

# POOL PROVIDER DISCLOSURE GUIDE



**The CBH Group is a co-operative owned and controlled by approximately 3,600 Western Australian grain grower member businesses.**

CBH Group is Australia's largest co-operative and a leader in the Australian grain industry with operations extending along the value chain from fertiliser to grain storage, handling and transport to marketing, shipping and processing. CBH Group's core purpose is to sustainably create and return value to growers.

CBH Group's Marketing and Trading arm (CBH Grain) is responsible for the CBH Group pool products offered to growers. With a dedicated team of experienced professionals, CBH Grain uses sophisticated risk management strategies to aim to provide a final pool return which outperforms the average of market prices across the life of the pool.

CBH Grain has been at the forefront of activities to support increased transparency and consistency in the Australian grain pool management industry. We make available information about how our pools operate to assist growers in making an informed decision on our products. We also provide regular updates to pool participants on performance and strategy as well as historical performance of all our pools.

The following contains a summary of CBH Grain's pool products and links to important information.

## POOL PROVIDER DETAILS

<b>Pool Provider</b>	CBH Grain
<b>Pool Product Name</b>	1) Harvest Pool 2) Flexi Starter See below for further details regarding each of these products
<b>Pool Mandate</b>	The pool mandate prescribes the boundaries within which the pool must be managed, maintaining exposures within upper and lower limits for physical sales, commodity and foreign exchange hedging.  For further detail on CBH Grain pool mandates please refer to the following link: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>
<b>Legal entity operating the pool</b>	CBH Grain
<b>Years this legal entity has run pools</b>	100 years (CBH Grain)
<b>Legal Entity owning the pooled grain</b>	CBH Grain
<b>Name of Pool Manager</b>	Paul Smith
<b>Pool manager's years of relevant experience</b>	10 years managing CBH Grain pools; 20 years trading commodity, interest rate and foreign exchange markets in the banking industry and with CBH Grain.

## POOL PRODUCT DETAILS

<b>Pool product</b>	Harvest Pool	Flexi Starter
<b>Pool Objective</b>	The objective of the Harvest Pool is to add value through active management from harvest, with returns locked in over time. We aim to provide a final pool return which outperforms the average of market prices across the life of the pool.	The objective of the Flexi Starter is to deliver an above average return using active trading strategies.
<b>Period open for contracts</b>	<p><b>Open:</b> Harvest (~October onwards)</p> <p><b>Closed:</b> Harvest (~December onwards) but at pool manager's discretion (ie, no fixed date)</p> <p>CBH Grain may not announce closure dates in advance in order to ensure the best interests of existing pool participants are protected at all times.</p>	<p><b>Open:</b> Seasonally dependent at pool manager's discretion but typically around June</p> <p><b>Closed:</b> typically within 2 weeks of open but at pool manager's discretion (ie, no fixed date)</p> <p>CBH Grain may not announce closure dates in advance in order to ensure the best interests of existing pool participants are protected at all times.</p>
<b>Period open for deliveries</b>	Harvest	
<b>Length of pool</b>	Commodity and season dependent – see below table for indications.	Commodity and season dependent – see below table for indications.
<b>Area where pool is offered</b>	Commodity and season dependent - see below table for more information.	Commodity and season dependent - see below table for more information.
<b>Commodities/Grades accepted</b>	All commodities. Most grades with segregations available in the CBH Group receival system will typically be accepted into the pool, although this is seasonally dependant.	Wheat - Most grades accepted Barley – Most grades accepted Canola – Most grades accepted
<b>Hedging tools used (if any)</b>	Commodity and Foreign Exchange derivatives and options.	
<b>Payment options</b>	Advance; Harvest or Flexi Loan; Distribution; Deferred	
<b>Fees charged by the pool manager</b>	<p><b>Overhead Cost Recovery:</b> typically from \$3-6 per tonne (seasonally variable)</p> <p><b>Management Fee:</b> 0.75% of final pool return</p>	<p><b>Overhead Cost Recovery:</b> typically from \$3-6 per tonne (seasonally variable)</p> <p><b>Management Fee:</b> 1.00% of final pool return</p>
<b>When will Final Audit be Completed?</b>	Prior to pool finalisation. Audit statements available on our website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>	Within 6 months of final pool payments being made to growers. Audit statements available on our website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>

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## COMMODITY, GRADES, LENGTH AND LOCATIONS

COMMODITY	GRADES	TYPICAL LENGTH FOR HARVEST POOLS*	AREAS
Wheat	Most grades accepted	12-15 months	All zones
Barley	Most grades accepted	10-12 months	All zones
Canola	Most grades accepted	8-10 months	All zones
Lupin**	All grades	10-15 months	Geraldton and Kwinana zones
Oat**	Most grades accepted	10-15 months	Kwinana and Albany zones

\*Flexi Starter typically from mid-year pre-harvest until April post-harvest. \*\*Not available for Flexi Starter

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## OTHER DETAILS

<b>Will the pool be offered according to the GTA operating standard for pool providers?</b>	Yes	CBH Grain supports transparency and has been actively involved in the GTA initiative towards increasing transparency and consistency in the pools management industry.
<b>Does the pool provide participants with an Estimated Pool Return (EPR*)?</b>	Yes	Via Fact Sheets and the Pool Calculator on the website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>
<b>Does the pool provide participants with an Estimated Silo Return (ESR*)?</b>	Yes	Via the Pool Calculator on the website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>
<b>Does the pool provide participants with a Final Pool Return (FPR*)?</b>	Yes	Via Fact Sheets and the Pool Calculator on the website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>
<b>Does the pool provide participants with a Final Silo Return (FSR*)?</b>	Yes	Via the Pool Calculator on the website: <a href="https://www.cbh.com.au/selling-to-cbh/pools">https://www.cbh.com.au/selling-to-cbh/pools</a>
<b>Does the Pool provide a Guaranteed Pool Return (GPR*)?</b>	No	Any form of Guaranteed Pool Return involves the purchase of protective structures at a cost to pool participants. CBH Grain prefers to utilise these strategies only as necessary, rather than incur costs to provide a GPR which may not be required. Even if these protective strategies are used, there is no GPR.
<b>Does the Pool provide an Underwritten Pool Return (UPR*)?</b>	Yes	CBH Grain offers optional underwriting on Advance and Loan payments. A grower can elect to have their payment underwritten at a cost of \$1.90 per tonne.
<b>Is there a potential for conflict between the pool manager and related entities?</b>	Yes	<p>CBH Grain trades its own balance sheet and operates pools which gives rise to potential conflicts of interest. To address this:</p> <ul style="list-style-type: none"> <li>• CBH Grain has strict internal controls and policies which are governed by the CBH Grain Board of Directors and monitored by various internal risk and audit committees to ensure our pool products are managed as mandated.</li> <li>• CBH Grain pool products are managed separately to our cash trading activities, with different reporting lines and clear mandates to deliver the best possible outcomes for our pool products.</li> <li>• All pool products are managed as separate seasonal business units, with segregated stock management and a separate general ledger to cash trading activities.</li> <li>• CBH Grain operates different accounts with the respective bulk-handlers for all pool products to ensure pool stocks can be accounted separately to other business operations.</li> <li>• CBH pools are externally audited.</li> </ul>
<b>Are the pool assets owned in a separate entity from the pool manager's assets?</b>	No	When a grower nominates grain to a CBH Grain pool, title transfers to CBH Grain, a wholly owned subsidiary of Co-operative Bulk Handling. CBH Grain is the owner of these tonnes, and subsequent equity generated, until such time as any final equity generated is paid to the grower in accordance with the applicable pool product terms.

		See above for comments on how we segregate pool assets from other business activities.
Are the pool activities conducted separately from the pool manager's other activities?	Yes	See above for comments on how we segregate pool activities and controls from other business activities.

Items marked with an \* are Defined Terms.

## DEFINED TERMS

CBH Grain	CBH Grain Pty Ltd
Estimated Pool Return (EPR)	Means an estimate of the <b>Pool Return</b> in \$/t exclusive of GST provided by the <b>Pool Provider</b> to <b>Pool Participants</b> . The <b>EPR</b> must also be quoted at Track or track equivalent level for East Coast and SA or FIS for WA and net of all costs, management fees, any other fees (including estimates of any costs and fees) where possible, otherwise explicitly define what costs, fees and charges are included and excluded in the published figure.
Estimated Silo Return (ESR)	Means an <b>Estimated Pool Return</b> quoted at up country silo level. It shall be the <b>EPR</b> (ie quoted at Track level on East Coast/SA, or FIS level in WA) less the applicable freight and any other costs for the respective silo.
Final Pool Return (FPR)	Means a final <b>Pool Return</b> in \$/t excl of GST provided by the <b>Pool Provider</b> to <b>Pool Participants</b> . The <b>FPR</b> must also be quoted at Track or track equivalent level for East Coast and SA or FIS for WA and net of all costs, management fees, any other fees (including estimates of any costs and fees) where possible, otherwise explicitly define what costs, fees and charges are included and excluded in the published figure.
Final Silo Return (FSR)	Means a <b>Final Pool Return</b> quoted at up country silo level. It shall be the <b>FPR</b> (ie quoted at Track level on East Coast/SA, or FIS level in WA) less the applicable freight and any other costs for the respective silo.
Guaranteed Pool Return (GPR)	Means the guaranteed minimum payment (\$/t) ( excl GST) the <b>Pool Provider</b> will pay <b>Pool Participants</b> net of all Pool Provider charges at a designated price basing point, i.e. country silo, track, <b>free in store</b> ("FIS") excl of GST. A <b>GPR</b> is in effect a guaranteed minimum <b>FPR</b> .
Underwritten Pool Return (UPR)	Means the guarantee by a <b>Pool Provider</b> that a payment or loan made to a <b>Pool Participant</b> , if nominated as "Underwritten", is non-recourse should the subsequent proceeds, of <b>Final Pool Return</b> from the <b>Pool</b> be less than the Underwritten amount. Consequently, the <b>Pool Participant</b> shall have no further debt or liability to the <b>Pool Provider</b> (or associated provider) with respect of the Underwritten amount and that the <b>Pool Provider</b> guarantees the <b>FPR</b> paid to the <b>Pool Participant</b> will not be less than the Underwritten return.
Ring Fencing of Assets	Means the activities undertaken by the <b>Pool Provider</b> to quarantine or separate pool participants net assets, and equity from the assets and liabilities of the <b>Pool Provider</b> for the purpose of protecting the <b>Pool Participants</b> net assets, and equity from any administration or liquidation proceedings or actions should the <b>Pool Provider</b> become insolvent or be subject to administration or liquidation proceedings

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## Ring Fencing of Activities

Means the clear identification of grain belonging to a **Pool** and the separation of **Pool** assets and liabilities from other **Pools** and that of the **Pool Provider**. The fiduciary responsibility should be prioritised **to Pool Participants** at all times.

*Full definitions are available in the GTA Technical Guideline Document (TGD) No.4*

## Disclaimers

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  - The information in this document is indicative only and all information in this document is subject to change by CBH Grain at any time. CBH Grain won't notify you or any other person of any change to any information in this document.
  - Nothing in this document is intended to be financial or other advice and you must not rely upon anything in this document as financial or other advice. You should seek advice from your financial, accounting, tax, legal and other professional advisers in relation to the information in this document.
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