

MSF Marketing – 2019 Guaranteed Floor Pool Terms

1 KEY FEATURES

1.1 Overview

- (i) The 2019 Guaranteed Floor Pool (**Pool**) is an in-season Committed ICE 11 Pool.
- (ii) All growers for whom MSF Marketing is the Pool Manager under their respective Grower Pricing Agreements and mill owners whose sugar production is marketed by MSF Marketing (**Mill Owners**), will receive the same Guaranteed Floor Pool price.
- (iii) The gross price achieved in respect of the Pool for the 2019 Relevant Season will be derived from a combination of prices achieved from the ICE 11 futures market, converted from US dollars (**USD**) to an AUD return, adjusted after deducting the direct costs for the Pool determined in accordance with these Pool Terms, expressed on an AUD per tonne IPS basis (**Gross Pool Price**). The net price achieved in respect of the Pool will be the Gross Pool Price, adjusted after allowing for the Shared Pool allocation for the Pool determined in accordance with the Shared Pool Terms, expressed on an AUD per tonne IPS basis (**Net Pool Price**). As no Administration Fee is charged in respect of this Pool (see paragraph 3.7 below), the **Final Pool Price** for this Pool shall equal the Net Pool Price.

1.2 Pool Manager

The Pool is managed by MSF Marketing. MSF Marketing is responsible for all of the management functions of the Pool, including decisions which determine the Net Pool Price outcome of the Pool.

1.3 Pre-conditions

This pool may be cancelled at MSF Marketing's discretion if the total tonnage allocated is less than 10,000 tonnes at the conclusion of the Allocation Period. If this pool is cancelled, growers will be given the choice of placing the nominated tonnage into another in-season ICE 11 Committed Pool or the MSF Late Season Pool. If the grower fails to make such an allocation, then the tonnage is allocated to the MSF Late Season Pool.

1.4 Pricing Window

- (i) The length of time over which MSF Marketing will undertake ICE 11

pricing (**Pricing Window**) in this Pool will vary depending on the ICE 11 futures exposures allocated to this Pool by MSF Marketing.

- (ii) Subject to paragraph 1.4 (i), the maximum Pricing Window will be approximately 13 months: between 1 April 2019 and 30 April 2020.

1.5 Margin Sugar

This Pool may contain Mill Margin Sugar¹.

1.6 Allocation Requirements

- (i) The Allocation Period for the Pool is from 1 March 2019 until 29 March 2019. The Pool will be closed to new participants from 29 March 2019 and growers that have previously submitted an Election Notification are unable to change their Election Notification as at that date.
- (ii) To participate in the Pool, the Grower must (through its Authorised Person) give an Election Notification to the Mill Owner during the Allocation Period.
- (iii) The Election Notification must specify the tonnage of Cane Pay Sugar which the Grower wishes to allocate to the Pool.
- (iv) Subject to conditions notified by MSF Marketing, Growers may be able to reduce Cane Pay Sugar allocations to this Pool after the conclusion of the Allocation Period and reallocate some or all of that Cane Pay Sugar to a different in-season ICE 11 Committed Pool or the MSF 2018 Late Season Pool in accordance with the relevant Pool Terms.

1.7 Minimum / maximum allocation

- (i) The Grower is not required to allocate a minimum tonnage to the Pool in order to participate.
- (ii) Including Existing Pricing, a grower must not allocate Cane Pay Sugar to this Pool if that allocation would result in the grower's aggregate allocations of Cane Pay Sugar to Committed ICE 11 Pools to exceed its Production Risk Exposure Limit at that time.

1.8 Application of Pool Terms

These Pricing Pool Terms will apply to the 2019 Season and to Cane Pay Sugar for the 2019 Season.

¹ Mill Margin Sugar is the difference between total raw sugar production for the 2019 Relevant Season less total Cane Pay Sugar of all growers.

2 MANAGEMENT STRATEGY

2.1 Objective

This pool aims to provide a known minimum gross price at the conclusion of the Allocation Period, whilst enabling limited participation in price rises over the duration of the Pricing Window, should the market trade above a certain level.

2.2 Management Parameters

- (i) No pricing discretion is applicable to his Pool.
- (ii) The conversion of net USD revenues into AUD must be in accordance with MSF Marketing's Risk Management Policy².
- (iii) The Pool Manager will use a combination of outright pricing and options through the use of ICE 11 contracts and OTC instruments via banks.

3 KEY CHARACTERISTICS

3.1 Marketing Responsibilities

MSF Marketing will undertake the physical marketing of Cane Pay Sugar in the Pool.

3.2 Price and currency risk

MSF Marketing is responsible for managing the ICE 11 sugar price risk in USD and the associated foreign exchange management to deliver an AUD price.

3.3 Futures Exposures

The ICE 11 futures exposure of the Pool is as follows:-

Futures Contract	OCT19	MAR20
Approx. % of Pool	33	67

3.4 Supply Obligations

- (i) The Pool is a Committed ICE 11 Pool which means that if the Grower allocates Cane Pay Sugar to the Pool, the Grower is required to deliver sufficient Cane to the Mill Owner to produce the relevant Cane Pay Sugar.
- (ii) In the event that the Grower is unable to meet this commitment, the financial consequences for the Grower will be determined in accordance with the Grower Pricing Agreement (which include, for example, the triggering of Close-Out Losses or Close-Out Profits).
- (iii) The financial consequences associated with the failure of a

² The risk management policy adopted by MSF Marketing from time to time to manage Pool price risk.

grower to supply required Cane will not impact other participants in the Pool.

3.5 Cane Pay Advances

Advance payments for Cane supplied by the Grower will be made on the basis of and in accordance with the Cane Supply Agreement.

3.6 Costs of Pool Operation

- (i) All costs and expenses directly associated with the operation of the Pool will be included in the calculation of the Gross Pool Price. These costs are likely to include, but will not be limited to, the cost of buying put options, futures brokerage fees, and interest on margin calls.
- (ii) Any other costs and expenses associated with the operation of the Pool will be allocated to the Pool in accordance with the Shared Pool Terms.

3.7 Pool Administration Fee

All growers for whom MSF Marketing is their Nominated Pool Manager, share in the cost to administer and manage grower Cane Pay Sugar allocations through the MSF Shared Pool. As such, a separate fee to administer and manage grower Cane Pay Sugar allocations (Administration Fee) is not charged.

4 RISK PROFILE

4.1 Price Risk

- (i) Given a known minimum gross price is established at the commencement of the Pricing Window, the price risk associated with the Pool is lower than what would be expected had a passive approach to pricing been adopted in this Pool.
- (ii) Price risk is managed in accordance with MSF Marketing's Risk Management Policy³.

4.2 Production Risk

- (i) The production risk for a Grower is higher in respect of this Pool when compared to Non-Committed ICE 11 Pools due to the Grower having to commit Cane to produce the Cane Pay Sugar allocated to the Pool before it is actually produced.
- (ii) In the event that the Grower is unable to meet this commitment, the financial consequences for the Grower could include Close-Out Losses.

4.3 Audit

The Net Pool Price and MSF Marketing's adherence to the Risk Management Policy

will be independently audited on the basis determined by MSF Marketing from time to time in consultation with a panel of growers established for the purpose of providing a single point of reference for such transparency related matters (Grower Reference Panel).

5 DISCLAIMER

5.1 Limitation

To the extent permitted by law, MSF Marketing is not liable for and disclaims all liability for any Loss suffered or incurred by any person which arises out of these Pool Terms, and whether the Loss arises as a result of any negligence by MSF Marketing or any other cause.

5.2 Release

The grower releases MSF Marketing and its officers, directors, employees, agents or related bodies corporate from its liability for any Loss suffered by the grower arising out of these Pool Terms.

5.3 Indemnity

The grower indemnifies MSF Marketing against all liability or loss in relation to, or in connection with or as a result of a breach of these Pool Terms.

5.4 AFSL

The grower acknowledges that:

- (i) MSF Marketing does not hold an AFSL; and
- (ii) within a reasonable period before these Pool Terms were entered into, MSF Marketing informed the grower that MSF Marketing did not hold an AFSL.

5.5 Reliance on Information

- (i) MSF Marketing may, from time to time, provide the grower with information, documents, statements, opinions and data (both in written and oral form) in relation to Cane and sugar pricing, including in relation to this Pool (Information).
- (ii) MSF Marketing and its Related Bodies Corporate, directors, officers,
- (iii) employees or representatives do not make any representation or warranty, express or implied as to the currency, accuracy, reliability or completeness of the Information.
- (iv) The grower acknowledges and agrees that:
 - A. it must make and solely rely upon its own independent investigation, judgment and assessment of the Information;
 - B. it will obtain its own independent legal, financial and other advice in relation to the content of the Information; and

C. MSF Marketing and its Related Bodies Corporate, officers, employees, independent contractors and representatives do not accept liability for any reliance placed on the Information by the grower.

(v) The grower is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of these Pool Terms.

(vi) The grower is capable of assuming, and assumes, the risks of or in any way connected with these Pool Terms and amongst other risks, understands that past performance of the Pool is not indicative of future performance.

6 INTERPRETATION AND RELATED DOCUMENTS

6.1 This document is to be read in conjunction with the following documents:

- (i) The relevant grower's Grower Pricing Agreement;
- (ii) The relevant grower's Cane Supply Agreement; and
- (iii) Pricing Pool Terms for MSF Marketing Pricing Pools.

6.2 Capitalised terms not otherwise defined in these Shared Pool Terms have the same meaning as in the relevant grower's Grower Pricing Agreement.

6.3 A reference to Cane Pay Sugar is a reference to Cane Pay Sugar of all growers for whom MSF Marketing is the Pool Manager under their respective Grower Pricing Agreements unless the reference is to that of a specific grower only.



MSF Sugar

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³ The risk management policy adopted by MSF Marketing from time to time to manage Pool price risk.