a) Cucumbers hauled by the buyer from the producer's field (including loading and unloading the containers). The price includes the obligation of such buyer to supply containers to the producer.	21.00	23.15
b) Cucumbers hauled by the buyer from a regional grading station to the factory, or to the central receiving station (salting station) if an intermediary is involved.	6.00	6.61
c) No transportation fee for cucumbers delivered by the producer to the buyer's factory or to the buyer's or intermediary's central receiving station (salting station).		

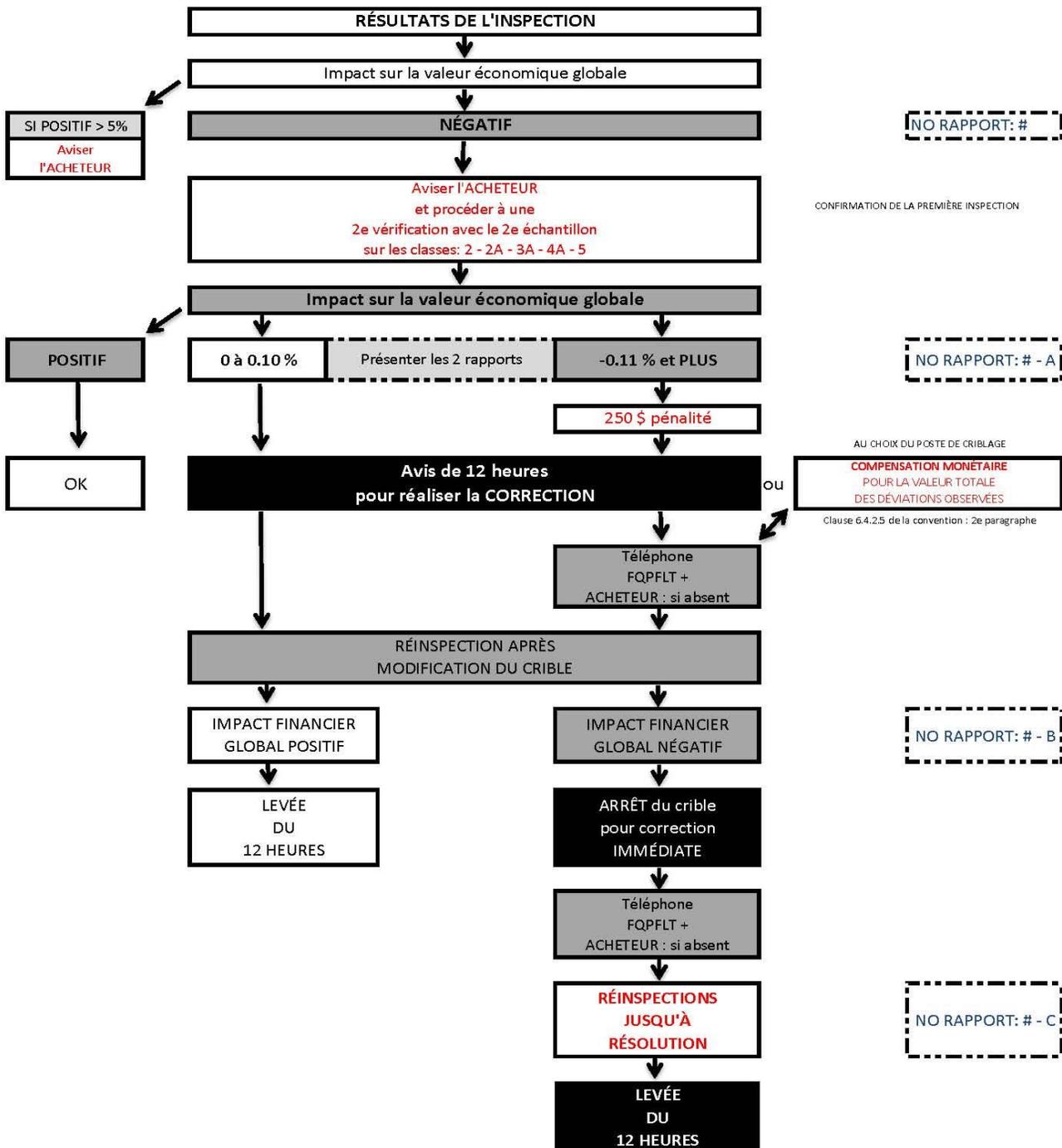
*Plus taxes



MANDAT DE L'INSPECTEUR
Conforme à la **convention 2018**, annexe 1 « Concombres »

Application des pénalités - vérification des cribles à concombres

PÉNALITÉ
IMPACT NÉGATIF SUR LA VALEUR ÉCONOMIQUE GLOBALE

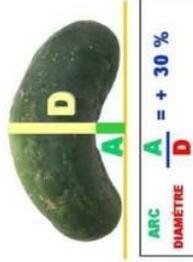


Note 1	Si la première vérification démontre un impact financier global NÉGATIF, aviser l'acheteur et procéder à l'inspection du 2e échantillon : 2 - 2A - 3A - 4A - 5.
Note 2	Si la première et la deuxième vérifications démontrent un impact financier global NÉGATIF, la politique du 12 heures, la pénalité de 250\$, l'avis de correction immédiate ou la compensation monétaire peut alors s'appliquer, selon la nature de l'impact constaté.
Note 3	Une seule inspection sera requise pour tout suivi d'un «12 heures» ou pour un «Avis de correction immédiate».

SHAPE DEFECTS

CUCUMBERS FOR PROCESSING

- Crooked:** Any cucumber with a deep constriction that precedes a curved end.
- Pointed:** Any cucumber of uneven diameter that is more tapered on either end over at least 1/3 of its total length.
- Bloated:** Any cucumber with an unusual bloat or swelling on one side. It can be somewhat curved and more pointed on one or both ends.
- Constricted:** Any cucumber the extremities and centre of which are generally of uneven diameter, with a constriction in the central zone or at the stem end.
- Curved:** Any curved cucumber with a nearly even diameter from one end to the other, but with the height of the inner arc of curvature exceeding 30% of the widest part of the diameter.
- Ballooned:** Any cucumber with an oval or rotund appearance.
- Double:** Any cucumber having several divisions more or less joined at their union point (double or triple).



SHAPE DEFECTS

CUCUMBERS FOR PROCESSING

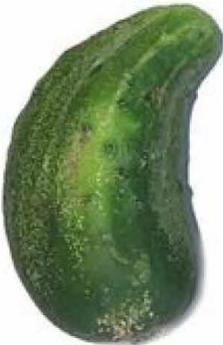
CROOKED



POINTED



BLOATED



CONSTRICTED



CURVED



BALLOON

