

REQUIREMENTS AND CONDITIONS OF BARLEY DELIVERIES TO DURST MALZ

CROP 2010



1.0 Quality

Only 2 row spring malting barley varieties, recommended by the malting barley organisations and agreed upon in barley contracts must be delivered. In case of advance contracts the barley to be delivered, has to be produced from certified seed material only. Only varieties as fixed in the contract may be used. Maise as precultivar in the crop rotation is not permitted.

Malting barley at the time of delivery has to be of sound appearance, dry, pure in odour, with colour like straw, free from pregermination, sprouting, splitting, premalting, admixtures of ergot, sunflowers and living insects or weevils.

2.0 Blending

Following blendings are not permitted:

- Blending of marketable and non marketable malting barley
- Blending of two barleys with different germinative energy or capacity
- Blending of barley from two crop years
- Blending of low-protein and high-protein barley
- Malting barley with moisture below or above 15%.

3.0 Legally binding regulations for limitation of pests

Malting barley must be free of pollutants acc. to the state of the art of science and due diligence. It has been produced in conformance to Good Agricultural Practice.

As raw material for malt and beer production malting barley has to comply with the respective German and EU Food and Feed regulations, the national and EU regulations for drinking-water, food hygiene, food and feed transport regulations, maximum residue levels, German beer regulation, mycotoxines directives and further regulations for other contaminants. The relevant limits for Germany and the EU are applicable for malting barley. Furthermore the guidelines from IFIS-Standards and GMP-System have to be applied.

4.0 Winter barley

Deliveries containing winter barley above 2 % will be rejected. In case of varietal analysis results of above 4 % admixture, settlement will be based on feed barley price (basis: Stock Exchange price on delivery) unless the delivered batch can no longer be separated. The varietal analysis is performed by electrophoresis and/or PCR-analysis.

5.0 Variety indication

The malting barley has to be delivered separately as pure variety which has to be indicated on the delivery note. Without this indication unloading cannot be effected. The minimum purity of the indicated and contracted variety must be 93% or higher. The variety composition is ascertained by our lab in Gernsheim based on the samples taken at unloading. In case of varietal analysis results being below 80% purity with regard to the contracted variety and in case the barley is not stored separately, payment is effected on base of feed barley price.

6.0 Quality

- Unloaded quality has been agreed upon.
- Purity (whole and broken grains) min. 98 % = max. 2 % other cereals (other than oil seeds).
- Weeds, seed, dust, straw and black trimming max. 0,5 % in total.
- Grain infestation caused by moulds (visually) must be below 0,5 % and must not exceed five red grains / 200 g of malting barley.
- Grain anomalies acc. to the conditions as published by Dr. M. Baumer, BLBP Freising (please see report in „Ernaehrungsdienst“ no. 84, dated 31.10.1998) are valid.
- Free of foreign material like: stones, wood, metal particles, excrements, dead animals....etc.

For other quality conditions please see our contract.

7.0 Tests and Analysis

Before unloading the buyer can sample the cargo which is the base for acceptance or rejection. During unloading and weighing a representative sample is taken by the buyer which is used for analytical purposes. Upon delivery, the driver or any person in charge, representing the seller has the right to sample mutually with the buyer. In case of lots delivered per vessel, Durst Malz takes one sample per each 100 tons. The buyer has the option to take the samples mutually with the seller. At least one set of samples remains at Durst Malz in any case.

The seller receives the analysis result after delivery. Deviations from the guaranteed quality are considered as a claim. The buyer's analysis is final. In case of disputes the analysis by VLB Berlin – Research Institute for Raw Materials is accepted to be final by both parties.

Once the destination has been agreed, however latest 4 weeks before loading, the buyer has the right to request a representative and clear marked sample of the lot to be loaded. The buyer has the right to audit the warehouses assigned for the respective lot at any time and to sample the barley assigned to him. Results of intake checks, records of storage conditions, conservation, internal and external transfers have to be disclosed.

8.0 Weighing

The intake weight is measured by buyer's calibrated scales. Invoices are based on these records. If barley is delivered to external commercial silos, their stated incoming weights are final. Unloaded weight is final.

9.0 Invoice per lot

- Each truck, wagon or vessel delivery is considered as partial performance of the contract and has to be invoiced separately.
- Moisture content must be maximum 14,5 %. In case higher contents are accepted, invoicing is effected according to the special table valid for Baden-Wuerttemberg.
- Germination capacity has to be minimum 95 %. In case of acceptance of lower values, refund according to the additional regulations to the Unified Contract Terms in German Grain Trade for Business with Malting Barley is effected (EB).

- Screening – Deduction: 90 % to 85 % per 1 percent € 0,80/t. For acceptance below 85% and but not lower than 82%, as to special agreement, additionally deduction of € 2,60/t for sieving costs. For values below 82 % € 5,20/t for sieving costs will be deducted. in latter cases advance agreement has to be made.
- Dust and broken kernels – Deduction: 2 % - 5 % € 0,80/t per each per cent. For acceptance of more than 5%, as to special agreement, additionally € 2,60/t cleaning costs will be deducted.
- Protein Content: maximum 11,5 %, minimum 9,5 %. Delivery up to 12% will be accepted in exceptional years only and requires agreement in advance. Deduction from 11,6% - 12,0% will be € 1,50/t per each 1/10%.
- In case a varietal purity below 93% is accepted, refund according to EB with additional regulations for malting barley will be effected.
- Buyers reserves the right to return the fraction of barley with screening below 2,2 mm, in case that to coming requirements of the feed industry or legally owed derogations prevent the sales or other use of this fraction of barley.

10.0 Rejection

The buyer has the right to reject deliveries in case of following issues:

- ◆ Items 1-6, 14 and 17 are not fulfilled.
- ◆ Screening < 85 %
- ◆ Dust and breakage > 5 %
- ◆ Varietal purity < 93 %
- ◆ Evident sprouting > 2 %
- ◆ Hidden sprouting > 5 %
- ◆ Evident and hidden sprouting > 5 %
- ◆ Moisture content > 14,5 % (in exceptional years deviating regulations can be agreed upon)
- ◆ Protein content > 11,5 % (in exceptional years deviating regulations can be agreed upon)
- ◆ > 5 % contents of spring feed barley varieties
- ◆ Non-compliance with other limit values of the contract
- ◆ The requirements of Food Hygiene Regulations are not fulfilled
- ◆ Infestation by living weevils or insects
- ◆ Presence of pesticide residues and contaminants above the valid regulations.

11.0 Infestation by Insects and Weevils

In case living weevils or insects are detected, the delivery will be rejected, since the strict restrictions of the authorities do not allow fumigation in the plant.

In case a fumigation due to weevil infestation has taken place, the buyer has to be informed in advance, stating the details concerning date and active substance used.

12.0 Genetically Modified Organisms

Barley must not be genetically modified. The delivery must not contain any other genetically modified organisms. It has to comply with the specific EU regulations.

13.0 Sewage sludge

Disposal of sewage sludge on the soil is prohibited. For use of sewage sludge, biological waste, compost and liquid manure the legal regulations applying to each case are valid.

14.0 Storage / Transport

The storage is handled as to the buyer's requirements. If it is necessary to store the barley together with other deliveries, the lot cannot be returned to the seller in case of a claim, but the buyer has the right to deduct the deficiencies in accordance with the stipulated deductions.

Means of transport used have to be in a perfect hygienic condition both inside and in places where they are in contact with the product in accordance with the regulation for means of transport for food (LMTV). The instructions of GMP B 4.1-4.5 have to be applied. The driver of the transport vehicle has to disclose the last three cargoes and confirm that no prior cargo as excluded by the GMP regulations appendix 14 has been transported, otherwise the cargo will not be discharged.

15.0 Unloading

The deliveries must be timed to avoid delays. Before unloading, both delivery note with details such as: contract party, contract number, variety, origin, crop year and subcontractor as well as analysis with values for screening, moisture and protein content and germinative energy must be available.

16.0 Checkup

- The results of the own checks regarding contaminants (mycotoxin, aflatoxin, pesticides, heavy metals) have to be transmitted to buyer's quality assurance without previous request at regular intervals (at least once a year).
- In case of legal limits or standard values are breached acc. to buyer's checks the buyer has to be informed immediately and without delay.
- Before commencing deliveries, the buyer has to be informed, without previous request, about the pesticides applied in the originating area.

17.0 Food safety and Traceability

- A Quality Assurance System including HACCP-Concept has to be implemented in seller's organisation. Same is valid for conformity according to IFIS / GMP-System.
- The legal regulations resulting from the EU-Directive 178/2002 have to be fulfilled. Traceability without gaps of the malting barley lots all the way back to the farmer (plot cards) has to be guaranteed. Upon buyer's demand the corresponding documents must be available within a reasonable period of time (36 hours).

18.0 Special agreements

Special agreements are only valid in writing.

Unless specifically mentioned herein all conditions, the supplementary trading terms for German Malting Barley together with Unified Terms for the German Cereals Trade as well as the Unified Contract Terms are valid (the fixed terms § 36 will be replaced through the regulations from German Civil Code). Any disputes regarding the above shall be settled with the arbitration court „Mannheimer Produktenboerse“. The analysis by VLB Berlin in such cases is accepted to be final. These intake requirements are valid for other malting grains analogous where applicable. These basic requirements are also valid for other types of cereals as far as applicable.

Bruchsal, 24.09.2009