

ANNEX 2

WAX AND GREEN BEANS

SPECIAL PROVISIONS

1. 2019 MINIMUM SELLING PRICES

1.1 The minimum prices to be paid to producers are as follows:

| Bean Categories | Base price Price per net ton | | Base price + 10% for irrigation ⁽¹⁾ Price per net ton | | Yield Nst/acre | Revenue threshold (before irrigation) \$/seeded acre |
|---|---------------------------------|---------------|--|--------|-------------------|--|
| | \$/st | \$/mt | \$/st | \$/mt | | |
| REGULAR green | 207 | 228.17 | 227.70 | 250.99 | 4.18 | 865 |
| REGULAR wax | 195 | 214.95 | 214.50 | 236.44 | 4.41 | 860 |
| MEDIUM-SMALL green | 209 | 230.38 | 229.90 | 253.42 | 4.19 | 876 |
| MEDIUM-SMALL wax | 176 | 194 | 193.60 | 213.40 | 5.26 | 926 |
| LARGE green | 195 | 214.95 | 214.50 | 236.44 | 4.04 | 788 |
| EXTRA-SMALL green and wax non-irrigated | 240.40 | 264.99 | n/a | n/a | 3.67 | 882 |
| EXTRA-SMALL green and wax irrigated | 273.80 | 301.81 | n/a | n/a | 4.60 | 1 259 |

⁽¹⁾The revenues for irrigation shall be subject to compliance with Articles 2.1, 2.2, 2.3 and 2.4 of the wax and green beans annex of the producer's individual contract.

The prices and special provisions for organic beans are defined in Letter of Understanding "A" of this Annex.

1.2 Premiums and lump sum payments

1.2.1 As a planting premium, the buyer shall pay the producer the following amounts per category, for each seeded area:

| PREMIUMS \$/seeded acre | | |
|----------------------------|--------------|--|
| REGULAR and LARGE beans | MEDIUM-SMALL | EXTRA-SMALL beans (irrigated and non-irrigated) |
| 159 | 165 | 180 |

However where the parcel planted in beans had previously been planted with peas during the same season, the premium for each area seeded to beans will be 65% of the amount specified in the premiums table.

- 1.2.2 The buyer shall pay the producer a lump sum for early and late planting in \$ per day (cumulative) per acre seeded in wax and green beans, according to the following table:

| | LUMP SUMS \$ / seeded acre / day (cumulative) | | |
|---|--|-----------------------------------|---------------|
| | Before May 15 | Before June 1st | After July 15 |
| Wax and green beans (except extra-small) | 5,00 | | 5,00 |
| Extra-small beans | | 5,00 | 5,00 |

- 1.2.3 In the event of a complete production failure early in the season and the subsequent reseeded of the same crop on the same producer's land, the planting premium shall apply only once.

- 1.2.4 In the case of reseeded, the lump sum payable based on the planting dates, as specified in 1.2.2, shall apply only once. In both cases, the highest amount shall apply.

1.3 Special compensation

If a producer is unable to fulfil his contract for climatic, or other reasons beyond his control, and the contracted acreage cannot be planted to another insurable processing vegetable crop, the buyer shall notify the Federation in writing and shall pay the producer a revenue compensation of \$200/contracted acre.

2. PAYMENT TERMS

- 2.1 Payments shall be made to producers as follows:

2.1.1 After deducting all monies owed by the producer, the buyer shall pay by direct deposit, on or before the 1st of November in the current year, the net amounts due to the producer for all accepted wax and green beans, as well as any other amounts due by virtue of this Agreement.

2.1.2 All monies owed for seeds 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 wax and green beans delivered;
- ⇒ The purchase price paid for wax and green beans;
- ⇒ The amount of premiums, lump sum payments, adjustments payments, compensation payments and any other sums paid to the producer;
- ⇒ All deductions withheld from the producer and/or in accordance with the Act.

- 2.3 Should there be any dispute, the producer may submit a grievance notice to the Federation pursuant to Article 5.2 of the General Provisions on or before the 60th calendar day from the date on which the above-mentioned invoice was mailed.

3. SEED

- 3.1 The buyer shall be required to have a sample taken for germination by a laboratory accredited by the Canadian Seed Institute for all carry-overs seeds lots one year old and over. The buyer shall specify the results of this test on a tag attached to each delivery of seed.
- 3.2 The buyer shall also indicate the following information on the tag:
- ⇒ the species
 - ⇒ the category of seed
 - ⇒ the variety
 - ⇒ the lot number
 - ⇒ the number of seeds per bag, per pound or per kilogram
 - ⇒ the number of bags delivered
 - ⇒ the result of the germination test
- 3.3 The price stipulated in the Agreement is price per 1,000 seeds, and the producer shall be invoiced on that basis, according to the agreed seeding density.

4. CALCULATION OF AVERAGE YIELD AND ALLOTTED VALUES

- 4.1 The producer's last five-year (5) average yield shall be determined on the basis of planted acreage.

However, in the case of areas abandoned due to excessive heat (Article 6.2), excessive water preventing harvesting (Article 6.3), loss of quality – disease (Article 6.4), loss of quality – early frost (Article 6.5), overabundance or through the fault of the buyer (Article 6.1), the yield of the unharvested areas shall be determined either on the basis of the harvested areas or on an assessment of the yield of unharvested areas.

Also, in the case of by-passed fields or parts of fields and the reseeded of the same product on the same land, the yield shall be calculated solely on the basis of the harvested acreage.

- 4.2 The yield per category of beans shall be calculated in "\$ per acre", including lump sums, and shall be indexed at current value.

Where a producer has produced various categories over the years, such producer's average yield, for a given category, shall be determined as follows:

- ⇒ the yields of bean categories which have been produced will be multiplied by the conversion factors set out in Table 1 to obtain the equivalent yield for another category of beans.

The conversion factors specified in Table 1 are calculated as follows:

$$\text{Conversion factor} = \frac{\text{Revenue threshold for category of beans to be produced}}{\text{Revenue threshold for category of beans already produced}}$$

TABLE 1

| | Category of beans to be produced | Regular green | Regular wax | Medium-small green | Medium-small wax | Large green | Extra-small non-irrigated | Extra-small irrigated |
|------------------------------------|----------------------------------|---------------|-------------|--------------------|------------------|-------------|---------------------------|-----------------------|
| Category of beans already produced | | \$865 | 860 | 876 | 926 | 788 | 882 | 1 259 |
| Regular green | \$865 | 1.000 | 0.994 | 1.013 | 1.071 | 0.911 | 1.020 | 1.455 |
| Regular wax | \$860 | 1.006 | 1.000 | 1.019 | 1.077 | 0.916 | 1.026 | 1.464 |
| Medium-small green | \$876 | 0.987 | 0.982 | 1.000 | 1.057 | 0.900 | 1.007 | 1.437 |
| Medium-small wax | \$926 | 0.934 | 0.929 | 0.946 | 1.000 | 0.851 | 0.952 | 1.360 |
| Large green | \$788 | 1.098 | 1.091 | 1.112 | 1.175 | 1.000 | 1.119 | 1.598 |
| Extra-small non-irrigated | \$882 | 0.981 | 0.975 | 0.993 | 1.050 | 0.893 | 1.000 | 1.427 |
| Extra-small irrigated | \$1 259 | 0.687 | 0.683 | 0.696 | 0.736 | 0.626 | 0.701 | 1.000 |

4.3 New producer

Should a producer be in his first year with a buyer, such producer's average yield will be the higher of the following two yields:

⇒ either the average yield per acre over the last five (5) years of all the producers who supplied this buyer (called "Plant Yield," see Article 4.10)

⇒ or the revenue threshold set out in Article 4.9 of this Annex for the category concerned

4.4 Producer who didn't produce in all of the last five (5) years

One of the following procedures shall be used:

4.4.1 For the producer who has produced in either one (1) or two (2) crop years in the last five (5) years

His annual yield per acre, weighted if two (2) years, shall be added to the average annual yield per acre of all producers who have contracted with such processor for each year missing.

4.4.2 For the producer who has produced in either three (3) or four (4) crop years in the last five (5) years

His annual yield per acre, weighted by the number of years in which he has produced a crop of beans, shall be added to either one or more indexed yields, for each year missing, where applicable.

Indexed yields shall be determined by multiplying the average annual yield per acre of all the producers who have furnished such processor by the yield performance (%) of such producer.

For determining the producer's yield performance (%), his average annual yield per acre, weighted where applicable, shall be divided by the average annual yield of all the producers who have furnished such processor during the same years.

4.4.3 If there is no purchase by the processor

If the processor has not purchased the said product in all of the last five (5) years, the yield of the producer shall be allotted on the basis of the number of years of production contracted with such processor.

4.5 The average yield per acre for each category the producer may be allotted shall be written in his contract or sent in writing to the producer before the 20th of April.

4.6 Individual value

The individual value allotted to each producer per category of beans is determined by multiplying his average yield per acre mentioned in his contract by the planted acreage contracted for each category.

4.7 Total value

The total value anticipated by a buyer for each category of beans may be over and above but never less than the total sum of individual values allotted, pursuant to Article 4.6 of this Annex, for all planted acreage contracted for each category.

4.8 Average potential yield

The average potential yield for the current year shall be equal to the total sum of individual values allotted pursuant to Article 4.6, divided (÷) by the total acreage seeded for such category.

4.9 Revenue threshold

For the purposes of implementing Articles of sections 6 and 7 of this Annex, the average annual yield per acre of all producers shall never be less than:

| Category of beans | Conventional \$/seeded acre | Organic \$/seeded acre |
|---|--------------------------------|---------------------------|
| Regular green beans | 865 | 1 557 |
| Regular wax beans | 860 | 1 548 |
| Medium-small green beans | 876 | 1 576 |
| Medium-small wax beans | 926 | 1 666 |
| Large green beans | 788 | 1 418 |
| Non irrigated extra-small green and wax beans | 882 | 1 588 |
| Irrigated extra-small green and wax beans | 1 259 | 2 267 |

This amount includes the lump sums paid on the basis of the planting dates.

4.10 Each buyer shall forward to the Federation, prior to harvesting, a report per category of beans stating the total area planted on each producer's land and the total sum of individual values allotted. The buyer shall also indicate his last five-year average yield. This data is his "Plant Yield". The yield is calculated by bean category for all of the buyer's plants.

5. HARVESTING

- 5.1 Upon the producer's request, the buyer shall keep him informed of his field's maturation. The buyer notifies the producer in advance of the date on which he intends to start harvesting.
- 5.2 Upon leaving the farm, the buyer shall be responsible for transportation unless the producer himself provides for delivery.
- 5.3 Upon leaving the field, the operator hauling the crop shall provide a copy of the weight ticket to the identified person in charge of the harvesting team. When all the field has been harvested, all tickets shall be given to the producer in accordance with the terms agreed with him. Otherwise, the tickets shall be mailed within three days following harvesting.
- 5.4 The buyer shall on request inform the producer of grading results for all beans delivered to the buyer's factory or receiving station.

However, in the event that the percentage of tare is more than 15%, the buyer shall inform the producer of the foregoing within 24 hours.

- 5.5 Within five (5) working days of delivery, the buyer shall forward, by email, to the producer or his representative a receiving slip stating the following:
 - ⇒ the name of the producer
 - ⇒ the date
 - ⇒ the hour of arrival
 - ⇒ the number appearing on the weight ticket
 - ⇒ the total gross weight
 - ⇒ the weight of the truck
 - ⇒ the weight of the load delivered
 - ⇒ the percentage (%) of tare
 - ⇒ the net weight

Where the producer has no email system, the buyer shall forward the receiving slip by mail within seven (7) working days of receiving the crop.

- 5.5.1 As far as possible, the buyer will make available, within two working days after harvest, the receipt slips and certain data related to the harvest via the "AgPod" extranet system.
- 5.6 To simplify transactions between the producer and the buyer, the minimum selling prices, per ton, to be paid to producers, set out in Article 1.1, are net of harvesting and transportation-related expenses. These costs correspond to the service charges, per net ton, listed in the Appendix included in this Annex.

The buyer must indicate the total harvesting and transportation expenses on the producer's statement of account.

6. BY-PASSED ACREAGE

6.1 Fault of the buyer

In the event that the buyer is unable through his own fault or should he refuse for no valid reason to take delivery of a crop of beans, in whole or in part, such buyer shall pay the producer according to the potential of his crop for all regulated products left unharvested the higher of the following, up to the potential yield of the crop:

- ⇒ 115% of the producer's last five-year average yield per acre contracted by his processor pursuant to Articles 4.1 to 4.4 of this Annex
- ⇒ 115% of the average potential yield per acre of all the producers who signed a contract with such processor pursuant to Article 4.8 of this Annex

6.2 Excessive heat

When a field or part of a field is unharvested due to excessive heat, the buyer agrees to compensate the producer for the affected acreage according to the field's potential yield, less 80% of the producer's average yield as specified in his individual contract.

Under no circumstances shall the compensation paid by the buyer exceed the higher of (proceeds of sale and lump sums):

- ⇒ 115% of the producer's average yield per acre over the last five (5) years with this processor, as stipulated in Articles 4.1 to 4.4 of this Annex, less 80% of the producer's average yield as specified in his individual contract
- ⇒ 115% of the revenue threshold stipulated for the bean category concerned and specified in Article 4.9 of this Annex, less 80% of the producer's yield as indicated in his individual contract

Should the situation arise, the portion of the crop potential exceeding the amount paid by the buyer, minus 80% of the producer's average yield specified in his contract, will be drawn from the Adjustment Fund provided for in this Agreement.

The parties shall leave it to *La Financière agricole du Québec* to determine excessive heat. In the event that the producer has not insured his crop, it shall be up to the buyer to determine whether excessive heat is involved.

Upon a producer's request, where a field is abandoned due to excessive heat, the buyer shall determine, within 48 hours and at his cost, the field's potential yield according to either of the following two methods:

- ⇒ by means of a mechanical assessment
- ⇒ by a manual assessment conducted by a third party

6.3 Excess water preventing harvesting

Where a field or part of a field is abandoned due to excess water preventing harvesting, the buyer agrees to compensate the producer for the affected acreage according to the field's potential yield, less 80% of the producer's average yield as specified in his individual contract.

Under no circumstances shall this compensation exceed the higher of the following two amounts (proceeds of sale and lump sums):

- ⇒ 115% of the producer's average yield per acre over the last five (5) years with this processor, as stipulated in Articles 4.1 to 4.4, less 80% of the producer's average yield as specified in his individual contract
- ⇒ 115% of the revenue threshold stipulated for the bean category concerned and specified in Article 4.9 of this Annex, less 80% of the producer's yield as indicated in his individual contract

The parties shall leave it to *La Financière agricole du Québec* to determine excess water preventing harvesting. In the event that the producer has not insured his crop, it shall be up to the buyer to determine whether or not excess water is involved.

6.4 Loss of quality – Diseases

Where a field or part of a field is abandoned due to pod quality unfit for processing as a result of the presence of sclerotinia (*S. Sclerotiorum*) and/or spots from bacterial diseases:

- ⇒ bacterial blight (*Pseudomonas s. phaseolicola*)
- ⇒ brown pigmentation (*Xanthomas c. phaseoli*)
- ⇒ bacterial brown spot (*Pseudomonas s. syringae*)

The buyer agrees to compensate the producer for the affected acreage according to the field's potential yield, less 80% of the producer's average yield as specified in his individual contract.

Under no circumstances shall this compensation exceed the higher of the following two amounts (proceeds of sale and lump sums):

- ⇒ 115% of the producer's average yield per acre over the last five (5) years with this processor, as stipulated in Articles 4.1 to 4.4 of this Annex, less 80% of the producer's average yield as specified in his individual contract
- ⇒ 115% of the revenue threshold stipulated for the bean category concerned and specified in Article 4.9 of this Annex, less 80% of the producer's yield as indicated in his individual contract

6.5 Loss of quality – Early frost

Where a field or part of a field is left unharvested due to pod quality unfit for processing as a result of early frost occurring on or after the 22th of September, the buyer agrees to compensate the producer for the affected acreage according to the crop's potential, less 80% of the producer's average yield specified in his individual contract.

Under no circumstances shall this compensation exceed the higher of the following two amounts (proceeds of sale and lump sums):

- ⇒ 115% of the producer's average yield per acre over the last five (5) years with this processor, as stipulated in Articles 4.1 to 4.4 of this Annex, less 80% of the producer's average yield specified in his individual contract;
- ⇒ 115% of the revenue threshold stipulated for the bean category concerned and specified in Article 4.9 of this Annex, less 80% of the producer's yield as indicated in his individual contract.

6.6 All compensation due and owing shall be paid according to the current prices.

7. OVERABUNDANCE

7.1 Temporary overabundance

7.1.1 Temporary overabundance shall mean a temporary period of high yields during which the buyer is unable due to operational constraints to harvest all the crops.

- 7.1.2 For the purposes of applying the temporary overabundance formula, all bean categories, as well as all the factories of a buyer shall be taken into account.
- 7.1.3 Should there be a temporary overabundance of beans, the buyer may leave some acres unharvested.
- 7.1.4 The areas unharvested due to temporary overabundance must be measured with precision and preferably by a third party.
- 7.1.5 The producer concerned and the buyer shall rapidly notify the Federation in the event of any recourse to this provision.
- 7.1.6 The areas unharvested due to temporary overabundance shall be eligible for an adjustment payment. The adjustment payment shall be calculated according to the formula specified in section 8.
- 7.1.7 Any producer with areas left unharvested due to temporary overabundance will be assured of receiving a revenue based on the higher of the following, up to the potential yield of the field:
- ⇒ 115% of the producer's last five-year average yield per acre contracted by his processor as set out in Articles 4.1 to 4.4. In the case of a producer in his first year with a processor, such producer will be assigned 115% of the yield calculated pursuant to Article 4.3.
 - ⇒ 100% of the revenue threshold stipulated for the bean category concerned and specified in Article 4.9 of this Annex.
- 7.1.8 The buyer shall pay 10% of the value calculated in Article 8.4.4 into the adjustment fund.
- 7.1.9 The quantity left unharvested shall be determined jointly by the producer and the buyer and if possible mechanically. Should there be any disagreement, all matters in dispute shall be settled according to the grievance procedure defined in Article 5.2 of the General Provisions of the Agreement.
- 7.1.10 All compensation due and owing shall be paid according to the current prices.
- 7.1.11 Under no circumstances shall the producer sell or the buyer purchase at a price below the minimum prices specified in Article 1.1 a crop of wax or green beans, that for any reason, has been abandoned in the field. The producer shall dispose of a crop of wax or green beans that has been abandoned only by converting it to silage or green manure.
- 7.1.12 Should the producer derive a revenue from such crop other than by putting it to the afore-mentioned use, he shall forfeit his entitlement to compensation under the adjustment formula.
- 7.1.13 Where, for all producers of a buyer, the yield of all the production of each category of beans exceeds 100% of the total value anticipated by such buyer, pursuant to Article 4.7 of this Annex, the parties shall agree that there is a production surplus.
- 7.1.14 Where, for all producers of a buyer, the yield of all the production of each category of beans exceeds 115% of the total value anticipated by such buyer, pursuant to Article 4.7 of this Annex, the parties shall agree that there is overabundance.

7.2 Overabundance

- 7.2.1 In the event of overabundance, the buyer's responsibility to take delivery of a category of beans from all of his producers shall not exceed 115% of the total value anticipated by such buyer pursuant to Article 4.7. The limit of 115% is determined on the basis of and shall apply to the total crop of all producers and not to each producer's individual crop, which may be harvested or by-passed irrespective of this limit.
- 7.2.2 As soon as a buyer recognizes that a situation of overabundance is developing, he shall promptly notify in writing the Federation.
- 7.2.3 Should the yield of one or more categories of beans develop into a situation of overabundance, the buyer may but shall not be obliged to harvest the remaining areas for which the surplus beans had not been sold. Should the buyer harvest such crop, he may elect to pay each producer in accordance with the payment provisions prescribed in Article 8.5 of this Annex, and should he not harvest such crop the payment provisions pursuant to Article 8.4 of this Annex shall apply.
- 7.2.4 As soon as a buyer knows he will not harvest acreage due to overabundance, he must notify the producer concerned, the Federation accordingly.
- 7.2.5 The potential crop yield of all acreage left unharvested due to overabundance shall be assessed immediately and where possible mechanically by both the buyer and the producer, and by a representative of the Federation. Should there be any disagreement, the matters in dispute shall be settled immediately in the field by an arbitrator designated beforehand by both parties.
- 7.2.6 For the purposes of applying the overabundance formula, all the factories of a buyer, as well as all bean categories shall be taken into account.

8. ADJUSTMENT FUND AND MECHANISM

- 8.1 An Adjustment Fund shall be established to make compensation payments to the producer, as stipulated in this Agreement pursuant to the overabundance and excessive heat clauses.
- 8.2 The Adjustment Fund shall be managed globally taking into account all the factories of a buyer and all bean categories.
- 8.3 The Adjustment Fund shall be financed :
- 8.3.1 By the producers, according to an equalization scheme that will apply to the value exceeding 115% of the average producer's yield recorded in his individual contract. This value is named overabundance.**
- 8.3.2 By a contribution from the buyer who will pay 10% of the value of the areas left as calculated in Article 8.4.4.**
- 8.4 Where required, the buyer shall determine the producer's payments by applying the following adjustment formula:
- 8.4.1 In cases of excessive heat determine for each producer with areas left unharvested, the allotted value exceeding the compensation paid by the buyer pursuant to Article 6.2.

Allotted value for excessive heat (X) = (Crop potential, less 80% of the producer's average yield specified in his individual contract) – compensation paid by the buyer under Article 6.2.

- 8.4.2 Determine for each producer the individual value of all acreage left unharvested due to overabundance. The yield calculated according to the method specified in Articles 7.1.9 and 7.2.4 of this Annex shall be used for determining such value:

The buyer must specify to the Federation whether or not the acreage is irrigated.

Individual value of overabundance (A) = Abandoned acreage X Yield X Price

- 8.4.3 Determine for each producer the individual value of the crop (B) produced on all planted acreage, whether it was harvested or by-passed due to overabundance **or excessive heat**. Acreage left unharvested **for other causes** and compensation paid for the reasons stipulated in Division 6 "By-passed Acreage" and the supplement for irrigation are not included in calculations of individual values.

The Individual value shall be equal to:

- ⇒ The value of the crop delivered, if no acreage was abandoned
- ⇒ The value of the crop delivered plus the value determined under paragraph 8.4.2 above if some acreage was abandoned because of overabundance
- ⇒ The value determined under paragraph 8.4.2 above if all the acreage was abandoned because of overabundance

- 8.4.4 Determine the total value of all acreage abandoned due to overabundance by adding all individual values for all abandoned acreage, per producer, as determined under paragraph 8.4.2:

Value of overabundance (C) = Sum of all (A)

- 8.4.5 Determine for each producer the dollar value of the crop (D), exceeding the highest of the following two amounts:

- ⇒ 115% of the producer's average yield specified in his individual contract
- ⇒ 100% of the revenue threshold for the category in question (see Article 4.9)

- 8.4.6 Calculate the buyer's contribution to the adjustment fund by multiplying the dollar value determined in 8.4.4 by 10%.

Buyer's share (E) = 10% X (C)

- 8.4.7 Establish the total value (F) of the over-abundant crop (D) and excessive heat (X), by adding all individual values as determined under Articles 8.4.5 and 8.4.1 and deducting the buyer's share (E);

Total value (F) = (D+ X) - E

- 8.4.8 Determine the percentage of adjustment :

Adjustment percentage (G) = ((C) + (X)) ÷ (F)

8.4.9 Determine the individual adjustment amount by multiplying the adjustment percentage by the dollar value of each producer's over-abundant crop;

$$\text{Individual adjustment amount (H)} = (G) \times (D)$$

8.4.10 Should the producer's crop yield not exceed the highest of the following two amounts:

- ⇒ 115% of the producer's average yield specified in his individual contract
- ⇒ 100% of the revenue threshold for the category in question (see Article 4.9)

the buyer shall pay the value of such crop, in accordance with the prices and provisions of Articles 1 and 2 of this Annex:

$$\text{Payment to producer (I)} = (B) - \text{Deductions specified in the Agreement}$$

8.4.11 Should the producer's crop yield exceed the highest of the following two amounts:

- ⇒ 115% of the producer's average yield specified in his individual contract
- ⇒ 100% of the revenue threshold for the category in question (see Article 4.9)

the buyer shall pay to the producer the value of such crop, less the individual adjustment amount and all other deductions specified in Article 2 of this Annex.

$$\text{Payment to producer (J)} = ((B) - (H)) - \text{Deductions specified in the Agreement}$$

The contributions owed to the Federation shall be adjusted based on the amount paid to the producer.

8.4.12 Where acreage is left unharvested due to excessive heat, the buyer shall pay the producer entitled to compensation under Article 8.4.1 the amount calculated pursuant to Articles 6.2 and 8.4.1 after subtracting all deductions set out in Article 2 of this Annex.

8.4.13 If the total amount collected under the adjustment formula (H) is insufficient to compensate the producers concerned up to 115% of the dollar value of the crop (D), a percentage under 115% shall be applied uniformly.

8.5 Should the buyer elect to take delivery of the total crop yield of all his producers, rather than leave areas in the field unharvested due to specific overabundance, such buyer may pay his producers in accordance with the following payment provision: the buyer shall pay each producer per area planted, on the dates specified in this Agreement, up to the highest of the following three amounts:

- ⇒ 100% of the producer's average yield specified in his individual contract
- ⇒ 100% of the average potential yield (see Article 4.8)
- ⇒ 100% of the revenue threshold for the category specified (see Article 4.9)

The balance owed for all deliveries of the producers concerned, exceeding the highest of the above amounts shall be paid on the 31st of March in the following year plus all accrued interest since the 1st of November. The interest shall be calculated using an annual rate 1% higher than the prime rate of the National Bank of Canada in effect at the close of business on the last Friday of September.

- 8.6 When applying the adjustment mechanism, the buyer shall forward to the Federation, for validation purposes, before making payment to producers, a report stating all computations made in accordance with the provisions specified the Articles in section 8 of this Annex.
- 8.7 The information provided by the buyer to the Federation pursuant the Articles 4.10 and 8.6 above shall remain strictly confidential and shall not be divulged, in whole or in part, in a manner that could reveal the level of business activity and/or any other confidential information specific to a producer or a buyer.

APPENDIX

SEED PRICES AND SERVICES CHARGES

A1 Seed prices for the **2019** crop of wax and green beans are as follows:

| CATEGORIES | Agreed seeding density | Seed cost \$/1,000 seeds |
|-------------------------|------------------------|-----------------------------|
| REGULAR green | 115,000 seeds/acre | 2.30 |
| REGULAR wax | 115,000 seeds/acre | 2.30 |
| MEDIUM-SMALL wax | 120,000 seeds/acre | 2.30 |
| MEDIUM-SMALL green | 120,000 seeds/acre | 2.30 |
| LARGE green | 115,000 seeds/acre | 2.30 |
| EXTRA-SMALL green & wax | 125,000 seeds/acre | 2.40 |

A2 The service charges for the **2019** crop of wax and green beans are as follows:

| CATEGORIES | HARVESTING and TRANSPORTATION COSTS* (per net ton) | |
|------------|---|----------------|
| | \$ / Short ton | \$ /Metric ton |
| All beans | 65 | 71.65 |

*Plus taxes

A3 Side-dumping trailers

The buyers agree to use side-dumping trailers to carry out harvesting operations, unless a different agreement is concluded between the producer and the buyer.

A4 Phytosanitary treatment

A4.1 A conventional producer may decide to apply or choose a contractor to apply a phytosanitary preparation containing spores of *Coniothyrium minitans* (Contans[®] WG. Upon receipt of the producer's purchasing invoice, the buyer shall refund the entire cost of the product, up to a treatment rate of 4 kg/ha. In addition, the application of a preventive fungicide against sclerotinia in season will be assumed 100% by the buyer. However, any other fungicide treatment for sclerotinia that would be required will be at the producer's expense. Treatments will be decided by the buyer according to the health status of the crop.

A4.2 The buyer will notify the producer when applying a phytosanitary treatment on its production. The buyer will assume 100% of the costs of insecticide treatments, as well as 100% of the costs of fungicide treatments (except for sclerotinia in the case of clause A4.1) and bactericides; products and applications.

LETTER OF UNDERSTANDING « A » FOR 2019

BEANS : ORGANIC PRODUCTION

This Letter of Understanding specifies certain clauses pertaining to the growing of organic beans.

- The contract between the producer and the buyer, as defined in clause 3.1 of the General Provisions must specify that the contracted acreage is to be produced under organic management.
- The producer undertakes to give the buyer a copy of his organic certification. If this certificate is not received, the produce will be considered as grown under conventional management and the clauses related to organic production will not be applicable.
- As a planting premium, the buyer shall pay the producer of organic bean production the following amounts, per category, for each seeded area :

| PREMIUMS \$/seeded acre | | |
|----------------------------|--------------|---|
| REGULAR and LARGE beans | MEDIUM-SMALL | EXTRA-SMALL beans (irrigated and non-irrigated) |
| 159 | 159 | 176 |

- The buyer shall pay the following prices for each category of beans certified organic :

| Bean Categories | Base price Price per net ton | | Base price + 5% for irrigation Price per net ton | | Yield per acre nst/acre | Revenue threshold \$/acre |
|---------------------------|---------------------------------|---------------|--|--------|-------------------------------|---------------------------------|
| | \$/st | \$/mt | \$/st | \$/mt | | |
| Regular green | 372.60 | 410.71 | 409.86 | 451.79 | 4.18 | 1 557 |
| Regular wax | 351 | 386.90 | 386.10 | 425.60 | 4.41 | 1 548 |
| Medium-small green | 376.20 | 414.68 | 413.82 | 456.15 | 4.19 | 1 576 |
| Medium-small wax | 316.80 | 349.21 | 348.48 | 384.13 | 5.26 | 1 666 |
| Large green | 351 | 386.90 | 386.10 | 425.60 | 4.04 | 1 418 |
| Extra-small non-irrigated | 432.72 | 476.98 | s.o. | s.o. | 3.67 | 1 588 |
| Extra-small irrigated | 492.84 | 543.25 | s.o. | s.o. | 4.60 | 2 267 |

- To ensure a strong crop, rows of extra-small beans should be planted 20 inches apart.
- Before the cropping season begins, the producer may apply himself, or have a contractor of his choice apply, a plant health treatment containing spores Coniothyrium minitans spores (Contans ®WG). Upon receipt of the producer's purchasing invoice, the buyer shall refund the entire cost of the product, up to a treatment rate of 4 kg/ha.

IN WITNESS WHEREOF WE HAVE SIGNED ON THIS 2nd DAY OF THE MONTH OF MAY 2019.

Association des manufacturiers de produits
alimentaires du Québec (AMPAQ-CTAQ)
(The Association)

Fédération québécoise des producteurs de fruits
et légumes de transformation (FQPFLT)
(The Federation)

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| Name | Signature | Name | Signature |
| Name | Signature | Name | Signature |