

WHY CONTRACT?



BALANCE OF SUPPLY & DEMAND

Contracts help growers make informed decisions on acreage. In the inherently risk-laden world of agriculture, contracts provide growers the reasonable risk management they need to make yearly acreage investments. They also provide fiscal stability to brewers, assuring a steady supply of quality product at a fair price.



HOP QUALITY FOCUS

Contracting allows healthy and consistent fiscal returns to growers. Sustainable returns allow growers to invest in new and upgraded infrastructure, leading to higher quality hops for brewers. By contracting, brewers make a conscious investment in the continuous improvement of hop quality.



SUSTAINABLE GROWER RETURNS

Contracting gives growers the assurance of a fair return on varieties, allowing them to commit resources to new acreage. Hops are a very expensive crop, especially when compared to crop alternatives, and this assurance is what makes hop growing viable. Healthy returns affect the entire supply chain, assuring that there are enough grower families to meet the worldwide demands of brewers.



BREEDING PROGRAMS

New and exciting developments in hop breeding are both capital and time-intensive. The value and stability that contracting brings to the hop supply chain is what allows Yakima Chief Ranches to create cutting-edge aromas and flavors for brewers.



BORROWING COSTS

Growers make large long-term investments in their facilities, acreage and picking infrastructure. Contracts allow growers to secure funding necessary to make these improvements, a critical feature in the pursuit of continuous improvement in hop quality.

“For us, this is about generations down the road, not years. We have literally bet the farm on our relationships with brewers (with substantial long-term debt incurred to reinvest), but the stability that YCH, YCR and breweries bring gives us the confidence to make that bet.”

JASON PERRAULT | PERRAULT FARMS



YAKIMA CHIEF HOPS™

HOW TO CONTRACT

CONTRACTING RECOMMENDATIONS:

We understand that it can be difficult to predict hop needs in future years. By structuring contracts in a “step-down” model, you gain flexibility in future years while still providing needed insight to growers. Contracts can be “topped up” or held flat as time passes, allowing you to remain nimble in an ever-changing beer market. Our sales representatives are experienced with this contracting model and are happy to work with you to create and maintain the best contract to fit your brewery needs and goals. Maintaining strong communications with your sales rep throughout the year helps to alleviate over or under contracting.



A STEP-DOWN MODEL FOR CONTRACTING FUTURES



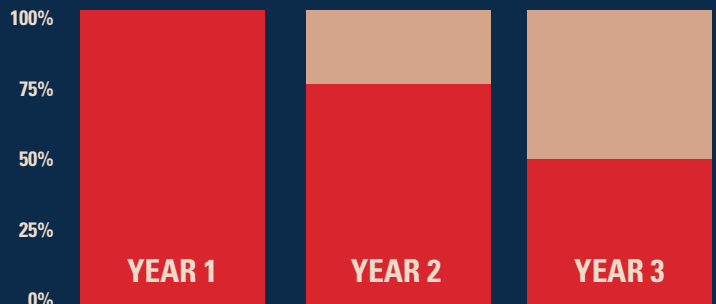
ONLY COMMIT UP TO 3 YEARS OUT AT A TIME, NO MORE



FREQUENT SUPPLIER CHECK-INS TO “TAKE THE PULSE” OF THE CONTRACT

STEP-DOWN MODEL

A contract that is built in a “step-down” model (in red), allows brewers to “top up” (in tan) every winter as harvest approaches. This method allows flexibility and to make sure you are never over committed for your needs.



WHEN IS THE BEST TIME TO ADJUST CONTRACTS?

Follow harvest cycles. Growers plan acreage in the winter. Waiting until summer for near-harvest contracting is TOO LATE! Growers have no chance to respond to brewer needs.

Like most things in your brewery, contracts require maintenance. Talking often with your hop supplier is a key to successful contracting. YCH recommends a check-in at least once a quarter.

Contracts underpin the hop market. While spot volume can be helpful when available, there is no assurance that spot volume will exist in future years. Only by contracting can brewers assure a sustainable supply of quality hops at a fair price.

From CBC 2019... “Contracting with your hop supplier is sending signals of what you are planning on needing. Those signals make their way to the farm to ensure the hops you want will be there when you need them.”

JOHN MALLETT

BELL'S BREWERY



YAKIMA CHIEF HOPS™