

# POOL PROVIDER DISCLOSURE GUIDE



The CBH Group is an integrated supply chain co-operative owned and controlled by approximately 3,900 Western Australia grain grower member businesses.

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

CBH's Marketing and Trading arm is responsible for managing CBH's pool products on behalf of growers. With a dedicated team of experienced professionals we use sophisticated risk management strategies to maximise returns.

CBH has been at the forefront of activities to support increased transparency and consistency in the Australian pool management industry on behalf of growers. 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 Pool Provider Disclosure Guides contain a summary of our pool products and links to important information.

## POOL PROVIDER DETAILS

<b>Pool Provider</b>	CBH Group
<b>Pool Product</b>	Harvest Pool
<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 pool mandates please refer to the following link: <a href="https://pthsvrsico01.cbh.com.au/pool-products/pool-master-mandates-ea">https://pthsvrsico01.cbh.com.au/pool-products/pool-master-mandates-ea</a>
<b>Legal entity operating the pool</b>	CBH Grain Pty Ltd
<b>Years this legal entity has run pools</b>	88 years
<b>Legal Entity owning the pooled grain</b>	CBH Grain Pty Ltd
<b>Name of responsible Pool Manager</b>	Paul Smith
<b>Pool manager's years of relevant experience</b>	8 years managing CBH pools; 18 years trading commodity, interest rate and foreign exchange markets in the banking industry and with CBH Group; Responsible Manager on CBH's Financial Services License.

## POOL PRODUCT DETAILS

<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.
<b>Period open for deliveries/contracts</b>	<b>Open:</b> Harvest (October) onwards <b>Closed:</b> At pool manager's discretion (no fixed date) CBH do not announce closure dates in advance in order to ensure the best interests of existing pool participants are protected at all times.
<b>Length of pool</b>	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.
<b>Commodities/Grades accepted</b>	As per table below
<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>	<b>Overhead Cost Recovery:</b> typically \$4-5 per tonne (variable) <b>Management Fee:</b> 0.75% of final pool return
<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/pool-products/pool-information">https://www.cbh.com.au/pool-products/pool-information</a>

## COMMODITY, GRADES, LENGTH AND LOCATIONS

COMMODITY	GRADES	LENGTH	AREAS
Wheat	All grades	10-12 months	Adelaide, Giles, Lincoln and Wallaroo

## OTHER DETAILS

<b>Will the pool be offered according to the GTA operating standard for pool providers?</b>	Yes	CBH 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/pool-products/pool-information">https://www.cbh.com.au/pool-products/pool-information</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/pool-products/pool-information">https://www.cbh.com.au/pool-products/pool-information</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/pool-products/pool-information">https://www.cbh.com.au/pool-products/pool-information</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/pool-products/pool-information">https://www.cbh.com.au/pool-products/pool-information</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 prefers to utilise these strategies only as necessary, rather than incur costs to provide a GPR which may not be required.
<b>Does the Pool provide an Underwritten Pool Return (UPR*)?</b>	Yes	CBH 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 Pty Ltd trades its own balance sheet and operates pools on behalf of growers which gives rise to potential conflicts of interest. To address this:</p> <ul style="list-style-type: none"> <li>• CBH has strict internal controls and policies which are governed by the CBH Board of Directors and monitored by various internal risk and audit committees to ensure our pool products are managed as mandated.</li> <li>• CBH 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 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 prior to finalisation.</li> </ul>
<b>Are the pool assets owned in a separate entity from the pool manager's assets?</b>	No	<p>When a grower nominates grain to a CBH pool, title transfers to CBH Grain Pty Ltd, a wholly owned subsidiary of CBH Group. CBH Grain Pty Ltd is the custodian of these tonnes, and subsequent equity, until such time as final equity is returned to the grower.</p> <p>See above for comments on how we segregate pool assets from other business activities.</p>
<b>Are the pool activities conducted separately from the pool managers activities?</b>	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

<b>Estimated Pool Return (EPR)</b>	<p>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>.</p> <p>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.</p>
<b>Estimated Silo Return (ESR)</b>	<p>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.</p>
<b>Final Pool Return (FPR)</b>	<p>Means a final <b>Pool Return</b> in \$/t excl of GST provided by the <b>Pool Provider</b> to <b>Pool Participants</b>.</p> <p>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.</p>
<b>Final Silo Return (FSR)</b>	<p>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.</p>
<b>Guaranteed Pool Return (GPR)</b>	<p>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>.</p>
<b>Underwritten Pool Return (UPR)</b>	<p>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.</p>
<b>Ring Fencing of Assets</b>	<p>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</p>
<b>Ring Fencing of Activities</b>	<p>Means the clear identification of grain belonging to a <b>Pool</b> and the separation of <b>Pool</b> assets and liabilities from other <b>Pools</b> and that of the <b>Pool Provider</b>. The fiduciary responsibility should be prioritised to <b>Pool Participants</b> at all times.</p>

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