EASTERN AFRICA GRAIN COUNCIL

The Eastern Africa Grain Council (EAGC)

Draft Code of Practice

For

Standards Compliance and Structured Grain Trade in East Africa

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INTRODUCTION

ATTRIBUTION

The Eastern and Southern Africa region's economy has been rapidly evolving with increasing urbanization, growing populations and rising incomes. The grain industry has also evolved, from the afore-experienced local production and consumption, to grain trading crossing regional and international borders. To ensure that the grain and grain products within the region are of high quality and safe for consumers, the Eastern Africa Grain Council set out to put together a Code of Practice with clearly spelt out standards that not only ensure that hygiene and safety standards are adhered to, in the production and supply of quality grain produce, but also that the grain supply chain activities are carried out in a fair and ethical manner.

The Eastern Africa Grain Council is a membership-based organization with active members drawn from the production, transportation, warehousing, agro-machinery, processing, export and trading stages of the grain supply chain. In addition to active members, the organization also has associate and affiliate members who offer support functions to the grain industry. These include financial institutions and non-profit development organizations.

The standards and practices advocated in this Code were informed by international grain standards, such as those spelt out by the Codex Alimentarius Commission and quality assurance systems such as HACCP, as well as best practices by similar organizations across the globe. Accreditation schemes that cover activities across the grain value chain, such as product integrity and food safety also guided the development of the Code. To ensure the practicality of the standards set out as the minimum acceptable within the region, extensive transparent and inclusive consultations were carried out among the various EAGC members as well as stakeholders within the grain industry who may not form part of EAGC's membership.

This Code is therefore designed to build consumer confidence by ensuring that grains and grain products produced by EAGC members are handled, stored, transported and processed in accordance to a defined set of practices that spell out quality standards and promote integrity. The Code therefore emphasizes on record keeping for traceability purposes as well as evidence of compliance and sets minimum standards, which must be adhered to by all members throughout the grain supply chain. The Code's overall goal is therefore to ensure that traders and consumers can trust the safety and quality of grain and grain products that they purchase and that they are in accordance with their specifications as well as the global best practice standards.

1. PART ONE – ABOUT THIS CODE OF PRACTICE

1.1. Purpose of the Code

In launching this Code of Practice, EAGC seeks to define and establish fair and equitable grain trading standards in Eastern Africa, as a mechanism for self-regulation among the stakeholders of the grain supply chain, that make up the council's membership. In presenting the standards and principles set out herein, EAGC aims to facilitate the establishment of profitable and mutually beneficial trading relationships that meet market requirements as well as customer needs. The Code's overall goal is to establish agreed upon standards of fair and acceptable trading practices in order to promote sustainable trading relationships.

Through this Code, EAGC also aims to formalize the trading relationships between the grain industry's supply chain players through formal contracts, in order to promote greater transparency with fewer misunderstandings between the various trading partners. In case of disputes arising out of trading relationships between industry players, the Code also provides alternative dispute resolution mechanisms.

1.2. Objectives of the Code

The EAGC Code of Practice is intended to:

- Provide a set of grain industry rules, regulations and standards that capture global best practice and support an efficient and competitive grain industry
- Promote fair, transparent and clear transactions across the grain supply chain as well as equitable trading practices amongst EAGC members
- Promote fair play and accountability between industry participants
- Provide fair and equitable dispute resolution procedures
- Promote professional development and training in line with the industry's standards, needs and opportunities
- Improve stakeholder and customer confidence in the grain industry

1.3. Code Framework

The Eastern Africa Grain Council's mission is to advocate for an enabling environment and promote structured grain trade for optimum stakeholder benefits. In seeking to achieve its mission the Council presents this Code of Practice as a voluntary grain industry code that serves the interests of the grain industry stakeholders. To ensure adherence to the Code for all trading parties who are under EAGC, all EAGC members are required to have their use of the Code audited on an annual basis.

The use of the Code may also be made binding between agreeable grain trading parties whether or not they are EAGC members by the contracts set out herein.

Scope and Boundaries of the Code

This code is intended to cover grain-trading relationships between the growers, traders and processors/ millers in the grain sector in Eastern Africa. It is therefore applicable to all grain and grain products through the various trading stages along the grain supply. To ensure that the principles and standards contained herein promote best practices in the industry, the Code promotes mandatory compliance with all regulations set out by the various laws applicable to the Eastern Africa regions as well as each individual country within which EAGC operates and/or draws its members from, particularly with respect to food standards and safety.

The code intends to promote ethical behavior and best practice in grain handling by all those involved in producing, transporting, trading and processing grain.

1.4. Structure of the Code

The Code is divided into seven sections as follows:

- Part One – About this Code
- Part Two – Code Provisions
- Part Three – Code Requirements
- Part Four – Dispute Resolution
- Part Five – Code Administration
- Part Six – Complaint Lodgment and complaint handling
- Part Seven – Reference Materials

2. PART TWO – CODE PROVISIONS

2.1. Definitions

Abiotic factors affecting grain quality refer to factors such as grain chaff, broken kernels, temperature, humidity and moisture content.

Aflatoxins refer to a type of Mycotoxin produced by many species of *aspergillus* fungus.

Arbitration refers to a dispute resolution method where the parties refer the dispute to a neutral, independent arbitrator, and agree to be bound by the decision he or she reaches. The decision is legally binding and enforceable for both parties.

Biotic factors affecting grain quality refer to rodents, birds, insects and moulds.

Blemished or damaged grains are grains that are damaged by insects or vermin, stained, diseased, discolored, germinated, frost-damaged, or otherwise materially damaged.

Broken grains refer to fragments of grain below a certain size. They can lead to decline of grain quality more quickly than if the grains were whole. They are caused mostly by poor handling – such as using a poorly adjusted Sheller or threshing the grain by beating it with a stick.

Code refers to the EAGC Code of Practice including its attached appendices as amended from time to time.

Code Manager refers to the employee, officer or any other representative whether individual or corporate, that is responsible for the administration of the Code.

Commingled storage refers to putting grain with similar characteristics into the same silo or storage structure.

Complaint refers to an alleged breach of the Code provisions and requirements, where a response and/or resolution is explicitly or implicitly expected.

Complaints Committee refers to the Committee, which provides guidance regarding handling complaints and breaches of the Code.

Contaminants refer to any substances not intentionally added to the grain. They may have got into the grain due to production, processing, packaging, transport and storage of the grain, or as a result of environmental contamination. They do not include filth or foreign matter.

Contract refers to an agreement between two or more persons, which is legally enforceable.

Crib is a long, thin structure that air can pass through easily. It should be positioned at right angles to the prevailing wind to improve the ventilation.

Defective grains refers to grains that are damaged by pests, discolored, diseased, germinated, mouldy, immature or shriveled, or otherwise materially damaged. They do not include broken grains.

Demurrage refers to the extra cost incurred if the loading or unloading of the grain on transport is delayed. For instance, if a ship or lorry arrives late, compensation is usually paid for such delays.

Discolored grains are grains discolored by heat but are not obviously damaged by mould. They may be darkened, wrinkled, blistered, puffed or swollen, and often have discolored, damaged germs. The seed coat may be peeling or may have peeled off completely, giving kernels a checked appearance.

Diseased grains are grains made unsafe for human consumption due to decay, mould, bacterial decomposition, or other causes. It is possible to see the damage without cutting the grains.

Dispute resolution refers to the mechanism or methods of dealing with any disputes arising from a contract. It may include negotiation, mediation, arbitration and litigation.

Filth refers to impurities of animal origin, such as animal waste, dead worms, insects, animal hair or fur and skins.

Foreign Matter is any inedible material in the grain. It may include earth, sand, soil, stones, metal and glass. It also consists of organic matter from plants (seed coats, pods, leaves, weed seeds) and animals (insects, mites, rodent and bird droppings, and insect excretions).

Grading refers to the process of checking grain quality and classifying it into one of several grades. Grade 1 is the best quality. Grades 2, 3, and so on are lower quality and may contain higher amounts of foreign matter, damaged grain etc.

Grain cleaning refers to a process through which dirt, sticks, stones, metals and other foreign matter are removed from grain.

Grain includes cereals such as maize, sorghum, millet, wheat and rice, pulses, which cover all kinds of legumes such as beans and peas as well as oilseeds.

Insect or vermin-damaged grains are grains with obvious holes or tunnels made by insects, insect webbing or refuse. The germ part of the kernel may be missing or chewed. The damage may occur before or after the harvest.

Jurisdiction refers to the country whose legal mechanisms will be used to settle any disputes arising from a contract.

Mouldy grains are kernels and pieces that are:

- Visibly infected by fungi and have black, blue, green, yellow or white fungal growth anywhere on the Kernel or under the bran layer of the Kernel.
- Infected by ear-rot and have red, pink, or brown discolorations. The kernels are partially to completely infected.

Mycotoxins refer to substances produced by fungi (moulds) that are harmful to consumer health. These include *aflatoxins* and *fumonisins*.

Other grains refer to other edible grains, whether whole or broken, that are not of the crop in question. E.g. a bag of maize may contain some grains of sorghum or soybeans, especially if it is machine-harvested.

Pests refer to any animals capable of directly or indirectly contaminating food.

Stained grains are grains whose natural color has been altered by external factors such as the soil or weather. These factors can cause dark stains or discolorations and a rough appearance.

Standard is a published document that establishes a common language, and contains a technical specification or other precise criteria and is designed to be used consistently, as a rule, a guideline or a definition.

Steering Committee refers to the committee, which oversees the management of the Code.

Storages refer to any grain storage infrastructure.

Threshing or shelling consists of separating the grains from the portion of the plant that holds them, that is, seed heads, panicles, cobs or pods.

Weather-damaged grains are grains that are blistered or bleached. The seed coat may be peeling, and the germ may appear dead or discolored.

2.2. Core Obligations

Each EAGC member involved in the grain supply chain must comply with this Code and provide proof whenever requested to ascertain compliance. To ensure the effective implementation, records and policy manuals should therefore be kept as spelt out in the various sections of the Code.

2.3. *Confidentiality and Non-Disclosure*

EAGC and its registered members are bound by mutual non-disclosure and confidentiality obligations upon acceptance by EAGC as members and registered users of the Code. These obligations apply in respect to any confidential information, which is shared between the parties in relation to the Code, including but not limited to records shared for the purposes of ascertaining compliance to the Code. Either party may however disclose such confidential information to the extent required by law or by binding court orders.

3. PART THREE – CODE OF PRACTICE REQUIREMENTS

3.1. *Post-Harvest Management*

This section addresses quality assurance of grain right after harvesting and therefore covers grain collection, storage and transportation from the farm. Throughout the collection, storage and transportation stages, grain is managed through practices that limit or eliminate the presence of toxins, microbial and other contamination including non-approved chemical residues and grain insects. Postharvest decline of grain quality is attributed to both poor postharvest technique such as grain breakage or inadequate grain threshing or shelling procedures, and bio-deterioration due to the effects of pests as well as natural chemical changes within the grain. The main pests and diseases that attack grain during postharvest handling are generally insects (mostly beetles and moths), rodents (mostly rats and mice) and moulds (also called fungi). Natural chemical changes generally proceed more rapidly under higher temperatures and greater relative humidity. For every 10°C rise in temperature, the speed of chemical change is doubled. This section provides guidelines that prevent these quality changes.

3.1.1. Collection and Drying of Grain

Grain should be carefully handled to avoid mechanical damage and contact with soil, chaff, stalks and debris after harvesting. Infected seed heads should be separated from good grain. The grain should be cleaned to remove damaged kernels, other foreign matter and broken grain. Insect damaged grain and mouldy grain is also removed. Signs of mould include caking of the grain and subsequent discoloration.

The moisture content of harvested grain should be determined and where applicable the grain dried to the moisture content level recommended for storage of the grain. Samples taken for moisture measurement should representative of the lot. To reduce the risk of fungal growth, heaping freshly harvested commodities should be limited to the least number of hours possible prior to drying or threshing.

Grain could be either dried in the sun or in racks, cribs or mechanically in a manner that minimizes damage to the grain, to moisture levels lower than those supportive of mould growth during storage, which is generally less than 14 percent. Table 1, highlights specific moisture content levels recommended for some select grains.

Grain can be dried on mats or tarpaulins in a layer no more than 3 cm deep. A cemented area or a maize drying crib could also be used to prevent contact with the ground and to keep farm animals away. In case of rain, drying grain should be kept from getting wet by covering with tarpaulins. Sun drying in areas with high humidity should be avoided to reduce the risk

of fungal infection. Mould growth on grain is only possible when relative humidity at the grain surface layer is at more than 70 percent, which corresponds to a 14 percent moisture content level.

Harvested grain should be transported from the field as soon as possible after harvesting to a drying zone. Containers used for collecting and transporting harvested grain should be kept clean, dry and free of insects before and after use. Any containers with visible fungal growth should not used to carry or store any grain. Hygiene should be maintained at all times in the storage facilities.

Table 1: Recommended moisture content in Eastern and Southern Africa

Grain	Moisture content
Maize	13.5 %
Sorghum	13.5 %
Beans	14.0 %
Wheat	14.0%
Rice, milled	14.0%

Source: EAS 2017

3.1.2. Grain Threshing or Shelling

Threshing or Shelling of grain is done through friction or by shaking the grain. Threshing frees the grain from the cob, seed head or pod. The process used depends on the amount of grain as well as available resources and infrastructure for the same. Threshing is done through various ways including:

- By hand with simple tools such as sticks or a manual Sheller.
- With the help of animals or vehicles.
- Mechanically using simple machines operated manually
- Mechanically with motorized equipment

Threshing and shelling should be done with care to avoid damaging the grain or their protective husks, which would result in reduction of the grain's quality and increase probable attack by insects and fungi.

At the time of threshing, the grain should not be too moist (soft) or too dry (brittle). The unshelled grain should first be inspected for any insect or mould damage before threshing. To avoid reduction of quality of other grain, the damaged grain on cob or in pods should be separated from the rest.

3.1.3. Grain Cleaning or Winnowing

Grain should be dry cleaned to remove contaminants such as sand, stones, glass and pieces of metal as well as physically damaged or broken grains, stained grains, weather-damaged grains, malformed, discolored, germinated, mouldy grains and any defective grains before storage. The cleaning process can be carried out through winnowing the grain, which involves dropping the grain from a height that allows the wind to blow away light impurities such as chaff or leaves. Handpicking for smaller grain quantities and/or sieving using perforated screens can be used to remove impurities or broken grains. Smaller materials such as foreign seeds, soil particles and stones can be sieved from the grain using smaller sized screens.

3.1.4. Grain Storage and Bagging

Storage facilities used should be kept dry, well ventilated with minimum temperature fluctuations and protected from rain, ground water, entry of rodents and birds. Residues from the previous harvest should be cleared out of the storage facility before use for newly harvested grain, the store cleaned, cracks and crevices in the floor and walls filled and the roof checked for possible leakage. Pallets, on which grain bags sit, should be repaired, cleaned and kept at least 1 metre away from the store's walls. For grain that is to be marketed, the most common choice for storage is an open-weave sack made of jute, sisal or polypropylene.

Grains should be dried to safe moisture levels and cooled as quickly as possible after harvest and before storage. To minimize the levels of insects and fungi in storages, use of registered insecticides and fungicides can be employed, with care taken to select only those chemicals that do not cause harm on consumption of the grain. The use of such chemicals including pesticides is further addressed in Section 3.4.

Bagged grain should be kept in clean and dry bags and protected from any moisture, by incorporating a water impermeable layer between the stacked bags and the floor such as through placing them on pallets, and keeping them away from walls. Grain stored in open weave sacks for more than 3 months could be admixed with certified insecticidal dust and not kept in the sacks for more than 6 months. Bulk grain should be stored in metal silos, polythene bags (1 liner + sack), metal/ plastic drums and triple bags (2 liners + 1 sack) which are insect proof for a period not exceeding 12 months. Grain bags should be filled with the correct weight of grain to ±2 kg of the nominal bag capacity. The bag mouth should be folded inwards by 5 to 10 cm to keep pressure of the grain away from the stitching on stacking. The bags should be closed with about 16 stitches.

Grain stores should be aerated to maintain proper and uniform temperature levels throughout the storage area and the moisture content of the stored grain as well as the temperature of the storages checked at regular intervals. Note that a temperature rise of 2 to 3°C may be indicative of microbial growth and/or insect infestation. Any grain portion that is suspected as infected should be separated and a sample of the same analyzed, then the rest of the grain aerated and temperatures lowered in the storages.

The store's floor should be cleaned daily while paying special attention to cracks and crevices. At the start of each day, the store should be checked for signs of water leakage as well as any evidence of rodent or insect damage for example grain under or around pallets. The store should be inspected for moving insects in the late afternoon. Holes in bags should be checked and repaired.

In case of insect infestation, fumigation could be ordered and administered by an EAGC certified practitioner working to a written code of practice. More details on the fumigation process are covered in this Code's section 3.4.2.

Harvesting and storage procedures implemented every season should documented in a company policy manual and notes of measurements such as temperature, moisture and humidity kept. Deviations noted for these measurements from season to season should be noted for analysis function especially towards investigating causes of fungal growth or mycotoxin formation during particular crop years. Stored grain should be managed to comply with the need to be free of live stored grain insects on outturn. Records on stored grain should be kept with intake and discharge dates noted. Mycotoxin levels in in-bound

and out-bound grain should also be monitored and recorded using sampling and testing processes addressed in section 3.2.

3.1.5. Transport from Storage

Transport containers and vehicles used should be kept dry and free of visible fungal growth, insects and any contaminated material. Transport containers should be cleaned and disinfected before use and re-use. Use of registered insecticides could be implemented as needed with caution taken not to contaminate the grains intended for human consumption. Grain should be protected from temperature fluctuations as well as additional moisture by using covered or airtight containers or canvases. Insect, bird and rodent infestation could be prevented by use of insect or rodent-proof containers and repellant chemical treatments approved for grain meant for human consumption or repellants with attractants and so do not come into any contact with the grain.

There are several precautions to consider while transporting grain:

- The vehicle should be inspected before loading to ensure that it is clean and dry and has no sharp edges that might tear sacks.
- The sacks should be loaded carefully into the vehicle and counted. If taken out of the warehouse the storekeeper should sign a release form for the number of sacks.
- The weight capacity of the vehicle should not be exceeded.
- In case of open-trucks, there must be a tarpaulin to cover the sacks in case of rain.

3.2. Sampling, Testing and Grading of Grain

3.2.1. General Principles of Sampling

Grain samples should be as representative as possible of the lots from which they are taken. As the composition of a batch of grain is rarely uniform and pests usually occur non-randomly in grain, a sufficient number of increments should be taken and carefully mixed, to give a bulk sample from which the laboratory samples are obtained by successive divisions or otherwise.

Grain, which is damaged in transit, or is out of condition, should kept separate from the sound grain and sampled separately. Samples of damaged material should therefore not be mixed with samples of sound material and should be identified and quantified. When operating in a potentially dusty environment, a suitable respirator should be worn. Gloves should also be worn and hands washed after sampling grain that may have been treated with chemicals. Location and time of sampling should be determined by agreement between the parties concerned.

3.2.2. Sampling Methods

i. Representative Sampling

The East African Standard for Sampling (EAS 900:2017) should be the main reference point for all matters referring to sampling. Notwithstanding the provisions of the Standard, sampling should take into account the non-random or aggregated distribution of foreign matter, damaged grain, pests etc. in grain. To obtain a representative sample, the following should be observed:

a) The grain batch or consignment should be divided into primary units of equal size and status for sampling. For bagged grain, each bag could be regarded as a primary unit while in case of bulk grain, the primary unit should be expressed in terms of weight or volume.
b) One should ensure that all primary units have an equal chance of being sampled.
c) The sampling method used should without bias select a representative number of primary units from the grain consignment.

ii. Working Sample Size

In order to strike a compromise between what could be attained through sampling in theory and the need to analyze grain as fast as possible, it is generally accepted to analyze working samples in order to determine the quality of grain. Prior to establishing a working sample, the grain should be mixed uniformly and divided into smaller homogeneous samples through the use of a sample divider. Table 2 exhibits the minimum working sample weights are recommended for some common grains.

Table 2: Suggested working sample weight

Grain	Sample weight
Maize (small grain)	200g
Maize (large grain)	250g
Sorghum	25g
Cowpeas	150g
Wheat	25g
Millet	10g
Rice	15g

iii. Sampling from bags

Table 3 exhibits the working sample sizes while sampling bags. Unless otherwise specified in the contract or the practice at the port or elsewhere requires otherwise, increments shall be taken from different parts of a bag (for example top, middle and bottom) by means of a sack/bag spear from the number of bag specified in table 3.

Table 3: Selection of bags for sampling

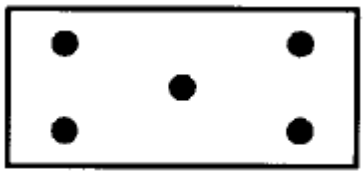
Number of bags in consignment	Number of bags to be sampled
Up to 10	Every bag
11 to 100	10, drawn at random
More than 100	Square root (approximately) of the total number of bags drawn at random according to a suitable scheme.

To determine foreign matter and live infestation, the sample bags' contents should be passed through a suitable sieve.

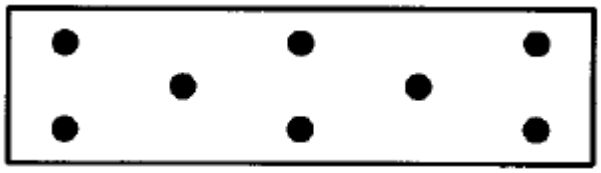
iv. Sampling from rail wagons, trucks or ships

Unless otherwise specified in the contract, each laden wagon, truck or ship should be sampled with increments taken throughout the whole depth of the lot. Suggested patterns are as follows:

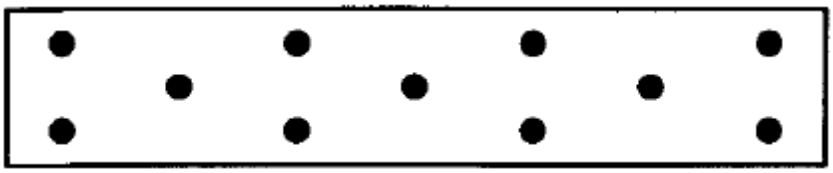
a) Up to 15t: 5 sampling points (middle and approximately 50cm from the sides of the truck or ship)



b) From 15t to 30t: 8 sampling points



c) From 30t to 500t: minimum of 11 sampling points



d) Above 500t: Should be sampled as per table 4.

Table 4: Sampling bulk grain above 500t

Tonnage	Square Root	No. of Increments
500	22.4	12
1000	31.6	16
2000	44.7	23
4000	63.2	32
6000	77.4	39
8000	89.4	45
10000	100	50

v. Sampling from silos, bins or warehouses

While sampling from silos, bins or warehouses, increments should be taken throughout the whole depth of the consignment with a suitable instrument. If the depth of the lot does not permit use of this method, sampling should be carried out according to EAS 900:2017.

The number of increments to be taken should be determined as follows:

- Take the square root of the tonnage in the static bulk. Divide by two and round up to the next whole number. This should be the minimum number of increments that are to be obtained. If circumstances require more increments, then more should be taken.

The increments should be obtained from samples taken randomly from different positions in the bulk grain consignment as per table 4.

vi. Bulk Sample

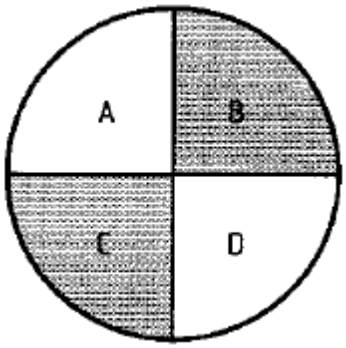
Bulk samples should be formed by combining the increments and mixing them thoroughly.

vii. Laboratory Sample

The laboratory sample should be determined by dividing the bulk sample to obtain the required number of laboratory samples by coning and quartering or by using one of the sample dividers described below.

Coning and quartering: The bulk sample should be mixed thoroughly on a clean non-absorbent surface, the grain drawn into a conical heap, the top of the heap flattened and divided into quarters. The two diagonally opposite quarters (B and C) in figure 1 should be rejected and the remaining two (A and D) mixed. This process should be repeated until the required laboratory sample is obtained.

Figure 1: Coning and quartering to obtain a laboratory sample



viii. Using sample dividers

a) Multiple slot (Riffle-type and blade)

The bulk sample should be poured along the length of the hopper. This will result a bulk sample separated into two equal sub-samples in the two bottom troughs. The sample from one trough should then be discarded and the procedure repeated with the sample from the second trough working as a bulk sample. This process should be repeated as many times as is necessary to obtain the required laboratory sample.

b) Conical Divider

When using a conical divider, the bulk sample should be poured into the hopper. This will result in two equal sub-samples separated in the bottom receptacles. The sample from one receptacle should then be discarded while removing and saving the sample in the second full receptacle, which should be poured back into the hopper and separated again in two empty receptacles. This process should be repeated as many times as is necessary to obtain the required laboratory sample.

ix. Packaging and labeling of Samples

The number of laboratory samples to be taken for analysis and arbitration should be specified in the contract or otherwise agreed between the parties concerned and packed in containers suitable for the purpose, bearing in mind the tests to be undertaken.

Samples for the determination of moisture content, or for other tests in which it is important to avoid the loss of volatile matter (for example examination for evidence of chemical treatment) should be packed in moisture tight containers and stored appropriately. The containers should be completely filled and the closures sealed to prevent loosening or tampering. The containers carrying the samples should carry the seal of each sampler (This can be done jointly where appropriate).

If paper labels are used for the samples, they should be of a quality suitable for the purpose. If the grain has high moisture content, then special moisture-resistant labels should be used. A duplicate label may also be included inside the sample container provided that the sample is not intended for the determination of moisture content or the content of some other ingredients whose results could be modified as a result of the inside label in which case the label should be fixed or glued on the outer part of the container. The information may also be written directly on the bags (indelibly marked, using a marker which will not cause any odour in the sample).

Each label should bear the following information while also reflecting what is required by the terms of the contract:

a) Origin of the product
b) Identification number of ship, wagon or lorry/ truck
c) Point of departure
d) Date and point of receipt (if applicable)
e) Destination
f) Date of arrival at destination
g) Quantity of consignment
h) Bulk, or bagged (including number of bags)
i) Type of goods
j) Identification mark or lot number
k) Name of seller
l) Name of receiver
m) Name of buyer
n) Contract number and date
o) Date of sampling
p) Date of final discharge
q) Place and point of sampling
r) Type of sampling apparatus
s) Name of person who carried out sampling
t) Reason for sampling
u) Number of duplicate samples taken

x. Dispatch and Sampling Report

Laboratory samples should be dispatched as soon as possible or at time to be fixed in the contract. Whenever possible, samples should be kept and transported at a temperature below 15°C, out of direct sunlight in a non-humid location.

If a sampling report is prepared, reference should be made to the condition of the grain sampled, including signs of insect, mite or rodent infestation visible at the time of sampling in the warehouse or silo, or during work carried out on the vessel or other carrier during sampling. The report should also refer to the sampling technique used and all circumstances that may have influenced the sampling process.

3.2.3. Laboratory Equipment

A range of equipment exists for sampling and assessing the quality of grain against specifications listed in standards. The use, level of sophistication and accuracy however varies with organization, location used, purpose of use and commodity being assessed.

Only equipment suited to its intended purpose is to be used with preference for automated versus manual probes. Handling agreements, specifying objective analysis technology to be used, should also be signed.

The equipment used should provide consistent and reliable analyses. Grain graders and inspectors need a minimum set of equipment to perform their function, which include:

1. A set of sieves and pans.
2. Scale or balance.
3. Bulk density tester.
4. Magnifying glass (lens) or microscope.
5. Grain samplers, spears, probes, etc.
6. Sample divider.
7. Sample bags or containers.
8. Sample library (dry and cool area with shelves)

3.2.4. Equipment Monitoring and Calibration

Equipment should be routinely monitored, calibrated and checked to ensure correct operation. The frequency of calibration and checks varies based on the type of equipment, frequency of use and operating procedures of the company. Calibration should be done by a person qualified to carry out such a task, whether external or internal staff.

3.2.5. Certification of Equipment

Where possible the type of equipment to be used and the procedures for its use should be determined by agreement between the parties concerned. Equipment used must be deemed "for trade". All other testing equipment that does not fall under this legislation should also to be checked under similar processes, as it is the desire of the grain industry to ensure all equipment used for grain testing is suited to that purpose.

3.3. Storage Facilities

Grain warehousing involves various operations to ensure that grain is in good condition when it is received, and stays in good condition until it leaves the warehouse. The grain from a warehouse should meet certain market standards; depending on its intended use.

To maintain grain quality, the warehouse should control various factors such as:

i. **Biotic factors**: rodents, birds, insects and mould.

ii. **Abiotic factors**: grain rubbish, broken kernels, temperature, humidity and moisture content.

3.3.1. Warehouse/ Silo Standards

Grain storage facilities should generally have the following characteristics:

i. They are to be soundly constructed

ii. They must be maintained in order to prevent the entry of pests, vermin and moisture

iii. They must prevent seepage of grain from the storage

iv. They should be located in an area whose surroundings are of suitable construction material to minimize contamination of grain and to prevent damage to stored grain through water access.

v. They should prevent cross contamination of grains by the applied pesticide treatment or pest & rodents poison

vi. They should allow identification and/or detection and separation of substances considered as being dangerous or inedible

vii. They should prevent entry of un-allowed vehicles into the storage areas.

- Storages should be suitable for the commodity to be stored. Preference is for the use of sealed and well-maintained permanent storages for high value commodities.
- Aeration is a useful management tool for maintaining the quality of grain in storage. Perforations in ducts/flooring should be kept clean to ensure adequate airflow.
- The structural integrity of storages should be monitored regularly during the storage period to maintain the integrity of the stored grain and to assist in maintaining its quality. Any storage condition that may impact on the quality of grain to be stored should be addressed as soon as possible following detection.
- Stores should be designed with adequate drying capacity for the volume of grain held. Stores should have adequate headspace and ventilation to avoid re-absorption of moisture by the dried grain at the surface.
- Stores should be maintained in good order to ensure that water/moisture is prevented from entering the store. At high moisture content levels, grain can become visibly mouldy. Grain with visible mould is likely to have very high mycotoxin content and should be removed and disposed off safely.
- Levels of dust in the environment should be minimized during all grain operations, including cleaning, as this will minimize deposits of dust in the store and reduce hazards to operator health.

3.3.2. Storage Construction & Maintenance

Engineering and design considerations should include:

i. Round or Rectangular

In terms of structural cost per tonne of storage, round silos are more economical than rectangular ones because:

a) Grain exerts horizontal pressure on the structure, which contains it. A round silo resists this pressure through development of hoop tension forces, which are resisted by steel reinforcement. A rectangular structure must resist grain loads by developing bending stresses, which are less efficiently resisted than tensile loads. Tensile and compressive forces have to be resisted. In addition, in the case of a rectangular 'horizontal' store, the walls act as retaining walls and their foundations have to resist overturning moments caused by the grain loads. The foundation of a cylindrical structure has to resist the vertical loads imposed on it from the walls.
b) The roof of a rectangular structure has to carry its loads in bending, compared to the roof of a cylindrical structure, which can be designed as a shell (for instance a cone), which carries its loads in direct compression and tension.
c) Cylindrical structures also have fewer joints. In silos where bins are independent (i.e. not connected to each another), there is a joint between the wall and the floor, and a joint between the wall and the roof. It is, therefore, simple to seal these joints to make the structure airtight and suitable for fumigation. Ideally, the roof should be rigidly attached to the wall since this not only makes sealing easier, but also increases the stiffness of the wall in resisting bending stresses. Rectangular structures, in comparison, have more joints (for instance at the corners) and by the nature of their construction, sealing for fumigation is more difficult.
d) Horizontal stores also require more complicated and longer conveying systems to place grain in them. Usually, an internal conveyor is required with a tripper (or similar device) to spread the grain over the floor surface. A cylindrical store, on the other hand, requires only a central point for filling.

ii. Tall or Short

In flat bottom stores, structural efficiency is increased by minimizing the height of the structure. For a given volume of storage, the lower the height of the walls the more grain pressure is applied directly to the floor surface, and the less load there is on the walls.

Where high throughputs are required, the store should have a self-emptying bin using a slanting floor. In such cases, it is economical to design higher walls of smaller diameter to minimize the cost of hopper bottoms (which are usually suspended above ground level), and the risks of ground water infiltration. This would also help to facilitate conveyor design and installation.

Where land values are high or space limited, opt for tall bins, even with flat floors to maximize on use of space.

iii. Construction Materials

Whether to use steel or concrete is dependent on a number of considerations, which boil down to capital and operational costs.

Where price considerations do not dictate the type of construction, the following observations may be helpful:

- Steel silos are faster to erect than concrete ones.
- They provide excellent storage where grain is dry. Where moisture content is high, moisture migration is likely to develop due to heat conductivity of steel, causing temperature gradients to develop between the inside and outside of the grain mass. This can result in moisture condensation on the surface of the grain.
- Welded steel silos remain gas-tight throughout their lives since they are not subject to cracking or differential movements. They are, however, subject to corrosion and require maintenance to keep paint coatings effective. Choice of coating is important since it will affect both capital and maintenance costs: Paint systems should be selected to suit particular requirements. Expert advice should be sought, particularly in potentially corrosive environments.

3.3.1.1 Evaluating Existing Stores

A survey of all available stores should be carried out before an informed decision can be reached on warehousing. It will also help identify and quantify stores that can be used for storage during emergencies, and possibly clarify additional warehousing requirements.

The survey should include information on:

- Location of the storage facility.
- Number of stores and their dimensions.
- Capacities, both nominal and actual.
- Construction materials.
- State of repair.
- Road access.
- Time and distance for delivery from a supply center.
- Sustainability for routine or emergency grain storage.
- Ownership

3.3.1.2 Evaluating Existing Buildings

Before an existing building – whether originally designed for food storage or otherwise – is accepted, the following aspects should be considered and appropriate action taken:

i. Security

The buildings must be secure against theft, with strong locks on all doors and all other openings secure. In some situations, guards must be employed and a security fence with adequate lighting may be needed around the site.

ii. Site

The area should be assessed for risk of contamination from industrial pollution and rodent infestation. The site should be free from risk of flooding, away from large trees and drainage should be adequate. It should also have good access by rail or road and water to facilitate warehouse operations.

iii. Roof

The roof should be inspected for leaks, especially during or just after rain. Corrugated galvanized roof sheets, if holed, should be replaced or repaired with bituminous adhesive and hessian patches. A tar-soaked tarpaulin will serve as a temporary patch.

iv. Floors

Concrete floors are preferable, but an earth or sand floor will suffice for temporary storage. If there are rodent entry points the floor should be covered with 100mm of concrete. Dunnage must be used on floors where ground moisture can penetrate.

v. Walls

These should be rodent-proof, with all known entry points sealed. Any windows should be covered with at least 12mm thick wooden planks or welded metal for security.

vi. Hygiene

Sanitary facilities for staff and provision for disposal of waste materials from the store are important. Existing buildings should be thoroughly cleaned before use as stores; dirty buildings should only be rejected if they cannot be cleaned. Sometimes, buildings that are far from ideal for grain storage may have to be accepted, but any building that cannot be made secure, that is poorly sited, or has a badly leaking roof, which cannot be repaired, should be rejected.

3.3.3. Modification to Existing Buildings

Professional guidance is needed before specifications can be prepared, materials quantified and budgets drawn up. The following should be considered:

i. Re-roofing

- Replacement of decayed battens or rusted or rotten nails or pegs.
- Replacement of tiles with iron sheets.

ii. Re-flooring

- Replacement of decayed wooden floors with concrete floors, preferably with a damp-proof course.

iii. Doors

- Replacing badly worn hinged doors with metal sliding doors that hung from the top and installed to run outside the building.

iv. Ventilation

- Installing (or enlarging) eaves ventilation. In each bay, the top 0.6m of cladding can be removed if there is a sufficient roof overhang to prevent entry of wind-blown rain.
- Welded steel mesh should be installed in the space for security, and wire netting fitted to prevent entry of birds.

v. Security

- Erection of a security fence: The fence should be at least 3m high, constructed of chain-link fencing on steel posts. The fence should be clear of all buildings by 3m and should be well illuminated at night.

vi. Management

- Old buildings often need more management than new ones and therefore should have at least one trained person responsible for the store.
- Good quality dunnage must be available e.g. plastic bags, pellets and hay among others.

3.3.4. New conventional warehouses

The two most important factors to consider when constructing new grain warehouses are what is needed, and how it should be built.

Design Considerations

1) Capacity

The usable volume in a store is less than the store's gross volume, because all the space above eaves level in a bag warehouse or in silos should be left for air to circulate and ventilate.

- A clear space of at least 1m must be left around roof supports, and between a stack and a wall. Two meters must be left between stacks in a bag warehouse.
- The bulk volumes of agricultural products vary considerably, from about 1.3 m^3/MT for beans to 2.1 m^3/MT for flour. This influences the size of silo or bag storage required.
- For a small bag store of under 500 MT, the usable volume can be less than 50 per cent of the gross volume below eaves level. Usable volume increases with store size to around 70 or 80% for stores of 5,000 to 10,000 MT.

2) Choosing the Site

Should take into account:

- The soil load-bearing capacity: Weak soils can substantially increase building costs. Some soils, such as black cotton soils, should be avoided if possible.
- Drainage: Excessively wet and dry areas that suffer from flash floods are also difficult sites.

- Orientation: The long axis of stores should be oriented at right angles to the prevailing wind, with the principal doors located on the long sides, unless other considerations prevail.
- Sloping: A sloping site has to be cut into.
- Store floors need to be above ground level, with surrounding ground and road surfaces sloping away from the walls and doors.
- Access by vehicles both to the site, and around the store to doors or ramps, is important and needs to be considered in relation to the site. Local authorities may have planning requirements for roadways or recommendations on their construction. An office may be needed for the store manager. A well ventilated store for pest control chemicals and a separate store for other equipment are advisable.
- These are best located where they will not obstruct traffic and movement around the store.
- Water, electricity, sewage disposal and general drainage may influence the choice of site. Any future expansion or development of the site should also be considered, and there should be adequate space for this. The building layout should be planned so that it can be efficiently incorporated into any expansion.

3) Specifications

When inviting manufacturers to tender for the design, fabrication and supply of the structure, they should be asked to state if minor modifications to dimensions would result in significant cost savings.

Materials and Construction

a) Frame

A frame building will use mild steel universal section columns, portal rafters with galvanized pressed-steel or cold-rolled purlins, angle eaves rails, wind struts and side rails. Concrete columns can also be used with a conventional truss. Factory-made columns are more reliable, but expensive. Columns poured on the site require careful control if they are to be satisfactory.

b) Roof

Roof and awnings are generally covered with corrugated sheeting of galvanized steel or aluminum. All the laps should be sealed with mastic strip (or a layer of bitumen) to avoid leakage. Ideally, there should be no transparent panels in the roof, but up to 5 per cent of the total roof area as transparent panel is acceptable. Many transparent materials deteriorate rapidly in strong sunlight; hence, have a short life.

Overhanging roof extensions at eaves and gable ends are important in shading walls and ventilator openings from strong sunlight. An overhang of at least 1 m should be made. Care should be taken in areas prone to high wind speeds.

Any gaps between the top of the wall and adjoining roof sheets should be sealed, preferably with a flexible mastic substance, which moves as the roof expands, and contracts. The roof outside should ideally be painted white.

c) Doors

Doors are best steel-framed and of a double-leaf sliding design. Two doors on each sidewall are the minimum in a 1,000-tonne store. All doors should run outside the building and be supplied complete with all tracks and door gear, including locks and door flashings.

d) Ventilation

Control is crucial in areas with high relative humidity. Each ventilator opening should be covered by a flap-door that can be shut firmly when the air outside has a higher relative humidity than inside the store. The most effective location for ventilators is high up on the walls, close underneath the eaves. Ventilators that are 0.6–1m high, top-hinged, running the full length of the building on the front and backsides are recommended.

They must be easy to open and fasten from ground level outside the store. Openings should be covered with bird-proof wire mesh.

e) Walls

Sheet steel cladding and hollow or solid concrete blocks are suitable. Reinforcement should be included to enable walls to resist impact.

f) Foundation trenches

The bottoms of trenches should be level and firm, and to the correct depth. Pockets of soft material need to be replaced with tightly packed, hard material. Trenches should not be dug until they are ready to be filled with concrete. If the bottom is softened by rain remove the soft layer before placing the foundation – wet concrete should never be poured into standing water.

3.3.5. Grain Pest & Hygiene Management

A pest management strategy for all pests should be documented and regularly updated. Where required, additional pest management strategies should be implemented based on seasonal conditions (e.g., mouse plagues).

Storages, their surrounds and all associated handling equipment should be regularly checked to prevent the entry of and to be practically free of pests, vermin and weeds. Where practical, the intention is that grain is to be maintained in an insect free condition. Grain should be sampled regularly to determine the presence of stored grain insects.

i. Any insect infestations should be treated as soon as possible following detection
ii. Any chemical use should be done to follow industry guidelines and to meet regulatory requirements and customer specifications
iii. All chemical treatments to grain should be done to ensure compliance with applicable Maximum residue levels
iv. Only legal chemical treatments for grain, storages, structures and surrounds are to be used.

Grain stocks found upon inspection to be infested by live insects shall be fumigated in a timely manner to minimize damage to the stock, but no later than five (5) working days after infestation is discovered and full details of such fumigation should be noted on the stock record cards.

Grain spillages and dust should be cleaned and removed from the site as soon as practical following grain movement. Facilities should be regularly cleaned down following out loading or movement of grain to remove carryover contaminants, assist in insect control and assist in maintaining hygiene. Handling and storage premises as well as galleries must be cleaned at least once a year. Areas where batches of contaminated (insects, mould) goods have been detected must be thoroughly cleaned and if necessary treated before further use and all actions must be recorded.

Penicilliumverrucosum survives between crops on grain and dust remaining on machinery and in stores. Efficient cleaning of machinery and stores therefore reduces the "carry over" of this fungus between seasons. Machinery and stores should be cleaned thoroughly at the end of use each season; this will minimize the multiplication of *Penicilliumverrucosum* between seasons. Details of treatments applied to stored products and premises must be recorded and pesticides treatment equipment frequently supervised, checked and maintained.

3.3.6. Storage Quality Assurance Systems

Any provider of a storage facility should operate that facility to ensure any commodity moving through that facility is not compromised in any way. This includes the use of a structural treatment for insect control.

All commercial Storage and Handling operators should provide a Storage and Handling Agreement outlining all terms and conditions. As part of a Quality Assurance system, procedures should be documented for the major activities occurring at that facility with all staff adequately trained.

Services offered at the storage facility should be documented and, where relevant, documentation made publicly available on a range of commercial services provided, including but not limited to:

i. Storage and Handling Agreement outlining:

- The nature of the service provided
- The responsibility of the storage provider in supplying the service to its customers
- Communication to the owner of the grain if an event has damaged the grain or prevents the owner from outturning or accessing the grain
- The liability of the storage provider should grain be lost or damaged
- The obligations of the storage provider covering insurance
- The price for conducting those services

ii. Notices of the requirement for industry to be compliant with relevant procedures and actions to be taken by the storage provider in circumstances where non-compliance is detected, such as:

- Detection of pickled grain;
- Detection of chemical residues in excess of legal requirements

3.3.7. Storage Risk Management

Various risks push up the costs of warehousing. Warehouse operators must therefore develop mitigation strategies that reduce the storages' exposure to risks but still reduce costs where possible. The following are some ways through which this can be done.

1. Infrastructural Risk

The warehouse operator takes normal precautions to reduce the risks involved in storage of grain.

Some examples include:

i. Using properly calibrated equipment.

ii. Having storage facilities inspected and approved. Inspection audits should be done on the following:

- Warehouse structures and their suitability to store grain safely and meet customer expectations.
- Equipment (handling and laboratory) and their ability to give accurate grading or weight information.
- Staff skills and adequacy to evaluate level of professionalism.
- Lease, audited records, past records to determine the ability of the warehouse to perform effectively.
- Insurance policies and their adequacy to cover losses that may arise.
- Security of the facility.

iii. Hiring competent, well-trained and motivated staff.

iv. Having robust internal control and monitoring procedures, such as unannounced physical stock audits.

2. Fire protection

Grain storages should maintain all fire fighting equipment, conspicuously marked and readily accessible, and provide on request relevant and up to date maintenance records for the same.

Personnel should be instructed on the use of the fire equipment available and the procedures to follow in case of a fire breaking out. These procedures should be in writing and

conspicuously displayed where personnel congregate. Fire assembly points should also be clearly marked and easily accessible.

3. Safety

All combustible, flammable and poisonous materials should be stored in a separate building not adjacent to the main grain storage. No smoking and no trespassing signs written both in English and the common local language should be prominently displayed.

Safety methods should be strictly enforced in handling and storing materials and in house keeping practices. Personnel should be trained on accident procedure protocols, which should also be in writing.

4. Security

The storage operators should at all times maintain security of the grain storage facility by checking daily that all external lighting and electrical fences are in working order and all other security features are intact.

The warehouse operator should also ensure that access to the stored grain is restricted to authorized staff only. The public should only have access to the main offices.

5. Preparing a disaster-management plan

This contains all possible scenarios that might compromise the company's operation, and describes how to avoid them. One possible risk at times of food shortage is that national or local government bodies may decide to seize stocks of grain for "food security" reasons, or to control its price. When prices rise, traders and millers are often, misguidedly, accused of "hoarding". If stocks are seized, the allocation of loss is important. Some of the questions that need to be addressed in the disaster management plan are:

i. Does the loss represent "force majeure" with no blame attached to the warehouse company?
ii. Should the loss be shared?
iii. Who takes responsibility for legal action for the return of the grain?

6. Take out insurance

Warehouse operators should have insurance to cover them in the event of a problem, and potential depositors should confirm the warehouse has such insurance. Common forms of insurance cover they operator against:

i. Fire, flood, etc.
ii. Theft: this covers theft of grain from the warehouse by other parties than the employees.

iii. Mis-performance, whether due to incompetence or fraud, of the warehouse operator's staff. It should also cover fraud by the top management.

iv. Political risk and terrorism. Standard insurance excludes risks arising from politics, sabotage and terrorism. Separate cover is needed for these risks.

7. Getting certified

The other parties (depositors, banks, buyers and sellers) in grain transactions want to be confident that the warehouse is managed and financially secure. Some countries have a certification scheme, where a government or independent agency inspects warehouses and gives them a certificate. Certification is usually a requirement for a warehouse to participate in a warehouse receipt scheme.

8. Workplace Hazard

Commercial storage providers have to operate in a safe environment. In addition to the normal workplace hazards, they also face special types of risks. A dust explosion or fire, for example, can cause injuries and deaths, and can render a company bankrupt very quickly.

Injuries at the workplace may result in the company being held liable for huge sums in compensation, and the firm may be shut down if it has a poor safety record. Warehouses and grain storage facilities must maintain safe working procedures to reduce such hazards.

3.3.8. Storage Contracts and Agreements

Agreement: the storeowner should store grain according to the storage agreement and fees agreed upon with the grain owner. The storeowner should store the grain subject to the terms and conditions of the storage agreement in a clean, dry, ventilated and in all circumstances appropriate storage facilities including without limitation, silos and storage bins. Under the storage agreement, any weighbridge docket and quality testing results should be conclusive evidence of the quantity and specification of the commodity being stored.

Receipt: the storeowner should sample, provide quality-testing services, classify into available grades, weigh, store and load (if available) rail or (if available) road transport or transfer the commodity to another party. The storeowner should receive and load the commodity in accordance with recognized receipt specifications and sampling methodology unless otherwise agreed. The storeowner may, at its discretion, accept or refuse to receive the commodity for storage and/or warehousing, based on quality, hygiene, safety and its capacity and efficiency. The client should immediately remove the commodity from storage upon receipt of a notice from the storeowner requiring doing so.

Storage: the commodity received and stored/warehoused may not be commingled with commodity of the like type and specification, in which case all commingled commodity shall be jointly owned by all parties whose commodity has been so commingled to the exclusion of all other persons including but not limited to the store owner.

Chemical treatment: the storeowner may at its expense treat the commodity with chemicals in accordance with industry practice.

Payment Terms: To be agreed upon by the parties to the contract.

Insolvency: in the event of the insolvency of the store owner, the client or any purchaser remains the owner of the commodity. The client should be entitled to immediate discharge of its commodity, on demand, subject to any lien.

Insurance: the storeowner should be under no obligation to insure commodity against loss, damage, and/or destruction. The client will at all times during this agreement keep the commodity insured against all risks while it is held at the nominated facility/facilities.

Rules of Trade: Trade Rules of EAGC to apply.

Dispute Resolution: Dispute Resolution Rules of EAGC to apply.

3.4. Chemical Use and Fumigation

3.4.1. Chemical Use

When buying an insecticide it is important to ensure that the container has a label with instructions for application. Be aware that pesticides can have different trade names. Below are names of the active ingredient, which should be mentioned on the label.

i. Malathion

Malathion may be mixed with grain as a dust or sprayed on walls or floors. As a dust, it is one of the insecticides most widely used to protect stored cereals and pulses. The product to be dusted must be well dried; otherwise Malathion would break down very rapidly. Malathion is not suitable for disinfecting storage structures because it is unstable on concrete surfaces or whitewashed walls.

Between treatment and consumption there should be a period of 12-13 weeks. In that period Malathion breaks down completely without leaving harmful residues. Some **disadvantages** of Malathion are:

- Malathion is not very effective against the lesser grain borer;
- Some insects have developed resistance against Malathion. This means that the insecticide is no longer killing these insects;
- Malathion has a pungent smell;
- Malathion is only slightly effective against caterpillars, moths and mites.

Recommendations for use of Malathion

a) Shelled maize /rice: 1000 g of malathion 1% dust / 1000 kg of cereal
b) Threshed beans: 1000 g of malathion 1% dust / 1000 kg of beans
c) Corn-cobs: 1000-1500 g of malathion 2% dust / 1000 kg of cobs

ii. Pirimiphos-methyl

Pirimiphos-methyl has a low toxicity for humans and warm-blooded animals. It remains stable, even on relatively wet grain. It is persistent for several months, which reduces the risk of re-infestation by second-generation insects, or new ones from outside.

Pirimiphos-methyl is active against beetles, moths and mites. It performs well against species resistant to Malathion. It is available in different formulations: dusts, wettable powder, emulsion concentrates and fumigants. Trade names are: Actellic, ActellifogSilosan, Blex.

Recommendations for use of Pirimiphos-methyl dust

a) Shelled maize/rice/beans: mix 200-500 g of 2% dust /1000 kg produce.
b) Pirimiphos-methyl can also be used to disinfect stores before the product is entered or to treat a stack of bags while being built.

iii. Bromophos

Bromophos has a relative low toxicity (similar to Malathion) for human beings and domestic animals. It is more persistent than Malathion on concrete surfaces and therefore it can be used for disinfection of storage buildings. It is also more persistent on warm moist grain.

Residues of Bromophos are easily destroyed by heating (cooking or baking) the cereals in the preparation of food. A **disadvantage** is that Bromophos acts slowly: the adult insect may lay its eggs before it is killed.

Bromophos is available as a dust, to mix with the stored product, or as an emulsion concentrate to treat stacks of bags or walls and floors.

Recommendations for use of Bromophos dust

a) Grain: mix 10-20 g of active ingredient / 1000 kg produce.
b) Maize or beans: mix 8-12 g of active ingredient / 1000 kg produce.

iv. Chlorpyrifos methyl

Chlorpyrifos methyl has a relative low toxicity for human beings and domestic animals. It is effective against a wide range of storage pests except against the resistant Lesser grain borer. Mixing Chlorpyrifos methyl with Bioresmethrin could make a very effective mixture against many species. The trade name is Reldan.

Recommendations for use of Chlorpyrifos methyl dust

a) Grain: mix 2.5 - 4 g of active ingredient / 1000 kg produce.
b) Be sure that the insecticide you use is Chlorpyrifos methyl and not Chlorpyrifos(-ethyl). They are not the same and the latter is far more toxic.

v. Fenitrothion

Fenitrothion is very effective against a wide range of insect pests, although it is not fully effective against the Lesser Grain Borer. It can be used to disinfect storage structures or to protect stored produce. It is more persistent than Malathion. Mixing Bioresmethrin with Fenitrothion could make a very effective mixture against many species. Fenitrothion is far more toxic for human beings and their domestic animals than the insecticides described before. But because it hardly penetrates into the grains, most of the residues are removed when de-husking while milling.

Trade names are: Sumithion and Folithion. It is available as dust, emulsion concentrate and wettable powder.

Recommendations for use of Fenitrothion dust

a) Grain: mix 4 - 12 g of active ingredient / 1000 kg produce.
b) Corn-cobs: apply 8-20 g of active ingredient / 1000 kg produce.

vi. Methacrifos

Similar to Fenitrothion, Methacrifos is far more toxic for human beings and their domestic animals than the other insecticides described previously. Methacrifos is useful in cases where insects are building up resistance against Malathion (Maize, Rice, Grain weevil and the flour beetles). Special characteristic of Methacrifos is that it penetrates into the grains, thus killing larvae inside the kernels.

Methacrifos works very well at lower temperatures. Its trade name is Damfin and it is available as emulsion concentrate and a 2% dust.

Recommendations for use of Methacrifos dust

a) Grain: mix 10 - 15 g active ingredient / 1000 kg produce.

vii. Bioresmethrin

Bioresmethrin is a synthetic pyrethroid and it has a very low toxicity for humans and animals. It acts mainly as a contact insecticide but inhalation and ingestion are also lethal for insects. It deteriorates rapidly when exposed to light.

Bioresmethrin is effective against the Lesser Grain Borer, so it is especially useful in situations where the Lesser Grain Borer has developed resistance against insecticides such as Malathion, Pirimiphosmethyl, Fenitrothion and Chlorpyrifos-methyl. In such cases Bioresmethrin can be mixed with these other insecticides to improve efficiency of the application

Recommendations for use of Bioresmethrin

a) Mix 4 gms active ingredient of Bioresmethrin + 20 gms of active ingredient of Piperonyl-butoxide to treat 1000 kgs produce.
b) Mix 1 gms of active ingredient of Bioresmethrin + 12 gms active ingredient of Fenitrothion to treat 1000 kgs produce (especially to control those insects that are developing resistance against Malathion).

viii. Deltamethrin

Deltamethrin is similar to Bioresmethrin, is a synthetic pyrethroid, and has a very low toxicity for humans and animals. However, the formulation of Deltamethrin solved in vegetable oil has a dangerously high toxicity. Deltamethrin is stable on the grain for a long time, but because it does not penetrate the grains, it is removed when de-husking.

Deltamethrin is very effective against the lesser grain borer which is not very susceptible to Malathion, Pirimiphos-methyl, Fenitrothion and Chlorpyrifos-methyl. It is also very effective against the grain weevil (Sitophillusgranarius).

Recommendations for use of Deltamethrin

a) Corn-cobs: for long term storage, apply 1 g active ingredient of Deltamethrin wettable powder to 1000 kg of de-husked corn cobs.
b) Pulses: Apply 0.75 g active ingredient of Deltamethrin to 1000 kg of pulses. This is an effective protection against the cowpea (or pulse) weevil and the adzuki bean weevil.
c) Grain: Apply 1 g active ingredient of Deltamethrin + 4 g active ingredient of Piperonyl-butoxide per 1000 kg of grain.

ix. Permethrin

Permethrin is also a synthetic Pyrethroid. It has a very low toxicity to human beings and animals (except for fish). When solved in oil its toxicity is much higher however. Permethrin is effective against a large range of insects and especially against the Lesser grain borer. It has little effect against flour beetles though. It is very persistent on grain and not very sensitive to moisture.

Because Permethrin is effective against the Lesser grain borer, it is often mixed with Malathion, Pirimiphos-methyl, Fenitrothion and Chlorpyrifos-methyl, in cases where the Lesser Grain Borer has developed resistance. The efficiency of Permethrin (and other synthetic Pyrethroids) is improved by adding Piperonyl -butoxide.

Permethrin is especially important for the control of the Larger grain borer, these two grain borers are of the same family which is very sensitive to synthetic Pyrethroids. Permethrin is available as dust (0.5 %) which is a useful formulation. For the protection against the Larger Grain Borer it seems more effective to store and treat shelled maize instead of maize on the cob.

Recommendations for use of Permethrin

a) Grain: apply 1-2 g active ingredient of Permethrin + 10 g active ingredient of Piperonylbutoxide + 4-6g active ingredient of Pirimiphos-methyl per 1000 kg grain, for a protection of at least 9 months.
b) Effective application for protection against the Larger Grain Borer
    i. Shelled maize: 2.5 - 5 g active ingredient of Permethrin per 1000 kg of maize.
    ii. Shelled maize: 1 g active ingredient of Permethrin + 4 g active ingredient of Pirimiphos-methyl per 1000 kg of produce.

x. Pyrethrum

Pyrethrum is a botanical insecticide with a low toxicity to human beings and domestic animals. It has a rapid effect on a wide range of insects, but sometimes after treatment insects can recover. To avoid this, Pyrethrum is often mixed with another insecticide, especially Piperonyl-butoxide. The mixture is cheaper because lower doses of Pyrethrum can be used; given that Pyrethrum is very expensive.

Pyrethrum is available as oil solutions and solution concentrates. Wettable powders and dusts have a short shelf-life.

Recommendations for use of Pyrethrum

a) 1.5 - 2.5 g active ingredient of Pyrethrum + 7.5 - 12.5 g active ingredient of Piperonylbutoxide per 1000 kg grain (ratio of Pyrethrumm: Piperonylbutoxide = 1:5)

Note: Bioresmethrin, Deltamethrin, Permethrin and Pyrethrum are all very toxic for fish and other water organisms.

xi. Methoprene

Methoprene is effective against a wide range of storage pests. It has a very low toxicity against human beings and warm-blooded animals. It is effective against the Lesser grain borer, but the Grain, Rice and Maize weevil are less sensitive to Methoprene.

Methoprene does not directly kill the insects, but it inhibits the reproduction. In this way it prevents development of large populations.

Recommendations for use of Methoprene

a) 5-10 g active ingredient of Methoprene per 1000 kg stored product.

xii. Carbaryl

Carbaryl is not effective against storage pests in general, but it is effective against the Lesser Grain borer, as such it is used in combination with Malathion, Pirimiphos-methyl, Fenitrothion and Chlorpyrifosmethyl, in cases where the Lesser Grain Borer has developed resistance.

Carbaryl should only be used in combination with these insecticides. Care should be taken because Carbaryl is quite toxic.

Recommendations for use of Carbaryl:

a) 5 g active ingredient of Pirimiphos-methyl + 5 g active ingredient of Carbaryl per 1000 kg stored product (protection for > 6 months).

xiii. Dichlorvos

Dichlorvos - better known under the trade names DDVP, Dedevap, Nuvan or Vapona - is highly toxic to human beings and warm-blooded animals. It vaporizes rapidly and the vapour is very effective against insects. However Dichlorvos is not suitable to use as a fumigant, because the vapour is too volatile. Dichlorvos is therefore mainly used to treat the free space in a store or to disinfect infested grain when brought into the store.

Because of the high toxicity of Dichlorvos, it is recommended not to use it.

xiv. Lindane

Though Lindane is still available, it is recommended that it is not used. Lindane is highly toxic for humans and animals as well; it is very persistent.

Residues build up in the food chain and have been traced in milk and meat. As such a there is a danger of chronic poisoning that occurs with long term use. In Europe the use of Lindane is prohibited due to the danger of the residues.

xv. DDT

DDT is still easily available. DDT has no direct toxic effect on human beings or animals, but even small quantities of DDT accumulate in the body. Over a longer period of time the accumulated DDT has proven to be toxic to man and animals. Residues have been found in mother milk. Therefore never let DDT come into contact with food products or animal feed. Neither should it be used for treating the external surfaces of bags containing food products, nor for treatment of the insides of containers for food products or animal feed or in any situation. In Europe DDT has been prohibited for any use.

3.4.2. Fumigation

When fumigants are applied to commodities there are two physical processes, which occur. Firstly the gas will diffuse into the air spaces in and around the produce, and secondly it will be absorbed into the surface of the produce. Therefore for fumigation to be effective these processes must balance in such a way that an adequate concentration of gas is achieved throughout the grain body. This concentration must be maintained for a sufficient period of time to kill the insects. For this reason all fumigations must be carried out under gas-tight conditions. To achieve gas-tight conditions, the store ventilation can be blocked, but the more common approach is to use fumigation sheets, which are different from general purpose tarpaulins. They are much denser to prevent quick gas dispersion.

The following are specifications of fumigation sheets:

- Size for outdoor large stacks 30 meters X 18 meters
- Size for indoor stacks 18 meters X 15 meters
- Thickness 300 to 400 microns

3.4.2.1. Fumigation Types and Procedures

During fumigation, it must be ensured that the treatment is completely effective and that there is no damage to the commodity being fumigated. Most of all one must ensure that there is no hazard to operators or other persons in the vicinity of the fumigation. These objectives cannot be achieved unless the operational staff who are going to carry out the fumigation have been properly trained in techniques of fumigation. Such training must be under the supervision of a qualified instructor with extensive knowledge and practical experience of carrying out fumigations under the relevant conditions and who must have the authority to certify that the trainee has achieved the level of competence required.

Rates of application of fumigants which achieve complete kill of all stages of common insects have been established by experimentation. These rates are dependent on ambient temperature as fumigants are more effective at higher temperatures. The type of commodity and the species of pest which are present must also be taken into account when deciding on the fumigant to use and the amount to be applied. It is vital that fumigations be carried out so as to achieve 100 percent mortality of the insects present, otherwise failure to do so can lead to insects developing resistance to the fumigant.

3.4.2.2. Types of Fumigations

There are many types of fumigations which can be used to control pests.

Each type is identified by the storage structure or system. The following is a list of fumigation types.

a) Chamber fumigation – for fumigating commodities in an airtight chamber
b) Ship and barge – when fumigating commodities in ships and barges without moving the commodities
c) Cargo containers – when fumigating in cargo containers. These must also be airtight
d) Silo fumigation – automated way of fumigating commodity being put in silos
e) Whole store fumigation – fumigating commodities in warehouses with impermeable walls
f) Stack fumigation - bagged produce under fumigation sheets properly secured to the ground. This is one of the most common fumigation procedures in warehouses.

3.4.3. Effective and safe use of insecticides

Below are some directions on **how to use insecticides effectively**:

a) Only use insecticides on stored products which are clean and dry and in good storage conditions, otherwise it's a waste of money.
b) Find out which insecticide to use under specific circumstances or against specific pests. Not all the insecticides available are suitable:
    i. Some insecticides can be used on seeds for planting, but cannot be used on grains for food, because the residue is toxic to humans.
    ii. Some insecticides cannot be used in combination with certain materials. E.g. Malathion should not be used or put in metal containers.
    iii. Some insects have developed resistance against certain insecticides.
c) If you are not certain which insecticide you can use, ask your extension agent.
d) Know that quantities and timing of application are often critical for a successful result.

How to use insecticides safely:

a) Never buy or use an insecticide without a label on the container that tells you which insecticide is in the package. A label is also necessary to tell you the concentration of the insecticide, how to apply the insecticide and which precautions for safety you should take.
b) Make sure the mixture is correct for its purpose. Using a wrong insecticide can poison the stored produce.
c) Follow the directions for use very strictly. If there are no directions, do not use the insecticide.
d) Do not use more than the recommended dose.
e) Know how to apply the insecticide properly. E.g. Can the poison be used directly on the grain or do you have to spray it around the grain storage areas or on the outside of the containers? Do you have to dilute the chemical? Do you have to use it as a dust or do you have to make a solution?
f) Wear protective clothing to avoid coming into contact with the insecticide.

g) Avoid inhaling dusting powders, gases or fine droplets by wearing a mask. Liquid insecticides and to a lesser extent powders can be absorbed through the skin. Avoid contact with the skin by wearing gloves, a shirt with long sleeves, trousers and shoes.
h) Destroy empty containers. It is very dangerous to reuse them.
i) Wash your hands and clothes after using insecticides.
j) Do not eat, drink, or smoke while using poison.
k) Keep poison containers as well as application equipment away from children and animals.
l) Return waste chemicals to the agricultural field station in your area.
m) Do not throw them away or pour them into a river or anywhere else.
n) Poisons, including insecticides as well, are very dangerous for people, insects, domestic animals, fish, plants and any other living creature coming into contact with the poison.

3.4.4. Quality Control Checks

Quality control checks:

i. Are carried out from the time grain is harvested and received into storage up to the time:
    - It is placed on a shipping belt for loading onto a bulk vessel for export
    - It is loaded into a container for export
    - It is delivered to a domestic end-user and
ii. Involve assessment of a range of samples taken along the supply chain to ensure customer and regulatory requirements will be met on outturn of that grain.

Samples and certification documentation may accompany each grain parcel as it moves through the supply chain. These may be provided by each participant in the supply chain or by independent third parties.

3.4.5. Market Requirements

All involved in the grain supply chain, including producers, storage providers and marketers are to be aware of the relevant domestic and international maximum residue limits applying to grain. For the East African Community, they are based on limits set by the joint FAO/WHO Codex Alimentarius Commission (Codex) available at: www.codexalimentarius.net/pestres/data/index.html?lang=en.

Grain is only outturned:

i. Following compliance with the legislated label requirements such as Withholding and Ventilation Period; and/or
ii. Analysis of grain to confirm residue levels.

Where grain is known to contain a chemical that is in violation of a regulatory or market requirement, industry will not supply that grain to that market unless:

i. A mitigation strategy is implemented; and/or

ii. The supplier receives written agreement from the customer of the grain, provided regulatory requirements are not violated.

3.5. Grain Quality Management

Industry complies with various competency standards that exist for the receipt and management of grain.

3.5.1. Quality Grain

- Assesses and classifies grain at point of receipt according to industry or end-buyer standards, while recognizing the difficulties of this process in Intake Procedures particular situations.
- Applies industry sampling and testing protocols – using EAGC reference methods
- Documents processes including dispute and rejection procedures

3.5.2. Grain Commodity Care

- Ensure maintenance of hygiene of the grain by implementing insect and pest control programs.
- Regular sampling, cleaning of grain spillages and inspection of grain as well as documentation of these processes.
- Segregation and grain integrity are maintained to meet market requirements.
- Maintenance of records (commodity, grade, quality and chemical treatments) for all storages and when grain is moved within the storage facility.

3.5.3. Grain Dispatch Procedures

Throughout the dispatch and transportation process it is important that the premises, equipment and transportation vehicles remain as clean as possible.

3.5.4. Grain Outturn – Domestic

- Inspection of all handling and transport equipment prior to moving grain to ensure quality and integrity of the grain is not compromised.
- Retention of samples obtained for a suitable duration and documentation of the procedure to ensure staff is aware of necessary requirements.
- Grain is loaded subject to knowledge of its quality and compliance with relevant weight limits.

3.5.5. Grain Outturn – Export

- Maintenance of documented procedures at the export premises in relation to storage and grain pathway hygiene, grain sampling, grain testing and sample retention.

3.6. Transport

Transport providers should maintain quality and integrity of the grain while preventing contamination of the load. Grain should be transported to designated markets in fast and secure means within the relevant national and regional laws.

Transport equipment should be dry and free of fungal growth, insects and any contaminated material. Transport containers should be cleaned and disinfected (using registered chemicals) before use and should be suitable for the intended grain.

Insect and rodent-proof containers or approved insect and rodent repellent chemical treatments should be used to avoid insect, bird and rodent infestation during transportation.

Sufficient headroom above the cargo to allow samples to be drawn with a probe in a minimum of five places is a mandatory requirement.

To ensure grain safety, any truck used for grain transportation must not have carried the following items:

- Toxic and corrosive materials including radioactive material as well as animal/ poultry waste
- Unprocessed animal matter including carcasses, wet offal and animal manure
- Metal flakes
- Glass
- Sewage sludge and solid waste whether household or industrial
- Salmonella contaminated materials

Trucks having carried the following items must be cleaned and thoroughly sanitized or steam-cleaned before use in carrying grain:

- Milk and milk products
- Asphalt
- Coal and coal products
- Compost
- Treated fertilizers
- Insect infected grain products
- Hides treated with tanning substances
- Medicated stock feeds
- Treated wood products

Trucks having carried the following items should be cleaned by sweeping and washing before use in carrying grain:

- Untreated bulk grain
- Salt
- Inert mineral materials such as sand and gypsum
- Untreated wood chips

3.6.1. Bulk Transportation

Loose bulk grain in transit is susceptible to wet weather damage and spillage. The following precautions must therefore be taken to ensure that quality of grain being transported in loose bulk is maintained:

- Loose bulk transportation should only be used for one grain type at a time
- Carriers used to transport loose bulk grain must be specifically designed to transport dry bulk goods and not liquid bulk goods
- The truck must be cleaned and dried before grain is loaded. When live insects are detected, the truck must be treated to rid it off the pests
- The grain carrying area must be inspected to ensure that any paint that will get into contact with grain is food-grade paint. If not, then the truck is not suitable for loose bulk grain transportation.
- The truck must be inspected to ensure that it is properly sealed to prevent grain spillage. Adequate unobstructed ventilation must also be ensured
- As loose, flowing grain poses the risk of entrapment, it is important to prevent unauthorized entry to the loose grain transport vehicle especially by children. Entrapment risk warning signs must also be placed onto bulk grain transportation vehicles.
- Whenever it is necessary for a human being to enter the loaded grain vehicle, a body harness secured to the outside of the vehicle must be used

To safeguard the bulk transport container or truck's integrity and prevent failure of their floors and doors, it is important to ensure accurate weight limits are calculated to ensure that the grain loaded is within the vehicle or container specifications.

Bulk density of any cargo is required to determine the amount of grain to be loaded. Average grain bulk densities are easily accessible with some key examples being wheat at 75kg per lectolitre and barley at 65kg/ hectoliter. The following formula shall be used to determine either the maximum grain bulk density that a truck can carry or the tonnage of the container or truck:

$$\text{Maximum grain density} = \frac{\text{Maximum cargo weight (container tonnage – tare)}}{\text{Maximum volume of container}}$$

For example, a 20ft 30 tonne truck/ container with a tare of 2.4 tonne and volume of 33m^3 (330 hectolitres) would be fully loaded with grains of a bulk density up to 83.6 kg/ 100 L.

The height of the grain to be loaded can be determined using the following formula:

$$\text{Height of grain inside truck/ container} = \frac{\text{Grain weight (gross container – tare) kg}}{\text{Floor are (m) X Grain bulk density (kg/m}^3\text{)}}$$

For example, to load a 40ft container with a 4.0 tonne tare whose internal floor area is 27.80 m^2, to a gross weight of 30 tonnes with a grain of bulk density 60 kg/100L (600kg/m3), the height to fill to inside the container would be 1.56 m.

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3.6.2. Bagged Transportation

Bagged grain is susceptible to wet damage or moulding and tearing. Whenever used the following precautions should be borne in mind:

- The grain bags must be clean and dry
- The vehicle or ship used to transport bagged grain must be clean and free from any residues and pests before the bagged grain is loaded
- The bags must be protected from wet weather at all times. Additional waterproof material such as tarpaulins (which should be clean and dry) should be used to cover and protect the grain whenever ferried in an open-truck. In case containerized trucks are used, it is important to ensure that the trucks are weather tight and that there are adequate ventilation systems that are not obstructed.
- Due to the hygroscopic nature of grain, proper ventilation must be ensured to avoid sweating of grain
- It is recommended that all bags be of the same size to prevent grain shortage claims on arrival to the destination
- Simple visual quality inspections of the grain in bags should be conducted while loading to eliminate all damaged, torn and stained bags.
- Spare empty bags should be carried along with the filled bags in case the grain holdings bags tear or get damaged.
- Inspectors or competent staff conversant with grain should be appointed to supervise loading and discharging of grain while paying keen attention to prevent any mishandling that would predispose the grain to wetness, contaminants and tearing
- Individual bags should be counted during loading and offloading
- Grain must be dried to the standard/ optimal moisture content level required, usually 12 – 14 percent depending on the grain, within 48 hours before it can be loaded to reduce the likelihood of moulding, lumping and spoilage during transportation.
- The moisture content of grain to be loaded must be tested and noted down to ensure that they are optimal and as per the EAC standards.

3.6.3. Regulations

- All transport providers to have relevant permits and appropriate training.
- Compliance by all providers to regulations relating to all activities associated with transport vehicles such as loading /unloading, cosigning, scheduling, driving and vehicle mass.
- Transport providers to comply with relevant chain of responsibility legislation and relevant industry codes.

3.6.4. Processes

- All transport providers to have suitably documented systems, procedures, facilities and training for all staff and contractors to meet the legislative and industry requirements for the transport of grain.
- Providers must adhere to the relevant Transport Code of Practice through records and audits.

- Where necessary, sample grain during loading or unloading to minimize the loading or discharge of inappropriate quality grain.

3.6.5. Insurance

All parties are to exercise due care and diligence in the transportation of grain and ensure adherence to all legislation, the grain industry code of practice including any amendments where necessary.

All parties are to comply in performance of services with all applicable laws pertinent to transportation including laws dealing with registration of vehicle and compulsory vehicle insurance. Further still, the grain in transit should be insured to avoid losses in case grain is stolen and damaged during transit.

3.7. Marketing

The grain industry identifies, engages in and maintains access to both domestic and international markets. In addition, the industry works towards adopting common documentation and data management processes to enhance the collective access to markets.

3.7.1. Documentation in Grain Marketing

The grain industry participants should promote and maintain the reputation of Eastern Africa grain while applying the relevant standards and requirements in grain marketing.

All traded grain should be supplied with appropriate documentation. These include but not limited to:

- Commercial invoices
- Road or rail consignment notes or bills of lading depending on the mode of transport
- Certificates of analysis or conformity for the consignment issues by a competent authority
- Phytosanitary certificates issued by a competent authority
- Certificate of origin
- Export and import permits, where applicable
- Certificates of radiation analysis, where applicable

Buyers should also communicate relevant grain standards and specifications to their suppliers clearly and in accurate terms.

3.7.2. Market Access

EAGC coordinates with Eastern Africa governments and industry stakeholders to maintain access to existing markets and improve market access for grain both regionally and internationally while meeting domestic market requirements.

Stakeholders recognize responsibility to maintain the reputation of the Eastern and Southern Africa grain industry; and thus adopt policies and standards set out in this code.

3.7.3. Grain Pooling (Providers, Pricing)

EAGC requires that its members adhere to the CoP requirements when offering grain commodity pools to their clients. EAGC encourages all potential clients of any EAGC members' pools to conduct an initial assessment of the capabilities of the Pool Provider. Before committing to enter into a contract as a Pool Participant, a potential customer should satisfy himself or herself that a Pool Provider has in place the following provisions to manage the Pools that they offer and that they are frequently reviewed:

- The appropriate skills,
- Payment systems,
- Risk systems and procedures,
- Governance and compliance protocols,
- Policies and resources

Potential Pool Participants should seek information relating to each of the above components before engaging into a contract and ensure that a Pool Provider's marketing and pricing strategy and associated policies are in line with expectations of participants.

3.8. Financial Management/ Support

Industry participants employ financial management processes in order:

- To ensure that there are adequate resources to meet their marketing objectives
- To guarantee continual operation within the grain industry, sustainability proper capital and funding
- To ensure there is adequate cash flow to support operations
- To remain solvent

3.9. Grain Contracts

This Code aims to promote fair and transparent contract negotiations and to ensure that full disclosure of the terms and conditions relating to a contract are provided, including fees and charges.

3.9.1. Grain Trade Contract Types

Delivered Duty Paid Contract: Seller is responsible for all taxes, duties etc. on goods prior to delivery to Buyer's store

Delivered Duty Unpaid Contract: Buyer is responsible for all taxes, duties etc. on goods prior to delivery to Buyer's store

Free Carrier contract: Seller is responsible for the cost of loading the goods from the warehouse onto the Buyers transport and for all warehouse storage costs until the end of the delivery period.

3.9.2. Rules of Trade

These general rules shall govern all transactions of a financial, mercantile or commercial character connected with the grain trade involving any of the parties using these rules:

1. **Confirmation of trade:** Grain contracts should be confirmed in writing by close of business the day following the date of trade.
2. **Amendments**
   2.1. The Buyer and the Seller may amend the contract by mutual agreement.
   2.2. It shall be the responsibility of the party issuing the amendment to ensure that the other party receives written notification of an amendment within one (1) working day of issuing an amendment.
   2.3. If the Recipient of a proposed amendment disputes the terms of the amendment the dispute shall be put into writing within two (2) working days of having received the amendment unless the amendment is for immediate effect in which case the Recipient of the amendment shall have one (1) working day from the time of receipt of the amendment to reject the amendment.
   2.4. If the issuer of an amendment has confirmation that the other party has received the amendment and the other party has not disputed the amendment within the period specified, the other party will be deemed to have accepted the amendment.

3. **Brokerage**
   3.1. **Definitions**
   A brokerage contract is a written contract by which a broker is employed as an agent to make contracts in the name and on behalf of the principal. It will contain details of the terms of the business relationship between a broker and his/her principal.
   A **Broker** is a person, firm or electronic trading platform engaged for others, at least partially on a commission basis, in negotiating contracts relative to commodities or goods the custody of which, actual or constructive, they have no concern.
   Brokerage - The fee charged by brokerage firms for the execution of a transaction. It is also called commission.
   3.2. **Powers of a broker**
   i. A Broker has the power to bind two principals only to the extent of their instructions and the principals are not liable for any acts of the Broker in excess of such instructions.
   ii. A Broker who, in good faith or otherwise, exceeds his authority is liable for resulting damages.
   iii. A Broker who, in good faith, negotiates a contract which is in accordance with instructions from both principals, who, at the time of negotiations, advises each principal the name of the other, and who completes such negotiations in accordance with the rules and customs governing such transactions, thereby fulfills all obligations and has no further liability to either of the Principals. A contract so negotiated is valid and binding between the Buyer and the Seller the same as if it had been negotiated directly between them.

3.3. **Payment of Brokerage**

Brokerage shall be deemed to be earned on the issuance of a contract confirmation and acceptance thereof by the contracting parties. Brokerage shall be credited when the deliveries or shipments are invoiced or when the contract is otherwise consummated or terminated. Brokerage shall be paid by the Seller on the mean contract quantity. Such brokerage or commission shall be due upon presentation of proper invoice. Brokerage charges range between 0.10 – 0.25 percent of the contract value. These charges may differ according to the commodity.

4. Delivery Period

4.1. Contractual delivery periods are compulsory and shall constitute fixed limits.

4.2. The contract shall state when the Seller shall make the commodity available to the Buyer at the specified point of delivery.

4.3. If the commodity is sold on the basis of **immediate delivery**, delivery of the commodity shall commence within three (3) working days from the date of the contract.

4.4. If the commodity is sold on the basis of **prompt delivery** the delivery of the commodity shall commence within ten (10) working days from the date of the contract.

4.5. Where the contract is neither immediate nor prompt delivery, the Seller shall give the Buyer five (5) working days written notice of intention to deliver the commodity.

4.6. The Seller may give notice before delivery period commences to ensure delivery on first day of the delivery period.

4.7. Unless otherwise stated, the Seller shall give to the Buyer at least one (1) working day notice before carriers arrival and the notice shall include all details of the carrier's registration markings and in the case of road carriers it shall include the drivers name and identity card number.

5. Quantity

5.1. Unless otherwise stated the contract shall clearly state the quantity to be delivered and the same shall be stated in bags or bulk and weight, (e.g. 100 bags of 90 Kgs each)

5.2. If a contract not in metric tons fails to mention the weight per bag then the weight per bag shall be deemed to be the prevalent weight at the point of delivery.

5.3. The quantity shall be net of bag weight which shall be calculated either by putting the empty bags over a weigh bridge to determine their weight or by multiplying the number of bags with the bag weight as specified below.

Unless otherwise specified the following bag weights shall be used;

• 90 kg Jute bag	weight per bag	1 kg
• 90 kg polypropylene bag	weight per bag	0.2 kg
• 50 kg polypropylene bag	weight per bag	0.11 kg

6. Tolerance

6.1 Unless otherwise agreed by the contracting parties, in the case of a contract having a provision for a specified variation in quantity, variation in quantity shall be at the contract price and on the total contract quantity.

6.2 The tolerance shall state whether it is at Buyers or Sellers option.

6.3 Unless otherwise stated in the contract, the Buyer or the Seller shall declare at the commencement of the shipment period whether they will exercise the option.

7. Price

7.1. The price shall be agreed for a commodity delivered to a specified place.
7.2. The price shall include all transport costs, involved to affect delivery to the specified place but shall not include the cost of discharging the goods at the specified place.
7.3. The price shall include all duties, levies and tariffs either on the commodity or the transport to the specified place which shall be for the Sellers account
7.4. The price shall state the unit applicable and the number of Kgs within the unit (e.g. price per bag of 90 Kgs net).
7.5. Unless otherwise specified, the price shall be net of any bag weight.

8. Quality

8.1. The contract shall clearly state the quality of the commodity which should relate to one of the following:
  8.1.1. Eastern African Community Standards with the contract specifying the commodity and the grade
  8.1.2. The quality standard of the relevant authority of the country of delivery with the contract stating which commodity and which grade
  8.1.3. Fair Average Quality (FAQ) with the contract stating every quality specification relevant to the commodity in that contract
8.2. Goods shall be delivered dry (unless otherwise stated), without abnormal smell and free from live insects or other vermin.
8.3. Quality shall be final at discharge of the carrier and shall be certified by an independent qualified inspection company or where there is no independent inspection company appointed, Buyers and or their nominated representative(s) shall inspect the commodity prior to discharge.
8.4. The goods must meet all current trading standards stipulated by the relevant authority unless the contract states otherwise.
8.5. In the case of a contract based on FAQ specifications – a specification not mentioned in the contract shall be deemed to be the specification stipulated by the relevant authority for the grade nearest to the average quality of the contract quality.
8.6. Specifications not mentioned will in the first instance be considered to be the specifications laid out in the EAC Standards for that commodity's grade, if there is no EAC Standard then the specification will be considered to be the specification of the relevant authority of the country in question.
8.7. Unless otherwise stated relevant authority will be that of the country where the goods are delivered.

8.8. If the contract is not a FAQ contract and fails to mention the grade, it shall be assumed that the commodity in the first instance will be considered as Grade 2 as laid out in the EAC Standards for that commodity's grade. If there is no EAC Standard then the grade will be considered to be Grade 2 of the relevant authority of the country in question.

8.9. On a contract based on a reference sample given to the Buyer, a reference sample of no less than five (5) kg must be sealed in an air tight rigid container, with both the Buyer and the Seller signing that it is considered as a reference sample.

8.10. The commodity delivered to the Buyer under a reference sample contract must conform strictly to the said sample, failure to which the Buyer may either reject or accept delivery subject to an agreed discount in price.

8.11. On a contract based on a representative sample of the total contract quantity given to the Buyer, a representative sample of no less than five (5) Kgs must be sealed in an air tight rigid container, with both the Buyer and the Seller signing that it is considered to be a representative sample.

8.12. While a represented sample allows for a degree of tolerance in the quality delivered, the Buyer and Seller must specify minimum and maximum tolerances where necessary.

8.13. In the case of a dispute as to the quality of commodity delivered under a representative sample contract where specification tolerances were not stated, the dispute shall be forwarded to arbitration under the EAGC arbitration rules and the arbitrators will decide whether the difference of quality was significant and what damages if any should be awarded.

9. Sampling

9.1. Primary samples representing the average quality of the lot shall be drawn.

9.2. The primary sample shall be completely mixed and shall be divided down to the required number of final samples.

9.2.1. Final samples shall be packed and sealed with the following provisions:

9.2.1.1. Samples for ascertaining moisture content (humidity) must be packed in rigid air tight containers

9.2.1.2. Samples for ascertaining broken or partly broken kernels must be packed in rigid containers

9.2.1.3. Samples for other purposes shall be packed in new very close texture canvas, cotton or paper bags

9.2.1.4. Each sample shall have a clear label marking the date the sample was collected, and relevant details of that sample

9.3. All terms and conditions of the EAGC Sampling Rules are deemed incorporated into this contract.

10. Rejection Of Goods

10.1. Where the Buyer or his representative intends to raise an objection on the basis that the quality of the commodity delivered to the point of delivery does not meet the contract specifications, the Buyer or representative shall not off-load the commodity but shall not later than one working day from the arrival of the commodity notify the Seller of the rejection of the commodity and the reasons therefore

10.2. If the Buyer or his representative fails to notify the Seller of the intention to reject as above such failure shall preclude the Buyer from rejecting the commodity or making any claims on the ground that the quality does not meet the contract specifications.

10.3. The Seller or his nominated representative shall within one working day after receipt of the Buyer's notification inspect and verify the quality of the commodity.

10.4. If the Seller or his nominated representative fails to inspect the commodity within the said period of one working day, the Seller shall be deemed to have accepted the Buyer's findings.

10.5. If the Seller does not or is unable to remedy the quality defect within three (3) working days after confirmation of the defect, then the Buyer shall be entitled to reject the commodity.

10.6. If the Seller agrees that the quality does not meet the contract specification, the parties may agree that the Buyer shall accept the commodity at an agreed reduced price.

10.7. Such agreement as is stated in 10.6 above shall be in writing and shall constitute delivery under the Contract terms.

10.8. If the Seller does not accept the Buyer's offer, the Seller shall remove the commodity and supply alternative commodity to fulfill the contractual obligations within the contract delivery period.

10.9. If the Seller and the Buyer fail to agree on the quality of the commodity, a second sample shall be drawn in accordance with the EAGC sampling rules by an authorized person acceptable to both parties.

10.10. The second sample shall be sealed for arbitration purposes and the label shall contain all relevant information required for the analysis.

10.11. The analysis of the second sample shall be done by an independent laboratory appointed in default of mutual agreement between both parties, by EAGC and the cost of the analysis shall be met by the Seller.

10.12. The results of the second sample analysis by the independent laboratory as aforesaid shall be final.

10.13. If the rejection is disputed by the Seller, the Buyer or his representative may discharge the carrier without prejudice to the Buyer's rights.

10.14. If the Buyer or his representative refuses to discharge the carrier the commodity shall be forwarded by the Seller to a third party suitable warehouse for storage on the account of whom it shall finally belong to.

10.15. Whether the rejected commodity is discharged at the Buyer's nominated place without prejudice or at a third party warehouse as per 9.14 the Buyer shall pay the Seller in terms of the contract provided that if the Buyer so demands, the Seller shall as a condition of payment furnish the Buyer with a suitable bank guarantee in respect of the disputed quantity.

10.16. Such bank guarantee shall be cancelled if the EAGC arbitration award is in favor of the Seller, or when the Seller makes payment to the Buyer where the EAGC arbitration award is in favor of the Buyer.

10.17. Without prejudice to the provisions of the default clause, all costs and consequences of an accepted or a contested rejection shall be borne by the party against whom the finding is made.

11. Payment

11.1. The Buyer and the Seller shall clearly specify the payment terms in the contract.

11.2. Amounts specified in the contract shall be paid without delay and strictly as specified in the contract.

11.3. Unless otherwise stated in the contract payment shall be made within five (5) bank days after presentation of the Sellers invoice.

11.4. The Buyer shall take all necessary steps to ensure payments are made on the contractual dates.

12. Notices

12.1. Any notices in respect of this contract shall be communicated rapidly and in a legible form.

12.2. Rapid communication in this context means;

12.2.1. letters delivered within one working day in person, by courier or registered mail,

12.2.2. telefax

12.2.3. email

12.3. In case of the notice required to be given within not more than twenty four (24) hours the same may be given by telephone.

12.4. In the case of a dispute as to whether or not a notice has been received it shall be up to the sender to prove to the satisfaction of the Arbitration Board or Board of Appeal that the notice was sent.

12.5. All notices received after 1700 hours shall be considered to have been received on the following working day.

12.6. It is advised that to ensure there is no confusion all communication by telefax and email be further enforced by a hard copy delivered by hand (in person, courier or registered mail) and the receipt of such delivery be kept.

13. Force Majeure

13.1. The Buyer or the Seller may claim Force Majeure if the dispatch or delivery of goods is hindered or prevented by unforeseen circumstances (which include but are not limited to acts of God, action by relevant governments, export or import prohibitions, strikes, fire etc.).

13.2. Whether hindrance or prevention, the party claiming the Force Majeure event shall notify the other party in writing within two (2) working days of the commencement of the Force Majeure event; full details as to the nature of the Force Majeure event must be given.

13.3. The other party may at their expense send an independent qualified authority to confirm the validity of the Force Majeure claim.

13.4. Should the hindrance be only of a temporary nature (strike, lock out etc.) the dispatch or delivery period shall be extended as from the resumption of work by an equal number of working days as were lost through the delay.

13.5. Whatever the circumstances, the party evoking Force Majeure must endeavor to mitigate any Force Majeure circumstance and resume its responsibilities under the contract as soon as possible.

13.6. If the Force Majeure circumstance is not a temporary hindrance and lasts for at least thirty (30) consecutive days the parties may;

13.6.1. Mutually agree to cancel the contract, or such remaining tonnage under the contract or

13.6.2. Extend delivery under the contract.

13.7. Cancellation through a Force Majeure event shall not amount to a default by the Buyer or the Seller for failing to dispatch or deliver the tonnage or remaining tonnage stipulated in the contract.

13.8. If one of the parties does not agree to cancel the contract or the remaining tonnage under the contract the party claiming Force Majeure shall be entitled to a further extension of thirty (30) consecutive days sixty (60) days from the start of the Force Majeure situation)

13.9. If the Force Majeure circumstance still prevents the dispatch or the delivery of the commodity at the end of the first thirty (30) day extension the party not claiming Force Majeure may cancel the contract.

13.10. Cancellation at this point shall not amount to default by the Buyer or the Seller for failing to dispatch or deliver the tonnage or remaining tonnage stipulated in the contract.

13.11. Both parties may mutually agree to extend the dispatch or the delivery period of the contract for a further thirty (30) consecutive days.

13.12. If at the end of the second thirty (30) day extension the Force Majeure event is still preventing the dispatch or the delivery of the commodity, the contract shall be considered cancelled.

13.13. Cancellation at this point shall not amount to a default by the Buyer or the Seller for failing to dispatch or deliver the tonnage or the remaining tonnage stipulated in the contract.

13.14. For a Buyer or a Seller to claim Force Majeure due to a government implementing restrictions on the movement of a commodity the contract must have clearly stated that the originating country is different from the destination country.

13.15. Crop failure resulting from weather conditions of any nature, or damage to or destruction of crops by any other means will not be considered grounds for invoking Force Majeure under the terms of this clause.

13.16. Failure by the Seller to make available the full tonnage stipulated in the contract shall not be a ground to claiming Force Majeure and it shall render the Seller liable for a claim of damages by the Buyer.

14. Insolvency

14.1 Either party shall, at any time after sending notice, have the right to terminate this contract and to recover the loss (if any) in the event that;

14.1.1 The other party suspends payment or commits an act of bankruptcy

14.1.2 Informs the other party that it is unable to pay its debts

14.1.3 Reasonable grounds for insecurity have arisen with respect to the financial capacity of the other party to perform under this contract, and the party

under question has failed to respond within three (3) working days to written notice requesting adequate assurance of financial performance.

15. Disputes

Parties who have entered into terms of trade subject to EAGC rules are entitled to refer disputes arising out of such contracts to EAGC.

3.10. Warehouse Receipt System & Warehouse Certification

In a regulated warehouse receipt system, a warehouse facility must be inspected for suitability. This is done by a qualified inspector appointed by EAGC against a set of criteria. Once the facility meets the minimum requirements, it is issued with a certificate that allows it to participate in the regulated warehouse receipting system.

3.10.1. Warehouse/ Silo Certification Levels

EAGC has four recognized certification levels, that is A, B, C and D.

3.10.2. Certification Procedures and Fees

1. A warehouse operator submits an application letter requesting participation in warehouse receipt system.
2. Upfront inspection costs are paid before inspection exercised is commenced.
3. Regulator identifies and commissions a credible inspection firm to do thorough inspection against pre-set criteria that mainly covers:
    a. Structures
    b. Equipment (handling and laboratory)
    c. Staff skills
    d. Lease, audited records, past records
    e. Insurance policies
4. The inspection firm undertakes the initial inspection and sends a report to the regulator.
5. Regulator presents the inspection report to the warehouse operator. In case the regulator certification standards are not met, the warehouse operator is advised to work on nonconformities.
6. A follow up inspection is carried out to assess the remedial works.
7. If all the certification standards are met, the regulator issues a license to the warehouse operator.
8. Warehouse is certified.

3.10.3 Warehouse/ Silo Certification Criteria

The EAGC shall use appointed independent reputable inspection companies to inspect warehouses, such inspection companies will carry out a normal inspection but at the same time provide the following information to the EAGC which will allow the EAGC to asses which certification level is suitable for the warehouse. The inspection company may provide

additional information, which is not listed below which may also influence the level of certification the EAGC considers applicable.

1. General Information

1.1. Is the applicant for certification the owner of the warehouse?

1.2. If the applicant is not the owner of the warehouse, the renter of the warehouse must include a copy of the rental agreement, which the EAGC will check to ensure meets the EAGC criteria.

1.2.1. Date the warehouse was constructed

1.2.2. Floor plan in square meters

1.2.3. Cubic meter capacity

1.2.4. Diagrammatic plan of the warehouse layout indicating stack layout, divisions between stacks.

1.3. Information on whether the warehouse can handle bulk grain in loading, unloading and bagging.

1.4. What facilities are available to handle bagged grain, and whether it is 50kg, 90 kg, 100 kg or 1 MT bags.

1.5. What cleaning equipment are available, its capacity, does it rely on electricity, is there a backup generator if the electricity fails, is it in working order.

1.6. Administration and Operational staff; formal qualifications and job experience.

2. Walls

2.1. For all certification levels walls must be solid but may contain ventilation at the top of the wall below the roof, concrete blocks and brick is acceptable material (and coral blocks with 2 inch concrete plaster area on the inside and 1 inch plaster on the outside)

2.2. Thickness

2.3. Waterproof – all warehouses must be entirely waterproof

3. Internal supports

3.1. All internal supports must be of metal or concrete

4. Floor

4.1. The floor must be a continuous concrete surface it may contain drainage channels but these must be clean and in similarly good condition

5. Roof

5.1. Must be covered with corrugated galvanized steel in perfect condition, with no rust and with a specified gauge. If there is no receipt for the purchase of the roof the inspector must measure the gauge. If the warehouse does not have a ladder to access the roof the warehouse fails the inspection.

5.2. Overhang, the roof must overhang the gables by not less than 0.7 m and the eaves by not less than 1 m

5.3. The roof must be waterproof

6. Doors

6.1. Must be covered with corrugated galvanized steel in perfect condition, with no rust and with a specified gauge. Inspector to check on the gauge and dimensions of the door.

6.2. Number of doors in the warehouse.

6.3. Padlock points, the door should be able to be securely sealed

7. Openings

7.1. All warehouses should have ventilation which unless in the form of small windows should be high up under the roof overhang.

7.2. In all warehouses ventilation areas should be protected by security grills.

7.3. Protection from birds should be 10 mm wire mesh on the outside of the ventilation, preventing birds from nesting in the ventilation areas.

7.4. All warehouses should have 1mm mesh on the inside of the ventilation to prevent insects.

7.5. All ventilation areas should be waterproof.

7.6. Some warehouses may have windows for ventilation, these windows must be sliding not louvers, reasonably small, they must meet ventilation criteria, and must be covered by a roof or have its own roof.

8. Internal Surroundings

8.1. All warehouses shall be free from live and dead insects that infest grain

8.2. All warehouses shall be free of vermin, and traps should be properly baited and checked on a daily basis.

8.3. All warehouses shall be in a clean condition and free of dust

8.4. Drainage areas shall be clear and dry

8.5. Goods stored shall be in neat organized stacks

8.6. Pallets shall be clean and in good condition

9. External Surroundings

9.1. All warehouses shall have within their perimeter wall free space to allow access in and out.

9.2. Sheltered area to allow offloading and loading in all normal weather conditions

9.3. Perimeter wall required in all warehouses

9.4. The access gate must be able to accommodate transporter access

9.5. Surface of external area should be in good condition

9.6. All warehouses should have good water drainage

9.7. When warehouses certified as A or B are in an area where there is an alarm system with a response team available it must be in place

9.8. Guard house

9.9. External area shall be clean, without evidence of rodents, grain infesting insects, and tidy.

10. Equipment

10.1. Fire extinguishers shall be present in all warehouses at a rate of 2 per 1,000 MT of potential stored commodity; they shall have up to date maintenance records.

10.2. Where available warehouses should have fire water pipes.

10.3. Electrical installation shall be in good condition, in all warehouses sockets will be in excellent condition and well attached to the walls.

10.4. External lighting.

10.5. Smoke detectors.

10.6. Weighing equipment for bags shall have the appropriate inspections and licenses and shall have up to date records of calibrations.

10.7. Generator or battery system required to back up security arrangements.

11. Warehouse administration

11.1. Office space is essential for all warehouses

11.2. All warehouses should have working telephones

11.3. Internet and email access

11.4. Minimum guard level is one per 5,000 MT stored, such as if the capacity is 5,001 MT then 2 guards will be required, guards must be present 24 hours, warehouse may also but is not required to have dogs, circuit TV etc.

12. Stock follow up methods and tools

12.1. All warehouses are required to reconcile physical stock (basis estimated counting) with records on a regular basis.

12.2. Each stack shall have its own stack record, which will be backed up with records in the office. Inspection company will assess all aspects of stock management and report, the EAGC will then assign a level basis the inspection report.

12.3. All warehouses are required to have stock records showing the movement of commodity in and out of the warehouse, the management of the commodity and what commodity is store which will be accessible to the inspectors

12.4. All warehouses to provide copies of the audited accounts to the inspectors who shall forward them to the EAGC who will have them assessed and judged appropriate for the different warehouse certification levels.

13. Insurance

13.1. Level of cover must be fully comprehensive covering all risk and including but not limited to theft by warehouse staff. The cover must be sufficient to cover the most valuable commodity stored for the total storage capacity of the warehouse. Warehouse must give inspector copy of the full insurance cover including all terms and conditions.

13.2. In all cases warehouse insurance cover should be no less than 11 months from the date of inspection, in cases where the insurance is less than 11 months, the EAGC will require proof that the insurance has been extended before issuing any level of certification.

3.11. Personnel and Training

This Code encourages Continuous Professional Development (CPD) through staff training to maintain high standards. All staff including contractors and registered officers should be adequately trained, so they can competently and efficiently fulfill their functions as per the requirements of this Code. All suppliers will be audited against their stated competency and records kept.

While the specific training required will differ across the supply chain and depend on the tasks undertaken, industry participants are to ensure that all principals and staff:

i. Have an adequate knowledge of the provisions of this Code. There is to be sufficient personnel with the ability to carry out the provisions of this Code.
ii. Have completed training relevant to their roles (e.g., samplers are trained in industry sampling and testing protocols). Training will be formal.
iii. Undertake training relevant to industry practices and as offered by industry experts (e.g., EAGC-Grain Business Institute Capacity Development Courses);
iv. Comply with all relevant industry regulations and/or standards;
v. Keep skills and accreditations up to date through ongoing training.
vi. Maintain documented evidence of training completed

vii. Have the appropriate support and ongoing training to ensure they can carry out their role:
    - Adequately
    - In a professional manner
    - In accordance with all current regulations and industry standard.

viii. Depending on the grains stored, EAGC may wish to train and license specialized personnel on which the warehouse depends for its efficient operation under the WRS Act.

Following appointment and training, all staff involved in particular activities:

i. Are to be assessed;
ii. Are required to be "deemed competent"; and
iii. Have their relevant records updated.

4. PART FOUR – DISPUTE RESOLUTION

4.1. Interpretation

The following definitions apply in these Rules:

- "***Arbitration***" is defined as set out in the Arbitration Act No. 95 of the Laws of Kenya or such other law or enactment amending, replacing or repealing the same as may then be in force.
- "***Arbitration Agreement***" means the agreement between the Parties to resolve any disputes by Arbitration.
- "***Arbitrator***" means an independent person acting as Arbitrator appointed by EAGC
- "***Business Days***" means any day, 0800 hours until 1700 hours local time, Monday through Friday, except Public Holidays.
- "***Cross-Claim***" means a claim against the Claimant, or any other Party to the Arbitration. It excludes a third Party that is not a Party to the Dispute Resolution Agreement.
- "***Days***" refers to business days and weekends.
- "***Dispute***" means the original Request as lodged by the Claimant and also any Cross-Complaint, counter-claim, or offset as set forth by the Respondent, but in no instance shall the matters submitted by the Respondent be any other than those directly related to the transaction on which the original Request is made.
- "***Member(s)***" as used in these Rules means a member of EAGC in any category of Member as defined in the EAGC rules of trade.
- "***EAGC"*** means Eastern Africa Grain Council, its Directors and Officers, its CEO and/or its agent.
- "***EAGC List***" means the list of Arbitrators maintained by EAGC
- "***Non-Member(s)***" means any individual or firm that is not a Member in any category as defined in the EAGC rules of trade.
- "***Notice of Dispute***", or "NOD" means the information sent by EAGC to the Parties following receipt of the Request and that the Process has commenced. The Notice may include a list of experts or Arbitrators and may include a copy of the Request.
- "***Party***" means a party to the relevant Process established pursuant to these Rules.
- "***Points of Claim***" means the statement of argument lodged by the Claimant in the Process.
- "***Points of Defence***" means the statement of argument lodged by the Respondent in the Process
- "***Request***" means the first notification to EAGC by a Party wishing to initiate an EAGC Dispute Resolution Process.
- "***Rules***" refers to these Dispute Resolution Rules.
- The '***Rule of Evidence***" is a rule of law whereby any alleged matter of fact that is submitted for investigation at a judicial trial is established or disproved.
- "***String Trade***" means a sequence of contracts in which the same parcel of goods, or part thereof, is bought and sold.
- "***Tribunal***" means the panel of Arbitrators established to determine Arbitration.

A reference to the singular includes the plural; to a gender includes all genders and companies, corporations and other legal persons; a document includes all amended, supplemented or replaced versions of a document.

4.2. Dispute Resolution Service

The code supports the EAGC Dispute Resolution Service, which is a cost effective, timely and comprehensive dispute resolution process for the grain industry.[1]
The EAGC Dispute Resolution Service:

- Provides all industry participants an opportunity to resolve disputes under industry specifications according to EAGC rules of trade.
- Regards all supply disputes occurring between industry participants
- Considers all disputes fairly and equally and does not jeopardize the underlying commercial relationship
- Respects the confidentiality of participants and promotes an equitable and timely resolution of disputes

4.2.1. EAGC Dispute Resolution Framework (Purpose and Description of Service)

4.2.1.1. EAGC administers disputes referred for determination under the Dispute Resolution Rules and provides administrative support to arbitrations.

4.2.1.2. Through its Dispute Resolution Process ("Process"), Eastern Africa Grain Council (EAGC) works to avoid litigation and reduce hostility among EAGC members and other industry participants by encouraging resolution of disputes through peer review. The process is conducted in a manner that promotes the saving of time and expense while providing resourceful, fair and equitable means to settle disputes.

4.2.1.3. The EAGC Dispute Resolution Rules ("Rules") shall govern the resolution of any disputes falling within the jurisdiction of the EAGC Process, which consists of Expert Determination, Fast Track Arbitration and Full Arbitration (as discussed in subsequent sections).

4.2.1.4. Based on the nature of the dispute, the Party(s) shall determine the appropriate Process. EAGC is available to discuss the various options with a Party prior to commencing a Process.

4.2.2. Jurisdiction

4.2.2.1. EAGC has jurisdiction through the incorporation of its Trade Rules or these Dispute Resolution Rules into a contract, by separate agreement of the Parties.

4.2.2.2. A Member or Non-Member, who incorporates the EAGC Trade Rules or these Rules in to its contract or agreement, agrees to resolve any disputes arising out of the inception, negotiation, formation, performance or any other aspect of the contract or contractual relationship, pursuant to these Rules.

[1] Grain trade Australia – Dispute Resolution Rules, 2014.

4.2.2.3. By incorporating these Rules, a member or non-member agrees not to apply to any court unless the dispute has been finalized pursuant to these Rules or the dispute falls outside the scope of these Rules.

4.2.3. Commencing a Process

4.2.3.1. A Request must be lodged with EAGC and the filing fee paid by the Claimant, on or before twelve (12) months after the expiration date for performance of the contract(s) otherwise any claim is deemed to be waived and absolutely barred unless an EAGC Arbitration Tribunal extends the time for commencing arbitration (Refer to EAGC Trade Rules).

4.2.3.2. A Party wishing to commence a Process under these Rules ("the Claimant") shall send to EAGC (with copy to the other party(s) to the dispute) a written Request containing or accompanied by the following:

- The type of Process requested
- The names and contacts (if known) of the Parties to the dispute and of their legal representatives (where applicable)
- A brief statement describing the nature and circumstances of the dispute and specifying the claims advanced by the Claimant against another Party to the dispute ("the Respondent"), including the amount involved
- A copy of the contractual documentation which demonstrates the incorporation of the EAGC Trade Rules or Dispute Resolution Rules

4.2.3.3. Any agreement between the Parties or proposal regarding the procedure for Arbitration or other Process.

4.2.3.4. Unless otherwise stated in these Rules, the date of receipt by EAGC of the Request shall for all purposes be the date on which the Process has commenced.

4.2.3.5. Following receipt of the Request, EAGC will issue a Notice of Dispute, a tax invoice for both the Administration and Process Fee and a list of the EAGC Approved Arbitrators to the Parties from which the Parties must nominate an Arbitrator (as appropriate).

4.2.3.6. Following receipt of the relevant fees and a signed Contract for Arbitration from:

- Both Parties in the case of a Voluntary Fast Track Arbitration; or
- The Claimant (in the case of a Full or Mandatory Fast Track Arbitration), EAGC will administer the Process pursuant to the Rules of the relevant Process.

4.2.3.7. The Respondent shall submit a Response as requested by EAGC and provide any information not provided in the Request.

4.2.3.8. Failure to send a Response to the Request shall not disclaim the Respondent from denying any claim or from advancing any counter-claim in the Dispute. However, should the Claimant wish to continue to pursue dispute resolution, the Claimant may continue with the Process or elect an alternate Process, as appropriate.

4.2.4. Dispute Resolution Fees

4.2.4.1. The fees payable by each Party shall be determined by EAGC from time to time. These fees are subject to change and review by the EAGC Board of Directors, at its discretion.

4.2.4.2. Each Party is to pay the Administration Fee specified for the administration of the Dispute Resolution Process. This fee is non-refundable and payable on invoice.

4.2.4.3. Each Party is to pay the relevant Process Fee upon notification by EAGC.

4.2.4.4. If the Parties commence more than one Process, for whatever reason, separate Administration and Process Fees are payable for each Process.

4.2.4.5. Where the Claimant has not paid the Administration Fee within twelve (12) months of invoice, EAGC will consider the Process as abandoned and close its file.

4.2.4.6. In administering a Process, EAGC may incur expenses including but not limited to administration, travel, communication, room hire, legal fees, support services and other expenses which will be invoiced to the Parties at EAGC's discretion and at a cost to be borne by the Parties jointly and severally.

4.2.4.7. EAGC or an EAGC Arbitration Committee may at its discretion seek such legal advice or assistance as it requires in the administration of a Process generally or in respect of legal issues arising in relation to any Process and the costs of the legal advice will be borne equally by the Parties and may be the subject of an Award.

4.2.4.8. The EAGC Board of Directors shall from time to time determine the costs and fees applicable in arbitration and the same shall be published by EAGC and made available to members. In the event of the Arbitrators and or the EAGC incurring additional expenses, the EAGC shall inform the parties who (subject to the final order on costs) shall be jointly and severally responsible for such expenses.

4.2.4.9. An Award or opinion may be withheld until any outstanding amounts payable to EAGC (including, without limitation, Administration, Process and/or legal fees) are paid.

4.2.5. Exclusion of Liability and Indemnity

4.2.5.1. Except in the case of fraud, the Expert, Arbitrator, EAGC, its Directors, Officers and Agents (including legal advisors) shall not be liable to any Party for any loss, damage or claims arising (directly or indirectly) from any act or omission (including negligent acts or omissions) in connection with the Process or in the performance of or failure to perform any obligation under these Rules.

4.2.5.2. The Parties to a Process jointly and severally indemnify EAGC, its Directors, Officers and agents (including legal advisors) and the Expert/s and/or Arbitrator/s in respect of all claims related to any act or omission of EAGC, its Directors, Officers and Agents (including legal advisors), the Expert/s and/or Arbitrator/s in the performance of or failure to perform any obligation under these Rules.

4.2.6. EAGC Arbitrators

4.2.6.1. Arbitrators shall be trained and certified by EAGC through GBI.

4.2.6.2. Within ten (10) working days from receiving the notice from the EAGC of the appointment of the final Arbitrator, the Claimant shall submit a clear, brief and to the point statement of their case accompanied by copies of the Contract and any supporting documentation and shall deliver by registered mail or reputable courier one copy each to the Arbitrators, the EAGC offices and to the Respondent.

4.2.6.3. If the Claimant fails to submit the above documentation within the time limit the Claimant shall be considered to have waived their right to make a claim provided that the Arbitrator may in his absolute discretion and for reasons to be given in writing allow the Claimant to submit his documentation later than the prescribed period.

4.2.6.4. Within ten (10) working days from the date the Claimants statement and documents were received, the Respondent shall submit a clear brief and to the point statement of their case accompanied by copies of the Contract and any supporting documentation and shall deliver by registered mail or reputable courier to each of the Arbitrators, the EAGC offices and the Claimant

4.2.6.5. The Claimant shall have five (5) working days from the date when the Respondents statement and documents were received to respond to any new issues raised, this response shall be sent by registered mail or reputable courier to each of the Arbitrators, the EAGC offices and the Respondent.

4.2.6.6. The Respondent shall have five (5) working days from the date when the Claimants Response was received to respond to any new issues raised, this response shall be sent by registered mail or reputable courier to each of the Arbitrators, the EAGC offices and the Respondent.

4.2.6.7. The Arbitrators may in their sole discretion request the Claimant or the Respondent within a set time limit to simplify their statements, or substantiate their documentation and send such documents to the other party, each of the Arbitrators and the EAGC.

4.2.6.8. The Arbitrators shall have the power to assess and award costs of and connected to the dispute, including fees and expenses incurred by the Arbitrators and the EAGC. The Arbitrators shall assess and award costs at the conclusion of the arbitration.

4.2.6.9. The Arbitrators shall consider the submitted documents and present the award on the Arbitration date stipulated by the EAGC.

4.2.6.10. Where the Arbitrators considers that an oral hearing is necessary the EAGC shall notify the parties of the date, time and place and at such hearings the parties may be represented by one of their employees, or by an EAGC registered Arbitrator, or other representation, but the parties may not be represented by solicitors, barristers advocate or other legally qualified advisor.

4.2.6.11. The Arbitrators may at their absolute discretion re-schedule the arbitration date and the EAGC shall inform the parties immediately.

4.2.7. Confidentiality

4.2.7.1. All proceedings and submissions relating to the Process shall be privileged and remain confidential between the Parties and the Expert or Arbitrator and any documents exchanged and generated for the purposes of an expert opinion or Arbitration should not be used for any other ulterior purpose. Neither Party nor Expert or Arbitrator nor EAGC may disclose the Opinion or information released during the Process unless required by law and except as provided in the section on Publication.

4.3. Expert Determination

4.3.1. Purpose

4.3.1.1. Expert Determination is a non-binding Process where EAGC appoints an Expert to review the Parties' submissions and issue an opinion to the Parties. EAGC will use its best endeavors to provide this within five (5) business days of receiving the final submission.

4.3.1.2. Expert Determination does not require the consent of both Parties and may be requested solely or jointly. An Expert Determination is non-binding whether or not a single Party or all Parties participate.

4.3.1.3. The Parties agree to participate in good faith in the Expert Determination.

4.3.2. Expert Appointment

4.3.2.1. To commence an EAGC expert determination, Parties must notify EAGC in accordance with the requirements of 'Commencing a process' and the Rules that follow under Expert Appointment.

4.3.2.2. EAGC will appoint an Expert and each Party shall have five (5) business days to notify EAGC, in writing, of any challenge to the appointment on the basis of apprehended or actual bias or prejudice. If a challenge is upheld, EAGC will make a new nomination within five (5) business days.

4.3.2.3. Unless otherwise agreed by the Parties, an Expert shall not be an interested party in the transaction nor directly interested as a member or financially associated with any Party to the Process. Where the Expert has made a disclosure or where a Party independently knows of circumstances likely to give rise to justified doubts as to his or her impartiality or independence, a Party shall be at liberty to object to his or her appointment.

4.3.3. Submissions

4.3.3.1. Within ten (10) days of the Expert being appointed, the Claimant shall lodge with EAGC a written statement detailing the nature of the dispute, any agreed statement of facts and agreed issues, and submissions in fact and law in support. The statement is to be no longer than three (3) pages with no more than ten (10) pages of supporting documentation.

4.3.3.2. EAGC shall forward a copy of the statement to the Respondent and Expert within five (5) business days.

4.3.3.3. Within ten (10) days after receiving the statement, the Respondent shall lodge with EAGC a written statement in response. The statement is to be

no longer than three (3) pages with no more than ten (10) pages of supporting documentation.

4.3.3.4. EAGC shall forward a copy of the statement to the Claimant and Expert within five (5) days.

4.3.3.5. Each Party is to lodge five (5) copies of each statement and attachments with EAGC.

4.3.3.6. The timetable for statements may be varied by agreement between the Parties and the Expert, if appointed.

4.3.3.7. If the Expert determines that further information or documentation is required to reasonably form an opinion on the merits of the matter, the Expert may forward the request to EAGC. EAGC will immediately inform the Parties of the request. The Parties will have five (5) days to respond to the request in writing.

4.3.3.8. If appropriate, the Expert may request a conference with the Parties. If the Parties agree to the conference, EAGC will administer the conference. The Parties shall bear the costs of the conference equally.

4.3.4. Opinion Costs

4.3.4.1. The Expert must form his or her opinion based on the submissions made by the Parties and the Expert's own knowledge and expertise. The Expert is not bound by the rules of evidence and may receive any information as the Expert thinks fit.

4.3.4.2. The Expert must disclose all information and documentation received in the submission, or otherwise, to all Parties.

4.3.4.3. The Expert shall attempt to provide a written Opinion to the Parties within fourteen (14) days of the final conference or submission. The Opinion shall be in writing and provide a brief statement of reasons for that opinion. A copy of the Opinion shall be lodged with EAGC.

4.3.4.4. Each Party will bear its own costs and will share equally the fees, expenses, costs of the Expert and the Process.

4.4. Arbitration

4.4.1. Parties expressly agree that any dispute arising out of or under this on any other contract referencing the EAGC Rules of Trade shall be settled by arbitration in a place specified by the EAGC Arbitration Committee in accordance with one of the current EAGC Arbitration Rules at the date of the contract.

4.4.2. The EAGC Arbitration Rules are hereby deemed incorporated herein and made part of the EAGC No 8 Rules of Trade which both the Buyer and the Seller hereby acknowledge, accept and agree to be bound by.

4.4.3. Neither Party(s) nor any persons claiming under either of them shall bring any action or other legal proceedings against the other, in respect of such a dispute until such dispute shall have first been heard and ruled on by EACG Arbitrators or the EAGC Board of Appeal.

4.4.4. Should a party that has lost an arbitration refuse to abide by the award the EAGC, and or the other party shall be entitled to publish and distribute to the general public the results of the Arbitration including any failure of the other party to abide with the award.

4.4.5. The party that fails to comply with such an Arbitration award shall be deemed to have waived any claim against or about such actions.

4..1. Governing Legislation

4.1.1.1 The Arbitration Act No. 95 of the Laws of Kenya or such other law or enactment amending, replacing or repealing the same as may then be in force.

4.1.1.2 Unless the parties with the approval of EAGC otherwise agree, to hold the Arbitration outside Kenya, the seat of the Arbitration hearings shall be in Kenya.

4..2. Expedited Arbitration

4..2.1. The Parties may apply to EAGC to expedite a Fast Track or Full Arbitration. Expedition requires the consent of both Parties and the agreement to be lodged with EAGC, which will include a statement of agreed facts and issues in dispute and the proposed abbreviated schedule.

4..2.2. EAGC will determine whether an expedited Arbitration is possible based on the complexity of issues in dispute and whether Arbitrators are available to comply with the schedule. EAGC may amend the proposed schedule prior to approval of the request for expedition.

4..3. Fast Track Arbitration

4..3.1. Except where in conflict with this Article, all Rules contained in the Section on 'Commencing a process' apply to Fast Track Arbitration.

4..3.2. Fast Track Arbitration is compulsory for disputes with a claim of less than **amount** (exclusive of interest and costs).

4..3.3. EAGC may at its discretion permit the Parties to proceed with Fast Track Arbitration for claims in excess of (**insert amount)**. In these circumstances, both Parties must sign and return an EAGC Contract for Fast Track Arbitration.

4..3.4. EAGC will appoint a sole Arbitrator. The Parties shall have five (5) business days from the date of notification from EAGC to challenge EAGC's appointment. If there is no challenge, the nominee will be deemed to have entered into the reference as the Arbitrator.

4..3.5. Within fourteen (14) days including three (3) business days for postage of the Arbitrator being empanelled or the determination of any challenge, the Claimant must submit Points of Claim to EAGC.

4..3.6. Within fourteen (14 days) of receiving the Points of Claim the Respondent must submit Points of Defense to EAGC.

4..3.7. Each submission is to be should be made with supporting documentation. The Parties must lodge five (5) copies with EAGC.

4..3.8. If the Arbitrator decides that further information or documentation is required to reasonably reach a decision, the Arbitrator may request further submissions or documentation from either or both Parties, giving each Party a reasonable opportunity to respond.

4..3.9. EAGC will use its best endeavors to publish the Award within thirty (30) days of receipt of final submissions, or as agreed by the Parties. The Award shall include a brief statement of reasons for the Award.

4..3.10. Upon written application of a party, the Arbitrator may grant a Party an extension of time for taking a step in the proceedings under these Rules.

4..3.11. The Award is final and binding.

4..4. Commencing Full Arbitration

4..4.1. To commence Full Arbitration, Parties must notify EAGC.

4..4.2. The Respondent must lodge the Response to the Notice of Dispute (NOD) (including fees and nomination of an Arbitrator) with EAGC within fourteen (14) days of receipt of the NOD.

4..4.3. Notice of any intention to claim by the Respondent against the Claimant arising from the same facts ("Cross-Claim") must be submitted to EAGC within fourteen (14) days of receipt of the Notice of Dispute. Unless the Parties agree otherwise, the Claim and Cross-Claim shall be heard together and no additional fees are payable. Cross-Claim submissions shall be submitted at the same time as the submissions unless otherwise agreed by the Parties in writing.

4..4.4. Any claim against a third Party (including a claim for indemnity) arising from the same or similar facts must be commenced as a new Arbitration. The Respondent may make an application to EAGC to consolidate the Arbitrations.

4..4.5.

4..5. Formation of a Full Arbitration Tribunal

4..5.1. The Tribunal shall consist of three (3) Arbitrators who shall be nominated in writing as follows:

- The Claimant shall nominate one Arbitrator
- The Respondent shall nominate one Arbitrator
- Following the above nominations, EAGC shall nominate the Chair.

4.1.5.2. The nominations will be drawn from the EAGC Approved Arbitrators List.

4.1.5.3. An Arbitrator shall not be interested in the transaction nor directly interested as a member or financially associated with any Party to the Arbitration. Where a nominee Arbitrator has made a disclosure or where a Party independently knows of circumstances likely to give rise to justified doubts as to his or her impartiality or independence, a Party shall be at liberty to object to his or her nomination, in which case EAGC shall nominate another Arbitrator.

4.1.5.4. EAGC will process the nominations.

4.1.5.5. Upon confirmation of a nominee Arbitrator's availability to act, EAGC shall notify the Parties of each appointed Arbitrator's name, company and role.

4.1.5.6. If either Party fails to nominate an Arbitrator, or fails to give notice, the other Party may apply to EAGC for the appointment of an Arbitrator. Notice of the application shall be given to the Party that failed to appoint an Arbitrator. Upon receipt of the application EAGC will appoint an Arbitrator on behalf of the Party that failed to do so and give notice to the Parties of the name of the Arbitrator appointed.

4..6. Challenge/ Revocation of Arbitrator's Appointment

4..6.1. Upon receipt of a notification, each Party shall have five (5) business days to notify EAGC, in writing, of any challenge to the appointment on the basis of apprehended or actual bias or prejudice. If a challenge is upheld, the nominating Party shall make a new nomination and EAGC shall replace the Arbitrator within five (5) business days.

4..6.2. A Party must provide reasons, in writing, for the challenge to an Arbitrator's appointment. A Party may challenge the appointment of a subsequent Arbitrator in accordance with this Article.

4..6.3. If an Arbitrator withdraws or becomes unfit to act for any reason, EAGC may revoke the appointment and appoint another Arbitrator.

4..7. Nomination and replacement of arbitrators

4..7.1. In the event of death, absence, resignation, refusal to act, or disqualification of an Arbitrator(s), EAGC shall within five (5) business days nominate an eligible Arbitrator who consents to serve and meets the criteria of the arbitration rules. The Parties shall have the opportunity to challenge the nomination. The approved replacement Arbitrator shall have the same power and duties as the Tribunal.

4..8. Conduct of proceedings

4.8.1. All communications between the Tribunal and the Parties shall be made through EAGC and shall be in writing. All communications between a Party and EAGC must be copied to all other Parties. Any communications sent by EAGC will be copied to all Parties and the appointed Arbitrators.

4.8.2. The claim shall be in the form of a written statement addressed to the EAGC Arbitration Committee and sent by registered mail by reputable courier to the EAGC offices marked **"EAGC Arbitration**" along with the relevant fees as laid out by the EAGC and the letter shall set out the following:

- Name and address (telephone numbers and email addresses where available) of the Claimant and the Respondent
- An express statement that the Claimant wishes to arbitrate under the EAGC Arbitration Rules and does not accept to arbitrate under the EAGC Arbitration Rules for the Resolution of Simple Disputes
- The date of the contract under which EAGC Contract Rules were applied
- Two copies of the original contract under which the dispute has arisen

- The name of the Claimants appointed EAGC Arbitrator.

4.8.3. The EAGC shall within two (2) working days of having received the claim notify the Respondent in writing by registered mail or reputable courier that the Claimant has requested arbitration under the EAGC Arbitration Rules and the name of the Claimants appointed Arbitrator.

4.8.4. If the Respondent does not wish to arbitrate under the EAGC Arbitration Rules, the Respondent shall within five (5) working days of receiving the EAGC notification, communicate to the EAGC by letter sent by registered mail or reputable courier, stating the Respondents rejection of arbitration by EAGC Arbitration Rules and their request to arbitrate under the EAGC Arbitration Rules for the Resolution of Simple Disputes along with a brief statement outlining the dispute and the reasons the Respondent believes the Simple Dispute Rules cover the claim.

4.8.5. The EAGC Arbitration Committee shall within two (2) working days of having received the notification notify the Claimant that the Respondent does not wish to arbitrate under the EAGC Arbitration Rules.

4.8.6. The Claimant shall within five (5) working days of having received the EAGC notification, communicate with the EAGC by letter sent by registered mail or reputable courier either to inform the EAGC their agreement to arbitrate using the EAGC Arbitration Rules for the Resolution of Simple Disputes or provide a brief statement, outlining the claim and the reasons the Claimant believes the Simple Dispute Rules do not cover the claim.

4.8.7. The EAGC Arbitration Committee shall within five (5) working days review the information provided by the Claimant and the Respondent, and may where necessary request further information from the Claimant or the Respondent. The EAGC shall notify the parties whether the dispute falls under the EAGC Arbitration Rules for the resolution of Simple Disputes or the EAGC Arbitration Rules and shall inform the Respondent and Claimant of their decision and the consequences thereof.

4.8.8. If the EAGC Arbitration Committee does not uphold the Claimants request to have the dispute settled under the EAGC Arbitration Rules the Claimant will have the right to appeal provided that the Claimant has fully complied with the Arbitrator's award.

4.8.9. If the Respondent does wish to arbitrate under the EAGC Arbitration Rules or the Respondent fails to respond to the EAGC, the Respondent shall within ten (10) working days of the EAGC sending the notification, communicate by letter sent by registered mail or reputable courier to the EAGC Arbitration Committee in the form of a written statement addressed to the EAGC Arbitration Committee.

4.9. String Arbitrations

4.9.1. With the agreement of all Parties to any dispute involving multiple contracts in a "String Trade", a single Arbitration may be held between the first Claimant and final Respondent as though they had contracted with each other.

4.9.2. The Claimant is responsible for procuring the agreement of all the intermediate Parties in the "String".

4.9.3. Requested by a Party, Party(s) in a String must submit documents requested of them in an expeditious manner. In such circumstances, a Party may seek directions from the Tribunal to secure these documents.

4.9.4. An Award shall be binding on all Parties in the "String" and may be enforced by an intermediate Party against their immediate contracting Party as though a separate Award had been made.

4.9.5. The participating Claimant and Respondent will release the intermediate Parties from participating in the Arbitration.

4.10. Consolidations

4.10.1. The Tribunal has the power to consolidate Arbitrations.

4.10.2. If the Tribunal consolidates the Arbitrations each Party shall pay the appropriate Dispute Resolution Administration Fee. The Process Fee shall be payable only by the ultimate Claimant and Respondent unless, for whatever reason, the intermediate Parties are actively involved in the Arbitration. If this occurs, the liability to pay the Arbitration Fee shall be at EAGC's discretion.

4.10.3. EAGC will provide information exchanged as part of the Arbitration (including submissions and administration) to all Parties in the consolidated Arbitration, whether they are an active Party or not.

4.11. Lapse of Claim

4.11.1. If neither Party submits any documentary evidence or submissions or pays any fees, in accordance with a EAGC request or the timetable above, then the Claimant's Request shall be deemed to have lapsed on the expiry of the stated period unless fees are paid, renewed by a notice served by either Party or by the lodgment of documented evidence.

4.11.2. Requests cannot be renewed for any more than three (3) consecutive years from the date of the initial Request.

4.11.3. If the Arbitration is abandoned, suspended or concluded by agreement or otherwise, before the final Award is made, the Parties shall be liable to pay EAGC's outstanding fees, costs and expenses and the Tribunal may, at the EAGC's request, issue an Award in respect of any outstanding fees, costs and expenses.

4.12. Default/ Extension of Time

4.12.1. A Party is in default if it fails to submit its Points of Claim, Defense or Reply within the time permitted. If the Parties cannot reach agreement on an extension of time they may apply to The Chair of the Tribunal in writing to extend the time limit upon application by the Party, with valid reasons, for no longer than twenty one (21) days. Any extension must be granted in writing and a copy sent to all Parties.

4.12.2. In the event of a party arbitrating under the EAGC Arbitration Rules for the Resolution of Simple Disputes failing or refusing to abide by the Arbitration Award including the payment of costs and fees of the Arbitration, the EAGC may take such action against the party as it may deem appropriate in the circumstances including but not limited to:

- posting the name of the party and the facts on the EAGC web site,

- posting the name of the party and the facts on the EAGC notice board,
- advertising the name of the party and the facts in relevant newspapers,
- circulating the information around the EAGC members and any other organizations the EAGC has involvement with,

4.12.3. If the party is a member of the EAGC, the EAGC shall immediately blacklist the member and advising other EAGC members to stop trading with such defaulting member.

4.12.4. Parties seeking arbitration through the EAGC Arbitration Rules for the Resolution of Simple Disputes shall be deemed to have consented to the EAGC taking such actions and they shall be totally excluded from taking any action or bringing any claims against EAGC in respect of such action

4.13. Jurisdiction of Arbitration Tribunal

4.13.1. The jurisdiction of the Tribunal shall include the power to rule on its own jurisdiction, the validity and construction of the Arbitration Agreement, including any objection to the initial or continuing validity or effectiveness of the Arbitration Agreement, whether the Tribunal is properly constituted and what matters have been submitted to Arbitration in accordance with the Arbitration Agreement.

4.13.2. A challenge to the jurisdiction of the Tribunal shall be deemed irrevocably waived unless it is raised no later than the submission of the Points of Defense. A plea that the Tribunal is exceeding its scope of authority shall be raised promptly after the Tribunal has indicated its intention to decide on the matter alleged by any Party to be beyond the scope of authority, failing which such challenge shall also be deeded to be waived irrevocably. The Tribunal may nevertheless admit an untimely plea if it considers the delay justified in the particular circumstances.

4.13.3. On application by a Party, or if considered appropriate by the Tribunal, any dispute as to jurisdiction will be determined as a preliminary matter.

4.13.4. In the event that the Tribunal determines it has no jurisdiction, EAGC will notify the Parties of the Tribunal's decision. Such a decision will be final and binding upon the Parties subject to any right of appeal to the Courts.

4.14. Power of Arbitration Tribunal

4.14.1. Unless the Parties at any time agree otherwise in writing, the Tribunal shall have the power to do anything, on the application of any Party or of its own motion, but in either case only after giving the Parties a reasonable opportunity to state their views, including:

- To allow any Party, upon such terms as it shall determine (as to costs and otherwise), to amend any claim, counter-claim, defense or reply;
- To extend or abbreviate any time-limit provided by the Arbitration Agreement, these Rules or the Tribunal's own orders and whether or not any such time limit has expired;
- To conduct such enquiries as may appear to the Tribunal to be necessary or practical including identifying the issues and ascertaining relevant facts and the law(s) or rules applicable to the

Arbitration, the merits of the Parties' dispute and the Arbitration Agreement;

- To order a Party to provide security for costs;
- To order any Party to produce to the Tribunal, and any other Parties for inspection, and to supply copies of, any documents or classes of documents in their possession, custody or power which the Tribunal determines to be relevant;
- To decide whether or not to apply strict rules of evidence as to admissibility, relevance or weight of any material tendered by a Party on any matter of fact or expert opinion; and to determine the time, manner and form in such material should be exchanged between the Parties and presented to the Tribunal;
- To order the rectification of any contract between the Parties or the Arbitration Agreement, but only to the extent required to rectify any mistake which the Tribunal determines to be common to the Parties and (only if) to the extent to which the law(s) or rules of law applicable to the contract or Arbitration Agreement permit such rectification;
- To allow, only upon the application of a Party, one or more third persons to be joined to the Arbitration as a Party provided any such third person and the applicant Party have consented thereto in writing and thereafter to make a single final Award, or separate Awards, in respect of all Parties so joined in the Arbitration;
- To impose appropriate terms on a Party who has not complied with any interim or final Award or order;
- To dismiss any Claim or Cross-Claim, on the application of a Party, if the Tribunal decides there has been inordinate or in-excusable delay by a Party;
- To render an Award, on application by the Claimant, where the Respondent has failed to respond or lodge Points of Defense within the time limits, or has declined or failed to attend an oral hearing.

4.14.2. The powers of the Tribunal may be exercised by the Chair or by EAGC on the Tribunal's authority or prior to the Tribunal being in session.

4.15. Security for Costs

4.15.1. The Tribunal shall have the power, unless otherwise agreed by the Parties in writing, on the application of a Party to order any Party to provide security for the legal or other costs of any other Party by way of deposit or bank guarantee or in any other manner and upon such terms as the Tribunal considers appropriate.

4.15.2. The Tribunal may stay a Party's claims or counterclaims or dismiss them in an Award if the Party does not comply with any order to provide security.

4.15.3. The power of the tribunal shall not prejudice a Party's right to apply to any state court or other judicial authority for interim or conservatory measures.

4.16. Oral Hearing

4.16.1. A hearing may only be held upon application of either Party or by joint application by the Parties, unless the Parties have agreed to Arbitration on documents alone. The request shall be made on or before the submission of the Claimants Points of Reply.

4.16.2. EAGC shall administer any hearing and set the date, time and physical location of any meetings and hearings and shall give the Parties at least twenty one (21) days' notice thereof. Neither Party shall seek to postpone the hearing longer than ten (10) days after the set date, unless good cause is shown to the Tribunal. A request for postponement shall be made at least five (5) business days prior of the hearing date.

4.16.3. Only the Parties involved and witnesses shall be permitted to attend the hearing.

4.16.4. Each Arbitrator shall be paid a sitting fee for each day or part thereof of the hearing, to be paid by the Party(s) requesting the oral hearing. The sitting fee shall be at EAGC's discretion and EAGC shall notify the Parties of the amount of the sitting fee.

4.16.5. The Tribunal, EAGC management and EAGC's legal counsel, if required to attend by the Tribunal or EAGC, shall receive the amount of their actual travelling, accommodation expenses and legal fees when attending meetings to consider the dispute or hearings where appropriate.

4.16.6. All meetings and hearings shall be in private unless the Parties agree otherwise in writing or the Tribunal otherwise directs.

4.16.7. The Tribunal shall have full authority to establish time limits for submissions, meetings and hearings.

4.16.8. Oral submissions shall be confined to facts and evidence previously submitted by each Party.

4.16.9. The requesting Party/s shall pay the amount necessary to cover the additional expenses of EAGC and the Tribunal for the hearing. EAGC shall estimate the expenses and notify the requesting Party within five (5) business days of the request for hearing. If both Parties request a hearing, the additional costs shall be borne equally by the Parties. The estimated amount of hearing expenses shall be paid to EAGC no later than fourteen (14) days before the hearing. Failure to pay the expenses may be grounds for denying the request for hearing or rendering the non-complying Party in default. Following the hearing, EAGC shall determine the actual hearing expenses and shall invoice or refund the difference as appropriate.

4.16.10. EAGC shall arrange for a transcript recording to be made of the hearing. The Party/s requesting the hearing shall bear the cost of the transcript.

4.17. Witnesses

4.17.1. Before any hearing, the Tribunal may require any Party to give notice of the identity of each witness that Party intends to call as well as the subject matter of that witness's testimony, its content and its relevance to the issues in Arbitration.

4.17.2. The Tribunal may also determine the time manner and form in which such materials should be exchanged between the Parties and presented to the

Tribunal. The Tribunal has discretion to allow, refuse or limit the appearance of witnesses (whether a witness of fact or expert witness).

4.17.3. Subject to any order otherwise by the Tribunal, the testimony of a witness may be presented by a Party in written form, either as a signed statement or sworn affidavit.

4.17.4. Subject to the above, any Party may request that a witness, on whose testimony a Party seeks to rely, should attend for oral questioning at a hearing before the Tribunal. If the Tribunal orders that other Party to produce the witness and the witness fails to attend the oral hearing without good cause, the Tribunal may place such weight on the written testimony (or exclude the same altogether), as it considers appropriate in the circumstances.

4.17.5. Any witness who attends and presents evidence at an oral hearing shall be available for cross-examination by the other Parties to the Arbitration.

4.17.6. The Tribunal may question an expert or witness during the Arbitration.

4.18. Experts

4.18.1. Upon application by the Parties the Tribunal has the power to permit the Parties to rely on expert evidence. The Tribunal shall determine the number of experts permitted to be used by the Parties and the reports shall be exchanged prior to the oral hearing or submission of the Points of Reply.

4.18.2. The Tribunal may order that a "without prejudice" meeting of the experts take place for the purpose of identifying the parts of the evidence, which are in issue.

4.18.3. Unless otherwise agreed by the Parties in writing, the Tribunal:

- May appoint one or more experts (who shall remain impartial and independent of the Parties throughout the Arbitration proceedings) to advise the Tribunal on specific issues (including legal issues), which are outside the scope of its own expertise, the fees of which shall be borne by the Parties;
- May require a Party to give the expert any relevant information or to provide access to any relevant documents, goods, samples, property or site for inspection by the expert.

4.18.4. Any expert appointed, shall be made available for questioning at an oral hearing, if an oral hearing is requested by the Parties.

4.18.5. Each appointed expert has an obligation to the Tribunal contained in the Expert Witness Code of Conduct (annexed). Each appointed expert shall be provided with a copy of the Expert's Code of Conduct.

4.19. The Award

4.19.1. Subject to the entire Arbitrators' costs and fees having been paid in full by the parties, the Arbitrator Chairman shall deliver to the EAGC offices 3 signed copies of his award. Subject to all the Arbitration costs incurred by the EAGC having been paid in full the EAGC shall within 5 working days of having received the Arbitrators award notify the parties to collect their respective copies of the award from EAGC. The Arbitrator's decision and award shall be final and binding on the parties subject to a right of appeal as limited by the Arbitration Act 1995 of Kenya and such appeal where allowed shall be governed by the EAGC Appeal rules.

4.19.2. Regardless of the right to appeal as set out in clause 8.1 above, parties must in the first instance comply fully with the arbitrator's decision and if the decision is overturned in the appeal, the appeal decision shall order restitution.

4.19.3. The Arbitrators shall state in the Award the time limit within which any payments must be made any actions taken.

4.19.4. Such payment ordered in the award shall be made as specified by the arbitration award.

4.19.5. If due to currency regulations in a party's country of operation the party is restricted in making payments within the time limits laid out, the party may in writing apply to the EAGC for an extension, the application to the EAGC must include evidence that the application for a transfer has been made by the party concerned.

4.20. Corrections and Additional Costs

4.20.1. Within ten (10) days of receipt of any Award a Party may, by written notice to EAGC, request the Tribunal to correct any errors in computation, clerical or typographical errors or any errors of a similar nature. If the Tribunal considers the request justified, it shall make the corrections within ten (10) days of receipt of the request by issuing a memorandum dated and signed by the Tribunal and the memorandum shall form part of the Award.

4.20.2. The Tribunal may correct any error of the nature described above on its own initiative within ten (10) days of the date of the Award.

4.20.3. Within ten (10) days of receipt of the final Award, a Party may by written notice to EAGC, request the Tribunal to make an additional Award as to claims or counter-claims presented in the Arbitration not determined in any Award. If the Tribunal considers the request justified, it shall make an additional Award within sixty (60) days of receipt of the request.

4.21. Legal Representation and Costs

4.21.1. Any Party may be represented by a legal practitioner or any other representative. At a hearing, the Parties may only be legally represented with the consent of the Parties and the Tribunal.

4.21.2. The Tribunal shall specify in the Award the total amount of costs of the Arbitration, the proportion to be paid by each Party; and state the right to recover costs from another Party. The Tribunal shall have the power to order in the Award the payment of legal costs incurred by a Party to be paid by another Party, unless the Parties agree otherwise in writing.

4.21.3. If the Parties cannot otherwise agree as to costs, the Tribunal will assess and Award costs.

4.21.4. If the Arbitration is abandoned, suspended or concluded by agreement or otherwise, before an Award is made, the Parties shall remain jointly and severally liable to pay EAGC the costs of the Arbitration as determined by EAGC.

4.21.5. If a Dispute is settled prior to the request for the Claimant to lodge its Reply, the Parties may receive a refund of up to 50% of the submitted process fees. If a Dispute is settled after the submission of the Claimant's Reply, the fees are non-refundable.

4.22. Publication

4.22.1. A bulletin shall be published as frequently as necessary to provide details of cases arbitrated, Awards made, the scope of the Award and any other information that may be deemed of interest to EAGC Members and the industry at large.

4.22.2. Copies of the bulletin shall be lodged on the EAGC website and members notified.

4.22.3. The bulletin shall contain the Award of any Arbitration, the nature of the case, the decision and the scope of the Award. The bulletin shall not include the names of the Parties or the dollar value of the Award.

4.22.4. The bulletin may also include records of the following instances:

- Notice of refusals to arbitrate and reasons for said refusal;
- Notice of failure to answer correspondence relative to the Arbitration;
- Failure to pay the costs, fees or expenses of the Arbitration or appeal when called upon to do so by EAGC;
- Any notice of failure to comply with the terms of an Award.

4.5. Dispute Resolution Administration

4.5.1. Notices

- Any notice, consent or other communication required to be given by these Rules shall be in writing, signed and shall be delivered to the addressee by hand, mail, facsimile, email or any other form of communication. A record of transmission must be produced if requested by EAGC.
- A Party's last known residence or place of business during the Arbitration shall be a valid address for the purpose of any notice or other such communication in the absence of any notification of a change of address by that Party to the other Parties and to EAGC.
- Any notice or documents lodged pursuant to these Rules shall be legible and in English, signed by the Party giving it or its authorized officer.
- Any notice or document required to be lodged or lodged in submission that is not in English must be accompanied by a translation and a certification of the translation.
- Unless otherwise agreed by the Parties, notices to and from EAGC can be sent by email.

4.5.2. Time

- The Claimant shall bring their claim to the EAGC within the time limit laid out in the relevant EAGC trade rule and a Respondent may raise the defense of time bar where such claim has been brought outside the stipulated time limit, provided that the Arbitrator may in his absolute discretion but for reasons to be given in his ruling decide to allow the bringing of such a claim notwithstanding the defense of time bar.
- To calculate time:
    - A "working day" means the period between 0900 hours and 1700 hours inclusive of any day that is not a non-working day. (Where different time

zones are involved the time at destination shall be considered the determining time).

- "Non-working days" means Saturday, Sunday and any officially recognized national holidays and any days which may from time to time be nationally declared as non-working days in the respective countries unless otherwise stated in the contract.

- If the first or last day of a period falls on a Saturday, Sunday or a national legal holiday, then the next business day shall be considered the first or last day.
- Unless otherwise agreed by the Parties, any notices received after 1700 hours EAT time on a business day shall be deemed to have been received on the following business day.
- The time of filing or receipt means the time at which the document:
  - By hand, was left at the address of the addressee;
  - By mail, three working days after it is posted;
  - By express mail, the date on which the document was sent;
  - By electronic mail, the date on which it is received;
  - By facsimile, by the Sender's transmission report or the Addressee's receiving it in full and legible form
  - All time limits placed on EAGC shall begin on the date EAGC receives the documents or request.
  - If any time limit imposed by these Rules is not complied with, that Party shall be deemed in default except when the Tribunal or EAGC may, for good cause shown, extend the time limit specified as appropriate. Any extension must be in writing and a copy sent to both Parties.

4.5.3. Documents to be lodged with EAGC

- Documents to be lodged include:
  i. Statement of the case
  ii. Copies (3) of the contract
  iii. Copy of notices claiming arbitration
  iv. Evidence of payment of arbitration fees
  v. Any other supporting documents
- When documents or pleadings are to be lodged with EAGC, unless stated otherwise by these Rules, the Party shall lodge three (3) copies with EAGC.

5. PART FIVE – CODE ADMINISTRATION

5.1. Code Administration Arrangements

There are various layers to the administration of the Code. The EAGC Board has ultimate responsibility for the governance of the Code including its purpose, effective management and reporting to stakeholders. The Code Manager coordinates the day-to-day management of the Code, with the assistance of a Steering Committee and Complaints Committee.

5.1.1. Code Manager

The Code Manager will be an employee or executive of EAGC and will be responsible for coordinating the management of the Code. Specific management duties include:

i. Developing an annual business plan and budget
ii. Developing and facilitating an implementation strategy, including the creation of consumer and industry awareness
iii. Interacting with industry on matters relating to the Code
iv. Facilitating a complaints resolution procedure
v. Coordinating the review of uptake and effectiveness of the Code
vi. Coordinating compliance monitoring arrangements
vii. Providing strategic advice to the EAGC Board on the value of the Code to industry
viii. Coordinating annual reviews of the functions and effectiveness of the Code and developing appropriate amendments as required
ix. Supporting the functions of the Steering Committee and Complaints Committee.

5.1.2. Steering Committee

The Steering Committee supports the management of the Code in conjunction with the Code Manager. Steering Committee Terms of Reference are at Appendix 2.

5.1.3. Complaints Committee

The Complaints Committee will provide advice and guidance on a need basis in relation to any Complaints or breaches of the Code. If a Complaint is made, or a breach of the Code has occurred, the Code Manager or the EAGC Board may, at any time, refer that matter to the Complaints Committee for assessment and recommendation of an appropriate course of action to address that Complaint or Code breach.

Any recommendations of the Complaints Committee will not be binding on EAGC or the affected Registered User. However, the Code Manager or the EAGC Board (as appropriate) will have regard to those recommendations when dealing with the relevant Complaint or Code breach.

The Complaint Committee Terms of Reference are at Appendix 3.

5.2. *Legal Obligations*

Registered Users are bound to comply with their obligations under the Code. Failure to comply with the Code may result in the EAGC taking legal action against that Registered User. Such legal action may include, but is not limited to, seeking injunctive relief or specific performance.

5.3. *Compliance Monitoring*

Registered Users will take steps to meet the Code requirements by incorporating the whole grain Code into existing in-house compliance monitoring programs. Compliance principles are in the areas of:

i. **Commitment**: the top level of management is committed to the program and it is endorsed by the governing body; appropriate resources are allocated

ii. **Implementation**: a compliance manager/representative is in place; training programs are available to employees

iii. **Monitoring and measuring**: the compliance program is monitored, measured and reported on a regular basis

iv. **Continual improvement**: the program is reviewed and updated if required.

The Code Manager will monitor the performance of the Code, including levels of use and compliance, on an annual basis through various means, which may include a survey with industry. The Code Manager will deal with all non-compliant cases (see Part 6).

5.4. *Implementation Period*

5.4.1. Industry Awareness

A communication strategy guides the promotion of the Code to industry, the management of which is the responsibility of the Code Manager. A key component is informing industry of the benefits of the Code, the Code rules, administrative arrangements and the complaints handling process.

Particular mechanisms of promotion include education programs to ensure companies are aware of the Code and how it operates, and the provision of educational material. The Code Manager will provide assistance to companies in complying with the Code. The aim is to encourage widespread uptake and compliance across the food industry.

A benefit to Registered Users is being able to promote their adherence to the Code to consumers.

Where a company (whether or not a Registered User) is found to be undertaking activities that are not consistent with the Code, the Code Manager will inform them of the Code and advise them of the rights of EAGC to take further action, including legal.

5.4.2. Consumer Awareness

A key benefit of the Code is promoting awareness in the community. A communication strategy guides the promotion of the Code to industry and consumers, the management of which is the responsibility of the Code Manager. The strategy will include informing

consumers of the details of the Code and the complaints process through mechanisms such as fact sheets and through Registered Users promoting the Code on their websites and other advertisements.

Consumers will be invited to contact the Code Manager to discuss the details of the Code if required.

5.4.3. Implementation Period

The Code provisions will be applicable from 1 January 2016; however, a transition period will apply for various requirements to be updated within normal business cycles. This transition period will cease on 31st December 2017 and will be taken into account in the compliance monitoring and complaints handling process. An appropriate transition period will also apply to future amendments to the Code.

5.5. *Review and Amendment*

An annual review of the Code will be coordinated by the Code Manager, in consultation with Registered Users. The objectives will be to:

- Assess the performance of the Code against its objectives; and
- Recommend any amendments to the Code required to address problems or issues identified during the review process.

The information obtained through the compliance monitoring and complaints handling procedures will make an important contribution to the review process. Data collected can assist with identifying ways to improve the performance of the Code.

Any proposed amendments to the Code will be submitted to the EAGC Board for approval. On approval by the EAGC Board, the amendments will form part of the Code and will be binding on EAGC and all Registered Users. A copy of the amended Code will be made available on the EAGC website and will be sent to each Registered User.

5.6. *Accountability*

The Code Manager will prepare an annual report on the operation of the Code, which will be available to all stakeholders and interested parties on the EAGC website (www.EAGC.org). Components of the review will be captured in the annual report.

5.7. *Withdrawal from Code*

A Registered User may at any time, by notice in writing to the Code Manager, withdraw from the Code (unless at that time compliance with the Code is, by regulation or other means, compulsory across the industry).

On withdrawal from the Code, the Registered User will cease to have any rights or obligations under the Code and must immediately cease any promotion of its association with the Code, including any reference to it being a member, signatory or Registered User of the Code. However, the Registered User will remain liable for any breaches of the Code, which it committed prior to withdrawing from the Code.

On withdrawal from the Code, the Registered User will cease to have any right to use the EAGC logo, Certification Mark or other EAGC certification statements in any label or advertisement of its products. The Registered User will be allowed a period of 6 months (or such longer period as the Code Manager and the Registered User may agree) following its withdrawal to update its labels to remove all references to the Code, EAGC and its logo, the Certification Mark and other EAGC certification statements.

Where the Registered User's participation in the Code has been terminated by EAGC following a breach of the Code by the Registered User, EAGC may determine that a lesser period (to be not less than 1 month following the termination of the Registered User's participation in the Code) will apply for the Registered User to update its labels to remove all references to the Code, EAGC and its logo, the Certification Mark and other EAGC certification statements.

6. PART SIX – COMPLAINT LODGMENT AND COMPLAINT HANDLING

6.1. Complaints

Complaints of alleged breaches of the Code will be addressed in an equitable, objective and unbiased manner in accordance with the Dispute Resolution Guidelines.

- Where a complaint is made to EAGC, the complainant will be asked to make the complaint in writing.
- All complaints will be properly investigated and the necessary/ appropriate action taken.
- All information received from complainants will be treated with the strictest confidence.

6.1.1. Customer Complaints

Any complaint about the conduct of an EAGC member should be referred to that member, who should be allowed a reasonable time to address or resolve the complaint.

If the complaint is not resolved to the complainant's satisfaction the complainant should contact the Code Compliance Officer/ Code manager.

6.2. Complaint Lodgment and Handling Process

Complaints of alleged breaches of the Code will be addressed in an equitable, objective and unbiased manner through the complaint lodgment and handling process.

Complaints should, in the first instance, be directed to the Code Manager and be made using the Complaints Submission Form (an example of which is contained at Appendix 1).

Anonymous Complaints will not be accepted. On request, however, the Code Manager will withhold the name of the Complainant from the Registered User against whom the Complaint is being made. EAGC will not publish the name of a Complainant in any reports on the outcomes of Code complaints.

On receipt of a Complaint, the Code Manager will advise the Registered User against whom the Complaint is made. EAGC will contact the Registered User either via email, fax, letter or telephone.

As a guide, Registered Users should formally report to the Code Manager within ten (10) working days from receipt of the Complaint with a detailed response.

This should detail whether or not the Registered User believes that a breach of the Code has occurred and, if so, any proposed action to address the Complaint or Code breach.

If a breach of the Code has occurred, the Registered User must consult with the Code Manager in relation to any remedial action, which is proposed to address that breach.

6.2.1. Complaints against companies who are not Registered Users

Complaints against companies who are not Registered Users may be directed to the Code Manager in the first instance. These cannot be assessed formally for non-compliance against

the Code; however, the Code Manager will contact the company and invite them to amend the relevant labels and to become a Registered User.

6.3. Cost Recovery Process

There is generally no cost to lodge a Complaint. If however, the process of managing the Complaint is beyond the resources of the EAGC, assistance may be sought from the Complainant or the relevant Registered User to fund the resolution of the Complaint. The likely costs involved will be discussed with the Complainant or the Registered User during the complaints handling process.

6.4. Data Collection and Reporting

The Code Manager will collect data on Complaints handled by EAGC, which will assist with the review and reporting process. Data to be collected include:

- Type of complaints and product involved
- Frequency of complaints
- Complaints upheld or dismissed
- How complaints were resolved
- Time taken to handle complaints
- Corrective action, including sanctions.

This information will be compiled for inclusion in an annual report. The data will be stored and analyzed on a regular basis to identify systemic issues and improve compliance with the Code. A selection of Registered Users will also be asked to provide details of Complaints handled by them.

6.5. Resolution of Breaches of the Code

If the Code Manager believes a Registered User has breached the Code (whether that belief arises from a Complaint or the Code Manager's own investigations), the Code Manager will notify the Registered User of the breach.

A breach of the Code will be taken to have occurred if the Registered User:

- Has not complied with the Code; or
- Has done (or omitted to do) anything, which is reasonably likely to damage the reputation of EAGC or the integrity of the Code, or otherwise bring the Code into disrepute.

If the Code Manager believes the breach is minor or technical in nature, the Code Manager will consult with the Registered User and the Registered User must use all reasonable endeavors to agree with the Code Manager's appropriate remedial action, which is necessary to address the breach. If the breach relates to a non-compliant use of a whole grain ingredient content claim, whole grain Daily Target Intake statement, EAGC logo or EAGC certification, the Registered User must update or amend its labels as soon as reasonably practicable and by no later than 12 months after the Registered User has been notified of the breach.

The Code Manager may also at any time consult with the Complaints Committee as to whether or not there has been a breach of the Code and, if so, appropriate remedies to be implemented (see Part 5.1.3).

If the Code Manager considers the breach to be material, or if the Registered User and the Code Manager cannot agree whether there has been a breach of the Code or, if so, the appropriate remedial action necessary to address that breach, then the issue may at any time be escalated to the EAGC Board (or its delegate) for resolution with the Registered User. If, following consultation with the Registered User, the EAGC Board (or its delegate) believes there has been a breach of the. Code and is not satisfied with the remedial action proposed by the Registered User, EAGC, may terminate the Registered User's participation in the Code, in which case, the Registered User will be taken to have withdrawn from the Code and Part 5.7 will apply.

Nothing in this Part 6.4 precludes EAGC from seeking urgent injunctive or other relief if it believes there has been a breach of the Code.