



1 KEY FEATURES

1.1 Overview

- (i) The MSF Marketing 2021 Rolling Individual Forward Pricing Pool (**Pool**) is a Committed ICE 11 Pool, in respect of which a grower may seek to individually price its Cane Pay Sugar.
- (ii) MSF Marketing is the Pool Manager for this Pool.
- (iii) The gross price achieved in this Pool is Pool participant specific and will be the average price achieved by MSF Marketing (as contemplated in clause 1.4) from the ICE 11 futures market, converted from US dollars (**USD**) to an AUD return, as a result of Target Prices set by a Pool participant, adjusted after deducting the direct costs for the Pool determined in accordance with these Pricing Pool Terms, expressed on an AUD per Tonne IPS basis (**Gross Pool Price**).
- (iv) The net price achieved will be the Gross Pool Price, adjusted after allowing for MSF Marketing's Shared Pool allocation for the Pool determined by MSF Marketing in accordance with MSF Marketing's Shared Pool Terms, expressed on an AUD per Tonne IPS basis (**Net Pool Price**). The final price achieved by such a Pool participant will be equivalent to their Net Pool Price (**Final Pool Price**).
- (v) The Gross Pool Price, Net Pool Price and Final Pool Price for each Pool participant will be determined by MSF Marketing.

1.2 Application of Pricing Pool Terms

These Pricing Pool Terms will apply to the 2021 Season and to Cane Pay Sugar for the 2021 Season.

1.3 Pool Administration

The Pool is administered by MSF Marketing. MSF Marketing is responsible for all of the administrative functions of the Pool.

1.4 Target Prices

- (i) **Target Prices**, comprising an AUD equivalent ICE 11 price, and quantity of Cane Pay Sugar which MSF Marketing is to seek to price or have priced at that Target Price, are set by a grower (through its Authorised Person).
- (ii) MSF Marketing in its sole discretion may determine how it seeks to achieve Target Prices set by a grower. MSF Marketing will achieve a Target Price notified by a grower if it, or another party under its arrangements with MSF Marketing, enters into a Risk Management Contract(s) with a third party or parties which reflects that Target Price.
- (iii) If MSF Marketing is able to achieve a higher price than a Target Price, the actual price opportunity up until the conclusion of the pricing period.
- (ii) opportunity up until the conclusion of the pricing period.

achieved is used in the calculation of the Gross Pool Price.

- (iv) MSF Marketing will notify a grower within 2 Business Days if it achieves a Target Price (in whole or part¹) set by the grower.

1.5 Availability

This Pool is available to all growers who supply cane to the Mill Owner, who are parties to Grower Pricing Agreements and have nominated MSF Marketing as Pool Manager.

1.6 Pre-conditions

There are no pre-conditions to the operation of the Pool. Subject to paragraph 1.9(i), the Pool will operate regardless of the quantity of Cane Pay Sugar allocated to the Pool by growers.

1.7 Mill Margin Sugar

The Pool will not contain Mill Margin Sugar².

1.8 Allocation Requirements

- (i) The Allocation Period for the Pool for a grower commences on the date that the Grower Pricing Agreement of the grower becomes operative, and concludes at 5:00p.m. on 30 April 2021 or as otherwise notified by MSF Marketing.
- (ii) To participate in the Pool, a grower must (through its Authorised Person) give an Election Notification to the Mill Owner during the Allocation Period. More than one Election Notification may be given during the Allocation Period.
- (iii) Subject to paragraph 1.9(i), an Election Notification must specify a Target Price(s) and quantity of Cane Pay Sugar which MSF Marketing is to seek to price at each Target Price.
- (iv) Target Prices and applicable quantities of Cane Pay Sugar can be amended or withdrawn (**Target Price Amendment**) by the Authorised Person during the Allocation Period provided MSF Marketing has not achieved the Target Price in respect of any portion of the Cane Pay Sugar the subject of the Target Price Amendment.
- (v) Beyond the conclusion of the Allocation Period unfilled orders can no longer be withdrawn from this Pool. The allocated Cane Pay Sugar becomes committed to this pool after April 30 2021.
- (vi) Target Price Amendments must be given in the form and in the manner nominated by the Mill Owner from time to time. The form of the Target Price Amendment as at the date of these Pricing Pool Terms is contained in **Appendix 1** but may be subsequently amended or replaced by the Mill Owner.
- (vii) MSF Marketing, and/or another party under its arrangements with MSF Marketing, may be seeking to enter into Risk Management Contracts in overnight international markets to enable it to respond to Election

Notifications given by a grower (through its Authorised Person).

- (viii) MSF Marketing requires that any Election Notification or Target Price Amendment is received by the Mill Owner before 3.00pm on a Business Day to enable it to, or to place a request with another party to enable it to, seek to enter into Risk Management Contracts.
 - (ix) To enable MSF Marketing to respond to Election Notifications and Target Price Amendments based on trading on overnight international markets, any Election Notification or Target Price Amendment received after 3.00pm on a Business Day and before 9:00am on the next Business Day will take effect, at 9:00am on the next Business Day.
- ### 1.9 Minimum / Maximum Allocation
- (i) The Cane Pay Sugar quantity specified in an Election Notification in respect of a Target Price must be a minimum and multiple of 50.8025 metric tonnes.
 - (ii) Including Existing Pricing (if applicable), 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.
 - (iii) Any Cane Pay Sugar the subject of an Election Notification is allocated to this Pool even if the applicable Target Price has not been achieved by MSF Marketing.

1.10 Participation in Tonnage Priced and Price Achieved

- (i) MSF Marketing is entitled to combine allocated tonnages of various Pool participants with tonnages of Cane Pay Sugar allocated to other Pricing Pools and tonnages of Mill Margin Sugar, which are to be priced at a particular Target Price.
- (ii) If, for any reason, at any time, the aggregate of the Cane Pay Sugar tonnage allocated to all Pricing Pools and the tonnage of Mill Margin Sugar, which is to be priced at a particular Target Price, exceeds the tonnage that MSF Marketing is able to price at the particular Target Price (for example, due to lack of market opportunity), the tonnage priced at that particular Target Price will be shared pro-rata between the relevant mill owners, Pool participants and other Pricing Pool participants who have unpriced Cane Pay Sugar and Mill Margin Sugar to be priced at that Target Price.

1.11 Unpriced Tonnage

- (i) Allocated Cane Pay Sugar not priced at the end of each Business Day will be carried forward to be priced at the next market

¹ MSF Marketing may, from time to time, be unable to price all of the Grower's quantity of Cane Pay Sugar at a particular.

Target Price, in which case, MSF Marketing may only price part of that quantity at the particular Target Price.

² Mill Margin Sugar is the difference between total raw sugar production for the 2021 Season less total Cane Pay Sugar of all growers.

- (iii) Allocated Cane Pay Sugar that is not priced by the conclusion of the pricing period for that Season will be priced automatically at the first market opportunity following the final day of the pricing period.

2 MANAGEMENT STRATEGY

2.1 Objective

The aim of this Pool is to allow growers to independently influence the price they are paid for Cane supplied to the Mill Owner during the 2021 Season by fixing target AUD equivalent ICE 11 prices for Cane Pay Sugar allocated to this Pool.

2.2 Management parameters

Where MSF Marketing seeks to achieve a Target Price by entering into Risk Management Contracts itself, MSF Marketing is able to use the following derivatives in managing the Pool: ICE 11 futures contracts (MSF Marketing sells), foreign exchange contracts (MSF Marketing sells USD) and raw sugar commodity swaps (MSF Marketing sells, both AUD and USD denominated).

3 KEY CHARACTERISTICS

3.1 Marketing Responsibilities

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

3.2 Futures Exposures

- (i) The ICE 11 futures exposure of the Pool will initially be allocated on a 1:1:1 ratio across the Jul-21, Oct-21 and Mar-22 ICE11 futures contracts.
- (ii) Participants must set one Target Price for each commitment (minimum of 50.8025 Metric tonnes), Target Price/s may be amended per commitment from time to time by the Participant unless the position has already been priced.
- (iii) Where tonnage in this Pool remains unpriced at 5.00p.m. on the roll date, the portion of unpriced tonnage for the relevant ICE11 contract futures position will be deferred to the next available ICE11 futures position at the first available market opportunity.
- (iv) Unpriced tonnage may be rolled/deferred twice from Jul-21 to Oct-21 and once more from Oct-21 to Mar-22.

Expiry Position (rolled from)	New Position (rolled to)	Roll Date	Adjusted Pricing Ratio
Initial			1:1:1
Jul-21	Oct-21	8/06/2021	0:2:1
Oct-21	Mar-22	8/09/2020	0:0:3

- (v) The roll/deferment adjustment may be a cost or benefit and shall be calculated as the difference between the price for the sold and bought tonnage.
- (vi) Roll/deferment adjustments will be carried forward and will be incorporated in the eventual fill price of the exposure.
- (vii) MSF will advise Participants of an estimated roll/deferment adjustment prior to each roll and a final roll/deferment adjustment upon finalisation of each roll.

- (viii) Any positions remaining unpriced as at 5.00p.m. on the final day of the pricing period (8th Feb 2022) shall be priced at the next market opportunity on that date. Tonnage will be filled at market value +/- roll/deferment adjustments.

3.3 Supply Obligations

- (i) The Pool is a Committed ICE 11 Pool which means that if a grower allocates Cane Pay Sugar to the Pool and it is priced in accordance with these Pool Terms, the grower is required to deliver sufficient Cane to the Mill Owner to produce the relevant Cane Pay Sugar.
- (ii) In the event that a grower is unable to meet this commitment, the financial consequences for the grower will be determined in accordance with the grower's 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 grower to supply required Cane will not impact other participants in the Pool.

3.4 Cane Pay Advances

- (i) Advance payments for Cane supplied by a grower will be made on the basis of and in accordance with its Cane Supply Agreement.
- (ii) Orders that remain unpriced post commencement of the 2021 season will be allocated an interim price at each Cane Pay Advance, reflecting the current Mark-to-Market value of the pool including any accumulated roll/deferment costs or benefits.

3.5 Costs of Pool Operation

Costs and expenses associated with the operation of the Pool will be allocated to the Pool in accordance with the Pool Manager's Shared Pool Terms (as applicable to the relevant Pool participant).

3.6 Pool Administration Fee

All growers for whom MSF Marketing is the Pool Manager will share in the cost to administer and manage grower Cane Pay Sugar allocations through MSF Marketing's Shared Pool. As such, a separate fee to administer and manage grower Cane Pay Sugar allocations is not charged to those growers.

4 RISK PROFILE

4.1 Price risk

- (i) The main risk is that the market does not reach the level required to enable MSF Marketing to achieve Target Prices for the quantities of Cane Pay Sugar set by a grower from time to time, resulting in unpriced Cane Pay Sugar at the conclusion of the pricing period. This unpriced exposure would then be priced at the next available market opportunity which may yield undesirable returns for Participants after incorporating any accumulated roll/deferment costs or benefits.
- (ii) The return for this Pool for a grower is not final until it receives an allocation from the MSF Marketing Shared Pool. While the Gross Price is fixed when a Target Price is achieved, growers can expect the net price

to remain volatile with movements in raw sugar prices and the \$AUD/\$US exchange rate until the MSF Marketing Shared Pool allocation is finalised for the season.

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 a 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 Policy³ as they relate to growers for whom MSF Marketing is the Pool Manager 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 Pricing 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 Pricing 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 Pricing 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 Pricing 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, employees or representatives do not make any representation or warranty, express or implied as to the currency, accuracy, reliability or completeness of the Information.
- (iii) The grower acknowledges and agrees that:
 - (A) it must make and solely rely upon its own independent investigation,

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

- 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.
- (iv) 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 Pricing Terms.
- (v) The grower is capable of assuming, and assumes, the risks of or in any way connected with these Pricing 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) 2021 MSF Marketing Shared Pool Terms.
- 6.2** Capitalised terms not otherwise defined in these Pricing 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 unless the reference is to that of a specific grower only.

MSF office use only

Date Received:/...../.....

Time Received:

Received by:

Validated by:

Validated by:

GPA Reference Number

Email:

[illegible]

Declaration

I, the undersigned, declare that:-

- i. I am the Authorised Person under **clause 8** of the GPA;
- ii. I have read and understand the terms and conditions of the GPA and the associated risks;
- iii. I have read and understand the relevant Pricing Pool Terms and associated risks;
- iv. The Grower and/or I have had the opportunity to seek professional advice in relation to this notification;
and
- v. The sum total of the Cane Pay Sugar that has been committed under this Election Notification and all other Election Notifications does not exceed the applicable Production Risk Exposure Limited as at the date hereof.

Acknowledgements

As the Authorised person under **clause 8** of the GPA, on behalf of the Grower, I acknowledge and agree that:-

- i. The GPA terms and conditions and the relevant Pricing Pool Terms apply to this notification and the Grower agrees to be bound by them; and
- ii. There are risks associated with making this notification.

**This Election Notification is to be
conveyed by hand by facsimile or email
to the address as shown below:**

The Pricing Officer
MSF Sugar Limited
PO Box 130,
47 Gordon Street,
Gordonvale QLD 4865
Fax: (07) 4043 3300
Email: growerpricing@msfsugar.com.au

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Signed by Authorised Person

...../...../.....
Date