Annual Report
2022

CBH GROUP

Proudly forged by generations of Western Australian grain-growing families, we are committed to creating and returning value for growers now, and in the future.

About this report

Welcome to our 2022 Annual Report.

This is an integrated report that details the achievements and challenges of our co-operative during the past financial year (year ended 30 September 2022).

It is an opportunity for us to highlight our operational, social, environmental and financial performance, focusing on what we know is of interest to our grower-members and stakeholders.

This year we have made some changes to how we present this information. These changes are intended to improve readability, visual appeal and better align with best-practice reporting standards. The changes have not affected our financial disclosures, which remain consistent with previous years.

You may also notice that our Strategy and sustainability efforts are more prominent in this year's report. Our Strategy is the roadmap that will continue to drive our business forward to its centenary year in 2033.

Similarly, our Sustainability Plan is critical to our Strategy and our purpose – it is how we will continue to create value for future generations of Western Australian grain growers.

We have enhanced our sustainability section and shared case studies relating to our sustainability measures throughout the report, with the relevant Sustainability Pillar icon alongside each case study.

This report is underpinned by the theme of resilience in a year that challenged us – but more importantly, demonstrated our ability to adapt, together.

Finally, we cannot look back without looking forward.

While we reflect on the year that has been, we also consider how it positions us to achieve our strategic goals and our purpose in the years to come.

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About CBH

Returning value to growers since 1933.

CBH is Australia's largest co-operative, grain exporter, and one of the country's largest agribusinesses.

As a Western Australian grower-owned co-operative, our core purpose is to sustainably create and return value to WA grain growers – current and future.

We have operations extending along the value chain from fertiliser to grain storage, handling, transport, marketing and processing.

From humble beginnings in 1933, CBH was established to increase grower returns through a cost-effective and efficient bulk handling system owned and controlled by Western Australian growers.

Now, that system is regarded as one of the best in the world.

3,500

Western Australian grain growing businesses own and control CBH

2,100

casual employees during harvest (October – January)

90%

of the Western Australian grain harvest is received by CBH's storage and handling system

18

offices across Western Australia, Adelaide, Hong Kong and Japan

100+

grain receival sites across Western Australia

1000+

permanent employees

4

export terminals are the gateway to our global markets (Albany, Esperance, Geraldton and Kwinana)

200+

customers in 30 countries throughout the world

Network map


1
Binnu
Yuna
Northhampton
GERALDTON
Moonyoonooka
Narngulu
2
Mullewa
Canna
Pintharuka
MORAWA
Mingenew
Bowgada
Arrino
Perenjori
Three Springs
Carnamah
Bunjil
Latham
Coorow
3
Marchagee
4
Watheroo
Miling
Moora
Bindi Bindi
Piawaning
Mogumber
Regans Ford
Calingiri
Bolgart
5
Wubin
McLevie
Pithara
Ballidu
Kondut
WONGAN HILLS
Konnongorring
6
Goodlands
Kalannie
Kirwan
Cadoux
KOORDA
Ejanding
Wyalkatchem
Dowerin
7
Cleary
Beacon
Wialki
Bonnie Rock
Bencubbin
Gabbin
Mukinbudin
Trayning
Nembudding
Nungarin
Warralakin
Southern Cross
Carrabin
Burracoppin
Moorine Rock
Bodallin
Goomalling
Watercarrin
Jennacubbine
10
Yorkrakine
Kodj-Kodjin
Hines Hill
MERREDIN
Koonadgin
Marvel Loch
Meckering
Tammin
Doodlakine
AVON
Cunderdin
Kellerberrin
Korbelka
Muntadgin
Dulyalbin
Holleton
South Yilgarn
METRO GRAIN CENTRE
York
Greenhills
Mawson
Yoting
Quairading
Shackleton
Bruce Rock
Wogarl
Narembeen
Mt Walker
9
11
KWINANA
Ardath
Ainsworth
South Kumminin
Mt Kokeby
Jubuk
CORRIGIN
Woolocutty
14
Dale
Brookton
Aldersyde
Bulyee
Bullaring
Kondinin
Hyden
East Hyden
Karlgarin
13
Yealering
Kulin
Pingaring
Yornaning
Wickepin
SE Hyden
12
Dudinin
Kuender
Narrogin
Nomans Lake
Tarin Rock
Narrakine
Kukerin
LAKE GRACE
Newdegate
Moulyinning
Kuringup
Holland Rocks
Lake Varley
18
Lake King
19
Salmon Gums
Grass Patch
Darkan
Wagin
Dumbleyung
15
Bokal
Woodanilling
Nyabing
Pingrup
Mindarabin
Dunn Rock
Mt Madden
Cascade
RAVENSTHORPE
West River
Munglinup
Shark Lake
Beaumont
Lake Cairlocup
KATANNING
Badgebup
Boyup Brook
Kojonup
Broomehill
Gnowangerup
Jacup
Ongerup
Tambellup
JERRAMUNGUP
ESPERANCE
Borden
Gairdner
16
Cranbrook
17
Wellstead
Kojaneerup
Mirambeena
ALBANY
Network site
Non-network site
Head Office
CBH Office
CBH Port Terminal

2022 highlights

A record-breaking year

The 2021/22 financial year was unprecedented, with growers delivering enough grain to fill Optus Stadium 17 times.

21.3 million tonnes

delivered into the CBH network

(2017: 16.6 million tonnes)

16.7 million tonnes

shipped from our port terminals

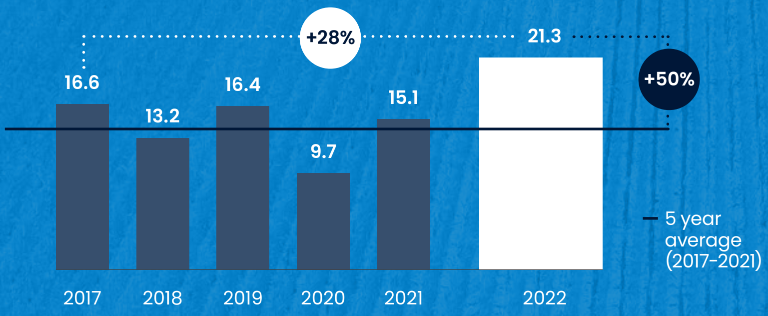
(2017: 15 million tonnes)

9.8 million tonnes

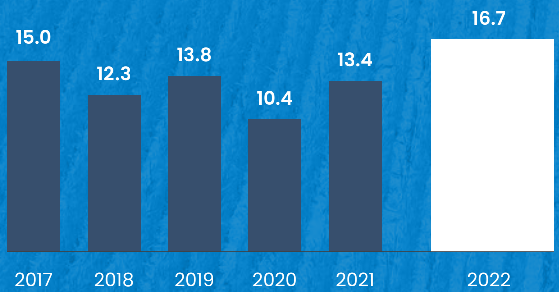
exported by CBH Marketing & Trading

(2017: 8.5 million tonnes)

Harvest receivals
(MT)



Shipped tonnes
(MT)



More than 90 records were broken across our network and countless others across the co-operative.

Congratulations and thank you to our growers, contractors, transporters, the CBH team and their families for their effort, patience and resilience.

This section provides a snapshot of some of the records broken and the previous records.

$497.7 million

surplus

(2012: $162.4 million)

997,158 tonnes

outturned to domestic markets

(2008: 926,718)

584,865 tonnes

received in one day

(2021: 528,657)

$348 million

invested into the network

(2019: $285.3 million)

5.81 AIFR

marking our safest year on record

(2020: 7.22)

54 sites

set new season receival records

$5 billion

paid by CBH Marketing & Trading to WA growers for their grain

(2019: $3 billion)

$400K donated

to 16 charities as part of the Harvest Mass Management Scheme

(2019: $250,000 to 13 charities)

11 days

with over 500,000 tonnes received

(only achieved five days in total over CBH's history)

Chair's Report

Demonstrating the true value of your co-op

The 2022 financial year was a historic one. It was a year of records and firsts achieved under challenging circumstances – reflecting the true strength of your co-operative.

It was the year that growers delivered 21.3 million tonnes into our network – almost 30 per cent more than ever before.

Testament to continued investment in the network, grain poured into our sites at an unprecedented rate, with more than 90 receival records broken during the harvest period.

2022 was also the year that the Russia/Ukraine conflict started, and India imposed wheat export bans. Combined with the ongoing effects of the COVID-19 pandemic, these events have not only impacted grain prices, but have had a significant impact on fertiliser, other farm inputs and trade flows around the globe.

Pleasingly, as COVID-19 restrictions have been removed, we have been able to reconnect with growers and customers.

In particular, the inaugural Regional Member Forums provided an excellent opportunity to meet with growers, provide an update on the business and our future plans, and hear their feedback.

Outstanding results in a turbulent year

Despite the extremely volatile operating environment, we safely received a record crop and reported our largest-ever surplus of $497.7 million.

This result was largely driven by the performance of our Marketing and Trading (M&T) division, which reported a surplus of $437.9 million.

M&T's surplus was primarily due to the Russia/Ukraine conflict, which shifted market fundamentals and significantly increased the international value of wheat far beyond our expectations. Pleasingly, M&T accumulated 50 per cent of the record harvest and paid a record $5 billion to the growers of Western Australia.

It was also an outstanding year for the Operations division, which achieved a surplus of $57.9 million on the back of receiving the record crop. The ability of our frontline team to safely receive and outload the largest WA grain crop on record, in such a challenging environment, is testament to the resilience and agility of our people.

Our Fertiliser division continued to report excellent growth in a difficult year. Despite supply chain disruptions and increased fertiliser prices, the division reported an 11 per cent increase in tonnes sold compared to last year. We began supplying fertiliser from Esperance this year and we look forward to commencing supply from our purpose-built Kwinana facility in 2023.

Similarly, our grain processing investments delivered strong results again this year. Blue Lake Milling reported a surplus of $3.6 million, while Interflour reported a $8.6 million surplus for CBH's share.

Setting up for future success

Planning for the future

While the co-operative must satisfy the immediate needs of the members, it is imperative to ensure the future needs are considered and planned for.

In line with this, the Board endorsed the refreshed CBH Strategy this year.

The Strategy provides the roadmap to our centenary year in 2033. It continues to focus on our core functions and our purpose remains the same.

The Strategy has set some ambitious but achievable targets to ensure we can increase the monthly export capacity of the network and continue to generate value for growers.

Sustainability is also crucial to our long-term success. It is embedded in our purpose, and our refreshed Sustainability Plan will ensure we continue to meet changing market expectations and our co-operative remains strong for future generations.

Strengthening your co-operative

This year we invested a record $348 million into the network and added an additional 2.4 million tonnes of temporary storage and 300,000 tonnes of permanent storage, plus completed over 230 sustaining capital projects.

Strengthening the network is a long-term investment – an opportunity to set us up for success in the years when we have an above average harvest and support our continued growth in the future.

Our supply chain fees help to ensure the sustainability of the network and in the past year we capped the fee increase at a maximum of $2.20 per tonne. Also bolstering our investment in the network is the unique opportunity to utilise a portion of the surplus generated by M&T.

To support the Strategy, 62 per cent or $269.9 million of M&T's surplus has been retained within M&T to strengthen its balance sheet. This is necessary to fund the purchase of the current and forecast larger crops for the next decade, manage market risk and deliver higher prices for growers.

With M&T as part of the co-operative group, the remaining 38 per cent of the surplus ($168 million), was paid as an inaugural fully franked dividend to

CBH to support network investment. In addition, payment of this dividend has enabled the co-operative to obtain a $72 million tax refund for historical taxes paid by CBH Grain Pty Ltd (M&T). The funds from the dividend payment and the franking credit refund are a tax effective method of funding the investment in the network that will provide greater certainty, resilience and efficiency for growers in the long-term.

Celebrating 100 years of M&T

This year marks 100 years of our M&T division marketing WA growers' grain to the world.

There are very few examples of businesses with 100-year histories, and it really is a remarkable achievement.

I pay tribute and extend my thanks to everyone who has helped build this wonderful legacy over the years.

Looking forward, M&T has set its sights on marketing 50 per cent of an average 22 million tonne crop by 2033, with peaks of 28-30 million tonnes.

To achieve this, M&T will continue adapting and innovating, as well as building on existing strengths established during the past 100 years - connecting WA growers with our long-term customers, developing new markets and ensuring customers understand and appreciate the full value of WA grain.

CBH M&T are now strongly positioned to deliver on our purpose of creating and returning value to WA growers.

Strong leadership, unified vision

The Board

I extend my warm welcome to our new grower Director, Barry West. Barry was elected to District 3 in place of Kevin Fuchsbichler who retired after his 15 years on the Board. I sincerely thank Kevin for his dedicated service to CBH and wish him every success in his future endeavours. Congratulations to Jeff Seaby and Helen Woodhams on their re-election and I look forward to their continued contribution.

I would like to recognise our Deputy Chair Natalie Browning, who this year became the first Australian elected to the International Co-operative Alliance - Asia Pacific Regional Board.

Growers' Advisory Council

This year we welcomed five new growers to our Growers' Advisory Council (GAC). The new councillors are Jules Alvaro, Tarnya Fraser, Tamara Alexander, Clayton South and Peter Kirchner.

The new Councillors replace outgoing councillors Romina Nicoletti (Chair), Stephen Strange, Renee Lynch, Gerard Paganoni and Andrew Chambers. Thanks to our outgoing members for their strong contribution and dedication to the grain industry.

Congratulations to Craig Doney on his appointment as GAC Chair and Stephanie Clarke on becoming the Deputy Chair. We look forward to continuing to work with our new GAC members to help shape the future of our co-operative.

Executive Committee

I am very pleased to welcome Ben Macnamara as Chief Executive Officer on a permanent basis since December 2021. Ben has demonstrated strong leadership capabilities and is steadfastly focused on the core. I look forward to continuing to work with Ben to build on our co-operative's great history.

This year we farewelled our former Chief People Officer Kelly McKenzie in September, and Chief Legal Risk and Governance Officer David Woolfe (as of December), both of whom we recognise for their many years of dedicated service to CBH and the grain growers of Western Australia.

I would also like to welcome Mick Daw as Chief Operations Officer on a permanent basis since February, Carly Heales who is Acting Chief People Officer and Richard Codling who will commence as Chief Legal Risk and Governance Officer in December. I also extend my welcome to David Paton who has been seconded to Chief External Relations Officer since May, while Brianna Peake is seconded to General Manager – Geraldton Zone.

Looking ahead

It is exciting to see that the current harvest has brought the prospect of another large crop. While there are challenges with supply chain constraints and global economic uncertainty, it is a fantastic achievement for growers to be looking at already bettering last year's record crop size.

Despite these near-term challenges, I remain optimistic about our future. Our Board and management have developed a clear path to 2033, which the CBH team is already focused on delivering. This will allow the co-operative to be resilient, agile and successful into the future, continuing to create and return value to WA growers.

Simon Stead

Simon Stead

Chair

CEO's Report

Setting WA growers up for success

As the co-operative approaches its 90th anniversary, the focus and determination of our people has not wavered.

Over the past year, the CBH team has shown resilience and agility to overcome an unprecedented set of events to achieve new records and deliver a strong end of year result.

It was a year driven by intense events including the ongoing COVID-19 pandemic, supply chain disruptions around the world, the conflict in Ukraine, and, on a local level, labour shortages.

Our people worked together to overcome the flow on effects from these challenges while also managing a record 21.3 million tonne crop that placed significant pressure on the supply chain, delivering a large network investment program, and navigating through significant global market volatility.

Our focus is always the safety and wellbeing of our people. I'm pleased to report that in the past year, we had our safest 12-month period on record with the All-Injury Frequency Rate (AIFR) dropping from the previous year's 7.29 to 5.81.

The 2021/22 harvest was also one of our safest on record, which is a great achievement considering the record crop and, due to COVID-19 related labour shortages, we had one of our least experienced harvest workforces ever.

Renewing our focus

This year we refreshed the Strategy to ensure the co-operative is focused on the future and we can continue delivering on our purpose of sustainably creating and returning value to Western Australian growers, both current and future.

The Strategy embraces our core business functions – Operations, Marketing & Trading (M&T), and Fertiliser. Focusing on the core will enable us to achieve our Board-set strategic objectives by our centenary in 2033 or sooner.

To bring the Strategy to life, we have identified three strategic focus areas: People, Technology, and Tonnes to Customer. We are focused on developing and retaining our people, particularly in regional areas, and enabling them to do their jobs more efficiently by providing them with the right resources and systems. We are also focused on initiatives that achieve supply chain improvements, developing new markets and expanding our fertiliser business.

The pathway to achieve the 2033 objectives is mapped out in three horizons, with the ultimate goal of being able to sustainably export 3 million tonnes each month. Right now, we are working to hit the first target of being able to export two million tonnes each month by 2024. We will progressively increase this to having the ability to export 2.5 million tonnes, then three million tonnes per month by 2033, or sooner.

I'm pleased to report the team is making good progress and more information on this is shared on page 20 of this report.

When speaking with growers about the Strategy, there is strong support for us to achieve the strategic objectives as soon as possible and lift our export capabilities to generate sustainable long-term value for WA growers.

We have worked hard to gain alignment within our industry and the Strategy has been endorsed by the three key WA farming organisations – WA Farmers Federation, Pastoralists & Graziers Association, and the WA Grains Group - who are helping to share our objectives with their members and key stakeholders.

Record harvest tests our supply chain

The 2022 harvest year smashed records in more ways than one. Growers delivered almost 30 per cent more than the previous record into our storage network, and while the harvest placed significant pressure on storage, we safely received the crop while breaking dozens of records in all port zones.

However, we should acknowledge that for the first time in the co-op's history, the size of the harvest exceeded the outturn capacity of the network.

Naturally, this placed pressure on the network, particularly on our logistical capacity in moving grain from site to port. Further compounding this pressure were disruptions from COVID-19 and related absenteeism and labour shortages, including truck and train driver availability. This resulted in our vessel turnaround times extending beyond our targets.

To mitigate these challenges, we enacted a range of short-term initiatives including successfully attracting more than 100 new road subcontractors and enabling growers to contract directly to CBH to help with the outloading program. We also worked closely with our rail services provider Aurizon to improve rail performance and coordinated surge outloading from select upcountry sites to optimise labour efficiency.

Through these measures and the outstanding effort of our employees, growers and contractors, we delivered a record 18.1 million tonnes to our domestic and international customers, surpassing the previous record set in 2016/17.

During the year, we continued with the elevated investment in the network with the addition of 300,000 tonnes of permanent storage and 2.4 million tonnes of temporary storage. We also prepared an additional 2.2 million tonnes of temporary storage for the 2022/23 harvest. All up, in the past two years, the team has expanded our network's storage capacity by 20 per cent.

While we have invested more than $1 billion in the network over the past five years, we are committed to investing a further $4 billion over the next decade. This investment is necessary to increase the capacity of the network in line with our Strategy.

Navigating unprecedented market conditions

Despite extraordinary global volatility, the M&T division made a record surplus and payments to the grain growers of Western Australia.

During harvest, when M&T buy most of their grain, prices were strong due to the North American drought. At this time, the general market view was that the global grain market would eventually decline in the coming months due to expectations at the time of a record crop from Ukraine, Russia and Europe.

However, when the conflict started in Ukraine and Russia partially banned the export of grain through the Black Sea, grain prices soared as countries implemented protectionist policies to shore up their food security. These market conditions have predominately driven M&T's record surplus, with 68 per cent to be retained by the division to manage market risk and fund future crop purchases while 32 per cent will be reinvested in the network to improve supply chain capacity.

In addition, the pressure of the record 2021/22 harvest on the supply chain's logistical capacity meant shipping delays extended significantly earlier in the year, resulting in demurrage costs of $43 million incurred by the Group.

During the year, we reconnected with some of our customers in person after a two-year hiatus due to COVID-19. These meetings provided an opportunity to present and explain the CBH Strategy and provide updates on our supply chain performance.

Our fertiliser business delivered an outstanding result despite a challenging market environment. The business delivered an 11 per cent increase on last year's sales. This result was achieved amid major supply disruptions, such as China banning fertiliser exports, Russia restricting exports, and long wait times to berth non-grain vessels at ports in Geraldton, Kwinana and Esperance.

Thriving into the future

During the year, we refreshed our Sustainability Plan and have included further details of our framework, targets and progress already made throughout this Annual Report.

The reality is that expectations are evolving from our customers and stakeholders. Through the Sustainability Plan we are working to ensure our co-operative, and the environment and communities in which we operate, remain strong for future generations. That will allow us to continue to meet market expectations, to not only maintain access to existing markets for WA growers, but also ensure opportunities are available to open and develop new markets.

More details on our Sustainability Plan are on page 38 of this Annual Report and I encourage you to read this so you are informed of how we are working to help growers and communities thrive into the future.

Supporting future success

Looking ahead, we anticipate ongoing disruptions and volatility in our industry. However, we have set ourselves up with well thought out plans and we are working harder than ever to execute these to support the future success of WA growers. Together, these elements will see us in a strong position where we can receive and export growers' crops efficiently and effectively while maximising the value of WA growers' grain.

Our people have shown great determination and resilience in facing the many challenges of the past year and I would again like to acknowledge their efforts. The results achieved this year would not have been possible without the CBH team being committed and aligned to our purpose of creating and returning value to Western Australian growers.

I wish you all a safe and successful remainder of your harvest.

Ben Macnamara.

Ben Macnamara
CEO

How we create value

We have a long and proud history. By growers, for growers.

CBH was formed in 1933 amid the Great Depression to reduce handling and transport costs for Western Australian growers.

Its continued success and unwavering commitment to sustainably create and return value to growers has seen the business evolve into what is now Australia's largest co-operative.

CBH proudly remains a grower-owned co-operative to this day.

The co-operative benefit

Being part of our co-operative gives our growers a voice and ensures we are delivering value in areas that are most beneficial to our growers, both now and in the future.

The value generated is shared among all growers and their communities.

Delivering value by focusing on:

Growers

providing access to an efficient and cost-effective bulk handling system

reducing farm input costs through access to fertiliser at a competitive price

developing new markets, maintaining long-term market access and posting competitive prices for WA growers' grain

Customers

ensuring consistent and reliable supply of WA growers' grain

supplying high-quality products that meet market demand

responding and adapting to changing customer expectations

developing long-term and trusted relationships

Communities

funding grass-roots projects driven by community groups

offering development opportunities for current and future leaders in regional communities

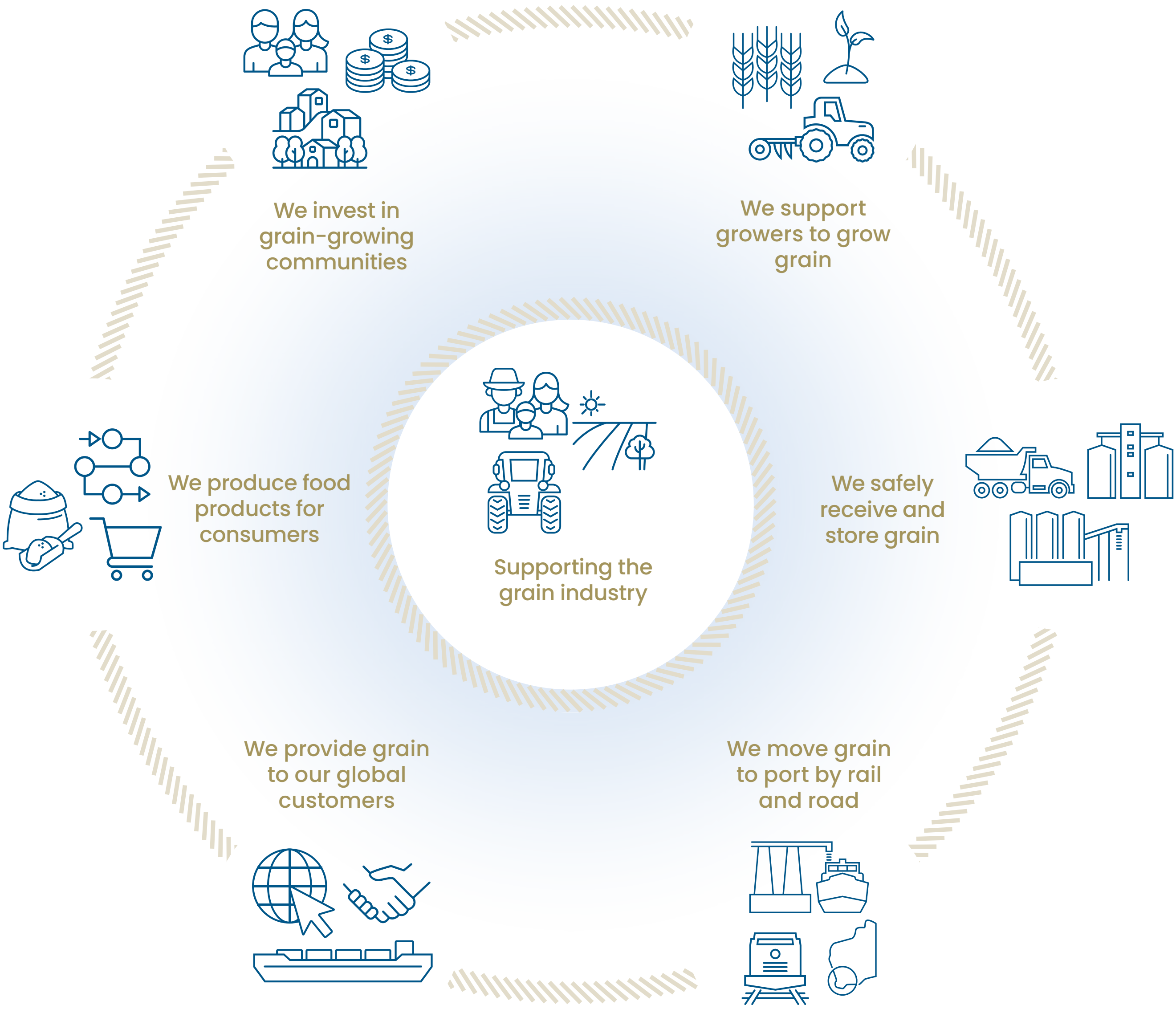
providing local employment opportunities and supporting local businesses

Industry

pursuing opportunities and overcoming challenges facing the industry

advocating for better policy and regulatory outcomes for grain growers

collaborating with government and industry to meet national and international commitments



Board of Directors

Simon Stead

Chair

Simon Stead was appointed as a Director of the CBH Board in February 2015, as Deputy Chair in April 2019, and as Chair in April 2020. He is currently a member of the Remuneration and Nomination Committee. He is also a member of the Growers' Advisory Council Selection Committee.

Simon runs a mixed sheep, cattle and cropping operation in Cascade and Dalyup in the Esperance port zone. He is a member of the Industry Advisory Board of the University of Western Australia Institute of Agriculture and is also a founding member and a past Chair of the Association for Sheep Husbandry, Excellence, Evaluation and Production (ASHEEP).

Simon holds an Executive Certificate in Agribusiness Marketing from Monash University and is a Graduate of the Australian Institute of Company Directors.

Natalie Browning

Deputy Chair

Natalie Browning was elected as a Director of the CBH Board in February 2018 and appointed as Deputy Chair in April 2020. She is currently the Chair of the Network and Engineering Committee and a member of the Audit and Risk Management Committee. She is also a member of the Growers' Advisory Council Selection Committee.

She is currently a Director of Hockey WA, Chair of the Narembeen District High School Board, and a member of the Asia Pacific Regional Board of the International Co-operative Alliance. Natalie has completed the Executive Leadership Program for Co-operatives and Mutuals facilitated by University of Western Australia Business School and the Australian Institute of Management and is also a former member of the CBH Growers' Advisory Council.

Natalie is a Graduate of the Australian Institute of Company Directors and is currently studying a Bachelor of Commerce (Accounting and Business Law) at Curtin University.

John O'Neil

Member Director

John O'Neil was elected as a Director of the CBH Board in February 2020. He is currently a member of the Audit and Risk Management Committee and a member of the Health, Safety and Sustainability Committee.

John produces grain and sheep on his properties in Wialki and Karloning. He has previously held positions as a Director of the International Rural Exchange, Director of the Mukinbudin branch of Bendigo Bank, Councillor of Shire of Mukinbudin, President of Mukinbudin District High School and was a founding member of Ninghan Farm Focus Group.

John holds a Bachelor of Business from Muresk and is a Graduate of the Australian Institute of Company Directors.

Gareth Rowe

Member Director

Gareth Rowe was elected as a Director of the CBH Board in June 2021. He is currently a member of the Audit and Risk Management Committee and a member of the Health, Safety and Sustainability Committee.

Gareth produces grain and cattle on his properties in Walkaway and Moonyoonooka. He is currently Chair of the Geraldton Grammar School Board, and a Director of the Council of Grain Grower Organisations (COGGO) Ltd. Gareth has previously served on the Growers' Advisory Council.

Before developing his business interests in Western Australia, he acted as a consultant for the Milk Marketing Board co-operative in the UK and as a consultant for an international accounting firm. Gareth has built a number of businesses in the UK in consultancy, computer software, property development and construction, and farm production activities.

Gareth holds an Honours Degree (BSc Hons) in Farm Business Management from the University of Reading and is a Graduate of the Australian Institute of Company Directors.

Ken Seymour

Member Director

Ken Seymour was elected as a Director of the CBH Board in February 2020. He is currently a member of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee. Ken is also the CBH appointed representative of the Co-operatives WA Council.

Ken produces grain and sheep on his properties in the Miling district. He is a Councillor at the Shire of Moora and President of the Avon-Midland zone of the WA Local Government Association. Ken has held positions on many local committees, including community, agricultural and sporting groups.

Ken has completed the Australian Institute of Management's Co-operatives and Mutuals Strategic Development Program and is a Graduate of the Australian Institute of Company Directors.

Jeff Seaby

Member Director

Jeff Seaby was appointed as a Director of the CBH Board in February 2019. He is currently a member of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee. He is also a member of the Growers' Advisory Council Selection Committee.

Jeff runs a mixed cropping and sheep operation in Mukinbudin. He is a Councillor at the Shire of Mukinbudin, former Chair of the Mukinbudin Planning and Development Group and the Central Wheatbelt Football League Tribunal and has held leadership roles at multiple sporting clubs throughout the Central Wheatbelt. Jeff is also a former member of the CBH Growers' Advisory Council. Jeff has completed the Executive Leadership Program for Co-operatives and Mutuals and is a Member of the Australian Institute of Company Directors.

Royce Taylor

Member Director

Royce Taylor was elected as a Director of the CBH Board in June 2021. He is currently a member of the Remuneration and Nomination Committee and a member of the Health, Safety and Sustainability Committee.

Royce produces grain and sheep on his farm in Lake Grace. He is currently Chair of the Lake Grace Community Cropping Group and is on the committee for the Lake Grace/Pingrup Football Club after serving as President. Royce has previously held positions as the Chair of Innovation Central Midlands WA Inc and President of the Ongerup Football Association. He has also served as a Councillor on the Lake Grace Shire and as Deputy Chair of the CBH Growers' Advisory Council.

Royce is a Graduate of the Australian Institute of Company Directors, has completed the Australian Institute of Management's Co-operatives & Mutuals Strategic Development Program and holds an Associate Diploma in Agriculture from the Muresk Institute of Agriculture.

Barry West

Member Director

Barry West was elected as a Director of the CBH Board in February 2022. He is currently a member of the Audit and Risk Management Committee and a member of the Network and Engineering Committee. Barry is also a former member of the CBH Growers' Advisory Council.

Barry owns and operates a broad-acre grain-growing farm enterprise in the Central Wheatbelt, producing both grain and sheep.

Barry is currently the Chair of the Kulin Development Co-operative, the Kulin Representative of the Local Government's Central Country Zone and has been a Councillor of the Shire of Kulin for over 32 years, including as Vice President from 2003 to 2015 and President from 2015 to 2021.

Barry is a Member of the Australian Institute of Company Directors.

Helen Woodhams

Member Director

Helen Woodhams was elected as a Director of the CBH Board in August 2020. She is currently Chair of the Health, Safety and Sustainability Committee and a member of the Audit and Risk Management Committee. She is also Chair of the Growers' Advisory Council Selection Committee.

Helen produces grain and sheep on her properties in the Shires of Kojonup and Woodanilling. She is a former Board Member of Rural Edge, former Deputy Chair of the CBH Growers' Advisory Council and has held positions as a Rural Financial Counsellor and Business Lecturer. Helen has been active on many local committees including community, agricultural and sporting groups.

Helen holds a Bachelor of Education (Business) and Diplomas in Teaching and Financial Counselling. She is a Graduate of the Australian Institute of Company Directors and has completed the Executive Co-operatives and Mutuals Program, facilitated by UWA and the Australian Institute of Management.

David Lock

Independent Director

David Lock was appointed as a Director of the CBH Board in February 2019. He is currently Chair of the Audit and Risk Management Committee and a CBH Board appointed Director of Interflour Group Pte Ltd.

David is currently Chair of Odeum Pty Ltd. He is Deputy Chair of Water Corporation and is a Director of the Marine Stewardship Council and Chair of the Curtin Faculty of Business Law Advisory Council. He was previously Chair of Australian Pork Limited and the West Australian Meat Industry Authority. He has extensive experience in agribusiness, gained through CEO roles at Craig Mostyn Group and Mareterram Limited from 2004 to 2017. David was named the 2012 National Australia Bank Agribusiness Leader of the Year.

David holds a Bachelor of Commerce and is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Alan Mulgrew

Independent Director

Alan Mulgrew was appointed as a Director of the CBH Board in February 2015. He is currently a member of the Audit and Risk Management Committee, a member of the Network and Engineering Committee and a CBH Board appointed Director of Interflour Group Pte Ltd.

Alan has extensive senior executive experience with former roles including General Manager of Perth Airport and General Manager of Sydney Airport. He is currently a Director of Queensland Airports Ltd and a strategic advisor on international infrastructure investments to two of Australia's largest investment groups. He also has extensive experience as a Director, including as former Chair of each of Western Power, Tourism WA, Western Carbon Pty Ltd and Australian Renewable Fuels.

Alan holds a Bachelor of Arts (Management), a Diploma in Corporate Finance and is a Graduate of the London Business School (Strategic Studies) and the Australian Institute of Company Directors.

Paul Sadleir

Independent Director

Paul Sadleir was appointed as a Director of the CBH Board in February 2021. He is currently Chair of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee.

Paul is a non-executive director of Perron Group Limited and chair of its Remuneration and Nomination Committee and is President of the WA Division of the Australian Institute of Company Directors. He has over 30 years of corporate, commercial and technical experience across ASX listed, government, private and not-for-profit organisations. Paul was Managing Director of Cedar Woods Properties Limited for 16 years until September 2017 and prior to that, held senior positions with Bunnings Warehouse Property Trust, Wesfarmers and Western Power.

Paul has a Bachelor of Engineering and an MBA from the University of Western Australia and is a Fellow of the Australian Institute of Company Directors and the Australian Property Institute.

Executive Committee

Ben Macnamara

Chief Executive Officer

Joined CBH Group: 2014

Ben commenced as Chief Executive Officer in December 2021. Previously, he was Chief Operations Officer (from February 2019) where he was responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services.

Ben joined CBH in 2014, serving as Commercial and Business Development Manager, before becoming General Manager Planning, Strategy and Development.

Before joining CBH, Ben worked for an investment advisory firm and an international professional services firm.

Ben holds a Bachelor of Business, is a member of Chartered Accountants Australia and New Zealand, and is on the board of the Business Council of Co-operatives and Mutuals (BCCM).

Stewart Hart

Chief Financial Officer

Joined CBH Group: 2021

Stewart was appointed Chief Financial Officer in 2021 and is responsible for finance and strategy. He has over 35 years' experience as an international finance and commercial leader in the construction, mining and energy industries, both within Australia and internationally.

He is a Fellow of CPA Australia and Graduate of the Australian Institute of Company Directors.

Stewart is a CBH Board appointed Director of Interflour Group Pte Ltd.

Since 2015 Stewart has been a member on the board of Avivo.

Mick Daw

Chief Operations Officer

Joined CBH Group: 1989

Mick was appointed Acting Chief Operations Officer in July 2021 and appointed permanently in February 2022. Mick is responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services.

Prior to this role, Mick was the Esperance Zone General Manager, Albany Zone Manager and the Geraldton Zone Manager.

Mick holds a Diploma in Business Management and is a graduate of the Australian Rural Leadership Program.

Jason Craig

Chief Marketing and Trading Officer

Joined CBH Group: 1998

Jason was appointed Chief Marketing and Trading Officer in April 2012 and is responsible for CBH's Marketing and Trading and Fertiliser divisions.

Jason has vast experience in international trade, supply chains, shipping, food processing and agricultural inputs. He has held previous roles as President Director with PT Eastern Pearl Flour Mills (Indonesia) and in various marketing and trading roles with the Grain Pool (now CBH Marketing and Trading).

Jason holds a Bachelor of Commerce in Banking and Finance, Postgraduate in Applied Investment and Finance and attended the Advanced Management Program at INSEAD.

Since 2015 Jason has been a board member of Grain Trade Australia and the Chair of the Grain Trade Australia, Trade and Market Access Technical Committee.

Carly Heales

Acting Chief People Officer

Joined CBH Group: 2018

Carly was appointed Acting Chief People Officer in September 2022, and is responsible for human resources, employee relations, benefits and payroll, learning and organisational development, and change management.

Carly joined CBH in 2018, serving as a Health, Safety and Environment (HSE) Lead and then as Group Manager HSE. She was appointed as General Manager of the Kwinana South Zone in January 2020.

Before joining CBH, Carly held senior management positions in large logistics firms and resource companies, gaining extensive experience in people management, cultural and change management, strategic planning and workforce development.

Carly has a Master of Science, Occupational Health and Safety and has completed the Melbourne Business School General Management Program.

David Paton

Chief External Relations Officer

Joined CBH Group: 2017

David was appointed Chief External Relations Officer in May 2022 for a 12-month period, and is responsible for the Corporate Affairs, Government and Industry Relations, Grower Service Centre, and Sustainability teams.

David joined CBH in 2017, serving as Head of Government and Industry Relations, which looks after CBH's relations with federal, state and local governments, and industry bodies.

David holds a Bachelor of Law with Honours and has worked as a senior lawyer in several top-tier national and international law firms in Perth. David also worked as a senior policy advisor for a Federal Cabinet Minister in Canberra.

Sam Gliddon

Chief Project Delivery Officer

Joined CBH Group: 2016

Sam was appointed Chief Project Delivery Officer in October 2021 and is responsible for the management of network infrastructure projects and engineering.

Sam commenced with CBH in the Commercial and Business Development team in 2016 and held the role of Planning Strategy and Development Manager, before becoming Head of Network Planning in 2019.

Prior to joining CBH, Sam worked in corporate finance and restructuring, treasury, and professional services firms both locally and internationally.

Sam holds a Bachelor of Commerce majoring in Corporate Finance and Financial Accounting and a Bachelor of Science, majoring in Environmental Science.

Sam brings over 15 years' experience in infrastructure planning, finance and accounting roles across agriculture, commodities and asset intensive industries, and is a member of Chartered Accountants Australia and New Zealand.

Richard Codling

Chief Legal, Risk and Governance Officer and Company Secretary

Joined CBH Group: 2005

Richard was appointed as Chief Legal, Risk and Governance Officer and Company Secretary in December 2022 and is responsible for the company secretarial, corporate governance, risk and legal functions of the CBH Group.

Prior to the role, Richard was the Head of Legal for CBH and acted as Company Secretary for the Business Council of Co-operatives and Mutuals and a Director of the CBH Superannuation fund.

Richard is a qualified lawyer with over 25 years of corporate and commercial law experience. Prior to joining CBH, Richard worked for two top tier Australian law firms and a major UK energy utility.

He is also a qualified Chartered Secretary, Fellow of the Governance Institute of Australia and Graduate of the Australian Institute of Company Directors. Richard holds a Bachelor of Laws and a Bachelor of Science (Pharmacology).

Tamour Azam

Chief Information Officer

Joined CBH Group: 2018

Tam joined CBH as Chief Information Officer in December 2018, where he is responsible for leading the Information Technology division and ensuring CBH's systems and technology support the business' operations.

Tam has a Bachelor of Science in Computing Systems and brings over 25 years' experience working in the UK and Australia across multiple industries including manufacturing, technology, defence and retail.

In 2010, Tam was selected as the Visiting Industry Fellow at the Australian Defence College's Centre for Defence and Strategic Studies.

Growers' Advisory Council

"Having been a member of the GAC for the past three years has greatly enhanced my knowledge of how our co-operative operates on a number of levels including operations, marketing and trading, investments, innovation in technology, the challenges the supply chain faces and the commitment of staff to move the co-operative forward."

Stephanie Clarke, GAC Deputy Chair

"I nominated for a position on the GAC to be more involved and support our co-operative for the good of the WA grains industry. Being on the GAC gives you an insight into how CBH operates and an opportunity to liaise with the Board and staff, and to provide feedback to and from growers. I have learnt a lot about the industry and the benefits that a co-operative structure brings to WA grain growers."

Daniel Sanderson, GAC Member

The GAC supports the co-operative by providing a formal mechanism for issues raised by growers to be fed back to CBH and its Board of Directors.

The GAC advocates on behalf of growers by considering issues of a strategic nature to the industry, providing feedback on CBH initiatives that will impact growers, and increasing grower engagement and understanding of CBH and the issues affecting the co-operative and the broader grains industry.

Councillors are appointed for a single four-year term and are selected by a panel composed of CBH Directors, the GAC Chair and the CBH management team.

The Council is made up of 16 members with representation across the five electoral districts of CBH and meets four times a year in person, as well as engaging with CBH via forums, events, and informal communication channels throughout the year.

During 2022 the group farewelled five Council members whose terms concluded in August 2022. CBH would like to thank these members for their time and commitment to the GAC and ensuring its success: former Chair Romina Nicoletti, Andrew Chambers, Renee Lynch, Gerard Paganoni and Stephen Strange.

Upskilling for the future

GAC members are provided with opportunities to enhance their professional development through training, education and information during their time on the Council, making it an excellent opportunity for growers to contribute to the future of the co-operative while enhancing their own professional development.

This year, several GAC members had the opportunity to participate in the three-day Australian Institute of Management and University of Western Australia's co-operatives and mutuals strategic development program, the Australian Rural Leadership Program (ARLP), and the Australian Institute of Company Directors (AICD) course.

The Growers' Advisory Council (GAC) is comprised of grain growers who have a genuine desire and commitment to see CBH continue to sustainably create and return value to growers.

Craig Doney (Chair), Kulin

Stephanie Clarke (Deputy Chair), Bolgart

Tamara Alexander, Narrogin

Julie Alvaro, Merredin

Laurie Butler, Perenjori

Michael Caughey, Merredin

Tarnya Fraser, Quairading

Noel Heinrich, Carnamah

Peter Kirchner, Munglinup

Lyndon Mickel, Beaumont

Graham Ralph, Dowerin

Daniel Sanderson, Esperance

Clayton South, Wagin

Jeffrey Stoney, Gnowellen

Bruce Trevaskis, Jerramungup

Tony White, Miling

Path to 2033

As we look towards our centenary in 2033, it is important we are aligned and focused on the future to ensure we can continue to deliver value to Western Australian growers.

In February 2022, we refreshed our strategy, building on existing plans to improve our supply chain capability. We updated our targets for the next 10 years so the supply chain and network keeps pace with the productivity gains being made by growers, and as customer demands change and evolve.

The Strategy takes its direction from the Board and is aligned with our purpose: 'To sustainably create and return value to Western Australian growers, current and future.'

We've identified three Strategic Objectives as being crucial in achieving our 2033 goal of exporting a peak of 3 million tonnes each month:

1 Operations

are able to safely receive an **average 22mt crop** (with a peak of 28-30mt) and **out-turn 70%** in the first half-year shipping window

2 Marketing & Trading

are able to **market ~ 50%** of the crop to international customers

3 Fertiliser

hold a **15% market share in the fertiliser** market for WA grain growers

To bring the Strategy to life, we have identified three Strategic Focus Areas that help to guide the collective CBH effort to deliver on our objectives:

People

We develop, retain and attract diverse and talented people who work collaboratively to solve challenges and seek opportunities for the co-operative today and into the future

Technology

Deliver technologies and processes that are efficient and effective, leverage our data, and improve outcomes for our people, customers, and growers

Tonnes to Customer

Operate a grain and fertiliser supply chain that delivers the needs of the customer to create optimum value for growers

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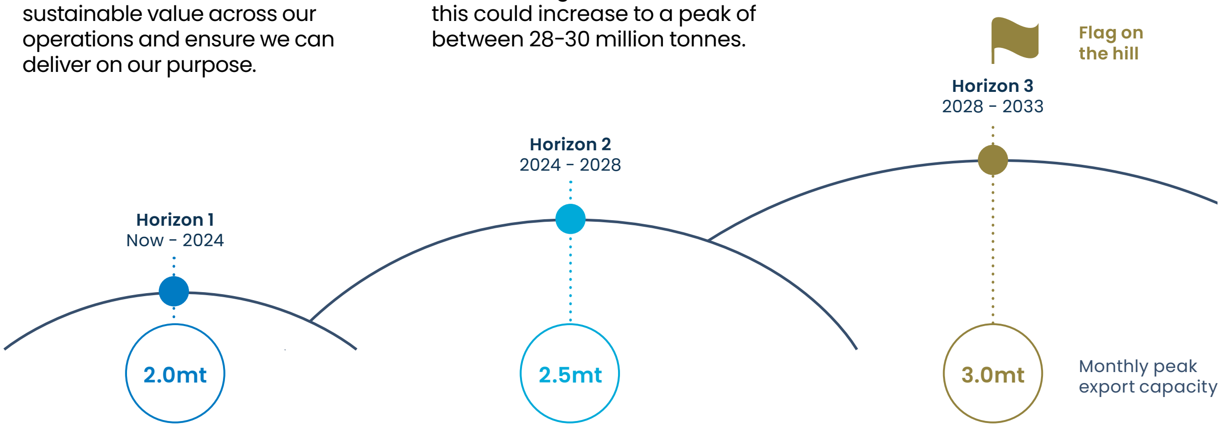
Our Strategy ensures we are investing in today and tomorrow. We need to ensure we get the balance right between cost management, capacity and our customer service offering – the trade-off between these three elements will create sustainable value across our operations and ensure we can deliver on our purpose.

The pathway to achieve the 2033 objectives is mapped out in three horizons. The record 2021/22 harvest where growers delivered 21.3 million tonnes to CBH is likely to be the norm by 2033 and, with the highs and lows of good and bad seasons, this could increase to a peak of between 28-30 million tonnes.

Our Strategy works in three horizons.



We have identified and initiated key projects so we can deliver on our Strategic Objectives, including:

Rail fleet acquisition

We will refresh and increase our standard and narrow-gauge rail fleets. Requests for Proposal for each of standard and narrow-gauge locomotives and wagons are currently with the market.

By the end of April 2023, we will have placed orders for additional fleets that will be delivering more tonnes on rail in 2025.

Rail transfer facility

We are working on re-establishing Avon as a narrow-gauge to standard-gauge rail transfer facility. While in the early stages, we are investigating installing new rail sidings and a transfer facility that will allow grain to be delivered along narrow gauge lines to Avon then transferred to higher capacity standard gauge. This will increase tonnes to port down the standard gauge rail network and improve operational efficiency of narrow gauge sites by reducing their cycle time to Avon instead of Kwinana.

Rapid rail outloading

We have secured State and Federal funding through the Agricultural Supply Chain Initiative for co-investment into 11 rapid rail outloading projects across the network. This will provide fit-for-purpose sidings that enhance rail operations and reduce the impact on the local community. Brookton has received all regulatory approvals, with construction set to commence in early 2023. Moora, Broomehill and Cranbrook are close behind with target construction commencing later in 2023.

Operations today and tomorrow

In a year that severely disrupted supply chains around the world, we received and outturned our largest – but also one of our safest – harvests on record. This was a monumental task and reflects the resilience, adaptability and unwavering commitment of our people.

Safest

12-month period on record

21.3 million tonnes

received into the network

11%

increase on previous annual shipping record

18.1 million tonnes

delivered to our customers

Grain received in each zone (million tonnes)

Zone	Million tonnes
Albany	4.3
Esperance	3.7
Geraldton	3.9
Kwinana	9.4

97%

of grain received at 100 network sites

Safety first, always

The 2021/22 financial year was our safest 12-month period on record, with harvest also one of our safest on record. Our 12-month All Injury Frequency Rate (AIFR) was 5.81, significantly improving from last year's AIFR of 7.29.

This fantastic result was achieved while receiving a record crop with one of our least experienced harvest workforces ever, as COVID-19 continued to cause state-wide labour shortages.

We recorded two months (October and February) with zero recordable injuries to our frontline employees, which is testament to the onboarding, training and leadership displayed by our experienced team members.

We continued to drive risk reduction throughout the network, successfully executing $17 million on projects to eliminate or reduce safety risks within the network. These included improvements to working at height risks, grid operations, equipment guarding and objects falling from height.

The focus remains on doing the basics well, empowering our frontline to be safety leaders and to drive risk out of our business by executing frontline-focused and cost-effective risk reduction projects. Having safe people and safe workplaces is part of the People Pillar of our Sustainability Plan.

Breaking new ground

Our key focus throughout 2021 was preparing our supply chain and network to safely receive and store the record crop. We opened 130 sites including 30 non-network sites and two new sites at Meenaar and North Kojonup. A total of 97 per cent of grain was received at the 100 network sites.

During harvest, Western Australian growers delivered an astounding 21.3 million tonnes, which is enough grain to fill Optus Stadium 17 times over. The rate of which it was harvested and delivered was also unprecedented – there were 11 days where more than 500,000 tonnes was delivered each day, a feat that we had achieved on only five days over CBH's history. We received over 10.7 million tonnes in our busiest 23-day period, which is almost one million tonnes more than the entire 2019/20 harvest.

Mingenew also became the first non-port site to receive over 600,000 tonnes.

Although this task put significant pressure on our sites, the preparation and efforts of our employees allowed us to keep up with the pace at which growers were harvesting and maintain an average site cycle time of 40 minutes.

Operations

Overcoming supply chain challenges

As a result of the record harvest, the supply chain continued to do more than it has ever done before.

A record 8.4 million tonnes was moved on rail to port, a small increase from the previous record set in 2016/17.

This massive task was supported by exceptional performance by our road contractors and grower subcontractors who moved a record 7.2 million tonnes of grain directly to our ports and another three million tonnes to support rail transport and to prepare our sites to receive the incoming crop.

In total, we shipped 16.7 million tonnes of grain and delivered an additional 1.4 million tonnes to customers through domestic, container and conveyor outturns. The volume of grain moved as domestic outturns exceeded the previous 2007/08 record by more than seven per cent.

However, these achievements did not come easily nor without their challenges, which put our export capability under pressure.

Like many other businesses across the state, we experienced labour shortages due to COVID-19, which led to increased employee absences and competition with the resources sector, particularly for train and truck drivers.

This significantly impacted our supply chain performance, evidenced in vessel turnaround times at our ports extending beyond our four-day target.

In response to the challenges, we worked closely with our domestic and export customers, our road and rail contractors and various stakeholders to manage our shipping program and introduce short-term initiatives including:

- Working with Aurizon, our rail services provider, and Arc Infrastructure, our below-rail infrastructure manager, to improve short-term rail performance.
  - Aurizon provided three additional rail fleets, non-grain depot relocations and ran a successful recruitment campaign that lifted the number of available train drivers. In addition, medium to longer-term plans are in place to address labour issues through additional trainee schools and continuous hiring programs for local and international drivers.
- Hiring additional locomotives to supplement the CBH fleet until the additional new CBH rail fleets can be delivered.
- Co-ordinating surge outloading from select sites, to optimise labour efficiency and extend the outloading window
- Modifying scheduled port shutdowns to continue grain accumulation and minimise the time when ships cannot be loaded
- Attracting more than 100 new road subcontractors and enabled growers to contract directly to CBH to use their trucks to help with the outloading program.

Shipping efficiencies unlocked

As a result of the exceptional effort of our employees, contractors and growers, we delivered a record 18.1 million tonnes to our customers. Of this, we exported 16.7 million tonnes, an 11 per cent increase on our previous annual export shipping record set in 2016/17.

8.4 million

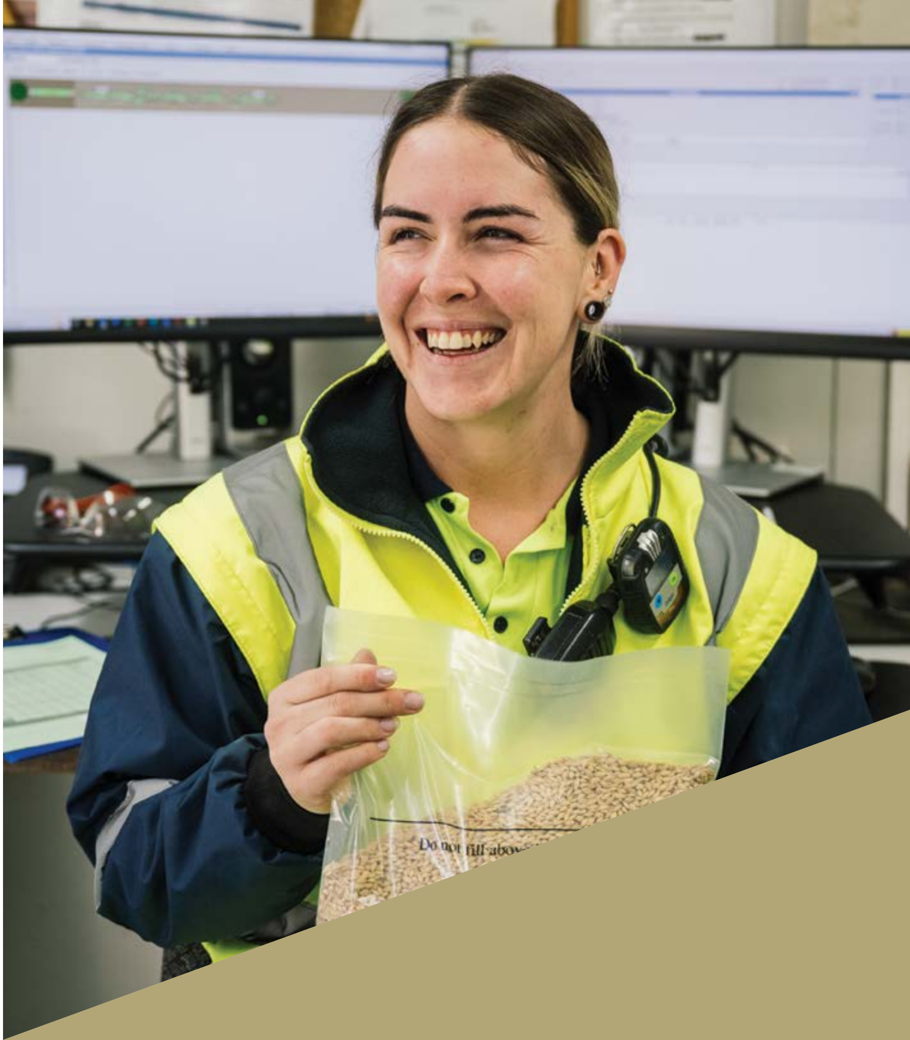
tonnes moved on rail to port

7.2 million

tonnes moved by road direct to port

In setting the export record, the Albany, Esperance and Geraldton zones each shipped more than ever before, with Kwinana within three vessels of the 2016/17 record. We worked very closely with our international and domestic customers to optimise port efficiencies and unlock additional tonnes through our ports.

This significant export milestone demonstrates the hard work and effort across the supply chain to build a solid foundation for the CBH Strategy to reach our monthly shipping goal of three million tonnes by 2033.



Protecting grain quality

As part of our Sustainability Plan, our goal is to have the ability to trace 100 per cent of individual truck loads for chemical residue – something not done by any other grain bulk handler in the world.

This year, using improved and automated processes and systems, we collected and stored 42 per cent of all individual truck loads for the purpose of chemical residue traceability. This was a 12 per cent increase on last year.

Improved chemical residue traceability maintains market access and creates a competitive advantage for Western Australian grain. A recent CBH customer survey showing that 91 per cent of customers rated chemical residue testing as 'very important' – the strongest result on the survey.

MARKETS
Maintain and open new markets for WA growers.

Sustainability Plan

Driving value from our network

To continue to sustainably create and return value for growers, our supply chain and network needs to match pace with the increasing crop size and evolving customer demands.

$348 million

invested in the network

2.4 million tonnes

of new temporary storage

230+

sustaining capital projects

This year we continued to invest heavily in the network to grow, sustain and improve our infrastructure to improve our logistical capacity and increase the tonnes we can deliver to our customers.

Throughout the year we made a record network-wide investment of $348 million, including:

- $288 million on network capital projects
- $60 million on scheduled maintenance

Sustaining our network

We invested $131 million in sustaining capital projects, which ensures the longevity and continued functionality of our existing assets.

As part of this we embarked on one of our most extensive sealed storage remediation programs to extend the life of more than 170,000 tonnes of fixed storage capacity across seven sites.

The storage structures, which were built between 1969 and 1980, underwent a range of refurbishments and maintenance upgrades to extend their life by up to 30 years.

The scope of works for each of the projects included roof cladding replacement, lighting updates and resealing, which enables our Grain Protection team to fumigate the storages safely and effectively throughout the year. This project was rolled out across the Perenjori, Marchagee, Carnamah, Bruce Rock, Kwinana Grain Terminal, Newdegate and Munglinup sites.

Other projects included annual port shutdowns, the Esperance Terminal pre-cleaner improvements and a $17 million investment on improving safety for our employees on site, including elevator access improvements, machine guarding, horizontal access, grid cover replacements and fan-cover drop zone projects.

Growing our network

During the year, $157 million was invested in expanding and enhancing the network.

This included three key expansion projects completed at the Shark Lake, Cadoux and Dumbleyung receival sites, which added 300,000 tonnes of permanent storage to our network. This enables us to provide the required services closer to growers and improve turnaround times.

In preparation for two record harvests in a row, we invested in a significant temporary storage campaign.

Network

We added 2.4 million tonnes of temporary storage across 33 sites – a 10 per cent increase to our total network storage capacity, which was mobilised and operational within months to receive the 2021/22 harvest.

Complementing the temporary storage was the purchase of more equipment, including 12 drive over grids and stackers to support our frontline teams and road program during harvest, while maintaining grower service levels.

We have also prepared for an additional 2.2 million tonnes of temporary storage across 36 sites for the upcoming 2022/23 harvest.

Agricultural Supply Chain Improvement initiative

In May, we welcomed the Federal and State Governments' $200 million investment in essential agricultural infrastructure projects under the Package 1 of the Agricultural Supply Chain Improvement (ASCI) initiative.

In this package, funding was secured for a total of 11 rail siding projects throughout the network at Moora, Brookton, Cranbrook, Broomehill, Avon (Meenaar), Kellerberrin, Dowerin, Konnongorring, Ballidu, Mingenew and Perenjori North.

We continue to work through the approvals process with government stakeholders while procuring long lead items for track and loading facilities, so we are prepared to commence construction once approvals are obtained.

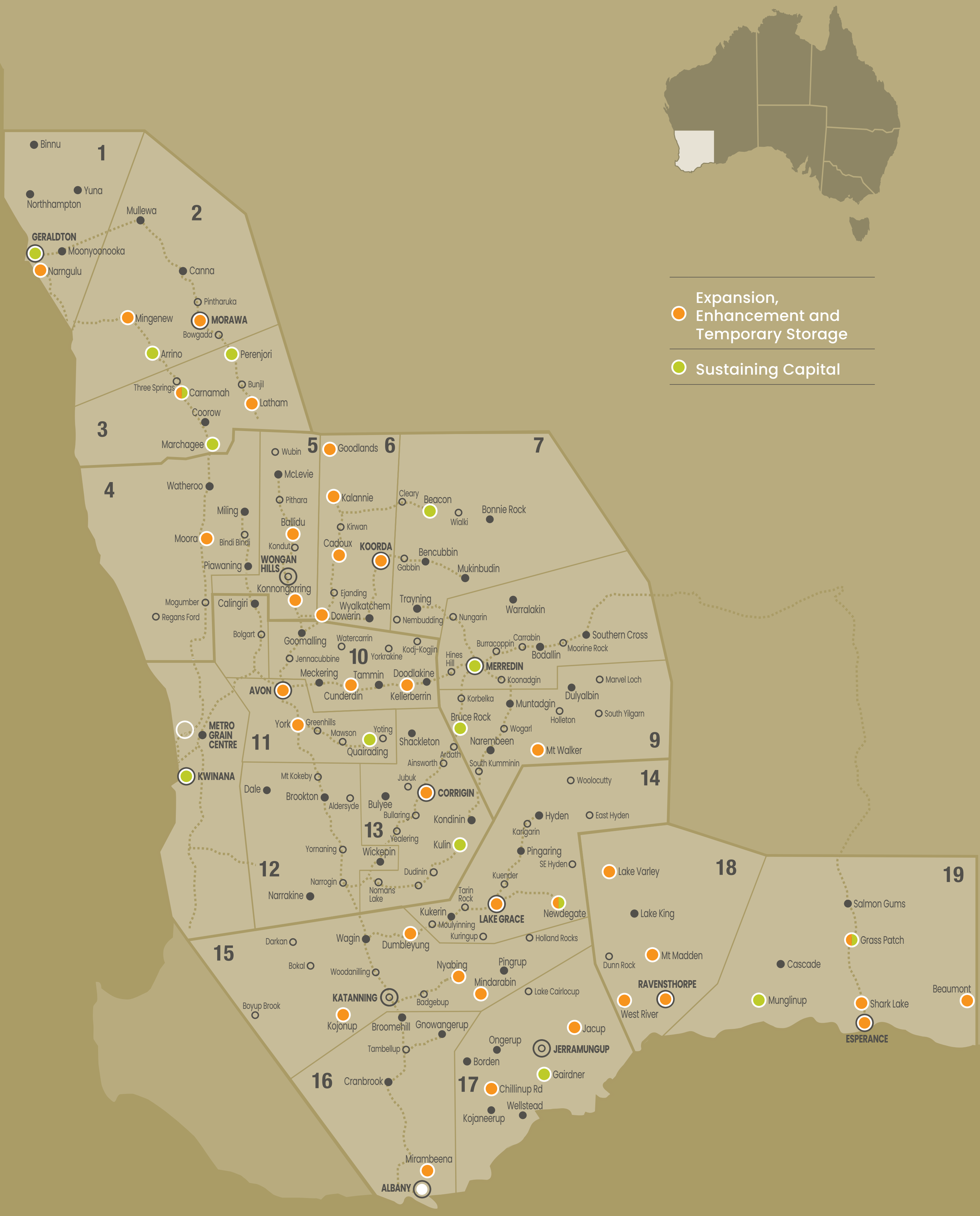
300,000 tonnes

of new permanent storage

Major network projects completed in 2021/22

Albany	Esperance	Geraldton	Kwinana North	Kwinana South
Dumbleyung expansion	Shark Lake expansion	Geraldton Terminal steel silo refurbishment	Cadoux site expansion, accommodation and throughput enhancement project	Kwinana Grain Terminal silo refurbishment
Gairdner accommodation	Esperance Terminal Upgrade to pre-cleaner	Carnamah, Perenjori and Marchagee storage refurbishment	Dowerin throughput enhancement project	Kulin A-type electrical remediation
Newdegate circular storage refurbishment	Mount Madden upgrade	Perenjori accommodation	Bruce Rock G-type refurbishment	Quairading accommodation
Mirambeena temporary storage upgrade	Munglinup circular storage refurbishment and Grass Patch Stage 1 refurbishment	Arrino OBH reseal	Goodlands weighbridge extension	York tripper and Grid 3 enhancements
Kojonup North and Chillinup Road land acquisition	West River, Ravensthorpe, Shark Lake, Beaumont, Grass Patch temporary storage build	Latham, Narngulu, Carnamah, Mingenew and Morawa temporary storage build	Merredin and Beacon OBH resurfacing	Kellerberrin, Cunderdin, Meenaar [Avon], Corrigin temporary storage build
Lake Grace, Nyabing, Kojonup, Mindarabin, Jacup, Newdegate temporary storage			Moora, Ballidu, Konnongorring, Cadoux, Dowerin, Koorda, Kalannie, Mt Walker temporary storage build	

Major network projects completed in 2021/22



Gateway to global markets

Our Marketing and Trading division is Australia's largest grain exporter, with more than 200 customers in 30 countries across the world. We have unrivalled customer relationships – some of which are 50 years long – and a 100-year history as Western Australia's leading grain marketer.

100 years

of marketing WA growers' grain to the world

50%

accumulation of the WA crop

24%

market share of Australia's bulk grain exports

9.8 million tonnes

of grain exported by Marketing and Trading

18%

of grain shipped was sustainably certified grain

1st biofuel trial

on an Australian grain shipment

$5 billion

paid to WA growers for their grain

An unprecedented year

This year our Marketing and Trading division reported a record surplus of $437.9 million. From this surplus, a dividend payment of $168 million was paid to CBH to be re-invested into the network, with $269.9 million retained to strengthen Marketing and Trading's equity position.

This extraordinary surplus was driven by unprecedented market conditions.

Early in the year, the North American drought saw global grain markets trade with high volatility and high prices.

This was followed by the conflict in Ukraine and Russia banning the movement of Ukrainian grain through the Black Sea, which threatened global food security and sent global grain prices soaring.

However, the record harvest and continued impacts of COVID-19 put significant pressure on our supply chain. Shipping delays reached unprecedented levels, and our traders grappled with shipping capacity uncertainty and increased risk, resulting in sustained downward pressure on local grain prices and demurrage costs of $25.4 million for Marketing and Trading.

But despite global market instability, Marketing and Trading shipped a record 9.8 million tonnes of grain aboard a record 214 vessels. It bought 10.6 million tonnes (50 per cent) of Western Australia's record 21.3 million tonne crop and paid a record $5 billion to Western Australian growers.

A record 68 per cent of grain accumulations were made by growers and contractors using our LoadNet self-service platform, up 11 per cent from last year.

Re-connecting with customers and growers

In June, our travel plans resumed after more than two years of COVID-19 travel restrictions. In just three months, members of our Executive Committee and Board travelled to more than 50 customers around the world. The visits were an opportunity to introduce our new Chief Executive Officer, Ben Macnamara, and celebrate our long-term customer relationships – including with ZEN-NOH, which entered its 50th year.

Members of the Marketing and Trading division also relished the opportunity to re-connect with growers. Our Business Relationship Managers resumed farm visits, and the Accumulations team held 12 Pub Talks which were attended by more than 300 growers.

Marketing & Trading

Premium markets for WA grain

South-East Asian noodle markets

The noodle markets of South-East and East Asia have always been strategically important to Western Australian wheat growers. Varietal and quality attributes, such as the protein and colour of Western Australian wheat are well suited to noodle production and consumer preferences, supporting demand and creating market premiums. Given increased supply in 2021/22, we were able to increase our volumes to these markets year on year by up to 20 per cent. Servicing this noodle demand for Western Australian wheat will always be a customer service priority, ensuring long-term market satisfaction and value generation.

Canola and malt barley to Mexico

Two shipments of genetically modified canola and three of premium malt barley were sent to Mexico this year. As Canada experienced production issues at the end of 2021, we were able to obtain market share in Mexico with a view to holding it for the long-term. Strong customer relationships were the key to securing the premium malt barley market in Mexico, as we look to diversify our markets beyond China.

Growth of sustainably certified grain

Our sales of sustainably certified grain increased to 1.7 million tonnes – a 40 per cent increase on last year – and accounted for 18 per cent of all grain shipments. Our sustainably certified grain program has provided over $500 million of additional value to Western Australia growers in the past 12 years through increased market access.

The International Sustainability and Carbon Certification (ISCC) PLUS scheme has resulted in the rapid growth in the volumes and types of grain certified. Sustainably certified grain is one way we are meeting changing customer expectations, accessing new markets, and returning a higher premium for Western Australia growers.

WA's largest wheat shipment

In January we loaded the largest ever wheat shipment out of Western Australia aboard the *MV Pablo*. The vessel departed the Kwinana Grain Terminal carrying 79,044 tonnes of milling wheat bound for China. The milestone shipment reflected our significant efforts to outload the record crop as efficiently as possible. The previous largest wheat shipment was in 1979 when the *Bjorgholm* was loaded with 78,507 tonnes.

Grower-focused products

This season presented some unique market factors which resulted in a high level of interest for our harvest pools. Pools accounted for 22 per cent of Marketing and Trading's accumulations, up from 10 per cent last year. An oversupply of grain in Australia and high international prices meant our pools consistently delivered above average returns for Western Australian growers.

We paid a record $855 million to pool participants throughout the year. The canola pool finished strongly with canola pool participants receiving a record return of around $1,070 per tonne compared to $690 a tonne last year. The wheat and barley Flexi-Starter pools both delivered record returns to growers in April of $426 and $338 a tonne respectively. Popularity for the Flexi-Starter pool saw it expanded to include canola for the coming season.

Heading into the 2022/23 season we positioned the product to minimise the impact of any interest rate increases on participants. Whilst the RBA cash rate increased by 2.25 per cent from May through to September, the underlying rates on PPA remained unchanged until an increase of 0.50 per cent in October. We also introduced a cash settlement option as an alternative pathway for growers to settle their pre-payment obligations.

Swaptions had a challenging season with local basis levels reaching historic lows. This created a challenging environment for growers to maintain their Swaption positions within prescribed limits, particularly whilst market dislocation was at extremes. Looking forward, the Swaption product will likely incorporate some changes to minimise the impacts on growers in similar circumstances.

Our Pre-Pay Advantage (PPA) product provided working capital to 316 farm businesses with almost $123 million approved.

Australia-first biofuel trial on sustainable barley shipment

In January we partnered with leading dry bulk operator Oldendorff Carriers to conduct the first biofuel trial on a grain vessel exporting from Australia.

We shipped 30,000 tonnes of sustainably certified malting barley aboard the *Edwine Oldendorff* from the Albany Grain Terminal to Vietnam's leading malting company, Intermalt.

Intermalt services a number of brewing customers, the largest being Heineken, which has set a target of a carbon neutral value chain by 2040.

The trial found that the biofuel blend achieved a 14 per cent reduction in greenhouse gas emissions (against an estimated 15 per cent reduction) for its journey compared to conventional fossil fuels.

The trial is one way we are making sure we can continue to meet the growing market demand for sustainable or carbon-reduced grain and keep Western Australian growers competitive.

MARKETS
Maintain and open new markets for WA growers

Pictured above: Australia's first biofuel trial on a grain vessel. L-R: Head of Shipping Pia Van Wyngaard, Chief Marketing and Trading Officer Jason Craig, Director Helen Woodhams and Barley Trading Manager Drew Robertson.

Celebrating 100 years

This year we celebrated 100 years of marketing WA growers' grain to the world by our Marketing and Trading division.

Our story

On 21 March 1922 the first formal meeting of the inaugural trustees of the then Voluntary Co-operative Wheat Pool of Western Australia, or The Wheat Pool, was held in Perth.

Less than six months later, almost 85 per cent of Western Australian growers had pledged all of their grain to The Wheat Pool – a further 10 per cent pledged more than half.

In 1961, The Wheat Pool was renamed to The Grain Pool of Western Australia, to reflect its increasingly diverse portfolio of wheat, barley, oats, and later, lupins and canola.

In what marked a historic moment, The Grain Pool merged with CBH in 2002 – a move that integrated marketing, storage and handling to return greater value to the growers of Western Australia.

The Wheat Pool, in its various iterations, has continued through World War II, the Great Depression and global trade tensions amid farming's other challenges like floods, fires, droughts and volatile markets.

1922

The Voluntary Co-operative Wheat Pool of Western Australia is formed

1927

The Voluntary Co-operative Wheat Pool and Westralian Farmers becomes the biggest exporter of Australian wheat (380,000 tonnes)

1933

CBH (funded on an 'experimental' basis by Westralian Farmers and The Voluntary Co-operative Wheat Pool) is established to combat spiralling manual bag handling prices

1948

The Voluntary Co-operative Wheat Pool is asked to take over the marketing of Western Australian oats after the withdrawal of the Commonwealth (as with barley)

1951

Grower participants receive more than two shillings per bushel of oats than non-Pool selling growers who sold direct to other merchants

1961

The Voluntary Co-operative Wheat Pool officially becomes The Grain Pool of Western Australia to better reflect the co-operative's increasing trade in non-wheat products

1978

The Grain Pool makes its first shipment from CBH's new port at Kwinana (which took over as an export port from Fremantle)

“We must acknowledge and credit the pioneering men and women of 100 years ago who sought to address an imbalance in the market. It is a wonderful legacy that we continue to build on today.”

Simon Stead
CBH Chair

Our founders sought to create marketing opportunities for Western Australian grain, and ultimately, increase grower returns. A hundred years on, that purpose remains the same.

Now, CBH Marketing and Trading is Australia’s largest grain exporter delivering Western Australian grain to more than 200 customers in 30 countries around the world.

1989
A ministerial review committee inquiry into the Grain Marketing Act re-affirms The Grain Pool’s marketing control over prescribed grains in Western Australia

1994
A decision to offer growers cost and freight pricing instead of Free on Board pays dividends when it results in an extra $1.1 million for growers

1996
Growers visit Japan, Korea and China with The Grain Pool as part of the first subsidised Grower Study Tour

2002
The Grain Pool of Western Australia merges with Co-operative Bulk Handling to form CBH Group

2008
Australian wheat ‘single desk’ system is abandoned as the industry is fully deregulated – paving the way for The Grain Pool to become Australia’s largest exporter

2010
The International Sustainability and Carbon Certification (ISCC) scheme was implemented, allowing CBH Grain to sell sustainably certified canola to Europe

2014
CBH Marketing and Trading becomes Australia’s largest grain exporter delivering Western Australian grain to more than 200 customers in 30 countries around the world

2022
CBH Marketing and Trading pays Western Australian growers a record $5 billion

Celebrate with us

Scan the QR code to view the M&T Centenary Documentary

Scan the QR code to download The Fourth Quarter: The Grain Journey Continues e-book

Value from the ground up

Our Fertiliser division continued to expand its scale and efficiencies to provide Western Australian growers with consistent, quality products.

Competitive local fertiliser

In 2022, we continued to develop and deliver benefits to WA grain growers within a competitive local fertiliser market, despite a challenging international supply environment. In total, we outturned 204,000 tonnes of product – an 11 per cent increase on last year and our best result since entering the market in 2015.

We achieved this excellent result amid major supply disruptions – China banned fertiliser exports, Russia restricted exports, and the Russia/Ukraine conflict, which challenged supply chains globally. We experienced wait times of up to 10 days to berth vessels at Geraldton, Kwinana and Esperance ports, with multiple commodities competing to load and discharge.

Fortunately, we were able to take advantage of our long-standing relationships to secure fertiliser shipments and provide growers with supply security during these challenging times. As a result, we saw significant growth for our products, particularly nitrogen. This supply confidence saw an increase in both repeat customers and new customers, especially in Esperance, where we experienced an exceptional first year of business.

In addition to building our customer base by 21 per cent, more than two thirds of our Fertiliser customers were repeat customers – an indication of satisfaction with the price and product offering.

Expansion drives increased efficiencies

We enjoyed our first full season in Esperance within a new warehouse built by Qube that features the latest Yargus blending equipment. We operate the facility through a long-term lease and work our own weighbridge and front-end loader for greater control. Since opening in May 2022, the new facility has outturned more than 36,000 tonnes of product.

In January, construction started on our Kwinana fertiliser storage facility and was more than 65 per cent complete by the end of our financial year. Scheduled to open early 2023, it will provide growers with efficient access to 32,000 tonnes of Urea Ammonium Nitrate (UAN) capacity and 55,000 tonnes of bulk fertiliser storage capacity. The facility will be wholly owned by CBH Group and operated by CBH Fertiliser.

During the year, we also expanded our sales and facility management teams. This ensures we can deliver on our Strategy target of holding a 15 per cent market share in Western Australia by 2033.

204,000 tonnes

of fertiliser outturned, our highest to date

21%

increase in new customers

11%

increase in tonnes outturned

20,000 tonne

storage facility opened in Esperance

>36,000 tonnes

of product executed from our new Esperance facility

Grain marketing with DailyGrain

Our popular DailyGrain platform provides growers with everything they need to trade confidently – anywhere, any time.

DailyGrain is CBH's online grain price discovery and trading platform designed to help Western Australian growers with their grain marketing decisions.

The basic DailyGrain membership is free to all of our grower members.

Quick and easy insights

This year, DailyGrain's membership continued to grow, with 2,607 members – a 28 per cent increase compared to last year.

The primary role of DailyGrain is to provide Western Australian growers with timely access to daily grain prices. Through DailyGrain's online platform and mobile applications, growers can easily access daily prices, pricing notifications and engage with leading buyers who are servicing the Western Australian grain market.

DailyGrain continues to be a highly efficient platform, with minimal internal resources required to support its operation, allowing for maximum grower value.

A better user experience

A new website was developed for DailyGrain this year. The website provides growers with more information and is tailored to support their grain marketing decisions and use of the DailyGrain platform – whether they are in the office or paddock. It also features user stories, tips and tricks, and FAQs. The website is due to go live early in the 2022/23 financial year.

Record trading

Trading via DailyGrain's trading platform, MarketPlace, reached new highs this year, having reported the highest volume of trades since it was released in 2017.

This year, 140,000 tonnes were traded on MarketPlace compared to 42,000 tonnes last year. The significant increase in activity comes after lupins and oats were added to the platform (now all major grains can be traded via MarketPlace), as well as a new forward market option for contracts.

DailyGrain will continue to enhance and review product features to best meet the needs of Western Australian growers.

The daily indicative pricing and a fee-free MarketPlace remains a critical element of the grain marketing landscape and we are committed to ensuring growers gain value from the suite of products on offer.

DailyGrain
Sell with Confidence

579
new DailyGrain members

140,000 tonnes
traded

109
new growers

19
new consultants

Sustainably creating value

Sustainability has always been at the heart of our co-operative, and we are committed to delivering sustainable outcomes for our growers and their communities, today and tomorrow.

This year we launched our new Sustainability Plan.

The plan drives our future direction to help us build on an already-strong sustainability record at CBH.

Why are we doing this?

A strong sustainability focus is not only the right thing to do, but it is also the smart thing to do for our co-operative.

As confirmed in our refreshed Strategy, our purpose is to sustainably create and return value to growers, current and future.

Keeping WA growers competitive

More than 90 per cent of Western Australia's crop is exported to international customers.

A focus on sustainability will ensure WA growers remain competitive in meeting changing customer expectations.

In a recent international survey, 80 per cent of our customers told us that sustainability is 'important' or 'central' to their business strategies, with 36 per cent indicating they may pay a premium for sustainable products.

Strong sustainability performance will increasingly underpin market access and pricing.

Giving our stakeholders confidence

Expectations are evolving from our customers, government and communities to increase our sustainability efforts.

In addition, many of our customers are setting ambitious sustainability targets as they look to improve the sustainability of their own supply chains. Some customers have set targets to eliminate modern slavery or reduce the amount of chemicals in their food products, while others have set net zero emissions targets.

A strong focus on sustainability will strengthen our relationships with our key stakeholders and provide confidence that we have embedded strong sustainability practices across our business.

Supporting future grain production

While we have experienced a number of exceptional seasons, weather patterns are changing, and we need to be conscious of the impact our operations have on the environment and on WA grain growing regions.

In addition, how we invest in regional communities needs to be guided by the intention to produce the best outcomes for growers and their businesses.

What are we doing?

Our Sustainability Plan is focused on what we are going to do as a business. Following a materiality assessment in consultation with CBH stakeholders, we have identified five pillars to focus on and integrate into our day-to-day business. In each of these pillars, targets have been identified that will drive better outcomes for WA growers.

Improving market access

We want WA grain growers to remain competitive in meeting customer expectations, so that they and their communities can thrive into the future.

A key goal of the Sustainability Plan is to increase the sales from sustainably certified grain to ensure preferential market access and capture price premiums for our growers. We will also continue to have full achievement of certifications, including ISCC, and provide support and education to growers who wish to do the same.

In a recent survey, 91 per cent of our customers stated chemical residue was very or extremely important. For this reason, our Sustainability Plan aims to lead the industry in Chemical Residue traceability which improves market access and creates a competitive advantage for WA grain.

Our five sustainability pillars

Markets	Communities	People	Governance	Environment
Maintain and open new markets for WA growers	**WA grain growers and our communities are viable for the long term**	**Attract and retain the best talent**	**Comprehensive and leading governance practices**	**Protect the environment in which we operate**
Lead the industry in sample collection for residue traceability Increase sales of sustainably certified grain	Ongoing community investment Procure more from our regional vendors	Safe people and safe workplaces Diversity and inclusion	Demonstrate and disclose progress on the Sustainability Plan Board Committee responsible for sustainability	50% reduction of Scope 1 and 2 emissions by 2030 Site to Customer net zero emissions by 2050

Sustainability

Creating local jobs

We want WA grain growers and their communities to thrive.

A key part of our Sustainability Plan is putting in place policies to buy more from regional businesses to create more local jobs.

We will also make it easier for local suppliers to tender with us, and improve our payment terms.

In line with the Sustainability Plan, we will continue to deliver the CBH Community Investment Fund each year, supporting partners, projects and programs on the ground.

We will also review the Fund to ensure it meets the purpose of our co-operative, the growers and the communities they belong to.

Our goal is to increase growers' support of our community efforts, measured as a community score through our annual grower survey.

Attracting and retaining the best employees

We want to attract and retain the best talent who connect with the purpose of our co-operative and our commitment to sustainability.

Under our Sustainability Plan, we aim to reduce our All-Injury Frequency Rate (AIFR), focusing on safe people and safe workplaces.

We will also develop and implement a diversity, equity and inclusion plan, to ensure our employees can bring their full selves to work and ensure our business can benefit from the range of talent and perspectives available.

Leading governance practices

We want to ensure comprehensive and leading governance practices, geared to driving sustainability performance across our business units.

The CBH Board's existing Workplace Health and Safety Committee charter has been expanded to include oversight for implementation of the Sustainability Plan. As such the committee has been renamed the Health, Safety and Sustainability Committee.

In addition, we will embed our progress on the Sustainability Plan into our Annual Reports from here on.

Protecting the environment

We want to do our part to protect and enhance the environment in which we operate.

We recognise that our natural resources are critical to the success of our co-operative, and the businesses of growers.

The targets in our Sustainability Plan include a 50 per cent reduction in our scope one and two emissions by 2030 from a 2021 base, and a site-to-customer net zero target by 2050.

We will reduce our scope one and two emissions solely through CBH's own operations and in how we procure electricity.

Our emission reduction plan is based on our own renewable energy generation, such as biogas and solar at our port terminals.

How are we going to do it?

More information on how we are achieving the targets set out in the Markets, Community, People and Governance pillars are detailed in the relevant sections throughout this Annual Report.

Below you can find more information on how we are achieving targets in the **Environment Pillar.**

About the Environment Pillar

We need to be conscious of the impact our operations have on the environment and on Western Australian grain growing regions.

When developing the Sustainability Plan, we considered the impact of the changing climate on the business through future scenario analysis.

This involved future grain production, cost and price scenarios, including an environmental scenario covering climate change and global warming of more than two degrees.

Our analysis shows that the most appropriate strategy for CBH is to continue to plan for grower productivity increases and at the same time reduce our emissions.

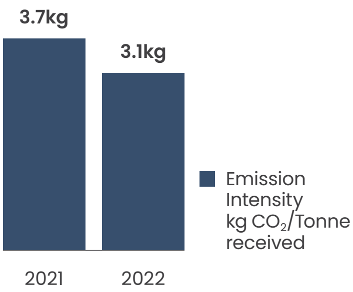
Emissions definitions and CBH targets for each

	Scope 1	Scope 2	Scope 3	Site-to-customer
About	Emissions caused directly by CBH and our operations	Emissions released indirectly by CBH	Emissions that occur within our value chain but not owned by CBH or under CBH's direct control	Emissions caused by Scope 1 & 2 plus road, rail and shipping transportation emissions caused by Scope 3
Example	Fossil fuel emissions from front-end loaders on site	Electricity used by CBH across all sites	On-farm emissions involved in producing grain bought by M&T	Fossil fuel emissions caused by contractors' trucks
Target	50% reduction by 2030 (from 2021 baseline)		-	Net Zero by 2050

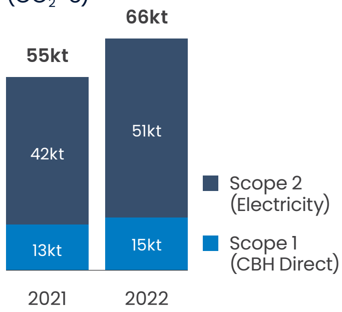
We have been reporting our carbon emissions to the Federal Government for over 10 years.

We report and measure our carbon emissions in line with the Greenhouse Gas Protocol, which is a classification system to align businesses measuring, reporting and reducing their emissions.

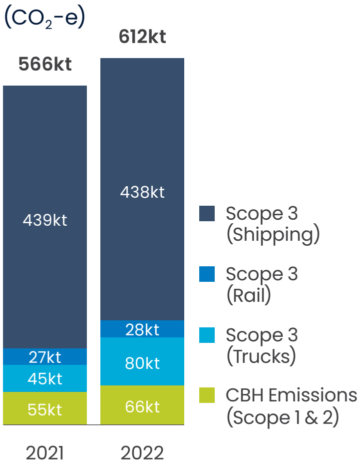
Scope 1 & 2 Emission Intensity
(CO_2-e / tonne received)



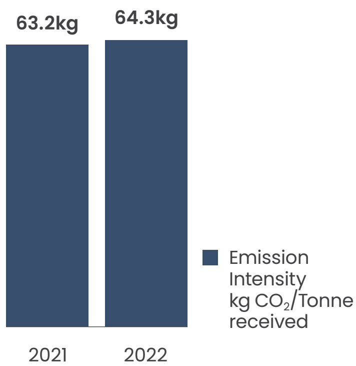
Scope 1 & 2
(CO_2-e)



Site to Customer
(CO_2-e)



Site to Customer Emissions Intensity
(kg CO_2-e / tonne)



Our environmental targets

50%

reduction in Scope 1 & 2 emissions by 2030

Net Zero

site to customer emissions by 2050

Annual emission intensity is the Scope 1 and 2 emissions divided by the total receivals. For example, CBH emitted 3.1 kilograms of carbon per tonne of grain received in 2022.

Overall emissions increased in 2022 driven by the record harvest. Note that shipping emissions are driven by the relative market share of CBH Marketing and Trading.

Achieving our Environment targets

Scope 1 and 2

We aim to reduce our Scope 1 and 2 emissions by developing more renewable energy, such as solar and biogas, to power our port facilities and Metro Grain Centre. These facilities are our biggest power users and where we collect the biogas feedstock. Testing of the biogas feedstock (collected dust) is currently underway.

Site-to-customer net zero

Our 2050 commitment is a signal to our value chain partners that we will work with them to achieve an ambitious goal, primarily through the implementation of technology that lowers transportation emissions.

Our sustainability framework

Our Sustainability Plan and reporting of it is guided by the Global Reporting Initiative Core Guidelines, the Task Force on Climate-Related Financial Disclosures and the United Nations' Sustainable Development Goals.

Sustainability risks and opportunities are considered at both the strategic and operational level. At an operational level, climate and sustainability risks and opportunities are considered via several different mechanisms, such as formal risk workshops, sustainability working groups, and discussions with stakeholders.

Outlined in the sustainability appendix are the key risks and mitigating actions, which impact on the sustainability of our co-operative.

Investing in the grain value chain

Our two investments, Blue Lake Milling and Interflour, both worked hard to overcome numerous challenges faced by global supply chain volatility and both investments returned an after-tax profit this financial year.

In line with our sustainability goals, BLM had its bio-gas facility commissioned, generating renewable electricity for the Bordertown operation. The BLM team will continue to work collaboratively with us to deliver an ever-improving sustainable business in the years ahead.

Blue Lake Milling

Purchased in 2015

Blue Lake Milling (BLM) reported an after-tax profit of $3.6 million despite a challenging year.

The COVID-19 pandemic disrupted the global container freight supply chain. This reduced container availability, increased freight costs and impacted operations at our processing facilities.

These pressures eased towards the end of the year as container availability returned close to pre-COVID levels.

Despite the challenges, demand for oat products (domestic and export) remained strong throughout the year.

BLM consists of the Bordertown and Dimboola mills in South Australia and the Forrestfield mill in Western Australia. The South Australian facilities mainly supply the domestic market, while the Western Australian facility services the growing export demand for oat products in Asia.

Interflour Group

50% stake since 2004

Interflour Group had a strong year and generated an after-tax profit, with CBH's share equating to $8.6 million.

Interflour maintained flour profit margins and ensured security of supply, despite global supply chain disruptions and increased wheat and freight costs.

Ahead of the Russia/Ukraine conflict, which reduced the supply of wheat from the Black Sea, Interflour had leveraged its strong relationship with CBH to secure one million tonnes of wheat (a third of its total wheat requirement) from Australia.

Interflour is a leading flour miller in South-East Asia, with nine flour mills located across Indonesia, Malaysia, Vietnam and the Philippines. In 2017, Interflour diversified into malt production, with the construction of Intermalt in Vietnam.

ENVIRONMENT

Protect the environment in which we operate

Building stronger communities

Our Community Investment Fund has been proudly supporting the delivery of services, events and opportunities for people living in regional Western Australia for nearly 10 years.

$47,000

provided to support regional communities affected by bushfires

$450,000

committed over three years to the Royal Flying Doctor Service

$400,000

donated by growers through our Harvest Mass Management Scheme

90%

of purchases made with Western Australian businesses

$1.6 million

invested in our regional communities

39%

of our purchases were made in local WA grain growing communities

COMMUNITIES

WA grain growers and their communities are viable for the long term

A proud history

This year marked nearly a decade since the CBH Community Investment Fund was formally established. During this time, the co-operative has sought to support initiatives that contribute to the vitality, development, wellbeing and safety of grain growing regions, promote the agricultural industry, and help to build the capacity of future community and industry leaders.

Prospering together

Building on this proud history of caring for community, this year, growers donated a record $400,000 to 16 charities through the Harvest Mass Management Scheme.

On behalf of WA grain growers, CBH also proudly extended its partnership with the Royal Flying Doctor Service for another three years, ensuring the organisation's continued support of Western Australians living and working across our vital agricultural regions.

This year also marked a significant milestone for the CBH Grass Roots Community Grants program, with over $2.5 million awarded to 798 community events and projects across regional Western Australia since the grants began in 2014.

We continued to support regional communities through a number of challenges including the ongoing COVID-19 pandemic and the wheatbelt fires. In instances where organisations have needed to cancel or postpone services and events, we maintained our financial commitments through the Fund to ease stress and ensure they can be resumed when possible.

Supporting local businesses

Sourcing locally available goods and services is an important part of the co-operative's commitment to supporting local grain growing communities to thrive.

This year, we engaged more than 1,800 suppliers with over 99 per cent of our total procurement spend with Australian businesses and entities. Of this, 90 per cent was within Western Australia and 39 per cent directly in local grain growing communities.

Building on this commitment, we undertook a review of our vendor base to identify all key local suppliers, which will allow us to effectively continue targeted sourcing of these goods and services in the future.

Caring for our community

CBH has a proud history of investing in Western Australian grain growing communities. As one of the seven co-operative principles 'concern for our community' is embedded in our DNA.

Our long-term sponsorship of a room at Ronald McDonald House in Nedlands provides on average 243 room nights to regional families each year.

Growers donated a record $400,000 to 16 charities including Foodbank, BlazeAid and Regional Men's Health Initiative through the Harvest Mass Management Scheme.

$47,000 donated to Farmers Across Borders, Rural Aid and local shires to support regional communities affected by the Wheatbelt Bushfires.

More than $290,000 invested in industry through the support of grower groups across the state, Grower Group Alliance and various industry events including Perth Royal Show.

Supported Musica Viva to deliver 39 concerts to 53 schools reaching 3,118 students from grain growing communities and provided 14 scholarships for regional teachers to participate in the 'Music Education Skills for the Primary Classroom' course.

A new partnership with RRR Network valued at $30,000 a year for three years, which will help ensure women living in regional and remote Western Australia continue to have a place to connect to and be empowered by.

More than $300,000 invested in regional capacity building through a range of programs and scholarships dedicated to developing strong regional leaders.

Over $300,000 donated to 88 grass roots organisations, groups and clubs to support a wide variety of community events such as Christmas parties, agricultural shows and school holiday activities; and small-scale infrastructure projects such as shade structures, yarning circles and sport changeroom upgrades.

Founding member of the Business Council of Co-operatives and Mutuals' Bunya Fund valued at $25,000. The funds will be used to support the establishment of community driven regional co-operatives.

Extended our partnership with Royal Flying Doctor Service; committing $450,000 over three years.

More than $100,000 invested in community sport through partnerships with the Western Australian Country Football League, Hockey WA and Tennis WA.

Looking after our people

Our people are the foundation of our organisation and the reason we can continue to deliver on our purpose to create value for growers.

With this, it is critical that we invest in our people and support their performance, development, health and wellbeing.

2,100

harvest casuals employed

128

accredited Mental Health First Aid Officers

1000+

permanent employees

550

employees trained as 'Upstanders'

Ranked 3rd

by the AFR Best Places to Work (Ag, Mining and Utilities sector)

We recognise the value that a diverse workforce can bring to our organisation, growers and the communities in which we operate.

Fostering a healthy workplace

Mental health

We maintained our workplace recognition accreditation with Mental Health First Aid Australia for our sustainable and effective Mental Health and Peer Support program. As part of the program, we increased the number of accredited Mental Health First Aid Officers to 128 employees.

Our Employee Assistance Program included a series of regional workshops and psychologist-led one on one consults for people leaders.

Together with our expert mental health partners and first aiders, we delivered a tailored calendar of mental health topics and resources to our people. Our mental health and psychological safety program focused on promoting good mental health, reducing stigma and preventing mental health problems and illness in the workplace.

Physical health

Employee uptake of our health improvement initiatives has remained strong with 115 participating in health challenges this year, including the Delhi Gift fun run and other nutrition and exercise challenges.

Free onsite health assessments were provided to 595 employees, including flu vaccinations and GrainFit health checks. GrainFit health checks provide individual feedback and improvement advice on nutrition, sleep and many other aspects of physical and psychological health. Employees participating in GrainFit can access and track their health data over time from a private cloud-based health profile.

COVID-19 response

Throughout the pandemic the health and wellbeing of our employees, contractors and communities has been our highest priority. In addition to offering flexible working arrangements, we provided free rapid antigen tests state-wide and on-site testing by an accredited lab provider at Head Office, the Kwinana Grain Terminal, and Metro Grain Centre and the Australian Grains Centre. This ensured we could continue to safely operate the supply chain and assisted in early detection and reduced spread of work-related cases.

People

Acknowledgement of Service

25 Years
Darren Coles
David Gould
Kane Holt
Graham Penter
Philip Ridley
Glenn Sexton
Andrew Tarr
Allan Walker
Justin White

30 Years
Kim Saunders
Ian Sproul
Stuart Tholstrup

35 Years
Danny Crane
Geoff Crogan

40 Years
Andrew Ackermans
Wayne Atkins
Bernard James
Gary Ripp
Kenneth Zilm

45 Years
Wayne Fernihough
William Kirkwood
Shane McCarrol
Harry Warry
Graeme Sexton

50 Years
Marian (Jak) Davidovic
Brian Davies

Thank you to everyone for their long-standing dedication and contribution to CBH.

Adapting to a tight labour market

Due to continued labour shortages across the state and another large crop forecast, we ran another mass marketing recruitment campaign for the 2022/23 harvest. The campaign successfully attracted more than 2,000 harvest casual employees.

The campaign, which was launched in July, was designed to target the Perth metro audience as well as high-school and university students across multiple channels including social media, digital media, print media, radio and television. This was complemented by our employee incentive program, which encouraged employees to refer friends and family.

Celebrating diversity

Workplace diversity and inclusion is about removing barriers to ensure all employees enjoy full participation in a workplace which supports the development and achievement of well informed and culturally appropriate business outcomes.

We recognise the value that a diverse workforce can bring to our organisation, growers and the communities in which we operate. This year we saw a three per cent increase in our total female workforce from 24 to 27 per cent. Our female harvest casual workforce during the 2021/22 harvest was at 58 per cent.

We were also endorsed by WORK180 as an employer that is committed to diversity, equity and inclusion. Next year we will continue to recognise and value the different attributes, life experiences, capabilities and skills that each employee brings to CBH.

Becoming an Upstander program

To support diversity and inclusion, we launched the 'Becoming an Upstander' program. The internal program encourages employees to take action when someone's safety, respect or inclusion are at risk. It provides employees with the tools to call out unacceptable behaviour that does not align with our organisational values. More than 550 employees completed the training, and the rollout will continue over the next 12 months.

Supporting women in trades

Kathryn Slattery joined us in late 2021 as an Electrical Apprentice and alternates between Katanning, Lake Grace and the Albany Grain Terminal.

Kathryn grew up on a broadacre cropping farm in South Stirling and transferred her mining apprenticeship to CBH in a bid to return to her farming roots.

"Working for CBH has been a really great experience so far," she said.

"An apprenticeship is a really great way to learn and it's nice to see progression in my learning from week to week.

When Kathryn isn't on the tools, she can often be found on the hockey field. Before becoming an apprentice, Kathryn was an international hockey player. She played 91 games for Australia and scored 37 goals.

"With more females working in trades it is improving the industry while allowing females to explore more areas in their working career."

PEOPLE
Attract and retain the best talent

Corporate Governance

This section summarises the main corporate governance practices of the CBH Group's framework of governance for the year ended 30 September 2022.

CBH has in place a comprehensive Corporate Governance Charter setting out the role, responsibilities and powers of Directors and documenting the way the Board of the co-operative functions. The Corporate Governance Charter is regularly reviewed and revised as necessary.

The CBH website (www.cbh.com.au) contains copies or summaries of key corporate governance policy documents currently in place.

Role and responsibilities of the Board

The Board's role is to govern, rather than manage, the organisation. In governing the co-operative, the Directors must act in the interests of the co-operative as a whole.

The Board of Directors is responsible to members for the performance of CBH and its controlled entities. The Board of each company within the CBH Group is responsible for all matters relating to the running of that company.

The CBH Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the co-operative. It is required to do all things that may be necessary to achieve the co-operative's objectives.

The Board has the ultimate responsibility for the successful operations of the co-operative. The role of the Board is documented on the CBH website, however a summary of the principal functions of the Board include:

- approving and monitoring the overall strategic direction for the CBH Group
- establishing a framework for corporate governance and an environment of appropriate internal controls
- determining and approving the appointment and terms and conditions of employment and the terms of removal of the CEO and the Company Secretary
- determining and approving the setting and measuring of performance objectives and the remuneration and incentives of the CEO
- appointing appropriately skilled Independent Directors
- determining and modelling the appropriate culture for the CBH Group
- focusing on the creation of grower value
- identifying and monitoring the management of organisational risks
- monitoring compliance with legislative, environmental, occupational health and safety and ethical standards

Role and responsibilities of the CEO

The role of the CEO is to be responsible for the day-to-day management of the CBH Group in accordance with the strategy, policies, budgets and delegations approved by the Board. The CBH Group is managed to achieve the goals agreed and endorsed by the Board.

The CEO's responsibilities include:

- ensuring a safe workplace for all personnel at all times
- proposing to the Board any changes to the strategy on an annual basis
- constructing, with the Executive Committee, programs to implement the strategy set by the Board
- selecting and negotiating the terms and conditions of appointment of Executive Committee members in consultation with the Board's Remuneration and Nomination Committee
- acting as spokesperson for CBH Group's performance matters and operational announcements
- acting as spokesperson for the Board on policy and strategic issues as delegated by the Chair or the Board
- providing strong leadership to, and effective management of, the CBH Group in order to:
  - encourage co-operation and teamwork
  - build and maintain staff morale at a high level
  - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the CBH Group
- forming management committees and working parties from time-to-time to assist in the orderly conduct of the Group's business
- keeping the Board up to date and informed of all major activities of the Group

Board structure

The CBH Rules provide for the following Board structure:

- Nine Member Directors. These Directors are elected from five districts. There are two Directors elected by Members from each of Districts 1, 2, 3 and 4 and one Director elected by Members from District 5. These Member Directors can have their main grain growing interests in any district.
- The appointment by the Board of up to three Independent Directors as the Board considers appropriate to provide expertise or skills in certain fields that will broaden the overall experience of the Board of Directors.

The Board appoints a representative of the Western Australian Electoral Commission as returning officer to conduct the Member Director elections in accordance with the CBH Rules. Following the extensive governance review in 2020 and member support for its adoption, a majority independent Candidate Assessment Panel (CAP) was formed to assess prospective Member Director candidates against the desired list of skills and attributes sought by the Board in CBH Directors. Participation in the CAP is mandatory for incumbent directors and strongly encouraged for all other candidates.

In respect of the appointment of an Independent Director, the Board approves the key skills and attributes that it is seeking to complement the existing Board. The Remuneration and Nomination Committee considers the appointment or re-appointment of an Independent Director against the criteria approved by the Board and makes a recommendation to the Board regarding preferred candidate/s. The Board makes a final decision as to the Independent Director to be appointed.

Except in the case of the election of a Member Director to fill a casual vacancy, the term of office for a Member Director commences from the Annual General Meeting at which he or she is elected or at which his or her election is confirmed and expires at the third Annual General Meeting after election. The term of office for an Independent Director is up to three years, with their appointment to be ratified by members at the next Annual General Meeting following their appointment or re-appointment.

There is no maximum age limit for a Director.

The names of Directors in office at the date of this report, the date they were first appointed, their period in office, the commencement date of their current term and the expiry of their current term is set out in the table on page 54.

All current Directors are Non-Executive Directors and, in addition to their role as a Director of CBH, each Director is also a Director of CBH Grain Pty Ltd. All Directors have formal letters of appointment.

In accordance with CBH's Rules, CBH Directors elect the Chair and Deputy Chair. Mr Simon Stead is the elected Chair and Ms Natalie Browning is the elected Deputy Chair.

The roles of Chair and Chief Executive Officer are not exercised by the same person.

Details of the background, experience and skills of each of the Directors is contained in pages 14 and 15 of the Annual Report.

Induction of new Directors

New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of their appointment, including their duties, rights and responsibilities, the time commitment envisaged in the role and the Board's expectations in respect of involvement with Board Committees.

Name of Director	Date first appointed	Period of Office **	Current term commenced	Term expires
N A M Browning (Deputy Chair)	23 February 2018	4 years 10 months	25 February 2021	February 2024
D A Lock*	22 February 2019	3 years 10 months	18 February 2022	February 2025
A J Mulgrew*	24 February 2015	7 years 10 months	20 February 2020	February 2023
J D O'Neil	20 February 2020	2 years 10 months	20 February 2020	February 2023
G R Rowe	8 June 2021	1 year 6 months	8 June 2021	February 2024
P S Sadleir*	25 February 2021	1 year 10 months	25 February 2021	February 2024
J N Seaby	22 February 2019	3 years 10 months	18 February 2022	February 2025
K M Seymour	20 February 2020	2 years 10 months	20 February 2020	February 2023
S R Stead (Chair)	23 February 2015	7 years 10 months	25 February 2021	February 2024
R P Taylor	8 June 2021	1 year 6 months	8 June 2021	February 2023
B D West	18 February 2022	10 months	18 February 2022	February 2025
H Woodhams	10 August 2020	2 years 4 months	18 February 2022	February 2025

* Independent Director

**Period of office as a Director of CBH as at December 2022

In addition, new Directors receive a comprehensive induction manual and complete a Director Induction program which includes meeting with the Chair, CEO, Audit and Risk Management Committee Chair and key executives. The program also includes site visits to key CBH Group operations as well as CBH related IT training.

Role of individual Directors and conflicts of interest

All Directors have given other Directors standing notice of the nature and extent of their interest in matters that relate to the affairs of companies within the CBH Group. A Director who has a conflict of interest must immediately disclose that interest to the Board and must not be present when the matter is being considered or vote on the matter, unless the Board has passed a resolution to enable the Director to do so.

Meetings of Directors

The Board meets formally at least seven times a year, with additional meetings being held as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. The Board also holds an annual strategy session. In addition, the Directors spend significant time at Board meetings discussing key strategic issues.

The number of meetings of the co-operative's Board of Directors and of each standing Board Committee held during the financial year ended 30 September 2022 and the number of meetings attended by each Director are set out in the Directors' Report.

Board access to information and independent professional advice

The Board has an Information Seeking Protocol which enables Directors to have access to required information to support the Board decision making process. In addition, any Director can request approval from the Chair or Deputy Chair, which will not be unreasonably withheld, to seek independent professional advice at the co-operative's expense to support a Director in fulfilling his or her duties and responsibilities as a Director.

Directors and officers insurance and deeds of indemnity and access

In conformity with market practice, the co-operative provides Directors' and Officers' Insurance and Deeds of Indemnity, Insurance and Access to the maximum extent permitted by law.

Diversity

The Board is committed to workplace diversity, recognising the many and varied benefits that gender diversity and broader dimensions of diversity that reflect our community, brings to an organisation. The Board supports management in its endeavours to achieve and maintain a diverse and inclusive workforce at all levels of CBH.

Furthermore, the Board respects and values the benefit of Board diversity and the different perspectives that it brings, and is supportive of appropriate initiatives to encourage Board diversity whilst at the same time respecting merit and the democratic process of Member Director Elections.

Knowledge, skills and experience

The Board aspires for its Directors to possess the requisite skills, experience and attributes to optimise the ability for CBH to achieve its objectives as a grower-owned co-operative, and is supportive of appropriate initiatives to further this aim.

To assist Directors to maintain an appropriate level of knowledge, skill and experience in the operations of the CBH Group, Directors undertake site visits and attend grower meetings, industry meetings and relevant conferences. Directors also receive papers, presentations and briefings on CBH Group business and on matters which may affect the CBH Group.

Director education

To support Directors in the appreciation of their role and responsibilities, the CBH Board has adopted a Director Development Policy which requires each Director to undertake a minimum number of professional development hours, which all Directors have achieved during the financial year. Directors are required to prepare a professional development plan having regard to their individual requirements and to discuss their plan with the Chair. Subject to prior approval, the reasonable cost of these development activities is met by the co-operative.

Committees of the Board

The Board has established the following committees to assist with the discharge of its responsibilities:

- Audit and Risk Management Committee
- Remuneration and Nomination Committee
- Health, Safety and Sustainability Committee
- Network and Engineering Committee
- Share Transfers and Documents Committee

All of the above committees review matters on behalf of the Board and operate in accordance with their own charters as approved by the Board. These charters are published on the CBH website.

It is customary for the CBH Board to review the composition of its committees annually at the first Board meeting following the Annual General Meeting.

Details of Director attendance at committee meetings during the financial year is set out in the table on page 62. Directors that are not members of a particular committee are entitled to attend committee meetings as observers.

Audit and Risk Management Committee

The purpose of the Audit and Risk Management Committee is to provide assistance to the CBH Board in fulfilling its corporate governance and oversight responsibilities in relation to the CBH Group's financial reporting, internal control structure, compliance with laws, regulations, internal policies and industry standards, risk management systems, code of conduct and internal and external audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors, internal auditors and management of the CBH Group.

The Committee reviews CBH Group financial statements, accounting policies and matters raised as a result of internal and external audit findings. In addition, the Committee reviews risk management policies, risk management reporting and the risk management framework.

The members of the Audit and Risk Management Committee as at the date of this report are as follows:

Mr David Lock (Chair)

Ms Natalie Browning

Mr Alan Mulgrew

Mr John O'Neil

Mr Gareth Rowe

Mr Barry West

Ms Helen Woodhams

The Chair of the Committee is not the Chair of the Board.

The Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the Chief Audit and Risk Officer, internal and external auditors and other persons considered appropriate attend meetings by invitation.

The Committee also meets with both the internal and external auditors in the absence of management at the conclusion of each Committee meeting.

The Committee met six times during the financial year ended 30 September 2022.

Remuneration and Nomination Committee

The primary functions of the Remuneration and Nomination Committee are to assist the Board in relation to approving the CBH remuneration principles and framework, to oversee the development and succession planning of the CEO and Executive Committee, and to ensure the Board is of an effective composition to adequately discharge its duties and responsibilities.

The members of the Remuneration and Nomination Committee as at the date of this report are as follows:

Mr Paul Sadleir (Chair)

Mr Jeff Seaby

Mr Ken Seymour

Mr Simon Stead

Mr Royce Taylor

Management and external professional advisers may attend the meetings by invitation.

The Committee met eight times during the financial year ended 30 September 2022.

Health, Safety and Sustainability Committee

During the year the Workplace Health and Safety Committee was renamed as the Health, Safety and Sustainability Committee in order to recognise the increased scope of the Committee to assist the Board in its oversight of sustainability matters relevant to the CBH Group. The primary function of the Health, Safety and Sustainability Committee is to support and advise the Board in respect of all workplace health and safety and sustainability matters facing the CBH Group.

The members of the Health, Safety and Sustainability Committee as at the date of this report are as follows:

Ms Helen Woodhams (Chair)

Mr Ben Macnamara (CEO)

Mr John O'Neil

Mr Gareth Rowe

Mr Royce Taylor

Management and external professional advisers may attend the meetings by invitation.

The Committee met three times during the financial year ended 30 September 2022.

Network and Engineering Committee

The primary function of the Network and Engineering Committee is to oversee and monitor the application of the Board Network Policy.

The members of the Network and Engineering Committee as at the date of this report are as follows:

Ms Natalie Browning (Chair)

Mr Alan Mulgrew

Mr Paul Sadleir

Mr Jeff Seaby

Mr Ken Seymour

Mr Barry West

Management and external professional advisers may attend the meetings by invitation.

The Committee met seven times during the financial year ended 30 September 2022.

Share Transfers and Documents Committee

The primary functions of the Share Transfers and Documents Committee are to consent to transfers of shares on behalf of the Board and to approve changes to documents requiring Board approval under the Co-operatives Act 2009 or the CBH Rules.

The Committee consists of Board representative, Mr Simon Stead and members of management.

The Committee met four times during the financial year ended 30 September 2022.

Audit governance and independence

As part of its commitment to safeguarding integrity in financial reporting, the CBH Group has implemented procedures and policies to monitor the independence and competence of the CBH Group's external auditor.

The co-operative's current external auditor is KPMG, who was appointed at the 2015 Annual General Meeting. The appointment and remuneration of the external auditor and its effectiveness, performance and independence is reviewed annually by the Audit and Risk Management Committee.

The Audit and Risk Management Committee considers the appropriateness of engaging the external auditor to provide any non-audit services to ensure that the auditor's independence is not compromised and has adopted an audit policy in this regard.

In order to assist in ensuring the independence of the external auditor, the external audit partner is rotated every five years at a minimum.

KPMG has provided a declaration to the Audit and Risk Management Committee for the financial year ended 30 September 2022 that it has maintained its independence in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and any applicable code of professional conduct.

Risk identification and management

The co-operative is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. These include:

- Risk and internal audit – the Chief Audit and Risk Officer has a dual reporting line to the Chief Legal, Risk and Governance Officer and the Chair of the Audit and Risk Management Committee and is responsible for monitoring, investigating and reporting on internal control systems
- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly

- Insurance – there is a comprehensive annual insurance program, including external risk surveys
- Financial risk management – there are policies and procedures for the management of market risk, financial risk and treasury operations including exposures to foreign currencies, interest rates and commodity risks
- Compliance – there are systems and processes in place to ensure compliance with laws, regulations, internal policies and industry standards
- Due diligence – there are comprehensive due diligence procedures for acquisitions and divestments
- Crisis management – there are crisis management and business continuity systems for all key businesses in the Group
- Executive Risk Committee – there is a disciplined approach to the identification and management of risk with an Executive Risk Committee comprising the Chief Executive Officer, the Executive Committee and the Chief Audit and Risk Officer, meeting on a regular basis
- Marketing and Trading Risk Committee – reporting to the Executive Risk Committee and providing additional business level governance and risk management oversight, this committee addresses risks specific to marketing, trading and chartering activities.

The CBH Group has implemented an enterprise-wide risk management approach to the identification, management and reporting of its risks. This entails risk reviews by each division of the co-operative which encompass operational, financial, strategic and compliance risk assessment and quantification.

The internal audit function is outsourced and is independent of the external audit function. The Audit and Risk Management Committee endorses the annual internal audit plan to ensure that planned audit activities are aligned to business risks. The Audit and Risk Management Committee also reviews internal audit reports and monitors progress with recommendations made in these reports to ensure ongoing improvement in the internal control environment of the CBH Group.

Director remuneration and performance review

The Remuneration and Nomination Committee uses an external advisor to assist in determining the appropriate remuneration levels for the CBH Board by comparing Directors' remuneration for entities of a similar size, nature and complexity to the CBH Group. On the basis of that external advice, the Committee makes recommendations to the Board on remuneration of Directors. The aggregate level of Directors' fees is ultimately determined by members in general meeting.

At the 2022 Annual General Meeting, the co-operative's members approved Director remuneration at an aggregate amount of $1,499,420 with effect from 18 February 2022 and $1,633,545 with effect from the 2023 AGM, to be divided amongst Directors in such manner as they determine with Directors being entitled to receive, in addition to this amount, statutory superannuation entitlements and reimbursement for reasonable travel and other expenses incurred by them in the performance of their duties. The co-operative does not have a formal scheme for retirement benefits for Directors other than statutory superannuation.

Executive remuneration and performance review

The remuneration package and performance standards for the CEO are overseen by the Remuneration and Nomination Committee. The Committee also provides oversight and counsel to the CEO in respect of remuneration packages for Executive Committee members.

Remuneration framework

The objective of CBH's remuneration framework is to attract and retain talent and reward and align employee activities to CBH's strategy.

At the individual level, packages are comprised of fixed remuneration and variable incentive components. Fixed remuneration is comprised of base salary, superannuation and salary sacrificed benefits. Variable remuneration is the Short-Term Incentive (STI) Program (or at risk component of an employee's remuneration) offered to eligible salaried employees and payable based on performance and a Long-Term Incentive (LTI) offered to the CEO payable based on the delivery of outcomes over an extended period of time, usually three to five years.

Annual reviews

Annually the Remuneration and Nomination Committee reviews and recommends to the CBH Board the performance standards and remuneration results for the CEO.

Set out below is the Directors' remuneration for the financial year ended 30 September 2022:

Name	Role	Directors' Fees ($)	Superannuation ($)	Total ($)
Simon Stead	Chair	198,580	20,137	218,717
Natalie Browning	Deputy Chair; Chair – Network & Engineering Committee	141,379	14,337	155,716
Kevin Fuchsbichler	Director; Chair – Workplace Health and Safety Committee (i)	38,562	3,856	42,419
David Lock	Independent Director; Chair – Audit and Risk Management Committee	126,368	12,815	139,183
Alan Mulgrew	Independent Director	99,290	10,069	109,359
John O'Neil	Director	99,290	10,069	109,359
Gareth Rowe	Director	99,290	10,069	109,359
Paul Sadleir	Independent Director; Chair – Remuneration & Nomination Committee	120,717	12,242	132,958
Ken Seymour	Director	99,290	10,069	109,359
Jeff Seaby	Director	99,290	10,069	109,359
Royce Taylor	Director	99,290	10,069	109,359
Barry West	Director (ii)	62,664	6,406	69,070
Helen Woodhams	Director; Chair – Health, Safety and Sustainability Committee (iii)	101,989	10,346	112,335
Total		**1,385,999**	**140,553**	**1,526,552**

(i) Kevin Fuchsbichler resigned from the Board on 18 February 2022
(ii) Barry West was elected to the Board on 18 February 2022
(iii) Helen Woodhams was appointed as Chair of the Health, Safety and Sustainability Committee on 6 April 2022

In addition to the above, Alan Mulgrew and David Lock acted as Directors of Interflour Group Pte Ltd (IFG) in which CBH holds a 50% interest. During the financial year Alan Mulgrew and David Lock each received IFG Director fees of $22,000 plus superannuation.

The CBH Board has in place a formal appraisal system for the performance of the Board as a whole, and individual Directors.

A formal Performance Management Program is in place which is reviewed at least six monthly. Performance improvement plans and processes are available should an Executive Committee member be underperforming.

Talent management and succession planning programs are in place to ensure an adequate pool of successors exist for each Executive Committee role.

Executive remuneration

CBH Group remuneration structures are aligned to the external market, considering role grading, labour market conditions and the CBH Group business performance. CBH uses external data sourced from remuneration specialists, such as Korn Ferry Group and Mercer Rewards. Remuneration models are regularly benchmarked to the Perth market for companies within the Industrial and Services sectors. This ensures remuneration remains fair and market competitive.

In addition, the Remuneration and Nomination Committee seeks advice from external remuneration advisors where required or desired.

Short-Term and Long-Term Incentives

In all cases, individual performance is linked to the delivery of outcomes against the CBH Group Strategy and relevant Business Unit Plans.

Short-Term Incentives (STI)

STIs are determined based on individual performance and group performance against Key Result Areas (KRAs) set by the Board annually. The KRAs have been designed to drive positive outcomes in areas such as group financial performance, sustainability and safety, network capacity and efficiency. This structure ensures that the payment of STIs to Executive Committee members is linked to the enhancement of grower value, and more closely aligns the interests of Executive Committee members and growers.

The STI target is calculated as a percentage of Base Salary for Executive Committee members and Total Fixed Remuneration for the Chief Executive Officer, as shown in the following table. Total Fixed Remuneration is calculated as Total Fixed Employment Cost plus the value of Other Benefits.

The STI targets, level of achievement and actual STIs earned in respect of the financial year ended 30 September 2022 for the CEO, CFO and Chiefs of the two key business units are shown in the table on page 60. Further detail on group and business unit performance in the current financial year is detailed within this annual report.

Long-Term Incentives (LTI)

LTIs reward the creation of grower value over sustained periods of time and are designed to ensure an optimal balance between short and longer term business performance. The CEO is the only CBH employee with an LTI.

The CEO's LTI performance period is three years, during which the Board set targets against long term Key Result Areas to assess performance and grower value created over time.

Set out below is the remuneration received by the CEO, CFO and Chiefs of the two key business units for the financial year ended 30 September 2022.

Name	Title	Base Salary	Superannuation[4]	Total Fixed Employment Cost	Other Benefits[1]
		$'000	$'000	$'000	$'000
Ben Macnamara	Chief Executive Officer[2]	799	17	816	15
Stewart Hart	Chief Financial Officer[3]	437	31	468	-
Jason Craig	Chief Marketing and Trading Officer	530	17	547	-
Mick Daw	Chief Operations Officer	422	18	440	9

Note: The remuneration reported includes paid leave taken but excludes any leave provision or period of unpaid leave.

1 Other benefits include company vehicle, parking, industry association memberships, health insurance, life and trauma insurance etc., provided in the course of employment.

2 At the commencement of the financial year Ben Macnamara was employed as Acting Chief Executive Officer. On 13 December 2021 Ben was appointed as Chief Executive Officer. Remuneration reported for Ben Macnamara reflects the actual amount paid as base salary throughout the financial year.

3 Stewart Hart was appointed as Chief Financial Officer effective from 1 November 2021.

4 Superannuation paid to each individual reflects actual amounts paid during the financial year ended 30 September 2022 and may differ due to timing reasons. During the taxation year between 1 July and 30 June each executive is expected to be paid superannuation up to the maximum super contribution base.

The STI targets, level of achievement and actual STIs earned in respect of the financial year ended 30 September 2022 for the CEO, CFO and Chiefs of the two key business units are shown in the table below.

Name	Title	STI Target	STI Result	Actual STI
		(% of base salary)		$'000
Ben Macnamara	Chief Executive Officer[1]	100	94	708
Stewart Hart	Chief Financial Officer	50	46	199
Jason Craig	Chief Marketing and Trading Officer	50	46	244
Mick Daw	Chief Operations Officer	50	46	193

1 The STI for Ben Macnamara is calculated on his base salary current at the time of award ($750,000).

CEO Ben Macnamara is entitled to an LTI of 133% of the average of his base salary across the three-year performance period. The Board will consider the CEO's performance against the Key Result Areas at the end of the three-year performance period and then determine the extent to which his LTI will be awarded.

Name	Title	Type of incentive	Maturation date	Incentive accrued $'000
Ben Macnamara	Chief Executive Officer	LTI	Sep 2024	332.5

Code of Conduct

The Board, as part of its corporate governance framework, has documented the expectations of Directors as well as a Code of Ethics as an appropriate standard of conduct that is to be followed by all CBH Directors. The Board also maintains a Directors' Code of Behaviour and takes a "zero tolerance" approach to material breaches of that Code.

A CBH Group Business Code of Conduct has been prepared for the guidance and benefit of all people employed by, contracted by, or acting on behalf of the CBH Group. The Business Code of Conduct sets out the values and standards of the CBH Group including conducting its business ethically, operating with integrity and honesty, encouraging community initiatives, considering the environment and ensuring a safe, equal and supportive working environment.

The Business Code of Conduct encourages the reporting of unlawful and unethical behaviour, actively promotes and monitors compliance with the Business Code of Conduct and protects those that report breaches in good faith. The Business Code of Conduct is published on the CBH website.

In support of CBH's commitment to the highest standards of conduct and ethical behaviour in all of its business activities and to promote and support a culture of honest and ethical behaviour, the CBH Group has in place a Whistleblower Policy.

The purpose of the Whistleblower Policy is to encourage staff and third parties to raise concerns and report instances of improper or corrupt conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisals. As part of the Whistleblower Policy, an employee or third party is able to report a matter via a secure and confidential whistleblower hotline operated by an external party. The Whistleblower Policy is published on the CBH website.

Communication with members

The CBH Group places significant importance on effectively communicating with its grower members. A range of communication mediums are used, including regular updates to all members in respect of the activities of CBH and the grain industry in general.

The Annual Report is available to all members and an invitation to attend the CBH Annual General Meeting and Member Forum is sent to all members where they are given opportunities to address issues with the Board and management. In addition, the auditors of the co-operative are available at the Annual General Meeting to address specific issues raised by members in relation to the audit if required.

Throughout the year, CBH holds many local and regional meetings with growers to provide information on co-operative and industry issues. Meetings include pre and post-harvest meetings, and grower focus groups, where growers are given the opportunity of expressing their views on relevant topical issues. CBH representatives also regularly attend and present at events held by regional grower groups.

In addition, each year the co-operative provides all Western Australian grain growers with a detailed Grower Value Statement which outlines the value created and returned by the co-operative to the Western Australian grain industry, each grower's grain growing zone and to their own farming enterprise.

CBH conducts grower surveys to assess grower attitudes to a range of CBH related issues including its grower communication strategy.

The co-operative reviews and updates the contents of its website on a regular basis and sends regular emails to growers on important issues.

In addition, the Growers' Advisory Council supports in the effective communication between the co-operative and its grower members. Refer to page 18 for further information on the Growers' Advisory Council.

Directors' Report

For the year ended 30 September 2022

The Directors submit the financial report of Co-operative Bulk Handling Limited (the "Co-operative" or "CBH") and its controlled entities (the "Group") for the financial year ended 30 September 2022.

Directors and Company Secretary

The following persons held office as Directors of Co-operative Bulk Handling Limited during the financial year ended 30 September 2022 and up to the date of this report unless otherwise noted:

S R Stead, Chair

N A M Browning, Deputy Chair

K J Fuchsbichler
(resigned 18 February 2022)

D A Lock

G R Rowe

P S Sadleir

A J Mulgrew

R P Taylor

J N Seaby

J D O'Neil

K M Seymour

B D West
(appointed 18 February 2022)

H Woodhams

A summary of the qualifications, experience and special responsibilities of each of the Directors is set out on pages 14 and 15 of the Annual Report.

David Woolfe acted as Company Secretary of Co-operative Bulk Handling Ltd for the entire financial year and was responsible for the company secretarial, corporate governance, risk and legal functions of the CBH Group.

David is a qualified lawyer with over 34 years of corporate and commercial law experience. David is also a qualified Chartered Secretary and is a Fellow of the Australian Institute of Company Directors, the Chartered Governance Institute and the Governance Institute of Australia.

Meetings of Directors

The table on page 62 sets out the number of Directors' meetings and meetings of the standing board committees of the Co-operative held during the financial year ended 30 September 2022 and the number of meetings attended by each Director.

Principal activities

The principal activities undertaken by the Group during the financial year comprised grain storage, handling, marketing and trading, oat processing, and fertiliser retailing. In addition, the entity has interests in flour processing facilities.

Review of operations

The Group recorded a profit after income tax of $497,729,000 (2021: profit after income tax of $133,752,000). The Group's result includes a $437,856,000 profit after tax recorded by the Marketing and Trading business unit, a profit after tax of $57,926,000 in the Operations

Director	Scheduled Board Meetings		Unscheduled Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee		Health, Safety and Sustainability Committee		Network and Engineering Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
N A M Browning	8	8	5	5	6	6	-	-	-	-	7	7
K J Fuchsbichler	4	4	4	4	-	-	4	4	2	2	-	-
D A Lock	8	8	5	5	6	6	-	-	-	-	-	-
A J Mulgrew	8	8	5	3	6	6	-	-	-	-	7	5
J D O'Neil	8	8	5	5	6	6	-	-	3	3	-	-
G R Rowe	8	8	5	5	6	6	-	-	3	3	-	-
P S Sadleir	8	8	5	4	-	-	8	8	-	-	7	6
J N Seaby	8	8	5	4	-	-	8	7	-	-	7	7
K M Seymour	8	7	5	5	-	-	8	8	-	-	7	7
S R Stead	8	8	5	5	-	-	8	8	-	-	-	-
R P Taylor	8	8	5	5	-	-	8	8	1	1	5	5
B D West	4	4	1	1	3	3	-	-	-	-	2	2
H Woodhams	8	8	5	5	6	6	-	-	3	3	-	-

As the Board's representative on the Share Transfers and Documents Committee, Mr Simon Stead attended each of the four Share Transfers and Documents Committee meetings held during the year.

business unit and a profit after tax of $11,672,000 from Grain Processing investments.

Marketing and Trading

The Marketing and Trading business unit reported a strong result this year, with profit after tax of $437,856,000 (2021: profit after tax of $76,603,000). The record result was driven by favourable export margins. Margins were elevated due to strong global grain demand following disruption to production in other origins, in particular the Russia-Ukraine conflict. These global developments occurred in late February after the majority of grain accumulation activity had occurred. CBH Grain Pty Ltd declared a dividend for the year of $168,000,000.

Operations

The Operations business unit recorded a profit after tax of $57,926,000 (2021: profit after tax of $43,737,000). The profit was primarily due to a record crop of 21.3 million tonnes versus 15.1 million tonnes received in 2021. The current year result was also driven by strong export demand which led to record shipping volumes of 16.7 million tonnes (2021: 13.4 million tonnes) resulting in higher revenue.

Operations encountered challenges in securing adequate transport resources in the market to meet the export demand while preparing for another large harvest in 2023. This resulted in elevated costs being incurred across several categories, impacting the profit and loss result.

The significant financial and operational items during the financial year were:

- Revenue increased by 56% to $6,219,232,000. The increase in revenue was driven by increased grain production in Western Australia and favourable export margins due to strong global grain demand following the Russia-Ukraine conflict in late February. This led to increased grain sales in the Marketing and Trading business unit and also higher grain storage and handling revenues in the Operations business unit.
- The Operations business unit received a record crop of 21.3 million tonnes of grain into its storage facilities during 2022 (2021: 15.1 million tonnes), while bulk exporting 16.7 million tonnes during the financial year (2021: 13.4 million tonnes).
- The Marketing and Trading business unit traded 10.1 million tonnes (2021: 8.9 million tonnes) during the financial year.
- During the year the Group experienced a series of supply chain challenges brought about by various circumstances, including road and rail transport labour shortages related to current economic conditions and the ongoing impacts of COVID-19. This resulted in the Group incurring larger than usual demurrage costs of $43,079,000 (2021: $17,304,000).
- Net operating cash inflow for the year was $340,815,000 (2021: inflow of $64,295,000).
- Group capital expenditure for the year was $347,102,000 (2021: $218,090,000).

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Significant events after year end

Subsequent to 30 September 2022, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2022/23 season:

- Syndicated debt of $1,100,000,000;
- Banking facilities of $1,400,000,000; and
- Trade facilities of $200,000,000.

The facilities have been executed and are on similar terms and conditions to prior seasons, refer to Note 19(d). The lenders are expected to undertake an annual review which includes (but is not limited to) an assessment of:

- The financial performance of the Group, ensuring that the financial ratios and conditions are met throughout the term of the loan facilities
- Compliance over negative pledge and loan covenants

Subsequent to 30 September 2022, CBH Limited lodged an application to claim a franking credit refund in relation to fully franked dividends received from subsidiaries during 2022.

Other than the matters disclosed above, there are no other subsequent events which require disclosure.

Likely developments and expected results of operations

Likely developments in, and expected results of, the operations of the Group in subsequent years, to the extent that they would not be considered unreasonably prejudicial to the Group if disclosed, are referred to in the financial report and in the Annual Report.

Environmental regulation

The operations of the Group are subject to various Commonwealth and State environmental legislation and regulations.

The Group aims to control the impact of its activities on the environment as far as reasonably possible and to ensure that its operations are conducted in accordance with legislative requirements.

During the year there have been no known significant breaches of any environmental regulations to which the Co-operative is subject.

Further details regarding the Group's environmental activities and performance can be found in the "Sustainability" section of the Annual Report.

Options

No options over unissued shares in the Co-operative were in existence at the beginning of the financial year or granted during, or since the end of the financial year.

Proceedings on behalf of the Co-operative

No proceedings have been brought on behalf of the Co-operative, nor have any applications been made in respect of the Co-operative under Part 4, Division 6 of the *Co-operatives Act 2009*.

Indemnification and insurance

The Co-operative has entered into Deeds of Indemnity, Insurance and Access with each of its Directors, secretaries, certain Executive Committee members and employees serving as officers for wholly owned or partly owned companies of CBH, for any liabilities incurred in or arising out of the conduct of the business of the Co-operative or a related body corporate or the discharge of the duties of any such person.

Non-audit services

KPMG, the external auditor of the Co-operative, provided non-audit services to the Group during the financial year. The amount received or due to be received for these non-audit services amounted to $3,700.

The Directors are satisfied that the provision of the above non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and that all non-audit services were provided in accordance with the CBH Audit Policy and were reviewed by the CBH Audit and Risk Management Committee to ensure that they do not affect the integrity or objectivity of the external auditor.

Auditor's independence declaration

A copy of the declaration given by the Co-operative's external auditor to the Directors in relation to the auditor's compliance with the independence requirements of Australian accounting bodies and the applicable code of professional conduct for external auditors is provided on page 64.

Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Co-operative under ASIC Instrument 2016/191. The Co-operative is an entity to which the Instrument applies.

The Directors' report is signed in accordance with a resolution of Directors.

Simon Stead

S R Stead
Director

7 December 2022

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Co-operative Bulk Handling Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 September 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
7 December 2022

Financial Report – 30 September 2022

ABN 29256604947

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2022

	Notes	2022 $'000	2021 $'000
Revenue	5(a)	**6,219,232**	3,993,212
Other gains/(losses)	5(b)	**(239,212)**	13,354
Raw materials, traded grains and consumables used	6(a)	**(3,832,942)**	(2,906,371)
Employee benefits expense	6(b)	**(254,517)**	(210,631)
Depreciation and amortisation		**(211,509)**	(134,506)
Storage, handling and freight expenses	6(c)	**(434,181)**	(288,032)
Marketing and trading expenses	6(d)	**(471,911)**	(229,639)
Insurance		**(13,240)**	(11,717)
Other expenses	6(e)	**(52,534)**	(51,633)
Interest expense		**(30,928)**	(17,881)
Share of profit/(loss) from associates	12	**8,629**	7,795
Profit before income tax		**686,887**	163,951
Income tax expense	7	**(189,158)**	(30,199)
Profit attributable to members of Co-operative Bulk Handling Limited		**497,729**	133,752
Other comprehensive income			
Items that will not be reclassified to the profit or loss			
Share of other comprehensive income from associates		**227**	452
Items that may be reclassified subsequently to the profit or loss			
Foreign currency translation (loss)/gain		**11,754**	(1,348)
Share of other comprehensive (expense)/income from associates		**(13,510)**	2,625
Other comprehensive income/(expense) for the year, net of tax		**(1,529)**	1,729
Total comprehensive income/(expense) for the year, attributable to members of Co-operative Bulk Handling Limited		**496,200**	135,481

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 September 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	18	**391,384**	235,278
Trade and other receivables	13	**735,904**	419,811
Derivative financial instruments	22(d)	**291,235**	263,654
Inventories	14	**871,912**	304,097
Prepayments		**5,757**	5,710
Total current assets		**2,296,192**	1,228,550
Non-current assets			
Trade and other receivables	13	**40,572**	34,639
Investments in associates	12	**129,964**	120,570
Derivative financial instruments	22(d)	**11,834**	7,816
Property, plant and equipment	8	**1,538,588**	1,365,098
Intangible assets and goodwill	9	**52,426**	54,641
Right-of-use assets	10(a)	**308,975**	157,021
Deferred tax assets	7	**-**	2,507
Total non-current assets		**2,082,359**	1,742,292
Total assets		**4,378,551**	2,970,842
LIABILITIES			
Current liabilities			
Trade and other payables	15	**257,738**	153,933
Interest bearing loans and borrowings	19	**719,274**	475,065
Derivative financial instruments	22(d)	**297,241**	171,352
Income tax payable		**133,905**	2,519
Provisions	17	**37,521**	36,247
Lease liabilities	10(a)	**54,989**	21,706
Other liabilities	16	**79,815**	32,906
Total current liabilities		**1,580,483**	893,728
Non-current liabilities			
Trade and other payables	15	**414**	412
Interest bearing loans and borrowings	19	**40,000**	-
Derivative financial instruments	22(d)	**4,180**	5,156
Provisions	17	**50,004**	36,775
Deferred tax liability	7	**50,447**	-
Lease liabilities	10(a)	**264,301**	142,249
Total non-current liabilities		**409,346**	184,592
Total liabilities		**1,989,829**	1,078,320
Net assets		**2,388,722**	1,892,522
EQUITY			
Contributed equity	20(a)	**4**	4
Reserves	20(c)	**1,867,471**	1,653,071
Retained earnings		**521,247**	239,447
Total equity		**2,388,722**	1,892,522

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 September 2022

	Ordinary shares Note 20 $'000	Capital levy reserve Note 20 $'000	General reserve Note 20 $'000	Foreign currency translation reserve Note 20 $'000	Cash flow hedge reserve Note 20 $'000	Retained earnings $'000	Acquisition reserve Note 20 $'000	Total equity $'000
At 1 October 2021	4	52,587	1,631,441	(29,344)	(438)	239,447	(1,175)	1,892,522
Profit/(loss) for the year	-	-	-	-	-	497,729	-	497,729
Foreign currency translation gain/(loss)	-	-	-	11,754	-	-	-	11,754
Share of other comprehensive (expense)/income from associates	-	-	-	(14,638)	1,128	227	-	(13,283)
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**(2,884)**	**1,128**	**497,956**	**-**	**496,200**
Transfer (to)/from reserves/retained earnings	-	-	216,156	-	-	(216,156)	-	-
At 30 September 2022	**4**	**52,587**	**1,847,597**	**(32,228)**	**690**	**521,247**	**(1,175)**	**2,388,722**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 September 2022

	Ordinary shares Note 20 $'000	Capital levy reserve Note 20 $'000	General reserve Note 20 $'000	Foreign currency translation reserve Note 20 $'000	Cash flow hedge reserve Note 20 $'000	Retained earnings $'000	Acquisition reserve Note 20 $'000	Total equity $'000
At 1 October 2020	4	52,587	1,586,773	(30,266)	(793)	149,911	(1,175)	1,757,041
Profit/(loss) for the year	-	-	-	-	-	133,752	-	133,752
Foreign currency translation gain/(loss)	-	-	-	(1,348)	-	-	-	(1,348)
Share of other comprehensive (expense)/income from associates	-	-	-	2,270	355	452	-	3,077
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**922**	**355**	**134,204**	**-**	**135,481**
Transfer (to)/from reserves/retained earnings	-	-	44,668	-	-	(44,668)	-	-
At 30 September 2021	**4**	**52,587**	**1,631,441**	**(29,344)**	**(438)**	**239,447**	**(1,175)**	**1,892,522**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 September 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		**6,464,631**	4,245,880
Payments to suppliers and employees		**(6,102,973)**	(4,166,840)
		361,658	79,040
Interest received		**13,828**	5,082
Interest and other costs of finance paid		**(29,812)**	(18,416)
Income taxes (paid)/refunded		**(4,859)**	(1,411)
Net operating cash flows	18	**340,815**	64,295
Cash flows from investing activities			
Payments for property, plant and equipment		**(332,268)**	(184,447)
Proceeds from sale of property, plant and equipment		**256**	258
Payments for intangible assets		**(9,074)**	(9,316)
Proceeds from sale of other financial assets		**-**	15,405
Distributions from associates		**-**	4,071
Term deposits (net)		**(10,428)**	(18,718)
Margin deposits (net)		**(7,392)**	(78,315)
Loans repaid by growers		**216,559**	163,315
Loans to growers		**(177,196)**	(166,005)
Repayments from/(loans to) CBH Grain Pools		**(107,961)**	990
Net investing cash flows		**(427,504)**	(272,762)
Cash flows from financing activities			
Proceeds from borrowings		**3,636,170**	1,886,095
Repayment of borrowings		**(3,352,529)**	(1,659,095)
Repayment of lease liabilities		**(39,076)**	(21,866)
Net financing cash flows		**244,565**	205,134
Net increase in cash and cash equivalents		**157,876**	(3,333)
Cash and cash equivalents at the beginning of the financial year		**235,278**	239,484
Effects of exchange rate changes on cash and cash equivalents		**(1,770)**	(873)
Cash and cash equivalents at end of year	18	**391,384**	235,278

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

30 September 2022

Overview

1. General information

The consolidated financial statements of Co-operative Bulk Handling Limited (the "Co-operative" or "CBH") and its controlled entities (the "Group") for the year ended 30 September 2022 were authorised for issue in accordance with a resolution of the Directors on 7 December 2022.

CBH is a not-for-profit co-operative limited by shares held by grain growers and domiciled in Western Australia.

The principal activities undertaken by the Group during the financial year comprised grain storage, handling, marketing and trading, oat processing, and fertiliser retailing. In addition the Group has interests in flour processing facilities.

2. Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Co-operatives Act 2009*, the *Australian Charities and Not-for-profits Commission Act 2012* Division 60 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for grain inventory held for trading which has been measured at fair value less costs of disposal and certain financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The financial report covers a period of 12 months from 1 October 2021 to 30 September 2022.

The financial report presents reclassified comparative information where required for consistency with the current year's presentation.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by CBH as at 30 September 2022 and the results of all subsidiaries for the year then ended. CBH and its subsidiaries together are referred to in this financial report as the Group or consolidated entity. Subsidiaries are entities controlled by the Group.

(c) Foreign currency

The consolidated financial statements are presented in Australian dollars (AUD) which is CBH's functional and presentation currency. For each controlled entity, the Group determines the functional currency. The functional currency of overseas subsidiaries are Hong Kong Dollar (HKD), Japanese Yen (JPY), and Swiss Franc (CHF).

(i) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective, are recognised in other comprehensive income ("OCI").

(ii) Foreign operations

The assets and liabilities of foreign operations, which includes investments in associates, are translated into the presentation currency of the Group at the reporting date exchange rate. The income and expenses of foreign operations are translated using average rates of exchange for the year.

The exchange differences arising on translation of foreign operations are recognised in OCI and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent assets and liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

3. Significant accounting judgements, estimates and assumptions (continued)

During the 2022 financial year the Russia-Ukraine conflict has impacted the global economy, with the impact on global grain markets of particular focus for CBH. The Group is monitoring and adapting its operations to the uncertainty presented by these circumstances, and a thorough assessment has been made in respect to judgment and assumptions used in mark to market valuations.

Similarly, the COVID-19 pandemic has continued to impact Australia and the world throughout the 2022 financial year. The Group continued to adapt its operations to ensure business continuity while keeping its people well, and maintaining safe and reliable operations. The on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of these financial statements

Critical accounting policies for which significant judgements, estimates and assumptions are made, are identified in each applicable note.

Current grower value

This section provides information on the Group's performance, including the results of each individual business unit and details of specific line items in the profit or loss.

4. Business unit results

For management purposes, the Group is organised into business units based on its products and services as follows:

Business unit	Principal activities
Operations (grain storage and handling)	Receiving and exporting of grain.
Freight Fund	Transporting of grain to port.
Marketing and Trading	Acquiring and trading grain; vessel chartering; provision of financial products and grain pools management services.
Grain Processing (i)	Milling of wheat and oats; malting operations.
Corporate Services	Provision of central support functions and other corporate entity activities.
Other	Fertiliser supply, stevedoring services and captive insurance.
Eliminations (ii)	Business unit eliminations include intra-group dividends, revenues, expenses, assets and liabilities related to intra-group transactions eliminated on consolidation.

(i) Includes 100% of the revenue, assets and liabilities of Blue Lake Milling Pty Ltd, and 50% of the revenue, assets and liabilities of Interflour Group Pte ("IFG") and Pacific Agrifoods Limited ("PAL").

(ii) IFG and PAL equity accounted investments are reinstated in eliminations to reconcile to the statutory results.

The Executive Committee monitors the results of the business units separately for the purposes of making decisions about resource allocation and performance assessment.

Business unit performance is evaluated based on operating profit or loss.

Transfer prices between the business units are performed on a commercial basis in a manner similar to transactions with third parties.

4. Business unit results (continued)

Year ended 30 September 2022	Operations (Grain Storage and Handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services $'000	Other $'000	Eliminations $'000	Total $'000
Business unit revenue								
Revenue	467,724	283,580	5,130,583	668,435	763	226,259	(558,112)	6,219,232
Intra-unit dividend	-	-	-	-	169,000	-	(169,000)	-
Intra-unit revenue	173,943	(827)	17,990	-	87,443	3,791	(282,340)	-
Total business unit revenue	**641,667**	**282,753**	**5,148,573**	**668,435**	**257,206**	**230,050**	**(1,009,452)**	**6,219,232**
Total business unit results								
Profit/(loss) before tax	57,926	(12,514)	625,739	13,006	170,743	(96)	(167,917)	686,887
Income tax expense	-	-	(187,883)	(1,334)	-	59	-	(189,158)
Profit/(loss) after tax	**57,926**	**(12,514)**	**437,856**	**11,672**	**170,743**	**(37)**	**(167,917)**	**497,729**
Other business unit information								
Interest revenue	2,774	196	11,462	5	1,780	14	(2,176)	14,055
Interest expense	(3,187)	(4,075)	(22,552)	(1,017)	(1,113)	(1,159)	2,175	(30,928)
Depreciation and amortisation expense	(158,118)	(39,761)	(1,098)	(3,203)	(6,306)	(3,023)	-	(211,509)
Unrealised gain/(loss) on financial instruments	(227)	(92)	(87,960)	(217)	4,962	2	60	(83,472)
Share of profit/(loss) from associates	-	-	-	8,629	-	-	-	8,629
Capital expenditure	329,333	4,355	651	1,975	8,763	2,025	-	347,102
Assets (excluding investments in associates)	1,963,976	321,193	1,858,245	576,606	285,053	62,884	(819,370)	4,248,587
Investment in associates	-	-	-	-	-	-	129,964	129,964
Total assets	**1,963,976**	**321,193**	**1,858,245**	**576,606**	**285,053**	**62,884**	**(689,406)**	**4,378,551**
Total liabilities	**316,266**	**333,706**	**1,307,442**	**413,670**	**153,415**	**32,334**	**(567,005)**	**1,989,828**

4. Business unit results (continued)

Year ended 30 September 2021	Operations (Grain Storage and Handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services[i] $'000	Other $'000	Eliminations $'000	Total $'000
Business unit revenue								
Revenue	298,231	186,350	3,296,850	513,796	1,478	104,048	(407,541)	3,993,212
Intra-unit revenue	166,815	(290)	20,367	-	76,287	3,603	(266,782)	-
Total business unit revenue	**465,046**	**186,060**	**3,317,217**	**513,796**	**77,765**	**107,651**	**(674,323)**	**3,993,212**
Total business unit results								
Profit/(loss) before tax	43,737	-	103,287	16,222	930	3,419	(3,644)	163,951
Income tax expense	-	-	(26,684)	(2,586)	-	(929)	-	(30,199)
Profit/(loss) after tax	**43,737**	**-**	**76,603**	**13,636**	**930**	**2,490**	**(3,644)**	**133,752**
Other business unit information								
Interest revenue	1,390	145	4,365	3	2,406	24	(1,893)	6,440
Interest expense	(3,886)	(2,295)	(11,742)	(929)	(590)	(332)	1,893	(17,881)
Depreciation and amortisation expense	(100,494)	(22,187)	(1,378)	(3,249)	(6,062)	(1,136)	-	(134,506)
Unrealised gain/(loss) on financial instruments	26	(19)	59,042	390	(357)	4	-	59,086
Share of profit/(loss) from associates	-	-	-	7,795	-	-	-	7,795
Capital expenditure	202,227	3,253	72	1,916	9,944	678	-	218,090
Assets (excluding investments in associates)	1,815,884	186,276	978,219	461,357	258,162	49,169	(898,795)	2,850,272
Investment in associates	-	-	-	-	-	-	120,570	120,570
Total assets	**1,815,884**	**186,276**	**978,219**	**461,357**	**258,162**	**49,169**	**(778,225)**	**2,970,842**
Total liabilities	**226,104**	**186,276**	**694,977**	**311,561**	**297,267**	**17,581**	**(655,446)**	**1,078,320**

(i) The Corporate Services result includes a $750,000 fully franked dividend income from Australian Bulk Stevedoring Pty Ltd.

5. Revenue and other income

(a) Revenue

	2022 $'000	2021 $'000
Revenue from contracts with customers		
Grain handling services	**450,993**	287,277
Grain freight services	**283,520**	185,191
Grain sales	**5,070,255**	3,274,581
Sales of finished products	**332,990**	208,106
Management fees	**15,363**	3,547
Interest	**14,055**	6,440
Other revenue	**52,056**	28,070
Total revenue	**6,219,232**	3,993,212

Recognition and measurement

Revenue is recognised at a point in time when the Group transfers control over a good or service to the customer and is measured based on the transaction price specified in a contract with a customer. Revenue is disaggregated based on the major revenue stream categories above. The following specific recognition criteria must also be met before revenue is recognised:

(i) Grain handling services

Revenue is earned from the receival, storage and handling of grain. Revenue recognition for receival and handling occurs as the service is rendered and for storage, it is recognised over the storage period.

(ii) Grain freight services

Revenue is earned from the movement of grain from up-country receival sites to port by either road or rail and is recognised as the freight movement occurs.

(iii) Grain sales

Revenue is generated from the sale of grain overseas and domestically. Revenue is recognised once the control of goods has transferred from the Group to the customer. The transfer of control of grain usually occurs when title passes to the customer and the customer takes physical possession. The Group principally satisfies its performance obligations at a point in time; the amount of revenue recognised relating to performance obligations satisfied over time for shipping obligations is not significant.

Grain sales are primarily executed in USD. The Group enters foreign currency derivative contracts in order to manage its exposure to fluctuations in foreign exchange rates (refer to Note 22 for the financial risk management policies of the Group). The gain or loss on these contracts forms part of other gains and losses and is disclosed in Note 5(b).

(iv) Sales of finished products

Revenue on finished oat products and fertiliser is recognised once the control of goods has transferred to the customer. Revenue is measured based on consideration specified in the contract with the customer.

(v) Management fees

Management fee revenue applicable to the management and administration of CBH Grain Pools is recognised according to when the services are provided.

(vi) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method) to the net carrying amount of the financial asset.

(vii) Other revenue

Other revenue includes chartering revenue, despatch income and address commission. Chartering revenue and despatch are recognised when the relevant shipment has occurred. Address commission is recognised at the time the vessel is fixed.

5. Revenue and other income (continued)

(b) Other gains/(losses)

	2022 $'000	2021 $'000
Realised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options (i)	**(77,712)**	91,329
Commodity derivatives	**(123,744)**	(164,262)
Other foreign currency exchange gain/(loss)	**45,599**	6,538
Unrealised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options (i)	**(117,842)**	(84,963)
Commodity derivatives	**24,762**	143,898
Other foreign currency exchange gain/(loss)	**9,608**	151
Gain on disposal of Newcastle Agri-Terminal	**-**	13,915
Net (loss)/gain on disposal of property, plant and equipment	**(251)**	(246)
Other income	**368**	6,994
	(239,212)	13,354

(i) It is the Group's policy to manage its foreign exchange risk through the use of derivative instruments. The current and prior year realised and unrealised gains and losses on foreign exchange are the result of underlying currency movements. These losses and gains are predominantly offset by foreign currency sales receipts (grain sales) recorded in revenue, refer to Note 5(a). Refer to Note 22 for the financial risk management policies of the Group.

6. Expenses

(a) Raw materials, traded grains and consumables used

	2022 $'000	2021 $'000
Fair value change on traded inventory at year end	**(113,658)**	(58,234)
Costs of goods sold	**3,944,716**	2,964,826
Changes in other inventories	**1,884**	(221)
	3,832,942	2,906,371

(b) Employee benefits expense

	2022 $'000	2021 $'000
Remuneration, bonuses and on-costs	**235,997**	190,301
Defined contribution superannuation	**18,520**	20,330
	254,517	210,631

6. Expenses (continued)

(c) Storage, handling and freight expenses

	2022 $'000	2021 $'000
Storage and handling	**158,427**	119,894
Freight [i]	**275,754**	168,138
	434,181	288,032

(i) Freight expenses include the amount CBH pays to rail and road transporters to move grain from up-country receival sites to destination sites.

(d) Marketing and trading expenses

	2022 $'000	2021 $'000
Freight [i]	**374,290**	154,012
Demurrage	**43,079**	17,304
Port and export charges	**19,899**	29,740
Storage and handling	**19,505**	18,100
Other [ii]	**15,138**	10,483
	471,911	229,639

(i) Freight expenses include the amount that the Group pays for ocean and domestic freight.

(ii) Other costs include broker costs, quality testing and assurance services.

(e) Other expenses

	Notes	2022 $'000	2021 $'000
Professional and consultancy fees		**8,728**	6,733
Software and licences		**14,074**	13,167
Adjustment arising on change in Cloud Computing accounting policy [i]		**-**	7,113
Net movement in provision for expected credit loss	13	**(566)**	(1,607)
Rent expense		**4,257**	3,873
Property rates and taxes		**7,292**	6,359
Sponsorship and donation		**1,855**	1,781
Travel and employee related expense		**8,596**	7,510
Other		**8,298**	6,704
		52,534	51,633

(i) Relates to adoption of IFRS Interpretations Committee agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) in 2021. As a result of the change in accounting policy, CBH completed a review of the existing intangible assets portfolio and the effect of this change resulted in derecognition of certain capitalised software costs as a disposal/write off.

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7. Income tax

Major components of income tax (benefit)/expense for the year ended 30 September 2022 and the year ended 30 September 2021 are:

	2022 $'000	2021 $'000
Statement of profit or loss and other comprehensive income		
Current income tax		
Current income tax charge	**136,205**	4,029
Adjustments in respect of current income tax of previous years	**(1)**	(175)
Deferred income tax		
Relating to origination and reversal of temporary differences	**52,842**	26,114
Adjustments in respect of deferred income tax of previous years	**112**	231
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	**189,158**	30,199

A reconciliation between tax expense and the accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

	2022 $'000	2021 $'000
Profit before income tax expense	**686,887**	163,951
At the Group's statutory income tax rate of 30%	**206,066**	49,186
Parent entity (profit)/loss (tax exempt)	**(14,471)**	(12,304)
Other assessable income	**22**	15
Non-assessable income (i)	**-**	(4,175)
Non-deductible expenses	**78**	27
Share of equity accounted results of associates	**(2,589)**	(2,342)
Difference in effective tax rate of overseas subsidiary	**(27)**	(73)
Prior year adjustments	**79**	(135)
Income tax expense	**189,158**	30,199

(i) The non-assessable income mainly relates to the accounting gain made on the sale of the Newcastle Agri Terminal in 2021, which is not taxable due to the availability of capital losses to offset the capital gain.

7. Income tax (continued)

Deferred tax	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	30 September 2022 $'000	30 September 2021 $'000	30 September 2022 $'000	30 September 2021 $'000
Deferred income tax assets				
Financial liabilities	**91,929**	52,952	**(38,977)**	(35,564)
Plant and equipment	**110**	-	**(110)**	123
Accruals and provisions	**2,973**	3,028	**55**	732
Other	**1,233**	1,033	**(200)**	(17)
Carry forward tax losses	**-**	40,797	**40,797**	(4,125)
Gross deferred income tax assets	**96,245**	97,810	**1,565**	(38,851)
Deferred income tax liabilities				
Financial assets	**(90,921)**	(81,440)	**9,481**	53,256
Plant and equipment	**(827)**	(993)	**(166)**	(22)
Inventories	**(50,613)**	(11,716)	**38,897**	11,692
Prepayments	**-**	(10)	**(10)**	10
Intangible assets	**(454)**	(619)	**(165)**	(165)
Other	**(3,877)**	(525)	**3,352**	425
Gross deferred income tax liabilities	**(146,692)**	(95,303)	**51,389**	65,196
Net deferred tax (liability)/asset	**(50,447)**	2,507		
Deferred tax expense/(benefit)			**52,954**	26,345
Deferred tax expense/(benefit) recognised in statement of profit or loss			**52,954**	26,345

Recognition and measurement

(i) Income tax

CBH was retrospectively endorsed by the Australian Taxation Office on 21 March 2014 as a charitable institution by virtue of section 50-5 of the *Income Tax Assessment Act 1997* ("ITAA 1997"), with effect from 1 July 2000.

Current tax assets and liabilities for the current year and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is not recognised:

- when the deferred income tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

7. Income tax (continued)

Recognition and measurement (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Due to the tax exempt status of CBH, no deferred tax amount is recognised in the parent entity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all, or part, of the deferred income tax asset to be utilised.

Income taxes relating to items recognised directly in equity are recorded in equity and not in profit or loss.

(ii) Other taxes

An Indirect Tax Sharing Agreement ('ITSA') is in force between CBH (as the Representative member) and members of the Goods and Services Tax ("GST") Group with the effect of managing the GST liability of the Group. The ITSA covers indirect taxes which include the GST and fuel tax.

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis: receipts from customers include GST on sales, whilst payments to suppliers include GST on purchases and also the amounts which are payable to or recoverable from the taxation authority, including GST on transactions presented in the statement of cash flows as part of investing or financing activities.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Significant accounting judgements, estimates and assumptions

Estimation of current tax payable and current tax expense

The Group adopts a tax policy requiring compliance with all relevant tax laws and regulations and establishes provisions based on reasonable estimates. The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirement in IFRIC 23 *Uncertainty over Income Tax Treatments.*

Recognition of deferred tax asset for carried forward tax losses

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable future taxable profits will be available against which they can be used.

The Group has deferred tax assets for unused tax losses and deductible temporary differences at year end that are available to offset against future taxable profits. The Group has no tax losses carried forward at 30 September 2022 (2021: $135,987,000 of gross tax losses carried forward). 2021 tax losses comprised realised losses on forward commodity contracts and traded grain inventories. Unrealised gains and losses on forward commodity contracts and traded grain inventories will qualify for inclusion in the Group's taxable income only after the underlying financial asset or liability is disposed of or settled. These tax losses do not expire under the current tax legislation in Australia.

Based on current years' performance and management's estimates, it is considered probable that future taxable profits will be available against which the current deductible temporary differences can be used and, therefore, the related deferred tax assets can be realised.

Network and intangible assets

This section provides information on the Group's property, plant and equipment, intangible assets and goodwill.

8. Property, plant and equipment

Carrying amounts of property, plant and equipment

30 September 2022	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
At 1 October 2021	1,556,839	997	27,910	1,231,562	55,666	182,164	3,055,138
Additions	62,305	7	455	17,109	5,443	252,709	338,028
Disposals	(4,134)	-	(243)	(1,604)	(101)	(4,894)	(10,976)
Transfers from work-in-progress	72,430	-	769	44,147	1,477	(118,823)	-
At 30 September 2022	1,687,440	1,004	28,891	1,291,214	62,485	311,156	3,382,190
Accumulated depreciation and impairment							
At 1 October 2021	(863,780)	(256)	(23,864)	(759,051)	(43,089)	-	(1,690,040)
Depreciation expense	(109,365)	(57)	(817)	(44,463)	(4,158)	-	(158,860)
Disposals	4,017	-	197	1,000	84	-	5,298
At 30 September 2022	(969,128)	(313)	(24,484)	(802,514)	(47,163)	-	(1,843,602)
Net book value at 30 September 2022	**718,312**	**691**	**4,407**	**488,700**	**15,322**	**311,156**	**1,538,588**

8. Property, plant and equipment (continued)

Carrying amounts of property, plant and equipment (continued)

30 September 2021	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
At 1 October 2020	1,475,580	539	26,950	1,175,268	52,408	116,582	2,847,327
Additions	39,560	(45)	819	26,521	1,561	140,358	208,774
Disposals	(11)	-	(11)	(857)	(103)	19	(963)
Transfers from work-in-progress	41,710	503	152	30,630	1,800	(74,795)	-
At 30 September 2021	1,556,839	997	27,910	1,231,562	55,666	182,164	3,055,138
Accumulated depreciation and impairment							
At 1 October 2020	(807,667)	(217)	(23,062)	(718,838)	(38,932)	-	(1,588,716)
Depreciation expense	(56,113)	(39)	(812)	(40,540)	(4,259)	-	(101,763)
Disposals	-	-	10	327	102	-	439
At 30 September 2021	(863,780)	(256)	(23,864)	(759,051)	(43,089)	-	(1,690,040)
Net book value at 30 September 2021	**693,059**	**741**	**4,046**	**472,511**	**12,577**	**182,164**	**1,365,098**

8. Property, plant and equipment (continued)

Recognition and measurement

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Capital works-in-progress are valued at cost and when the asset is available and ready for use, it is transferred to the appropriate category.

Any gain or loss arising on disposal of an asset is recognised in profit or loss.

(i) Depreciation

Plant and equipment, excluding rail rolling stock, is depreciated over its estimated useful life on a straight line basis commencing from the time the asset is held ready for use.

The expected useful lives for current and comparative periods are as follows:

Buildings: 10-50 years
Plant and equipment: 3-40 years
Motor vehicles: 7-15 years
Office furniture and equipment: 5-20 years

Depreciation of rail rolling stock

The rail rolling stock included in plant and equipment, comprising locomotives and wagons, is depreciated on a usage basis. The usage is assessed based on the tonnes moved to port via rail each year as a percentage of total tonnes expected to be moved over the life of the locomotives and wagons.

(ii) Repairs and maintenance

When a major component of an asset is replaced, the costs are capitalised and depreciated. All other repair and maintenance costs are recognised in profit or loss as incurred.

Significant accounting judgements, estimates and assumptions

Impairment policy

The Group assesses indicators of impairment for all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic, environmental and political conditions and future product expectations.

If any such indicator exists, the Group makes an estimate of the asset's recoverable amount. An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical and industry experience (for plant and equipment), lease term (for leased equipment) and turnover policies (for motor vehicles). Adjustments to useful lives are made when considered necessary. Rail rolling stock of $97,030,000 (2021: $104,507,000) is included in plant and equipment, the depreciation profile is based on the total tonnage moved to port via rail each year as a percentage of total tonnage expected to be moved over the life of the locomotives and wagons.

9. Intangible assets and goodwill

30 September 2022	Goodwill $'000	Software costs $'000	Capital works in progress $'000	Customer contracts $'000	Other $'000	Total $'000
Cost						
At 1 October 2021	21,373	168,351	11,338	5,500	-	206,562
Additions	-	1,170	7,420	-	484	9,074
Disposal and write-offs (i)	-	-	(1,091)	-	-	(1,091)
Transfers from work-in-progress	-	6,574	(6,574)	-	-	-
At 30 September 2022	21,373	176,095	11,093	5,500	484	214,545
Accumulated amortisation						
At 1 October 2021	-	(148,483)	-	(3,438)	-	(151,921)
Amortisation	-	(9,648)	-	(550)	-	(10,198)
Disposal	-	-	-	-	-	-
At 30 September 2022	-	(158,131)	-	(3,988)	-	(162,119)
Net book value at 30 September 2022	**21,373**	**17,964**	**11,093**	**1,512**	**484**	**52,426**

30 September 2021	Goodwill $'000	Software costs $'000	Capital works in progress $'000	Customer contracts $'000	Total $'000
Cost					
1 October 2020	21,373	170,870	8,524	5,500	206,267
Additions	-	1,477	7,839	-	9,316
Disposal and write-offs (i)	-	(5,918)	(3,103)	-	(9,021)
Transfers from work-in-progress	-	1,922	(1,922)	-	-
30 September 2021	21,373	168,351	11,338	5,500	206,562
Accumulated amortisation					
1 October 2020	-	(140,732)	-	(2,888)	(143,620)
Amortisation	-	(9,677)	-	(550)	(10,227)
Disposal and write-offs (i)	-	1,926	-	-	1,926
30 September 2021	-	(148,483)	-	(3,438)	(151,921)
Net book value at 30 September 2021	**21,373**	**19,868**	**11,338**	**2,062**	**54,641**

(i) Following the IFRS Interpretations Committee (IFRS IC) agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision, which is to recognise those costs as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

In 2021 the Group has written off a number of intangible assets with a total net book value of $7.1 million (historical cost of $9.0 million offset by accumulated amortisation of $1.9 million) as a result of the change in the Group's Cloud Computing accounting policy. In 2022 the Group has further written off work in progress intangible assets with a total value of $1.1 million.

9. Intangible assets and goodwill (continued)

Recognition and measurement

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised, however its carrying amount is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Software and software development costs

Costs incurred in developing products or systems and acquiring software and licences that are controlled by the Group and will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life.

Software development costs are recognised only when the Group can demonstrate the technical feasibility of completing the development project, its intention to complete and its ability to use the asset to generate future economic benefits.

Computer software amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

The estimated useful lives for current and comparative periods for computer software range between 4-8 years.

Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Costs that do not result in intangible assets are expensed as incurred, unless they are deemed to not be distinct from the underlying use of the cloud computing application software, in which case the costs are recorded as a prepayment for services and amortised over the contract term of the cloud computing arrangement.

(iii) Customer contracts

Intangible assets in relation to customer contracts have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. Customer contracts are amortised over their useful lives using the straight line method. The estimated useful life for customer contract is 10 years and amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Significant accounting judgements, estimates and assumptions

Impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

Goodwill primarily relates to the acquisition of Blue Lake Milling Pty Ltd ("BLM") in 2015 (carrying amount: $18,180,000) and in 2019, the additional 50% acquisition of ABS (carrying amount: $3,193,000).

Blue Lake Milling

The carrying amount of goodwill relating to the acquisition of BLM in 2015 was $18,180,000. The Group has determined the recoverable amount of BLM using the value in use methodology.

The calculation of value in use is most sensitive to the following key assumptions:

- **Oat volumes and prices:** based on budgeted volumes and prices, adjusted for inflation.
- **Cash flows:** management forecasts projected over a period of five years and a terminal growth factor thereafter.
- **Discount rates:** reflect management's estimate of the time value of money and the risks to the CGU that are not already reflected in the cash flows. In determining appropriate discount rates, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to BLM. A pre-tax nominal discount rate of 11.43% was applied to the forecast cash flows.
- **Terminal value growth rate:** based on long term growth in agricultural production. A rate of 1.2% was used.

9. Intangible assets and goodwill (continued)

Significant accounting judgements, estimates and assumptions (continued)

Sensitivity testing of key assumptions indicates that a reasonably possible change in any of the above key assumptions would not result in the carrying value of the CGU materially exceeding its recoverable value.

Software-as-a-Service arrangement

In respect of configuration and customisation costs incurred in implementing software as a service arrangements (SaaS), management has considered the following key judgements that may have significant effect on the amounts recognised in financial statements.

<u>Determination whether configuration and customisation services are distinct from the SaaS access</u>

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Non-distinct configuration and customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

During the financial year, the Group did not recognise any prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

<u>Capitalisation of configuration and customisation costs in SaaS arrangements</u>

In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets.*

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10. Leases

This note provides information on leases where the Group is a lessee.

(a) Reconciliation of carrying amounts

30 September 2022	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Right-of-use assets					
Cost					
At 1 October 2021	90,983	102,264	10,529	275	204,051
Additions	21,360	-	168,772	22	190,154
Disposals	(3,154)	-	(2,260)	-	(5,414)
Lease remeasurement	1,465	3,481	-	-	4,946
Foreign currency translation	(44)	-	-	-	(44)
At 30 September 2022	**110,610**	**105,745**	**177,041**	**297**	**393,693**
Accumulated depreciation					
At 1 October 2021	(15,380)	(27,349)	(4,162)	(139)	(47,030)
Depreciation	(7,882)	(14,956)	(19,589)	(50)	(42,477)
Disposals	2,478	-	2,260	-	4,738
Foreign currency translation	51	-	-	-	51
At 30 September 2022	**(20,733)**	**(42,305)**	**(21,491)**	**(189)**	**(84,718)**
Carrying amount at 30 September 2022	**89,877**	**63,440**	**155,550**	**108**	**308,975**

30 September 2021	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Right-of-use assets					
Cost					
At 1 October 2020	84,344	102,264	5,709	275	192,592
Additions	5,224	-	4,820	-	10,044
Lease remeasurement	1,437	-	-	-	1,437
Foreign currency translation	(22)	-	-	-	(22)
At 30 September 2021	**90,983**	**102,264**	**10,529**	**275**	**204,051**
Accumulated depreciation					
At 1 October 2020	(9,183)	(13,080)	(2,169)	(80)	(24,512)
Depreciation	(6,192)	(14,269)	(1,993)	(59)	(22,513)
Foreign currency translation	(5)	-	-	-	(5)
At 30 September 2021	**(15,380)**	**(27,349)**	**(4,162)**	**(139)**	**(47,030)**
Carrying amount at 30 September 2021	**75,603**	**74,915**	**6,367**	**136**	**157,021**

10. Leases (continued)

(a) Reconciliation of carrying amounts (continued)

Lease liabilities	2022 $'000	2021 $'000
At 1 October	**163,955**	174,367
Additions	**190,154**	10,044
Repayments	**(45,913)**	(25,581)
Lease remeasurements	**4,947**	1,437
Disposals	**(676)**	-
Interest expense	**6,837**	3,715
Foreign currency translation	**(14)**	(27)
Carrying amount at 30 September	**319,290**	**163,955**
At 30 September		
Current	**54,989**	21,706
Non-current	**264,301**	142,249
Carrying amount at 30 September	**319,290**	**163,955**

The Group leases grain port facilities, land, offices, warehouses, equipment and vehicles. The Group also recognised as a lease a portion of the agreement in relation to Western Australian rail infrastructure.

(b) Other items recognised in profit and loss

In addition to depreciation and interest expense disclosed in paragraph (a) above, the following items have been recognised in the profit and loss in relation to leases.

	2022 $'000	2021 $'000
Expenses relating to short-term leases	**6,858**	8,883
Variable lease payments	**11,471**	9,745
Total	**18,329**	**18,628**

The total cash out flow for leases in 2022 was $64,242,000 (2021: $44,209,000).

Recognition and measurement

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and account these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. Non-lease components are items that are not related to securing the use of the underlying asset.

(i) Right-of-use assets

The Group recognises right-of-use assets and lease liabilities at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make good obligations and initial direct costs incurred.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated using straight-line method over the shorter of the useful life or the lease term. When the Group is reasonably certain to exercise an extension option on the right-of-use asset, it is depreciated over the extended lease term.

10. Leases (continued)

Recognition and measurement (continued)

Right-of-use assets expected useful lives for the current period are as follows:

	Range of remaining term
Land and buildings	1 - 98 years
Rail infrastructure	6 years
Motor vehicles	1 - 7 years
Other	1 - 5 years

(ii) Lease liabilities

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Minimum lease payments are fixed payments (less any lease incentive receivable) or index-based variable payments incorporating the Group's expectations of extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. Refer Note 22(c) for maturities of lease liabilities.

(iii) Short-term leases and low-value assets

Short-term leases (12 months or less lease term) and leases of low value assets are recognised as expenses in the consolidated income statement.

Significant accounting judgements, estimates and assumptions

Control

Judgement is required to assess whether the contract is, or contains, a lease. A lease arises when the Group has the right to direct the use of an identifiable asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use. The Group recognises right-of-use assets and liabilities for rail infrastructure when the estimated utilisation is 90% or more share of a route's traffic.

Discount rates

Judgement is required to determine the discount rate when the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to the corporate bond yields with a similar credit rating to the lessee and with similar maturities to the lease term.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Investments

This section provides information on the subsidiaries, associates and other financial assets of the Group.

11. Investment in controlled entities

Set out below is a list of material subsidiaries of the Group.

Name of controlled entity	Country of incorporation	Equity holding 2022 %	2021 %
CBH Grain Pty Ltd	Australia	**100**	100
CBH Group Holdings Pty Ltd (i)	Australia	**100**	100
Australian Bulk Stevedoring Pty Ltd	Australia	**100**	100
Bulkwest Pty Ltd	Australia	**100**	100
Westgrains Insurance Pte Ltd	Singapore	**100**	100
CBH Grain Pty Ltd controlled entities			
CBH Grain Asia Ltd	Hong Kong	**100**	100
CBH Grain Japan Co. Ltd	Japan	**100**	100
CBH Granary SA (ii)	Switzerland	**-**	100
CBH Group Holdings Pty Ltd controlled entities			
CBH Pty Ltd (i)	Australia	**100**	100
CBH (WA) Pty Ltd (i)	Australia	**100**	100
Blue Lake Milling Pty Ltd (i)	Australia	**100**	100
Bulkwest Pty Ltd controlled entities			
CBH Engineering Pty Ltd	Australia	**100**	100

(i) These entities are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 September 2022. Refer to Note 25.

(ii) CBH Granary SA has been liquidated in 2022.

11. Investment in controlled entities (continued)

Recognition and measurement

Subsidiaries

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements are prepared for the same reporting year as the parent entity using consistent accounting policies.

In preparing the consolidated financial statements, all intra-group transactions have been eliminated in full.

Significant accounting judgements, estimates and assumptions

CBH Grain Pools

The Group considers that it does not control CBH Grain Pools. While the Group does manage the CBH Grain Pools' relevant activities, there is not significant exposure to variable returns. The Group acts as an agent and not as a principal in relation to the sale of pool products, and is remunerated on a fixed "fee for service" arrangement.

12. Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. All associates have a 30 September reporting date.

Details of the Group's associates at the end of the reporting period are as follows:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group 2022 %	2021 %	Principal activities
Interflour Group entities ("Interflour Group")				
Pacific Agrifoods Limited	British Virgin Islands	**50.0**	50.0	Holding company
Interflour Group Pte Limited ("IFG") (i)	Singapore	**50.0**	50.0	Flour milling

(i) CBH holds a 50% interest in IFG, the ultimate parent entity of the consolidated Interflour Group of entities. After minority interests are taken into account, CBH effectively holds 44% (2021: 44%) of the consolidated Interflour Group's net assets.

12. Investments in associates (continued)

	2022 $'000	2021 $'000
Carrying amount by entity		
Carrying amount of the Group's interest in Interflour Group	**129,964**	120,570

	2022 $'000	2021 $'000
Share of profit/(loss) from associates by entity		
Interflour Group (see details of material associates below)	**8,629**	7,795
Total share of profit/(loss) from associate	**8,629**	7,795

Details of material associates

Interflour Group	2022 $'000	2021 $'000
Movement in carrying amount		
Carrying amount at the beginning of the financial year	**120,570**	112,082
Cash dividends received by the Group	**-**	(4,071)
Share of associate profit/(loss) after income tax (i)	**8,629**	7,795
Share of associates' movement in reserves (ii)	**(13,283)**	3,077
Unrealised foreign exchange translation movements (iii)	**14,048**	(223)
Fair value of shareholder loan (iv)	**-**	1,910
Carrying amount at the end of the financial year	**129,964**	120,570

(i) Share of associates' profits/(losses) after income tax represents the Group's share of profits/losses which is recognised by the Group as an increase/decrease in the carrying amount of the investment in associates.

(ii) Share of associates' movements in reserves include movements in the foreign currency translation, cash flow hedge and defined benefit plan. Foreign currency movements arise from the translation of the financial statements of Interflour Group's subsidiaries into its functional currency USD. The share of associates' movement in reserves will either increase or reduce the carrying amount of the investment in associates.

(iii) Unrealised foreign exchange translation movements arise from the translation of the financial statements of Interflour Group from their USD functional currency into CBH's functional currency, being AUD.

(iv) When the shareholder loan was provided to Interflour Group in 2019, a capital contribution was recognised, being the difference between the present value of the shareholder loan and the consideration advanced $44.3 million (US$30.0 million). A $1.9 million remeasurement of capital contribution was recognised in 2021 as the loan repayment term was extended. The present value of the shareholder loan is classified as a financial asset measured at amortised cost. Refer to Note 22 for details of classification and measurement of financial assets.

12. Investments in associates (continued)

	Interflour Group	
	2022 $'000	2021 $'000
Current assets	**570,937**	356,418
Non-current assets	**379,596**	363,802
Current liabilities	**(454,969)**	(265,619)
Non-current liabilities	**(273,247)**	(252,476)
Net assets	**222,317**	202,125
Net assets (50%)	**111,158**	101,062
Non-controlling interests (50%)	**(14,380)**	(12,081)
Goodwill	**16,925**	15,328
Other intangible assets	**8,677**	8,677
Fair value of shareholder loan	**7,584**	7,584
Carrying amount of the Group's interest in Interflour Group	**129,964**	120,570
Revenue (100%)	**1,116,224**	815,082
Profit/(loss) (100%)	**17,258**	15,589
Other comprehensive income/(expense) (100%)	**(26,566)**	6,153
Total comprehensive income/(expense) (100%)	**(9,308)**	21,742

Loan to associate

The Group had the following receivable amounts due from the Interflour Group, which excludes any credit loss provision:

	2022 $'000	2021 $'000
Unsecured interest-free USD-denominated loan	**43,518**	37,793

The US$30 million loan is subordinated to Interflour Group's secured bank facilities and is repayable on demand after 30 June 2026. Repayment of up to US$ 5.0 million is permissible subject to Interflour Group satisfying certain covenants.

The difference between the carrying value of the loan and the loan's fair value at the date of subordination was recognised as an addition to the carrying value of the Group's investment in Interflour. The fair value of the loan was determined based on a market interest of 2.4%

When applying the effective interest method, interest revenue is recognised in the profit or loss on a monthly basis.

12. Investments in associates (continued)

Recognition and measurement

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Significant accounting judgements, estimates and assumptions

Impairment policy

As outlined in Note 8, the Group assesses indicators of impairment for all assets on an annual basis. Management have conducted an assessment of impairment indicators in respect of the Interflour Group in 2021/22.

Recoverable amount of investment in associates

The Group performed an assessment for impairment indicators in relation to its investment in the Interflour Group at year end. In performing this assessment, judgement has been exercised in respect of assessing changes in the market value of the Interflour Group which is performed by analysing market conditions, expected future earnings and earnings multiples. Specifically, the following factors have been considered:

- maintainable EBITDA is estimated based on a probability weighted forecast that reflects future expectations; and
- the multiple applied which is comparable to relevant observable market transactions and listed company valuations.

On the basis of this assessment, the Group is satisfied that no impairment indicators exist at the reporting date. Future changes in the assumptions, including potential impact of the COVID-19 pandemic, may impact the assessment of impairment indicators, and could give rise to an impairment in future periods.

Operating assets and liabilities

This section provides information on the working capital of the Group.

13. Trade and other receivables

	2022			2021		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	**362,434**	**-**	**362,434**	153,006	-	153,006
Loans to growers	**215,731**	**-**	**215,731**	140,441	-	140,441
Margin deposits	**103,152**	**-**	**103,152**	95,760	-	95,760
Term deposits	**34,799**	**-**	**34,799**	24,370	-	24,370
Other receivables	**21,160**	**-**	**21,160**	8,832	-	8,832
Loan to associate (Note 11)	**-**	**43,518**	**43,518**	-	37,793	37,793
Provision for credit loss	**(1,372)**	**(2,946)**	**(4,318)**	(2,598)	(3,154)	(5,752)
	735,904	**40,572**	**776,476**	419,811	34,639	454,450

The ageing analysis of trade and other receivables is as follows:

As at 30 September 2022	Weighted average loss rate	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	0.56%	768,925	(4,259)
1 - 30 days overdue	0.35%	7,204	(25)
31 - 60 days overdue	0.28%	371	(1)
61 - 90 days overdue	0.30%	1,632	(5)
More than 90 days overdue	1.05%	2,662	(28)
		780,794	(4,318)

As at 30 September 2021	Weighted average loss rate	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	1.10%	448,328	(4,946)
1 - 30 days overdue	1.04%	10,098	(105)
31 - 60 days overdue	0.52%	405	(2)
61 - 90 days overdue	1.84%	374	(7)
More than 90 days overdue	69.37%	997	(692)
		460,202	(5,752)

13. Trade and other receivables (continued)

Recognition and measurement

(i) Trade receivables

Trade receivables are generally non-interest bearing with 14 to 30 day terms. Trade receivables and other receivables, including amounts owing from related parties are initially recognised at fair value and subsequently measured at amortised cost, less provision for credit loss.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(ii) Loans to growers

Loans receivable from growers are interest bearing and represent funds advanced to growers based on tonnes either:

- Committed to CBH in respect of grower finance (Pre-pay Advantage and Grain for Fertiliser) or;
- delivered into CBH Grain Pools.

These receivables are settled by deliveries of grain to the Group and cash received from Pools sales, respectively.

Loans receivable in respect of grower finance amounted to $107,770,000 (2021: $140,441,000). The loan balance related to CBH Grain Pools amounted to $107,961,000 (2021: -$768,000 and was recorded under sundry payables in Note 15).

During the year, the interest rates charged on grower finance ranged from 3.40% to 6.70% (2021: 2.95% to 6.20%).

(iii) Margin deposits

Margin deposits relate to futures accounts at call and are held in US Dollars, Canadian Dollars, Euro and Australian Dollars. Average interest rates on the futures accounts are: US Dollars: 2.90% (2021: -0.25%), Canadian Dollars: 2.25% (2021: -0.75%), Euro: -0.14% (2021: -1.38%), Australian Dollars: 1.70% (2021: -0.55%).

(iv) Term deposits

Term deposits are presented as current assets when they have a maturity of three months or more from the date of acquisition and are not repayable on demand without a loss of interest. Term deposits were held in Australian Dollars at 1.98% average interest rate (2021: 0.14%), in US Dollars at 4.13% average interest rate (2021: 0.16%), and in Hong Kong Dollars at 0.10% average interest rate (2021: 0.25%).

(v) Provision for credit loss

The provision for credit loss amounted to $4,318,000 (2021: $5,752,000). The general approach has been used to calculate the credit loss on loan to associate and loans to growers in respect of grower finance. The simplified approach has been used for all other receivables.

Significant accounting judgements, estimates and assumptions

The Group makes an estimate of the credit loss in relation to trade and other receivables. Refer to Note 22(b) for details.

Movements in the provision for credit loss were as follows:

	2022 $'000	2021 $'000
At 1 October	**5,752**	7,952
Bad debt written off	**(868)**	(593)
Net movement in provision for expected credit loss	**(566)**	(1,607)
At 30 September	**4,318**	5,752

14. Inventories

	2022 $'000	2021 $'000
At fair value less cost of disposal:		
Traded grain	**807,091**	250,951
At lower of cost and net realisable value:		
Raw materials and stores	**44,278**	43,125
Finished goods	**20,543**	10,021
	64,821	53,146
Total inventory	**871,912**	304,097

Recognition and measurement

(i) Traded grain

Traded grain is measured at fair value less costs of disposal, with changes in fair value recognised in the profit or loss.

(ii) Finished goods and other inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs for completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average method and includes materials costs and direct transport and handling costs incurred in bringing the inventories to their present location and condition.

Significant accounting judgements, estimates and assumptions

Valuation of traded grain

Traded grain is valued using either Level 2 or Level 3 fair value measurements (refer to Note 22(d)).

Level 2 is based on the market comparison technique and uses exchange-quoted grain prices, if available, or independent broker assessments, adjusted for quality and location differentials. Level 3 is based on realised sale prices, adjusted for market view and quality and location differentials.

Traded grain inventory price risk is included in the Group's Value at Risk (VaR) calculations. Refer to Note 22(a) for more information.

The fair value of inventories is summarised below.

	2022 $'000	2021 $'000
Fair Value Measurement		
Level 2	**731,781**	213,902
Level 3	**75,310**	37,049
	807,091	250,951

A change in the Level 3 input price for inventories of plus/minus 10% would have a proportionate impact on the inventory value, and be recognised in profit or loss.

Notes to the consolidated financial statements

30 September 2022

14. Inventories (continued)

The following shows the net changes in fair value of Level 3 inventory:

	2022 $'000	2021 $'000
At 1 October	**37,049**	19,543
Purchases	**199,479**	157,751
Sales	**(163,716)**	(149,203)
Written off	**(310)**	(608)
Unrealised change in fair value	**2,808**	9,566
At 30 September	**75,310**	37,049

15. Trade and other payables

	2022 $'000	2021 $'000
Current		
Trade payables	**116,184**	76,220
Accrued expenses	**126,451**	64,272
Sundry payables	**15,103**	13,441
	257,738	153,933
Non-current		
Other payables	**414**	412

Recognition and measurement

Current trade and other payables are carried at amortised cost representing liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and non-interest bearing and are usually paid within 30 days of recognition.

(i) Trade payables

Trade payables are non-interest bearing and are usually paid within 30 day terms.

(ii) Accrued expenses

Accrued expenses include execution cost accruals relating to the sale of grain; capital accruals and other items.

(iii) Sundry Payables

Sundry payables relate to other payables and include levies, captive insurance payable, customer prepayments and loan balance payable to CBH Grain Pools.

16. Other Liabilities

	2022 $'000	2021 $'000
Current		
Deferred revenue (i)	**79,815**	17,994
Freight fund liability (ii)	**-**	14,912
	79,815	32,906

(i) Deferred revenue includes freight billing for services not yet performed.

(ii) The freight fund operation does not operate for a profit. The liability reflects the surplus accumulated from freight operations carried forward to be redistributed to growers in the form of cash rebates or reduced freight rates in future years. The balance carried forward from 2021 was fully utilised by the freight fund during 2022.

17. Provisions

	Employee benefits provision $'000	Site rehabilitation provision $'000	Total $'000
1 October 2021	39,824	33,198	73,022
Arising during the year	17,853	2,876	20,729
Remeasurement during the year	-	8,441	8,441
Utilised	(14,667)	-	(14,667)
30 September 2022	**43,010**	**44,515**	**87,525**

	Employee benefits provision $'000	Site rehabilitation provision $'000	Total $'000
30 September 2022			
Current	36,714	807	37,521
Non-current	6,296	43,708	50,004
	43,010	**44,515**	**87,525**
30 September 2021			
Current	33,393	2,854	36,247
Non-current	6,431	30,344	36,775
	39,824	**33,198**	**73,022**

17. Provisions (continued)

Recognition and measurement

Employee benefits

A liability for annual leave, long service leave and sick leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Balances are calculated to present value at an appropriate pre-tax discount rate.

Site rehabilitation provision

The Group recognises a site decommissioning provision relating to obligations to dismantle and remove storage and handling assets and to rehabilitate closed sites which are not part of the network plan. Over time, the provision is increased to record the liability at its present value based on prevailing government bond discount rates. The unwinding of the discount is recognised as an accretion charge in the profit and loss.

The carrying amount of the capitalised decommissioning asset is depreciated over the useful life of the related asset (see Note 8).

The Group's assessment of the present value of the site decommissioning provisions requires the use of significant estimates and judgements, including the future cost of performing the work required, timing of the cash flows, discount rates, final remediation strategy and future land use requirements. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

In the case of provisions for sites which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Where the provisions are for sites no longer in use, any adjustment is reflected directly in profit or loss.

Significant accounting judgements, estimates and assumptions

The Group measures the value of annual leave, long service leave and sick leave liabilities at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit valuation method. The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the consolidated financial statements

30 September 2022

Capital and financial risk management

This section provides information on the equity and net debt of the Group. The section also discusses the Group's exposure to various financial risks, how these affect the Group's financial position and how the Group manages these risks.

18. Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	**152,051**	152,546
Deposits at call [(i)]	**239,333**	82,732
	391,384	235,278

(i) Included in deposits at call is a dividend fund of $169 million, this account is to exclusively fund the Network capital projects.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Deposits at call are held in Australian Dollars at an average interest rate of 3.05% (2021: 0.22%). Deposits at call in 2021 were held in US Dollars at an average interest rate of 0.07%.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition. Term deposits that have maturity of more than three months from the date of acquisition are presented as trade and other receivables.

(a) Cash flow reconciliation

	Notes	2022 $'000	2021 $'000
Reconciliation of net profit after tax to net cash flows from operations:			
Net profit/(loss) after income tax expense		**497,729**	133,752
Adjustments to reconcile profit after tax to net cash flows:			
Depreciation and amortisation		**211,509**	134,506
Net profit on disposal of property, plant and equipment		**72**	246
Adjustment arising on change in Cloud Computing accounting policy	29(a)	**-**	7,113
Net profit on disposal of Newcastle Agri-Terminal		**-**	(13,915)
Non-cash movement in site rehabilitation provision		**5,848**	(1,925)
Non-cash movements in capital works in progress		**5,984**	-
Share of associates (profit)/loss		**(8,629)**	(7,795)
Unrealised (gain)/loss on foreign exchange and derivatives		**83,472**	(59,087)
Income tax expense/(benefit)		**189,158**	30,199
Net finance costs		**16,873**	11,442
Impairment loss/(reversal) on trade and other receivables		**(566)**	(1,607)
Other non-cash items		**541**	39

18. Cash and cash equivalents (continued)

(a) Cash flow reconciliation (continued)

	Notes	2022 $'000	2021 $'000
Working capital adjustments:			
(Increase)/decrease in inventories		**(567,817)**	(126,409)
(Increase)/decrease in trade and other receivables		**(227,382)**	(61,059)
(Increase)/decrease in prepayments		**(52)**	(996)
Increase/(decrease) in trade and other payables		**105,086**	25,037
Increase/(decrease) in provisions		**2,923**	3,121
Increase/(decrease) in other liabilities		**46,909**	6,378
Other adjustments:			
Interest received		**13,828**	5,082
Interest paid		**(29,812)**	(18,416)
Income tax paid		**(4,859)**	(1,411)
Net cash inflow/(outflow) from operating activities		**340,815**	64,295

Recognition and measurement

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits and futures held at call with financial institutions and any outstanding bank overdrafts.

19. Interest bearing loans and borrowings

	2022 $'000	2021 $'000
Secured bank loans (current) (i)	**719,274**	475,065
Secured bank loans (non-current)	**40,000**	-
	759,274	475,065

(i) Included in Secured bank loans (current) is an inventory funding balance of $38,654,000. The inventory funding is a financing arrangement utilising grain inventory and to be repaid at agreed future prices and dates. The loan is based on a monthly maturity price and date.

19. Interest bearing loans and borrowings (continued)

(a) Reconciliation of interest bearing loans and borrowings

This section reconciles changes in liabilities arising from financing activities.

	Bank loans $'000
As at 1 October 2021	**475,065**
Proceeds from borrowings	3,636,170
Repayments	(3,352,529)
Net cash flow on borrowings	283,641
Other non-cash movements	568
As at 30 September 2022	**759,274**

Recognition and measurement

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised.

(b) Fair value

Unless otherwise disclosed, the carrying amounts of the Group's borrowings approximate fair value.

(c) Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in Note 22.

(d) Terms and conditions

The bank loans are predominantly denominated in Australian Dollars.

Bank loans are subject to annual review.

Negative pledge and loan covenants - CBH Grain Pty Ltd

The bank loans of CBH Grain Pty Ltd include a negative pledge that require (subject to certain exceptions) CBH Grain Pty Ltd to not provide any other security over its assets, and covenants to ensure that the following financial ratios and conditions are met throughout the term of the loan facilities:

(i) The financial indebtedness of CBH Grain Pty Ltd should not exceed the aggregate of:

- 100% of cash on hand;
- 90% of grain sold that is either on hand or in the course of delivery;
- 80% of the value of prepayment advances made to growers for the purchase of grain;
- 100% of the mark to market value of grain net open derivative position;
- 80% of the market value of grain that is not sold; and
- 80% of the total value of debtors on terms of 90 days or less.

(ii) The net realised and unrealised grain trading positions should not exceed losses of $50,000,000; and

(iii) Paid up equity plus parent guarantee is at least $200,000,000 or its equivalent at all times.

Negative pledge and loan covenants - CBH

The bank loans of CBH include a negative pledge that require (subject to certain exceptions) CBH to not provide any other security over its assets and the following covenant:

(i) Total assets less total intangible assets and total liabilities are not less than $1,000,000,000; and

(ii) Financial indebtedness limit of $500,000,000.

19. Interest bearing loans and borrowings (continued)

(e) Financing facilities

The Group has the following facilities in place at year end. All facilities are expressed in Australian dollars unless otherwise disclosed.

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Grain Facility	100,000	50,000	14/10/2022
CBH Grain Facility	50,000	-	14/10/2022
CBH Grain Facility	100,000	-	14/10/2022
CBH Grain Facility	100,000	-	14/10/2022
CBH Grain Facility	25,000	-	14/10/2022
CBH Grain Facility	300,000	180,000	28/10/2022
CBH Grain Facility	200,000	200,000	28/10/2022
CBH Grain Facility	200,000	200,000	28/10/2022
CBH Grain Facility	300,000	50,000	28/10/2022
Total	**1,375,000**	**680,000**	

The facilities are a combination of bilateral term loans and trade facilities with total facility limits of $1,375,000,000. As at 30 September 2022, $680,000,000 of the bilateral term loans was drawn down.

Under the financing facilities, the lenders hold fixed and floating securities over the assets of CBH Grain Pty Ltd and its subsidiaries. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms. The effective interest rate for the year was 1.18% (2021: 0.94%).

The Directors have approved these facilities, which will be renewed as required. Refer to subsequent events Note 31 for details.

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Facility	70,000	40,000	23/06/2024
CBH Facility	60,000	-	23/06/2024
CBH Facility	70,000	-	23/06/2024
Total	**200,000**	**40,000**	

The facilities are bilateral term loans with total facility limits of $200,000,000. As at 30 September 2022, 40,000,000 of the loans were drawn down to fund the Group's Network Strategy investment.

Under the financing facilities, the lenders hold fixed and floating securities over the Co-operative's assets. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms.

(f) Defaults and breaches

During the current year, there were no defaults or breaches on any of the loans.

Notes to the consolidated financial statements

30 September 2022

20. Contributed equity and reserves

(a) Share capital

(i) Ordinary Shares

	2022 $	2021 $
Shares Issued	**3,860**	4,058
	3,860	4,058

Ordinary shares have a par value of $2.00 each. CBH does not have authorised capital. The right to vote attaches to membership and not shareholding.

In the event of winding up, the Bulk Handling Act 1967 provides that any surplus shall be distributed in a manner directed by the Treasurer of the State of Western Australia.

In relation to the distribution of surplus profits, except for the payment of $2.00 on the cancellation of a paid share, the Bulk Handling Act 1967 and the Co-operative's Rules prohibit the distribution of any surplus or profits to shareholders.

Issued and paid up capital is recognised at the fair value of the consideration received.

(ii) Movements in ordinary share capital

	Paid shares number	Unpaid shares number	Total number	Issue price $	Share capital $
At 1 October 2020	2,119	1,618	3,737	2.00	4,238
Shares issued (i)	-	68	68	-	-
Shares cancelled (ii)	(90)	(112)	(202)	-	(180)
At 1 October 2021	**2,029**	**1,574**	**3,603**	**2.00**	**4,058**
Shares issued (i)	-	85	85	-	-
Shares cancelled (ii)	(99)	(67)	(166)	-	(198)
At 30 September 2022	**1,930**	**1,592**	**3,522**	**2.00**	**3,860**

(i) During the current year 85 ordinary shares (2021: 68) were issued and remained unpaid as at 30 September 2022. The parent entity retains the right to call on all outstanding ordinary shares at any time in the future. The total number of unpaid ordinary shares is 1,592 (2021: 1,574).

(ii) During the year 166 ordinary shares (99 paid and 67 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the Co-operative's Rules (2021: 202 ordinary shares, 90 paid and 112 unpaid) and no shares were cancelled due to member resignation (2021: none).

(b) Capital management

The Group's policy is to ensure that CBH is adequately capitalised at all times in order to protect its assets and to create and return value for West Australian growers. Capital consists of total equity and long term debt relating to financing activities. Due to the structure of the business, dividends are not paid to shareholders with sources of capital being through debt finance and retained earnings.

The Board is responsible for monitoring and approving the capital management framework within which management operates. Capital is regularly monitored using various benchmarks, with the main internal measures being return on capital employed and gearing (equity to assets ratio).

20. Contributed equity and reserves (continued)

(b) Capital management (continued)

	2022 $'000	2021 $'000
Profit/(loss) after tax (A)	**497,729**	133,752
Opening capital	**1,892,522**	1,757,041
Closing capital	**2,388,722**	1,892,522
Average capital (B)	**2,140,622**	1,824,782
Return on average equity	**23.3%**	7.3%
Total equity (C)	**2,388,722**	1,892,522
Total assets (D)	**4,378,551**	2,970,842
Equity to assets ratio (C/D)	**54.6%**	63.7%

(c) Reserves

	2022 $'000	2021 $'000
Capital levy reserve	**52,587**	52,587
General reserve	**1,847,597**	1,631,441
Foreign currency translation reserve	**(32,228)**	(29,344)
Acquisition reserve	**(1,175)**	(1,175)
Cash flow hedge reserve	**690**	(438)
	1,867,471	1,653,071

Under the *Bulk Handling Act 1967* CBH is permitted to build up reserves and does not make distributions of these reserves to shareholders.

Nature and purpose of other reserves

Capital Levy Reserve

The Capital Levy Reserve was created upon CBH being converted to a tax exempt entity as a result of changes to the Bulk Handling Act in 1971. This exemption removed from CBH the right to pay dividends to shareholders with the funds that would have been paid being transferred to this reserve.

General Reserve

The General Reserve is used to hold the transfer of profits or losses relating to CBH from retained earnings as required by the *Bulk Handling Act 1967.*

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to record unrealised exchange differences arising from the translation of the financial statements of subsidiaries and associates.

Acquisition Reserve

This reserve records the difference between the consideration paid and the carrying value of the non-controlling interests acquired.

Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be an effective hedge.

21. Financial instruments

The financial assets and liabilities are presented by class in the tables below at their carrying values. Where financial assets and liabilities are held at amortised cost, these generally approximate fair value. Refer to Note 22(d) for more information on the Group's fair value policies and methods.

At 30 September 2022	Amortised Cost $'000	FVTPL(i) $'000	Total $'000
Assets			
Cash and cash equivalents	391,384	-	391,384
Trade and other receivables	757,868	-	757,868
Derivative financial instruments	-	303,069	303,069
Total current and non-current financial assets	**1,149,252**	**303,069**	**1,452,321**
Liabilities			
Trade and other payables	257,269	-	257,269
Interest bearing loans and borrowings	759,274	-	759,274
Derivative financial instruments	-	301,421	301,421
Lease liabilities	319,290	-	319,290
Total current and non-current financial liabilities	**1,335,833**	**301,421**	**1,637,254**

At 30 September 2021	Amortised Cost $'000	FVTPL(i) $'000	Total $'000
Assets			
Cash and cash equivalents	235,278	-	235,278
Trade and other receivables	448,206	-	448,206
Derivative financial instruments	-	271,470	271,470
Total current and non-current financial assets	**683,484**	**271,470**	**954,954**
Liabilities			
Trade and other payables	152,607	-	152,607
Interest bearing loans and borrowings	475,065	-	475,065
Derivative financial instruments	-	176,508	176,508
Lease liabilities	163,955	-	163,955
Total current and non-current financial liabilities	**791,627**	**176,508**	**968,135**

(i) Fair value through profit and loss.

21. Financial instruments (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. No financial assets have been reclassified subsequent to their initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets - business model assessment

The Group makes assessments of the objectives of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and the information provided to management. These assessments consider:

— the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

— how the performance of the portfolio is evaluated and reported to the Group's management;

— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

— how managers of the business are compensated - for example whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Financial assets that are either held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

Financial assets - assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

— contingent events that would change the amount or timing of cash flows;

— terms that may adjust the contractual coupon rate, including variable-rate features;

— prepayment and extension features; and

— terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

Financial assets - subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

21. Financial instruments (continued)

Derecognition

The Group derecognises financial assets and liabilities when the contractual rights to the cash flows from the financial instrument are discharged, cancelled or expire.

Offsetting financial instruments

The Group presents its assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Associations ("ISDA") master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination is assessed and only a single net amount is payable in settlement of all transactions.

22. Financial risk management

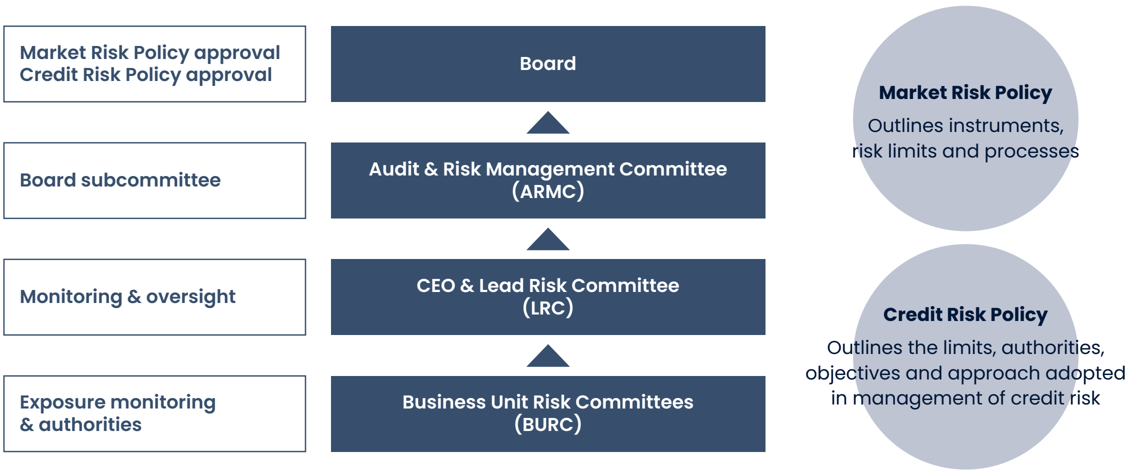
Overview

The Group is exposed to a variety of financial risks arising from normal business activity, including market risks (relating to foreign currency rates, commodity prices and interest rates), credit risk and liquidity risk.

Risk management framework

The CBH Group's Board of Directors ("the Board") has overall responsibility for the establishment and oversight of its risk management framework. The Group has established several risk management committees to develop and monitor its risk management policies. These include the Audit and Risk Management Committee ("ARMC"), Lead Risk Committee and the Business Unit Risk Management Committees, as outlined below:

These committees report regularly to the Board on their activities, via the ARMC.



The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed and, if required, updated regularly to reflect changes in market conditions and the Group's activities.

The ARMC also oversees management monitoring compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARMC is assisted in its oversight role by internal audit and third party specialists. Both regular and ad hoc reviews of risk management controls and procedures are undertaken, the results of which are reported to the ARMC.

(a) Market risk

Market risk arises from the uncertainty of market price movements and the resulting impact on business performance. The Group's business performance is exposed to movements in interest rates, foreign currency exchange rates and commodity prices. Accordingly, the Group has developed policies to manage the volatility of these inherent business exposures. Under these policies, the Group routinely uses derivative financial instruments to manage related risk exposures, most commonly foreign currency forward exchange contracts and options, forward rate agreements and commodity futures and options.

22. Financial risk management (continued)

(a) Market risk (continued)

The Group uses Value at Risk ("VaR") techniques to measure and limit market risk. VaR is a risk measurement technique that estimates the maximum potential loss resulting from predicted price movements over a specified holding period and within a stipulated level of confidence.

The VaR methodology is a statistically defined, probability based approach that considers market volatilities and risk diversification, by taking into account offsetting positions and correlations between commodities and markets.

As a result of this approach, risks can be measured consistently across markets and commodities and risk measures can be aggregated into a single risk value. The Group's VaR approach is based on Monte Carlo simulations over a five to ten day holding period with a 99% confidence level using two years of weighted price data history.

VaR calculations should be considered in the context of their limitations. These include the use of historical data to estimate future events and the non-recognition of market illiquidity risks and tail risks. Recognising these limitations, the Group's VaR measures are supplemented by stress testing of both flat and basis price exposures and daily monitoring of positions against Board-mandated limits.

(i) Commodity price risk

Commodity price risk refers primarily to the Group's exposure to fluctuations in prices of grain commodities.

The Group's trading function trades grain-related financial and commodity instruments and physical grain. Grain commodity futures and options are used to manage price risk within Board-approved limits. The aggregate limit for all grains can only be modified by the Board. The trading function operates within a dynamic limit framework which adjusts quantitative flat price and basis spread limits over time by comparing the current level of flat prices and basis spreads to their historical ranges and averages. Under this framework, limits are lower when flat prices and basis spreads are high, and limits are higher when flat prices and basis spreads are low.

VaR at 30 September (pre-tax), was as follows:

	2022 $'000	2021 $'000
Undiversified VaR (i)	**(62,680)**	(20,091)
Diversified VaR (ii)	**(40,580)**	(10,124)

(i) Undiversified VaR is the result of simple addition of the calculated VaR figures for each individual commodity.

(ii) Diversified VaR further recognises the benefit of offsetting positions and correlations between different commodities and markets and therefore reflects a lower potential loss amount than undiversified.

(ii) Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which operating and financing transactions are denominated and the respective functional currencies of Group companies. Foreign currency exposures originate in the normal course of business with the buying or selling of grain, or execution of derivatives on international commodity exchanges in currencies other than the Group's functional currency. Group policy requires that foreign currency risks are minimised to remain within Board-mandated limits. The Group manages its exposure to foreign currency risk through the use of forward exchange contracts and options.

Net foreign exchange exposure, which includes cash balances and loans and borrowings, is used in the calculation of the combined commodity price risk and foreign currency risk. Consequently, the VaR of commodity price risk in the table of Note 22(a)(i) includes all associated foreign currency risks.

As a result of investment in operations in Asia, the Group's statement of financial position can be affected by movements in the USD/AUD exchange rates as the investment in Asia has a functional currency of USD. The Group does not hedge this exposure. Refer to Note 12 - Investments in associates.

22. Financial risk management (continued)

(a) Market risk (continued)

The group had the following financial instruments denominated in foreign currencies (at year end spot rates):

30 September 2022	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	62,714	4,764	13,138	9,630	476	90,722
Trade and other receivables	334,458	25,722	18,963	25,788	15	404,946
Derivative financial assets	143,648	7,513	49,492	10,275	-	210,928
	540,820	**37,999**	**81,593**	**45,693**	**491**	**706,596**
Financial liabilities						
Derivative financial liabilities	228,914	12,743	11,838	2,659	-	256,154
Trade and other payables	59,636	18	734	2,564	151	63,103
Lease liabilities	-	-	-	161	170	331
	288,550	**12,761**	**12,572**	**5,384**	**321**	**319,588**
Net exposure	**252,270**	**25,238**	**69,021**	**40,309**	**170**	**387,008**

30 September 2021	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	40,351	3,726	1,874	14,331	489	60,771
Trade and other receivables	173,820	24,565	41,535	2,198	18	242,136
Derivative financial assets	15,267	3,616	1,721	1,876	-	22,480
	229,438	**31,907**	**45,130**	**18,405**	**507**	**325,387**
Financial liabilities						
Derivative financial liabilities	83,268	25,035	61,734	-	-	170,037
Trade and other payables	14,746	-	214	3,020	62	18,042
Lease liabilities	-	-	-	268	18	286
	98,014	**25,035**	**61,948**	**3,288**	**80**	**188,365**
Net exposure	**131,424**	**6,872**	**(16,818)**	**15,117**	**427**	**137,022**

* Other includes exposure to CHF, CNY, GBP, HKD and NZD.

Spot rates on 30 September 2022:

USD 0.6400, CAD 0.8851, EUR 0.6530, JPY 92.6784, CHF 0.6318, CNY 4.5546, GBP 0.5730, HKD 5.0244, NZD 1.1431

Spot rates on 30 September 2021:

USD 0.7227, CAD 0.9164, EUR 0.6241, JPY 80.4505, CHF 0.6733, CNY 4.6577, GBP 0.5364, HKD 5.6271, NZD 1.0475

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group sources external funds to support its grain accumulation and trading operations and is exposed to interest rate fluctuations predominantly from liabilities bearing variable interest rates.

The Group held the following financial assets and liabilities exposed to variable interest rate risk:

	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	**391,384**	235,278
Term deposits	**34,799**	24,370
Loans to growers	**215,731**	140,441
Margin deposits	**103,152**	95,760
	745,066	495,849
Financial liabilities		
Interest bearing loans and borrowings	**(759,274)**	(475,065)
Loans from growers	**-**	(768)
	(759,274)	(475,833)
Net exposure	**(14,208)**	20,016

The Group's policy is to manage exposure to adverse movements in interest rates through one of the following:

- variation of the physical terms; or
- structure of the various portfolios; or
- use of derivative financial instruments.

Given the above financial assets and liabilities are exposed to variable interest rate risk, an increase of 100 basis points in underlying interest rates would reduce profit before tax for the year by $142,000 (2021: increase $200,000). A decrease of 100 basis points in underlying interest rates would increase profit before tax for the year by $142,000 (2021: reduce $200,000). This analysis assumes all other variables remain constant.

Lease liabilities (see Note 10) are fixed-rate instruments. The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(b) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform or fail to pay amounts due, causing financial loss to the Group. It can arise:

- principally, from credit exposures to customers relating to open contracts and outstanding receivables; or
- from cash and cash equivalents, derivative financial instruments and deposits held with financial institutions.

22. Financial risk management (continued)

(b) Credit risk (continued)

The Group has a Board-approved credit policy designed to ensure that consistent processes are present throughout the Group to measure and control credit risk. Under the policy, customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The Group also monitors and reports sovereign risk associated with its customers, counterparties and financial institutions. Risk limits are set for individual customers in accordance with parameters set out in the credit policy. Actual counterparty credit exposures are routinely monitored against risk limits with any breaches requiring approval from the appropriate level of management. Counterparty risk limits are reviewed regularly and updated when appropriate.

The Group may require collateral to be provided by counterparties. The forms of collateral typically accepted include cash downpayment, letter of credit, bank guarantee and retention of title to goods, or any combination thereof.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and the geographical location in which the customers operate.

The carrying amount of financial assets represents the maximum credit exposure.

The credit risk analyses in this section excludes GST receivable of $18,608,000 (2021: $6,244,000) which is part of other receivables (Note 13).

Below is an analysis of credit risk exposure net of credit loss provisions by counterparty type.

	2022 $'000	2021 $'000
Grain Storage, Handling and Freight: Growers	**4,857**	1,806
Grain Storage, Handing and Freight: Non-growers	**61,079**	34,295
Marketing and Trading: Growers	**215,231**	139,302
Marketing and Trading: Non-growers	**402,590**	216,166
Grain Processing: Non-growers	**23,915**	18,425
Associate company - Interflour Group Pte Limited	**40,364**	34,639
Other: Growers	**9,570**	3,175
Other: Non-growers	**262**	398
	757,868	448,206

Credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including, but not limited to, external ratings, audited financial statements, management accounts and available press information about customers) and applying experienced credit judgements. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures with similar credit risk are grouped and assigned a credit loss based on the groups' credit risk rating. The assignment of credit loss is based on a ratings agency's annual study which compares credit ratings to default rates. One-year default rates are used for current receivables and five-year default rates are used for non-current receivables.

22. Financial risk management (continued)

(b) Credit risk (continued)

The following table shows the exposures to credit risk and credit loss by credit rating.

30 September 2022	Weighted average loss rate %	Gross carrying amount $'000	Credit loss $'000	Net carrying amount $'000
Assigned credit rating				
AA-	-	206	-	206
A	-	92,127	(1)	92,126
A-	0.01	148,056	(22)	148,034
BBB+	0.02	2,806	(1)	2,805
BBB	0.05	5,572	(3)	5,569
B	0.83	513,398	(4,270)	509,128
CCC/C	100.00	21	(21)	-
Total	**0.57**	**762,186**	**(4,318)**	**757,868**

30 September 2021	Weighted Average Loss Rate %	Gross Carrying Amount $'000	Credit loss $'000	Net carrying amount $'000
Assigned credit rating				
AA-	0.02	13	-	13
A+	-	2,357	-	2,357
A	-	58,327	(2)	58,325
A-	0.17	113,712	(191)	113,521
BBB+	0.02	6,235	(2)	6,233
BBB	0.04	5,914	(2)	5,912
B	1.99	267,155	(5,312)	261,843
CCC/C	99.18	245	(243)	2
Total	**1.27**	**453,958**	**(5,752)**	**448,206**

22. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both the short and long term commitments of the Group. The Group's liquidity is managed centrally with subsidiaries forecasting their cash requirements to the central treasury function. Unless restricted by local regulations or bank covenants, subsidiaries pool their cash surpluses to central treasury, which arranges to fund other subsidiaries, invest net surpluses in the market, or arrange external borrowings, as appropriate.

Maturities of financial liabilities

The table below reflects the contractual maturities of the Group's financial liabilities. For derivative financial instruments that are settled on a net basis, the market value of the net position is presented, whereas for other obligations the undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on prevailing conditions at year end.

Contractual maturities of financial liabilities

At 30 September 2022	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000
Financial liabilities						
Interest bearing loans and borrowings	759,274	762,532	721,009	619	40,904	-
Trade and other payables	257,269	257,269	256,855	-	414	-
Lease liabilities	319,290	381,095	34,365	31,005	191,882	123,843
Total non-derivatives	**1,335,833**	**1,400,896**	**1,012,229**	**31,624**	**233,200**	**123,843**
Derivative financial liabilities						
(inflow)	(1,231,228)	(1,231,228)	(1,212,295)	(8,240)	(10,693)	-
outflow	1,532,649	1,532,649	1,507,540	10,236	14,873	-
Net derivative financial liabilities	**301,421**	**301,421**	**295,245**	**1,996**	**4,180**	**-**
	1,637,254	**1,702,317**	**1,307,474**	**33,620**	**237,380**	**123,843**

22. Financial risk management (continued)

(c) Liquidity risk (continued)

At 30 September 2021	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000
Financial liabilities						
Interest bearing loans and borrowings	475,065	475,246	475,246	-	-	-
Trade and other payables	152,607	152,607	152,195	-	412	-
Lease liabilities	163,955	195,849	12,606	12,473	92,906	77,864
Total non-derivatives	**791,627**	**823,702**	**640,047**	**12,473**	**93,318**	**77,864**
Derivative financial liabilities						
(inflow)	(443,108)	(443,108)	(423,493)	(8,375)	(11,240)	-
outflow	619,616	619,616	585,909	17,311	16,396	-
Net derivative financial liabilities	**176,508**	**176,508**	**162,416**	**8,936**	**5,156**	**-**
	968,135	**1,000,210**	**802,463**	**21,409**	**98,474**	**77,864**

(d) Fair value measurements

The Group uses various methods in estimating the fair value of a financial instrument and non-financial assets (traded grain inventories) carried at fair value. These methods are:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward sale and purchase contracts and foreign exchange contracts not traded on a recognised exchange.

Derivative financial instruments

The Group primarily uses the following derivatives financial instruments to manage market risk in its grain trading activities:

- Forward foreign currency exchange contracts, swaps and options;
- Commodity futures, swaps and options; and
- Forward commodity sale and purchase contracts.

22. Financial risk management (continued)

(d) Fair value measurements (continued)

These contracts are held in the currencies in which the Group has exposure (refer to Note 22(a)(ii)) and range in maturity from one to thirty months. Movements in the fair value of these derivatives are recognised in the profit and loss. The net fair value at 30 September 2022 was an unrealised asset of $1,648,000 (2021: $94,962,000 unrealised asset). The assessed value of these financial instruments at any given point in time will, in times of volatile market conditions, show substantial variation over the short term.

Derivative financial instruments price risk is included in the Group's VaR calculations. Refer Note 22(a) for more information.

Recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value at the date of entry into the contract and then subsequently measured at fair value through profit and loss.

Significant accounting estimates and assumptions

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and forward purchases and sales) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. The fair value at reporting date is subject to change post reporting date, the increase/decrease can be significant when there is increased market volatility. Physical positions comprising some inventories, forward sales and forward purchases cannot be directly referenced to appropriate exchange quoted prices. Therefore, other techniques such as obtaining assessments from independent commodity brokers, are used to determine fair value.

The valuation techniques adopted for traded grain inventories are further discussed in Note 14.

The fair value of forward foreign exchange contracts and swaps is determined using forward foreign exchange market rates at the reporting date for contracts with similar maturity profiles. The fair value assessments include consideration of inputs such as liquidity risk, credit risk and market volatility. Any change in the assumptions for these factors may affect the reported fair value of financial instruments.

22. Financial risk management (continued)

(d) Fair value measurements (continued)

The fair value of derivative financial instruments is summarised in the table below.

30 September 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	-	43,707	-	43,707
Commodity futures and options	47,273	-	-	47,273
Forward commodity sale and purchase contracts	-	193,068	7,187	200,255
	47,273	**236,775**	**7,187**	**291,235**
Non-current Assets				
Forward foreign currency exchange contracts, swaps and options	-	126	-	126
Commodity futures and options	8,052	-	-	8,052
Forward commodity sale and purchase contracts	-	3,656	-	3,656
	8,052	**3,782**	**-**	**11,834**
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	199,346	-	199,346
Commodity futures and options	26,355	-	-	26,355
Forward commodity sale and purchase contracts	-	68,095	3,445	71,540
	26,355	**267,441**	**3,445**	**297,241**
Non-current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	3,478	-	3,478
Commodity futures and options	17	-	-	17
Forward commodity sale and purchase contracts	-	685	-	685
	17	**4,163**	**-**	**4,180**

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30 September 2022

22. Financial risk management (continued)

(d) Fair value measurements (continued)

30 September 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	-	8,663	-	8,663
Commodity futures and options	13,067	-	-	13,067
Forward commodity sale and purchase contracts	-	231,036	10,888	241,924
	13,067	**239,699**	**10,888**	**263,654**
Non-current Assets				
Forward foreign currency exchange contracts, swaps and options	-	651	-	651
Commodity futures and options	6,219	-	-	6,219
Forward commodity sale and purchase contracts	-	946	-	946
	6,219	**1,597**	**-**	**7,816**
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	48,714	-	48,714
Commodity futures and options	54,315	-	-	54,315
Forward commodity sale and purchase contracts	-	55,992	12,331	68,323
	54,315	**104,706**	**12,331**	**171,352**
Non-current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	1,544	-	1,544
Commodity futures and options	1,958	-	-	1,958
Forward commodity sale and purchase contracts	-	1,654	-	1,654
	1,958	**3,198**	**-**	**5,156**

22. Financial risk management (continued)

(d) Fair value measurements (continued)

The following table shows the net changes in fair value of Level 3 forward commodity sale and purchase contract assets and liabilities:

	Total $'000
1 October 2021	(1,283)
Net movement taken to profit or loss	5,634
30 September 2022	**4,351**

A change in the Level 3 input price for inventories and forward sale and purchase contracts of 10% would have a corresponding proportionate impact on both inventory and the net financial asset or liability carrying values, and be recognised in profit or loss. There were no transfers between Level 1, 2 and 3 during the year.

23. Contingent assets and liabilities

Co-operative Bulk Handling Limited (parent entity) has provided guarantees relating to loan facilities with certain controlled entities (Note 24) and has no contingent assets.

Other information

This section contains information that is not directly related to specific line items in the financial statements.

24. Parent entity disclosures

(a) Statement of profit or loss and other comprehensive income - Parent

	2022 $'000	2021 $'000
Revenue (i)	**1,103,809**	671,407
Other gains	**4,628**	6,522
Employee benefits expense	**(214,882)**	(175,973)
Depreciation and amortisation	**(205,267)**	(129,920)
Storage, handling and freight expenses	**(402,748)**	(265,844)
Insurance	**(12,928)**	(11,440)
Other expenses	**(48,174)**	(43,973)
Interest expense	**(8,282)**	(6,111)
Profit/(loss) before and after income tax	**216,156**	44,668
Other comprehensive income Items that may be reclassified subsequently to the profit and loss		
Other comprehensive income for the year, net of tax	**-**	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income/(expense) for the year	**216,156**	44,668

(i) Included in the Parent entity revenue is a fully franked dividend of $169 million received from CBH's subsidiaries. CBH Ltd has lodged an application to claim the franking credit refund attributed to the fully franked dividend amounting to $72 million subsequent to year end and this will be recognised in the financial year 2023.

24. Parent entity disclosures (continued)

(b) Statement of financial position - Parent

	2022 $'000	2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**270,668**	125,314
Trade and other receivables	**61,538**	41,537
Inventories	**28,040**	27,014
Loans to controlled entities	**87,234**	53,993
Prepayments	**5,187**	4,673
Total current assets	**452,667**	252,531
Non-current assets		
Trade and other receivables	**40,572**	34,639
Investments in associates	**136,935**	136,935
Other financial assets	**139,496**	139,496
Property, plant and equipment	**1,505,576**	1,333,955
Intangible assets and goodwill	**27,444**	28,898
Right-of-use assets	**305,099**	155,324
Total non-current assets	**2,155,122**	1,829,247
Total assets	**2,607,789**	2,081,778
LIABILITIES		
Current liabilities		
Trade and other payables	**179,042**	116,699
Lease liabilities	**53,428**	20,606
Interest bearing loans and borrowings	**6,655**	11,555
Provisions	**33,552**	32,468
Other liabilities	**79,470**	34,535
Total current liabilities	**352,147**	215,863
Non-current liabilities		
Provisions	**49,942**	36,680
Interest bearing loans and borrowings	**40,000**	-
Lease liabilities	**261,936**	141,627
Total non-current liabilities	**351,878**	178,307
Total liabilities	**704,025**	394,170
Net assets	**1,903,764**	1,687,608
EQUITY		
Contributed equity	**4**	4
Reserves	**1,903,760**	1,687,604
Total equity	**1,903,764**	1,687,608

24. Parent entity disclosures (continued)

(c) Statement of cash flows - Parent

	2022 $'000	2021 $'000
Cash flows from operating activities		
Receipts from customers	**1,051,478**	724,171
Payments to suppliers and employees	**(695,115)**	(535,844)
	356,363	188,327
Interest received	**1,454**	1,026
Interest and other costs of finance paid	**(7,734)**	(6,652)
Net operating cash flows	**350,083**	182,701
Cash flows from investing activities		
Payments for property, plant and equipment	**(328,512)**	(182,397)
Proceeds from sale of property, plant and equipment	**256**	258
Payments for intangible assets	**(8,191)**	(8,700)
Term deposits (net)	**(10,139)**	(20,033)
Loans (to)/ from related parties	**(31,552)**	8,183
Distributions from subsidiaries and associates	**169,750**	4,071
Net investing cash flows	**(208,388)**	(198,618)
Cash flows from financing activities		
Proceeds from borrowings	**40,000**	-
Repayment of lease liabilities	**(36,341)**	(20,721)
Net cash flows from financing activities	**3,659**	(20,721)
Net (decrease)/increase in cash and cash equivalents held	**145,354**	(36,638)
Cash and cash equivalents at the beginning of the financial year	**125,314**	161,952
Cash and cash equivalents at the end of the financial year	**270,668**	125,314

24. Parent entity disclosures (continued)

(d) Financial guarantees - Parent

The parent has entered into a Deed of Cross Guarantee ("the Deed") with the effect that it guarantees debts in respect of certain subsidiaries. Further details of the Deed and the subsidiaries subject to the Deed are disclosed in Note 25. The parent has issued guarantees in relation to loan facilities of its controlled entities.

Recognition and measurement

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

(e) Capital commitments

Commitments for the acquisition of property, plant and equipment contracted as at the reporting date but not recognised as liabilities payable:

	2022 $'000	2021 $'000
Within one year	**33,685**	27,641

25. Deed of cross guarantee

Co-operative Bulk Handling Limited, Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd are parties to the Deed under which each entity guarantees the debts of the others. By entering into the Deed, the wholly-owned entities (Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd) have been relieved by the Australian Securities and Investments Commission ("ASIC") from requirements for preparation, audit and lodgement of financial reports and directors' reports under ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960 ("ASIC Order").

Consolidated statements

The above entities represent a 'closed group' for the purposes of the ASIC Order, and as there are no other parties to the Deed that are controlled by CBH, they also represent the 'extended closed group'.

25. Deed of cross guarantee (continued)

Consolidated statements (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 September 2022 of the closed group.

	2022 $'000	2021 $'000
Consolidated statement of profit or loss and other comprehensive income		
Revenue (i)	**1,429,126**	872,884
Other income	**14,901**	(1,705)
Raw materials and consumables used	**(270,551)**	(142,789)
Employee benefits expense	**(231,266)**	(191,150)
Depreciation and amortisation expense	**(211,493)**	(134,304)
Storage, handling and freight expenses	**(434,219)**	(283,644)
Marketing and trading expenses	**(6,080)**	(4,161)
Insurance	**(13,021)**	(11,524)
Other expenses	**(50,433)**	(42,753)
Interest expense	**(8,376)**	(6,139)
Profit/(loss) before income tax	**218,588**	54,715
Income tax expense	**(753)**	(3,073)
Profit/(loss) for the year	**217,835**	51,642
Other comprehensive income		
Other comprehensive income for the period, net of tax	**-**	-
Total comprehensive income/(expense) for the year	**217,835**	51,642
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**12,806**	5,831
Profit/(loss) for the period	**217,835**	51,643
Transfer to reserves	**(216,155)**	(44,668)
Retained earnings at the end of the financial year	**14,486**	12,806

(i) Included in the closed group revenue is a fully franked dividend of $169 million received from CBH's subsidiaries. CBH Ltd has lodged an application to claim the franking credit refund attributed to the fully franked dividend amounting to $72 million subsequent to year end and this will be recognised in the financial year 2023.

25. Deed of cross guarantee (continued)

Consolidated statements (continued)

Set out below is a consolidated statement of financial position as at 30 September 2022 of the closed group.

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	**274,108**	132,011
Income tax receivable	**750**	-
Trade receivables	**114,984**	70,389
Inventories	**64,821**	53,145
Prepayments	**5,553**	4,870
Total current assets	**460,216**	260,415
Non-current assets		
Trade and other receivables	**40,572**	34,639
Investments in associates	**136,935**	136,935
Investment in controlled entities	**100,772**	100,772
Property, plant and equipment	**1,539,921**	1,370,902
Right-of-use assets	**308,628**	156,679
Intangible assets and goodwill	**51,310**	49,876
Total non-current assets	**2,178,138**	1,849,803
Total assets	**2,638,354**	2,110,218
Current liabilities		
Trade and other payables	**275,395**	172,410
Interest bearing loans and borrowings	**40,000**	-
Lease liabilities	**54,717**	-
Income tax payable	**-**	2,168
Provisions	**35,431**	34,271
Total current liabilities	**405,543**	208,849
Non-current liabilities		
Deferred tax liabilities	**402**	669
Provisions	**49,941**	36,680
Lease liabilities	**264,218**	163,606
Total non-current liabilities	**314,561**	200,955
Total liabilities	**720,104**	409,804
Net assets	**1,918,250**	1,700,414
Equity		
Contributed equity	**4**	4
Reserves	**1,903,762**	1,687,604
Retained earnings	**14,484**	12,806
Total equity	**1,918,250**	1,700,414

Notes to the consolidated financial statements

30 September 2022

26. Key management personnel compensation

	2022 $	2021 $
Short-term benefits (i)	**8,429,545**	7,471,302
Post-employment benefits (ii)	**334,912**	308,531
Long-term benefits (iii)	**699,886**	357,269
Termination benefits (iv)	**176,623**	299,719
	9,640,966	8,436,821

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

Key management personnel include directors and members of the Executive Committee, including those in an acting capacity.

(i) Short-term benefits include director fees, wages, salaries, annual leave provided and non-monetary benefits for current employees.

(ii) Post-employment benefits include superannuation benefits paid for directors and current employees.

(iii) Long-term benefits include long term incentives and retention payments, long service leave and sick leave provided for current employees.

(iv) Termination benefits include contractual entitlements on termination.

27. Related party transactions

(a) Parent and ultimate controlling party

The ultimate parent entity in the wholly owned group is Co-operative Bulk Handling Ltd ("CBH").

(b) Transactions with key management personnel

(i) Directors fees

Directors fees paid or payable by CBH are disclosed in Note 26. In addition, the following directors of the parent entity received payments for their roles as directors of Interflour Group Pte Ltd ("IFG"), an associated company, for the year.

	2022 $	2021 $
Mr A J Mulgrew	**24,310**	22,000
Mr D A Lock	**24,310**	22,000

Total aggregate number of CBH shares held by directors and director-related entities is 10 (2021: 10).

27. Related party transactions (continued)

(b) Transactions with key management personnel (continued)

(ii) Related party transactions with directors on normal commercial terms

Certain directors had dealings, either in their own name or through director-related entities, with CBH and its controlled entities under commercial terms no more favourable than those available to other grain growers and shareholders.

	2022 $	2021 $
N A M Browning, K J Fuchsbichler, J D O'Neil, G R Rowe, J N Seaby, K M Seymour, S R Stead, R P Taylor, B D West and H Woodhams transacted with the Group during the financial year as follows:		
Grain sales to the Group	**21,577,000**	13,524,540
Freight and receival fees charged by the Group	**2,805,456**	1,959,425
Fertiliser purchases from the Group	**3,762,217**	2,045,738
(iii) Unsecured balances outstanding from/(to) Directors		
Rebates payable	**-**	(201)
Loans to growers (Refer to Note 13)	**-**	910,350

(c) Other related party transactions

	2022 $	2021 $
(i) Transactions with associates in the ordinary course of business on normal commercial terms		
Sales of grain to IFG and its controlled entities	**181,214,453**	113,418,975
Payments for grain and shipping related charges to IFG and its controlled entities	**136,402**	45,020
Cash dividends paid by IFG to the Group (refer to Note 12)	**-**	4,070,820
(ii) Receivables from IFG and its controlled entities		
Unsecured trade receivable amount under normal commercial terms	**215,897**	-
Unsecured interest-free USD-denominated loan (Refer to Note 12)	**43,518,091**	37,793,302

A credit loss provision has been recognised in the statement of profit or loss and other comprehensive income in respect of amounts owing from related parties. Settlement occurs in cash.

28. Auditor's remuneration

The auditor of the Group is KPMG. During the year fees were paid or payable for services provided by the Group's auditors and related overseas offices.

	2022 $	2021 $
Audit and review services		
Auditors of the Group - KPMG		
KPMG Australia - Group	**272,783**	234,404
KPMG Australia - controlled entities	**229,106**	193,607
Other KPMG firms - controlled entities	**62,579**	49,234
	564,468	477,245
Assurance services		
Auditors of the Group - KPMG		
Regulatory assurance services	**10,254**	8,754
	10,254	8,754
Other services		
Auditors of the Group - KPMG		
Non-audit services	**3,700**	64,688
	3,700	64,688

29. Changes in accounting policies

(a) New and amended accounting standards and interpretations adopted from 1 October 2020

In the current year, the Group has applied amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2021. AASB 2020-8 *Interest Rate Benchmark Reform - Phase 2 (Amendments to AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16)* and a number of other new standards are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements.

29. Changes in accounting policies (continued)

(b) New and amended accounting standards and interpretations issued but not yet effective

The following new and amended accounting standards and interpretations issued but not yet effective are relevant to current operations. They are available for early adoption but have not been applied by the Group in this financial report.

Reference	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
The effects of these standards and interpretations are not expected to be material:		
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	**1 January 2022**	**30 September 2023**
This standard makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3, AASB 9, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture.		
AASB 2021-2 Amendments to Australian Accounting Standards - Definition of Accounting Estimates	**1 January 2023**	**30 September 2024**
The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.		
AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies	**1 January 2023**	**30 September 2024**
The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adds guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.		
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current	**1 January 2023**	**30 September 2024**
This amendment to AASB 101 Presentation of Financial Statements clarifies the requirements for classifying liabilities as current or non-current.		
AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction	**1 January 2023**	**30 September 2024**
The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.		
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	**1 January 2025**	**30 September 2026**
The amendments require a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) and partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.		

30. Commitments

(a) Non-cancellable operating lease receivables

The Group has sub-leased some of its property to an external party.

Future minimum rentals receivable under non-cancellable operating leases as at the financial year end are as follows:

	2022 $'000	2021 $'000
Within one year	**2,793**	2,702
Later than one year but not later than five years	**1,583**	3,327
Later than five years	**-**	40
	4,376	6,069

(b) Capital commitments

Commitments for the acquisition of property, plant and equipment and also intangible assets contracted as at the reporting date but not recognised as liabilities payable:

	2022 $'000	2021 $'000
Within one year	**33,697**	28,012
	33,697	28,012

31. Events subsequent to balance date

Subsequent to 30 September 2022, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2022/2023 season:

- Syndicated debt of $1,100,000,000;
- Banking facilities of $1,400,000,000; and
- Trade facilities of $200,000,000.

The facilities have been executed and are on similar terms and conditions to prior seasons, refer to Note 20(d). The lenders are expected to undertake annual review which include (but not limited to) an assessment of:

- The financial performance of the Group, ensuring that the financial ratios and conditions are met throughout the term of the loan facilities
- Compliance over negative pledge and loan covenants

Subsequent to 30 September 2022, CBH Limited lodged an application to claim a franking credit refund in relation to fully franked dividends received from subsidiaries during 2022.

Other than the matters disclosed above, there are no other subsequent events which require disclosure.

Directors' declaration

30 September 2022

1. In the Directors' opinion:

(a) the consolidated financial statements and notes that are set out on pages 66 to 131 are in accordance with the *Co-operatives Act 2009* and the *Australian Charities and Not for profits Commission Act 2012*, including:

(i) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its performance for the year ended on that date, and

(ii) complying with Australian Accounting Standards; and

(b) there are reasonable grounds to believe that Co-operative Bulk Handling Ltd will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Co-operative and the group entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Co-operative and those group entities pursuant to ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960.

This declaration is made in accordance with a resolution of Directors.

Simon Stead

S R Stead
Director

7 December 2022

Independent Auditor's Report

To the members of Co-operative Bulk Handling Limited

Opinion

We have audited the ***Financial Report*** of Co-operative Bulk Handling Limited (the Co-operative).

In our opinion, the accompanying Financial Report of the Co-operative is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the *Co-operatives Act 2009* including:

- Giving a true and fair view of the ***Group****'s* financial position as at 30 September 2022, and of its financial performance and its cash flows for the year ended on that date; and
- Complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 September 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Co-operative and the entities it controlled at the year-end or from time to time during the financial year.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Co-operative Bulk Handling Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *ACNC Act 2012* and the *Co-operatives Act 2009*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Co-operative's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Co-operative to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group Financial Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Directors of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth
7 December 2022

Sustainability appendix

Sustainability metrics

Pillar	Metric	Unit of Measurement	FY21	FY22
Markets	Sales of sustainably certified grain (of total)	Percentage of total	15%	18%
	Grower Load Sample collection rate for Chemical Residue Traceability	Percentage of total loads	30%	42%
	Certifications (ISO9001, 14001, HACCP, ISCC EU/PLUS, FEMAS, NATA and Halal)	Compliance	100%	100%
Communities	Community Investment Fund	$	$1.6m	$1.6m
	Number of local vendors	Percentage of total	28%	31%
People	All Injury Frequency Rate (AIFR)	#	7.29	5.81
	Gender Diversity	%	24%	27%
Governance	Board to monitor sustainability through revised Health, Safety and Sustainability Committee			Commenced
Environmental	Scope 1 & 2 emissions intensity	Kg CO_2-e / tonne received	3.7kg	3.1kg
	50% reduction of Scope 1 & 2 emissions by 2030 based on 2021 baseline year	Tonnes CO_2-e	55,372t	66,163t
	Site to Customer Emissions Intensity	Kg CO_2-e / tonne	63.2kg	64.3kg
	Net-zero emissions of Scope 1, 2 and select scope 3 (trucks, rail and shipping) by 2050	Tonnes CO_2-e	565,011t	612,375t

Sustainability Risks and Opportunities

Risk	Description	Impact to the business	Risk mitigation and opportunities
Market Access (transition)	Market access restrictions driven by both tariff and non-tariff measures	Marketing and Trading is unable to find alternative export markets for WA growers	— Monitor Maximum Residue Limits (MRL) and understand impacts to supply chain — Engage key customers and government counterparts on trade — Maintain strong and effective food safety protocols in CBH — New and existing market development and diversification
Regulatory and Certifications (transition)	Changes to the Australian regulatory environment or certifications held by CBH (either on farm or across the supply chain)	— The potential to increase costs or reduce production (i.e. carbon tax levied across supply chain, increased government involvement in MRLs) — Impacts on market access	— Maintain ongoing dialogue with regulators — Maintain stakeholder relationships — Ongoing engagement with growers and industry on impact of regulations — Develop public and media advocacy
Climate change (physical)	Climate change driving changing temperature and rainfall patterns across the WA wheatbelt	— WA production volatility to be impacted by climate change	— Continue to conduct scenario modelling and review outcomes — Growth in the WA crop captured within the CBH network planning process
Alternative land uses (transition)	Continued focus on carbon emissions and push to 'carbon neutrality' is raising interest in carbon offsetting via reforestation of crop land	— The rise of the Australian Carbon Credit market may prove a risk to WA grain production	— Monitor regional areas for significant switch — Review economics of Australian Carbon Credit Unit (ACCU) farming to understand areas most at risk
Access to funding and insurance (transition)	CBH access to funding and insurance is restricted	— Increased cost or limited access to funding — Increased insurance premiums	— Ongoing dialogue with banks — Robust insurance procurement practices

Opportunity	Description	Impact to the business	Opportunity capture
Developing new products and services	To meeting the rising interest and demand for sustainable grain new products and ways of measuring and providing assurance to customers may be required	Increased customer alignment of supply chain decarbonisation objectives, resulting in increase in customer value proposition and loyalty	— Develop an understanding of the product requirement with customers to trial the process — Work with stakeholders to gain alignment on measurement methodology
Access to new markets	A strong sustainability focus will ensure opportunities for WA grain to access markets, or maintain access to existing markets, where there is a regulatory or commercial requirement for sustainable grain	Preferential market access and/or premium pricing ensuring long-term value for WA grain growers	— Ensuring the supply chain emissions are measurable and mitigated to the extent commercially viable — Engagement with customers and overnments to understand what the future market access requirements will be — Working with growers to meet those requirements
Renewable energy (biogas and solar)	CBH has an opportunity to develop behind the meter energy production by utilising waste streams such as dust and No Commercial Value (NCV) grain as feedstock into bioenergy facilities	— Lower carbon emissions — Energy price certainty — Building resilience along our supply chain and reducing waste	— Continue to investigate the delivery model in collaboration and partnership with energy providers — Continue to de-risk the projects

Taskforce for Climate-related Financial Disclosure

		Section reference
Governance	Describe the board's oversight of climate-related risks and opportunities	Corporate Governance
	Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Sustainability Appendix
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	Sustainability Appendix
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2c or lower scenario	Sustainability
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Sustainability
	Describe the organisation's processes for managing climate-related risks	Sustainability
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Sustainability
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Sustainability
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Sustainability
	Describe the targets used by organisation to manage climate-related risks and opportunities and performance against targets	Sustainability

Global Reporting Initiative Index

Link	Disclosure	Description	Section reference
Organisational profile	Disclosure 102-1	Name of the organisation	About CBH
	Disclosure 102-2	Activities, brands, products, and services	About CBH
	Disclosure 102-3	Location of headquarters	About CBH
	Disclosure 102-4	Location of operations	About CBH
	Disclosure 102-6	Markets served	Marketing and Trading
	Disclosure 102-7	Scale of the organisation	About CBH
	Disclosure 102-8	Information on employees and other workers	People
	Disclosure 102-9	Supply chain	About CBH

Global Reporting Initiative Index cont.

Governance	Disclosure 102-18	Governance structure	Corporate Governance
	Disclosure 102-19	Delegating authority	Corporate Governance
	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance
	Disclosure 102-23	Chair of the highest governance body	Corporate Governance
Reporting practice	Disclosure 102-44	Key topics and concerns raised	Sustainability
	Disclosure 102-46	Defining report content and topic Boundaries	Sustainability
	Disclosure 102-47	List of material topics	Sustainability
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	Sustainability
	Disclosure 102-55	GRI content index	Sustainability Appendix
Environment GRI 305: Emissions 2016	Disclosure 103-1	Explanation of the material topic and its Boundary	Sustainability
	Disclosure 103-2	The management approach and its components	Sustainability
	Disclosure 305-1	Direct (Scope 1) GHG emissions	Sustainability
	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Sustainability
	Disclosure 305-4	GHG emissions intensity	Sustainability
Climate change and adaption response	Disclosure 103-1	Explanation of the material topic and its Boundary	Sustainability
	Disclosure 103-2	The management approach and its components	Sustainability
	Disclosure 103-3	Evaluation of the management approach	Sustainability
Safety, People & Community Workforce Health and Safety	Disclosure 103-1	Explanation of the material topic and its Boundary	Operations
	Disclosure 103-2	The management approach and its components	Operations
	Disclosure 103-3	Evaluation of the management approach	Operations
	Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	Operations
	Disclosure 403-9	Work-related injuries	Operations
People, Diversity and inclusion and employee engagement	Disclosure 103-1	Explanation of the material topic and its Boundary	People
	Disclosure 103-2	The management approach and its components	People
	Disclosure 103-3	Evaluation of the management approach	People
	Disclosure 405-1	Diversity of governance bodies and employees	People
Local Communities	Disclosure 103-1	Explanation of the material topic and its Boundary	Community
	Disclosure 103-2	The management approach and its components	Community
	Disclosure 103-3	Evaluation of the management approach	Community

Five year financial and operational history

Co-operative Bulk Handling and its controlled entities

		2022	2021	2020	2019	2018
Tonnes received	mt	21.3	15.1	9.8	16.4	13.3
All time injury frequency rate (AIFR)		6	7	7	9	13
Revenue from continuing operations	$m	6,219	3,993	3,236	4,190	3,792
Pools revenue	$m	1,150	240	196	235	266
Other gains and losses	$m	(239)	13	(5)	(75)	(25)
Total revenue including other income	**$m**	**7,130**	**4,246**	**3,427**	**4,350**	**4,033**
Net profit contribution from:						
Grain storage and handling	$m	58	44	(11)	100	45
Freight Fund	$m	(13)	0	0	0	0
Marketing and trading	$m	438	77	12	(119)	3
Grain processing	$m	12	14	8	(15)	(7)
Corporate and other	$m	3	0	2	4	(7)
Profit attributable to members of Co-operative Bulk Handling Limited	**$m**	**498**	**135**	**11**	**(30)**	**34**
Capital expenditure	$m	347	218	201	260	156
Total assets	$m	4,379	2,971	2,441	2,594	2,351
Total liabilities	$m	(1,990)	(1,078)	(684)	(836)	(584)
Equity	**$m**	**2,389**	**1,893**	**1,757**	**1,758**	**1,767**
(Net debt)/net cash	$m	(368)	(240)	(9)	(306)	18

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