

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

Pool Provider	CBH Grain
Pool Product Name	Deferred Sales Pool
Pool Mandate	<p>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.</p> <p>For further detail on CBH Grain pool mandates please refer to the following link: https://www.cbh.com.au/selling-to-cbh/pools</p>
Legal entity operating the pool	CBH Grain
Years this legal entity has run pools	100 years (CBH Grain)
Legal Entity owning the pooled grain	CBH Grain
Name of Pool Manager	Paul Smith
Pool manager's years of relevant experience	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

Pool product	Deferred Sales Pool
Pool Objective	<p>The objective of the Deferred Sales Pool is to gradually sell down physical stocks on a deferred sales schedule, primarily utilising available export capacity. The aim is to outperform the average of prices prevailing throughout the deferred selling window.</p> <p>The Deferred Sales Pool will likely only have access to shipping capacity from October 2023 onwards. This is the key difference between the Deferred Sales Pool and a traditional Harvest Pool.</p> <p>This will mean a deferred selling program for the product, with bulk sales not expected to be negotiated until well into 2023. This means a later finalisation date, which we are currently anticipating as July 2024.</p> <p>You can check information relating to the pool mandate at https://www.cbh.com.au/selling-to-cbh/pools</p>
Period open for contracting	<p>Open: Harvest (~December onwards) but at pool manager's discretion (ie no fixed date)</p> <p>Closed: Harvest (~December onwards) but at pool manager's discretion (ie, no fixed date)</p> <p>CBH Grain may not announce closure dates in advance to ensure the best interests of existing pool participants are protected at all times.</p> <p>Contracting may be closed for specific commodities and/or specific zones at any time at pool manager's discretion.</p>
Period open for deliveries/nominations	<p>Open: Harvest (~December onwards) but at pool manager's discretion (ie no fixed date)</p> <p>Closed: Harvest (~December onwards) but at pool manager's discretion (ie, no fixed date)</p> <p>CBH Grain may not announce closure dates in advance to ensure the best interests of existing pool participants are protected at all times.</p> <p>Deliveries/nominations may be closed for specific commodities and/or specific zones at any time at pool manager's discretion.</p>
Length of pool	Commodity and season dependent – see below table for indications.
Area where pool is offered	Commodity and season dependent - see below table for more information.
Commodities/Grades accepted	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.
Hedging tools used (if any)	Commodity and Foreign Exchange derivatives and options
Payment options	Advance; Harvest or Flexi Loan; Distribution; Deferred
Fees charged by the pool manager	<p>Overhead Cost Recovery: typically from \$3-6 per tonne (seasonally variable)</p> <p>Management Fee: 0.75% of final pool return</p>
When will Final Audit be Completed?	Prior to pool finalisation. Audit statements available on our website: https://www.cbh.com.au/selling-to-cbh/pools

COMMODITY, GRADES, LENGTH AND LOCATIONS

COMMODITY	GRADES	EXPECTED FINALISATION	AREAS
Wheat	Most grades accepted	July 2024	All zones
Barley	Most grades accepted	July 2024	All zones
Canola	Most grades accepted	July 2024	All zones
Lupin	All grades	July 2024	Geraldton and Kwinana zones
Oat	Most grades accepted	July 2024	Kwinana and Albany zones

OTHER DETAILS

Will the pool be offered according to the GTA operating standard for pool providers?	Yes	CBH Grain supports transparency and has been actively involved in the GTA initiative towards increasing transparency and consistency in the pools management industry.
Does the pool provide participants with an Estimated Pool Return (EPR*)?	Yes	Via Fact Sheets and the Pool Calculator on the website: https://www.cbh.com.au/selling-to-cbh/pools
Does the pool provide participants with an Estimated Silo Return (ESR*)?	Yes	Via the Pool Calculator on the website: https://www.cbh.com.au/selling-to-cbh/pools
Does the pool provide participants with a Final Pool Return (FPR*)?	Yes	Via Fact Sheets and the Pool Calculator on the website: https://www.cbh.com.au/selling-to-cbh/pools
Does the pool provide participants with a Final Silo Return (FSR*)?	Yes	Via the Pool Calculator on the website: https://www.cbh.com.au/selling-to-cbh/pools
Does the Pool provide a Guaranteed Pool Return (GPR*)?	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.
Does the Pool provide an Underwritten Pool Return (UPR*)?	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.
Is there a potential for conflict between the pool manager and related entities?	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"> • 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. • 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. • All pool products are managed as separate seasonal business units, with segregated stock management and a separate general ledger to cash trading activities. • 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. • CBH pools are externally audited.
Are the pool assets owned in a separate entity from the pool manager's assets?	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 Pool Return in \$/t exclusive of GST provided by the Pool Provider to Pool Participants . The EPR 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 Estimated Pool Return quoted at up country silo level. It shall be the EPR (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 Pool Return in \$/t excl of GST provided by the Pool Provider to Pool Participants . The FPR 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 Final Pool Return quoted at up country silo level. It shall be the FPR (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 Pool Provider will pay Pool Participants net of all Pool Provider charges at a designated price basing point, i.e. country silo, track, free in store ("FIS") excl of GST. A GPR is in effect a guaranteed minimum FPR .
Underwritten Pool Return (UPR)	Means the guarantee by a Pool Provider that a payment or loan made to a Pool Participant , if nominated as "Underwritten", is non-recourse should the subsequent proceeds, of Final Pool Return from the Pool be less than the Underwritten amount. Consequently, the Pool Participant shall have no further debt or liability to the Pool Provider (or associated provider) with respect of the Underwritten amount and that the Pool Provider guarantees the FPR paid to the Pool Participant will not be less than the Underwritten return.
Ring Fencing of Assets	Means the activities undertaken by the Pool Provider to quarantine or separate pool participants net assets, and equity from the assets and liabilities of the Pool Provider for the purpose of protecting the Pool Participants net assets, and equity from any administration or liquidation proceedings or actions should the Pool Provider become insolvent or be subject to administration or liquidation proceedings

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

- The information in this document has been prepared by CBH.
 - All information in this document is a guide only and shouldn't be relied upon by you or any other person.
 - 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.
 - To the maximum extent permitted by law: (i) none of CBH Grain, Co-operative Bulk Handling Limited or any other members of the CBH Group, or their respective directors, officers, employees, contractors, agents or servants (collectively, "CBH Parties") give any warranty, representation, guarantee or other assurance as to the accuracy, reliability, adequacy, completeness or currency of anything in this document; (ii) none of the CBH Parties are liable for any loss or damage that you or any other person may suffer arising out of or in connection with the use of or reliance on anything in this document for any purpose; and (iii) you release and hold harmless the CBH Parties for any loss or damage that you or any other person may suffer arising out of or in connection with the use of or reliance on anything in this document for any purpose.
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