

# QSL COMMON POOL TERMS (2019 SEASON)

## 1 OVERVIEW

These QSL Common Pool Terms constitute the terms that are common to all QSL Pricing Pools (or all QSL Pricing Pools of a particular type). They form part of the QSL Pricing Pool Terms for each such relevant QSL Pricing Pool as if they were set out in full in those QSL Pricing Pool Terms.

While all Pricing Pools have a number of features in common, QSL Pricing Pools can be classified in a variety of ways, principally being by reference to differences such as:

- (a) how pricing for the Pricing Pool is determined (i.e. whether they are ICE 11 Pools or Non-ICE 11 Pools);
- (b) whether there are financial consequences for a Participant for failure by the Participant, or where the Participant is a Grower the relevant Delivery Participant, to deliver the volume allocated by the Participant to the Pricing Pool (i.e. whether they are Committed Pools or Uncommitted Pools); and
- (c) which entity is responsible for marketing of the Raw Sugar allocated to the Pricing Pool (i.e. whether they are QSL Marketed Pools or a Supplier EI Pool).

Those parts of these QSL Common Pool Terms which only apply to a particular type of Pricing Pool expressly indicate that.

There are two types of ICE 11 Pools, Pricing Platform Pools and Uncommitted Pools. Currently there are only two Uncommitted Pools, the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms) and the Self-Managed Harvest Pool (see the Self-Managed Harvest Pool Pricing Pool Terms). Currently the only Non-ICE 11 Pools, are the QSL US Quota Pool and each LTC Pool (see the QSL US Quota Pool Pricing Pool Terms and any LTC Pool Pricing Pool Terms).

The various ways of classifying the QSL Pricing Pools are summarised below:

Classification of Pricing Pools			
	ICE 11 Pools	Committed Pool	QSL Marketed Pool
<b>Pricing Platform Pools</b>	✓	✓	✓
<b>QSL Harvest Pool</b>	✓	✗	✓
<b>Self-Managed Harvest Pool</b>	✓	✗*	✓
<b>QSL US Quota Pool</b>	✗	✓	✓
<b>LTC Pool</b>	✗	✓	✓
<b>Supplier EI Pool</b>	N/A	N/A	✗

\*While not a Committed Pool, Raw Sugar allocated to the Self-Managed Harvest Pool will become Committed Sugar upon such Raw Sugar being priced.

## 2 ALLOCATION BETWEEN PRICING POOLS ON DELIVERY TO QSL

- (a) For RSSA Participants, which have allocated Raw Sugar to a Supplier EI Pool, QSL will treat Raw Sugar delivered by the RSSA Participant as delivered pro-rata between:
  - (i) QSL Marketed Pools; and
  - (ii) the Supplier EI Pool for that Participant,
 in accordance with the respective proportions of the Participants' SPE allocated to those Pricing Pools.
- (b) QSL will treat Raw Sugar attributable to Participants and delivered by Delivery Participants which is allocated to the QSL Marketed Pools as:
  - (i) first being received to meet the relevant Participant's obligation to deliver Committed Sugar in the QSL Marketed Pools; and

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(ii) second, to the extent that QSL has already received sufficient Raw Sugar attributable to the Participant to meet their obligation to deliver Committed Sugar in the QSL Marketed Pools, being allocated to the Harvest Pool or unpriced component of the Self-Managed Harvest Pool (as applicable) and being marketed as:

(A) forming part of Discretionary Tranche until QSL has allocated a quantity of Raw Sugar to the Discretionary Tranche equal to the following for the Participant:

*Initial SPE – Committed Pools allocation – 20% of Initial SPE – Discretionary Tranche changes*

where

Discretionary Tranche changes are reductions to the Discretionary Tranche under clause 7.1 of the QSL Harvest Pool Pricing Pool Terms or clause 9.2 of the Self-Managed Harvest Pool Pricing Pool Terms (as applicable) or additions to the relevant Delivery Participant's supply estimate occurring after the Pricing Declaration Date;

and

(B) otherwise, forming part of the Production Buffer Tranche.

### 3 PRICING PLATFORM POOLS

#### 3.1 OVERVIEW

This section 3 of the QSL Common Pool Terms only applies to Pricing Platform Pools.

The **Pricing Platform** is a mechanism to provide a framework within which Pool Participants can manage a significant portion of their Raw Sugar price risk.

The Pricing Platform will consist of a number of Pricing Pools which are managed by a Risk Manager whose basic responsibility is to price the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for the tonnage committed to the Pricing Pool.

The revenue to determine the Gross Price Element of an ICE 11 Pool will, subject to adjustments provided for in the Pricing Pool Terms applicable to individual Pricing Pools, be calculated as follows:

- (a) the USD revenue stream calculated as the weighted average ICE 11 futures prices achieved by the Pool's Risk Manager applied to the total Tonnes Actual allocated to the Pool will be converted to AUD under the pricing policy applied by the Pool's Risk Manager.
- (b) the resulting AUD revenue stream will be divided by the total tonnage allocated to the Pool in Tonnes IPS to arrive at the AUD per Tonne IPS Gross Price for the ICE 11 Pool.

The Risk Manager will be either:

(a) for all Pricing Pools offered to OSA Participants:

- (i) QSL; or
- (ii) a Grower or Grower Collective Committee approved by QSL and the relevant OSA Participant; or

(b) for Pricing Pools offered to RSSA Participants, either QSL, the RSSA Participant which is allocating Raw Sugar to the Pricing Pool or, with the approval of QSL and the relevant RSSA Participant, an External Risk Manager.

#### 3.2 ESTABLISHING A PRICING PLATFORM POOL

A Pricing Platform Pool can be established in one of four ways:

- (a) by QSL;
- (b) by a RSSA Participant. An example of a Pricing Platform Pool likely to be established by a RSSA Participant is a Pricing Pool under which a RSSA Participant manages its price risk;
- (c) by an External Risk Manager. With the approval of both QSL and the relevant RSSA Participant, an agreement may be entered into under which an entity that is not either of QSL or the relevant RSSA Participant (an **External Risk Manager**) is authorised to act as the Risk Manager of a Pricing Platform Pool. An example of a Pricing Platform Pool likely to be offered by an External Risk Manager is a Pricing Pool comprising a number of Participants but with a common specialist Risk Manager.
- (d) Where an OSA Participant is the Delivery Participant, by a Grower or Grower Collective Committee with the approval of both QSL and the relevant OSA Participant.

#### 3.3 REQUIREMENTS FOR QSL PRICING PLATFORM POOLS OFFERED TO GROWERS BY RSSA PARTICIPANT

- (a) If a product that QSL is offering under its own name on the Pricing Platform is offered by a RSSA Participant to Growers (for the purpose of managing price risk involved with their cane supply), then that RSSA Participant must ensure that the current Pricing Pool Terms for the relevant Pricing Pool(s) will be given to those Growers at the time the offer is made.
- (b) The obligation to provide the relevant Pricing Pool Terms can be satisfied by the RSSA Participant notifying the Growers in writing that the Pricing Pool Terms are available on QSL's website and from the local office of each Grower Association, provided such notice clearly indicates that reading those Pricing Pool Terms is important so that the Grower understands the significant features and characteristics of participation in the relevant Pricing Pool.

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## 3.4 PRICING DECLARATION DATE

- (a) In order that QSL can determine the Raw Sugar that it is responsible for pricing and what Raw Sugar other Risk Managers are responsible for pricing, it is necessary to establish a date by which the allocations of Raw Sugar to Pricing Pools must be nominated (subject to paragraph (c), being the **Pricing Declaration Date**).
- (b) The Pricing Declaration Date for any Season will be 30 April in the calendar year of that Season (or the Business Day immediately prior to the 30 April where 30 April is not a Business Day), provided that the Pricing Declaration Date may be changed by QSL:
  - (i) for all Participants;
  - (ii) for all OSA Participants;
  - (iii) for all RSSA Participants; or
  - (iv) for specified Participants,
 to a maximum of 3 months earlier or later, but only with the consent of all RSSA Participants (for making the date earlier) or a majority of RSSA Participants (for making the date later).
- (c) Where section 3.4(b) results in a Pricing Declaration Date that varies between one or more OSA Participants and RSSA Participants for a Pricing Platform Pool, pricing by QSL in respect of that Pricing Platform Pool will not commence prior to the later Pricing Declaration Date.
- (d) Some Pricing Platform Pools may require nominations by an earlier date as specified in the relevant Pricing Pools terms.

## 3.5 ALLOCATIONS TO PRICING PLATFORM POOLS

- (a) Applications to allocate Raw Sugar to Pricing Platform Pools will occur in accordance with the terms of the applicable RSSA, OSA or OSA Grower Agreement.
- (b) QSL must confirm or refuse each Application that is duly made by a Participant in accordance with the terms of the applicable RSSA, OSA or OSA Grower Agreement (as relevant). To the extent Applications are confirmed by QSL, the tonnage confirmed becomes allocated to the relevant Pricing Platform Pool and Committed Sugar.
- (c) QSL will only refuse an Application to allocate Raw Sugar to a Pricing Platform Pool that is duly made in accordance with a RSSA, OSA or OSA Grower Agreement (as relevant) on the following grounds:
  - (i) acceptance of the allocation is likely to result in the Participant exceeding its Credit Limit (as established in accordance with clause 8 of these QSL Common Pool Terms);

- (ii) QSL has not agreed to the nomination of an External Risk Manager for the relevant Pricing Pool, pursuant to a RSSA, which the Application made under a RSSA seeks to nominate;
- (iii) acceptance of the allocation is likely to result in the Participant exceeding its Commitment Limit (as established in accordance with clause 4 of these QSL Common Pool Terms);
- (iv) the Pricing Pool will not meet the minimum tonnage requirement specified in clause 3.7 of these QSL Common Pool Terms;
- (v) if acceptance of the tonnage would cause the Pricing Pool to exceed any maximum tonnage limit specified in the QSL Pricing Pool Terms for that Pricing Pool;
- (vi) the Pricing Pool has a Grower Collective Committee as the Risk Manager and QSL is not satisfied with terms of the Grower Collective Committee participation agreement or other arrangements under which the Grower Collective Committee is responsible to the relevant Growers;
- (vii) the Pricing Pool has a different Participant as the Risk Manager (and that Risk Manager has not provided consent for the Participant's participation in the Pricing Pool); or
- (viii) the Pricing Pool is a Supplier EI Pool related to a different Participant (as Supplier EI Pools are specific to each RSSA Participant and not part of the generally available Pricing Platform Pools).

## 3.6 FIXED PRICING EXPOSURE

- (a) All Pricing Platform Pools will be offered Fixed Pricing Exposure to ICE 11 Futures as per the table below (where YYYY is the production Season for deliveries under this Agreement and YYYY+1 is the next year after the commencement of deliveries for a Season under this Agreement).

Available ICE 11 Futures Position	Futures Contract Ratio
July-YYYY	1
October-YYYY	2
March-YYYY+1	2
May-YYYY+1	1
<b>Total</b>	<b>6</b>

These 6 Contracts will constitute a Pricing Unit. For the purposes of the Pricing Pool Terms, 1 Contract (lot) = 50.8025 tonnes and 1 Pricing Unit = 304.815 tonnes.

- (b) QSL may change the 1:2:2:1 ratio above for one or more Pricing Platform Pools for a Season prior to the Pricing Declaration Date:

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- (v) where a change for all Pricing Platform Pools is proposed, where there is a fundamental change in QSL's marketing plan; or
- (vi) where a change to the ratio is proposed for particular Pricing Platform Pools, where making the change will, in QSL's view, improve QSL's competitive offering,  
but only with such changes being made:
  - (vii) with the consent of a majority in number of the RSSA Participants; and
  - (viii) where changes are being made to the ratio for particular Pricing Platform Pools, each RSSA Participant is offered an opportunity to participate in the Pricing Platform Pools for which an altered ratio will be utilised.

## 3.7 MINIMUM TONNAGE

- (a) The minimum tonnage requirement for any Pricing Pool to be accepted onto the Pricing Platform is 100 Pricing Units (30,481.5 tonnes) for any Pricing Pool using SEOs as the close out mechanism and 30 Pricing Units (9,144.450 tonnes) for any Pricing Pool using AAs as the close out mechanism.
- (b) QSL may, in its absolute discretion, accept Pricing Pools onto a Pricing Platform which are below those minimum tonnage requirements.

## 3.8 PRICING MECHANISMS

- (a) Every Pricing Platform Pool which does not have QSL as the Risk Manager, must have one or more nominated methods for pricing the Raw Sugar in that Pool (each a **Pricing Mechanism**).
- (b) The Participant (or where relevant for an OSA Participant, Grower or Grower Collective Committee) shall nominate Pricing Mechanisms that will be used by the Risk Manager in the Application for a Season.
- (c) The following are permissible Pricing Mechanisms:
  - (i) Against Actual (**AA**) Transactions: The Participant (or where an OSA Participant is the Delivery Participant, a Grower or Grower Collective Committee which is the Risk Manager) can enter into an AA Transaction with QSL for the relevant quantity for each Available Contract on the Fifth Last Trading Session for that contract. QSL may, at its sole discretion, accept entry into AA Transactions at an earlier date. Where this mechanism is selected, the Risk Manager must advise QSL of the details of its Broker for AA Transactions.
  - (ii) Seller's Executable Orders (**SEO**) Transactions: The Participant (or where an OSA Participant is the Delivery Participant, a Grower or Grower Collective Committee which is the Risk Manager) can instruct QSL to sell the equivalent

number of ICE 11 contracts of the relevant quantity for each Available Contract under procedures developed by QSL after consultation with Participants. SEOs executed shall be for the account and risk of QSL. SEOs for each Available Contract must be executed by the completion of trading on the Fifth Last Trading Session for that contract

- (d) The Participant may, with QSL's approval, change their Pricing Mechanism at any time during a Season for outstanding Available Contracts. QSL must receive a notice requesting a change at least 5 Business Days prior to when the Participant requests the change to be effective.

## 3.9 ALTERNATE PRICING

- (a) Where a Risk Manager fails to execute sufficient pricing for an Available Contract under its nominated Pricing Mechanism by the completion of trading on the Fifth Last Trading Session for the relevant contract, QSL will sell such number of ICE 11 contracts as is sufficient to promptly close out QSL's long futures positions that would otherwise have been closed out had the Participant completed pricing using their nominated, or as amended, Pricing Mechanism with QSL.
- (b) Any Costs incurred by QSL in closing out the long futures positions will be for the account of the Participant and reduce amounts to be paid to the Participant as calculated under the Pricing Pool Terms.

## 3.10 FOREIGN EXCHANGE

- (a) The Risk Manager will advise QSL when it wishes QSL to hedge the USD exposure of a Pricing Pool under procedures published by QSL.
- (b) Where a Risk Manager fails to hedge sufficient foreign exchange to convert the USD exposure of the Pool to AUD by 2 Business Days after the last trading day of each contract, QSL will convert the exposure and the trade will be allocated to the Pricing Pool as if it were done by the Risk Manager.

## 4 COMMITTED POOLS

### 4.1 OVERVIEW

This section 4 of the QSL Common Pool Terms only applies to Committed Pools.

In order to minimise the risk of Participants not having sufficient Raw Sugar attributable to them supplied to meet their obligations and to restrict the financial impact on QSL of the commitment of Raw Sugar by Participants to the Pricing Platform Pools, there will be a Commitment Limit on the amount of a Participant's Raw Sugar that can be allocated to Committed Pools at any point in time.

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## 4.2 COMMITMENT LIMITS

The Commitment Limit for a Participant will be:

- (a) 65% of:
  - (i) until the Pricing Declaration Date for the following Season, the relevant Delivery Participant's supply estimate of Raw Sugar attributable to the Participant for the following Season; and
  - (ii) from the Pricing Declaration Date for that Season for the remainder of that Season, the Participant's Initial SPE for that Season;
- (b) 50% of the relevant Delivery Participant's supply estimate for Raw Sugar attributable to a Participant for the Season that is 1 additional Season forward from the following Season;
- (c) 40% of the relevant Delivery Participant's supply estimate for Raw Sugar attributable to a Participant for the Season that is 2 additional Seasons forward from the following Season;
- (d) for an OSA Participant or for an RSSA Participant where the term of their RSSA has been extended to a 4 or 5 year term, 30% and 25% of the relevant Delivery Participant's supply estimate for Raw Sugar attributable to a Participant for the Season that is 3 or 4 additional Seasons forward from the following Season respectively, to the extent applicable; and
- (e) otherwise 0% (including for Seasons beyond the term of an RSSA or OSA or for Seasons that are beyond the 5 year period covered by paragraphs (a) to (d) above).

The Commitment Limits may be changed by QSL at its absolute discretion but only after consultation with all RSSA Participants.

## 4.3 FUTURE SEASON ESTIMATES

- (a) Should a Participant elect to participate in a Pricing Platform Pool under which pricing occurs of Raw Sugar to be supplied beyond the current Season, they will provide a non-binding supply estimate for those Seasons beyond the current Season for which pricing is occurring in that Pricing Platform Pool. The Participant has an obligation to inform QSL of changes of more than 10% of these future Seasons estimates.
- (b) Subject to paragraph (c), the Participant's estimate of future Seasons' supply will be deemed to be overestimated where the estimate provided exceeds the average of the previous 5 year's deliveries attributable to the Participant supplied to QSL by more than 10% unless documented evidence can be provided justifying the increase to QSL's reasonable satisfaction. Where a Participant's estimate is deemed to be overestimated the Participant's attributable delivered tonnage (as delivered by the relevant Delivery Participant) for

the latest completed crushing will be used as the estimate of future Seasons' supply for the purpose of setting these limits.

- (c) Where an OSA Participant or a Delivery Participant under an OSA is providing estimates under this clause 4.3, for the purposes of calculating previous years' deliveries QSL shall:
  - (i) for Seasons during the term of the relevant OSA, utilise the actual deliveries under the OSA in such a Season attributable to the OSA Participant; and
  - (ii) for Seasons during the term of an RSSA previously entered by the relevant Delivery Participant (or a Related Body Corporate), utilise the deliveries under the RSSA in such a Season subject to an appropriate adjustment to reflect the anticipated proportion of GEI Sugar that will be supplied by the relevant Delivery Participant in the current Season (and, where the OSA Participant is a Grower, the estimated extent to which such GEI Sugar is attributable to the relevant OSA Participant).

## 4.4 ILLUSTRATIVE EXAMPLES

For illustrative purposes, an example is provided below of the process that QSL will use for advising Participants of their entitlement to commit production to the Pricing Platform.

	Following Season	Following Season plus 1	Following Season plus 2	Following Season plus 3	Following Season plus 4
<b>Participant's SPE (000's t)</b>	540	540	540	540	540
<b>Commitment Limit %</b>	65%	50%	40%	30%	25%
<b>Commitment Limit</b>	351	270	216	162	135
<b>Less Non ICE 11 (as estimated by QSL)</b>	27	27	27	27	27
<b>Less Existing Commitment to Pricing Platform</b>	50	100	100	0	0
<b>Remaining Entitlement to the Pricing Platform</b>	274	143	89	135	108



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For the avoidance of doubt, for RSSA Participants, if the RSSA Participant or QSL has not given a notice to terminate:

- (a) on each 30 June when the RSSA is extended for 12 months, the Commitment Limit for the new Season included in the term of the RSSA becomes 40%, with the Commitment Limits for the two prior Seasons being increased from 50% and 40% to 65% and 50% respectively; and
- (b) if the term of the RSSA is extended to 4 or 5 years:
  - (i) on the date of extension, the Commitment Limit for the new Season(s) included in the term of the RSSA initially becomes 30% (for 4 Seasons forward) and 25% (for 5 Seasons forward), with the Commitment Limits for the Seasons within the existing term remaining unchanged; and
  - (ii) on each 30 June where paragraph (b)(i) does not apply, the Commitment Limit for the 3 Seasons within the minimum 3 year rolling term is increased to 65%, 50% and 40% respectively, with the Commitment Limit for any fourth Season included within the term increasing to 30%.

For illustration purposes, an example is provided below of how the limits for a Season will change over time (assuming the Pricing Declaration Date for the 2019 Season remains as 30 April 2019 and that the relevant agreement is either an OSA or a RSSA for which the term has been extended to 5 years, and where CE represents the current estimate by the relevant Delivery Participant of supply attributable to the relevant Participant under the relevant agreement for that Season):

	2019 Season	2020 Season	2021 Season	2022 Season	2023 Season	2024 Season
Commitment Limit on 30/06/2018	65% of Initial SPE	50% of CE	40% of CE	30% of CE	25% of CE	0% of CE
Commitment Limit from 1/07/2018 – 30/4/2019	65% of Initial SPE	65% of CE	50% of CE	40% of CE	30% of CE	0% of CE
Commitment Limit if between 1/07/2018–30/4/2019 pricing is conducted for the 2024 Season	65% of Initial SPE	65% of CE	50% of CE	40% of CE	30% of CE	25% of CE
Commitment Limit from pricing being conducted until 30/06/2019	65% of Initial SPE	65% of Initial SPE	50% of CE	40% of CE	30% of CE	25% of CE

If on the Pricing Declaration Date for a Season it becomes apparent that the Participant has priced more than its Commitment Limit (65% of its Initial SPE) for the Season to commence the day after the Pricing Declaration Date, the Participant must enter into transactions reasonably acceptable to QSL within 14 days to reverse those pricing positions, so that its Committed Sugar is no more than the Commitment Limit. Possible transactions include but are not limited to buying back the additional Raw Sugar, novating the Raw Sugar pricing agreements to another party or striking AA Transactions to cancel the pricing positions. If the Participant has not undertaken such transactions to QSL's satisfaction within that period, QSL will enter into AA Transactions at the cost of the Participant to cancel the pricing positions.

For example, if a Participant prices 65% of its then current estimate as given to QSL for a Season, and on the Pricing Declaration Date for that Season, the Initial SPE provided is lower than that previous estimate such that the Participant has priced 70% of its SPE for that Season, the Participant will have 14 days to reverse pricing positions for 5% of its Initial SPE, with failure to do so resulting in QSL entering AA Transactions at the cost of the Participant to cancel those pricing positions.

## 5 FAILURE TO DELIVER COMMITTED SUGAR

### 5.1 OVERVIEW

- (a) This section 5 applies where the actual or anticipated aggregate level of deliveries by a Delivery Participant attributable to a Participant during a Season to QSL are, or are anticipated to be, insufficient to meet the Participant's obligation to deliver Committed Sugar, and determines the outcomes of that failure as between QSL and the relevant Participant.
- (b) A failure by a Grower to fulfil any volume commitments regarding cane deliveries they have to a Delivery Participant or mill owner, may also give rise to outcomes under the arrangements between that Grower and the Delivery Participant or mill owner, and/or the relevant OSA or OSA Agreement (as relevant), which may involve reference to the outcomes under the Pricing Pool Terms but are likely to involve processes and outcomes beyond the scope of the Pricing Pool Terms.

### 5.2 FAILURE TO DELIVER COMMITTED SUGAR

- (a) Each Participant is obliged to deliver, or have the relevant Delivery Participant deliver, Committed Sugar.
- (b) Any Participant who fails to deliver, or have the relevant Delivery Participant deliver, Committed Sugar or Priced EI Sugar (the **Failing Participant**) will bear the actual profit or loss on the ICE 11 and foreign exchange transactions required to

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be undertaken by QSL to correct any overpriced positions, and where possible such pricing will be applied to Pricing Pools where the associated risk can be managed directly by the Failing Participant. To the extent that other arrangements can be made, that may be a variation to the procedure outlined in this section 5, QSL will not unreasonably withhold its consent to those arrangements provided that the financial position of all other Participants is no worse off as a result of that variation.

- (c) A failure to deliver or have delivered Committed Sugar will occur if:
- (i) the most recent SPE provided for a Participant does not provide for sufficient Raw Sugar to be delivered to meet all of the Participant's Committed Sugar for the Season;
  - (ii) on the completion of deliveries attributable to the Participant by the relevant Delivery Participant for a Season, the Delivery Participant has not delivered sufficient Raw Sugar attributable to the Participant to meet all of the Participant's Committed Sugar for the Season;
  - (iii) QSL, after prior consultation with the Participant and taking into account seasonal conditions and historical production trends for the Participant and any other information provided by the Participant during such consultation has a reasonable expectation that the Participant will be unable to deliver or have delivered sufficient Raw Sugar to meet all of the Participant's Committed Sugar for the Season; or
  - (iv) the Participant notifies QSL in writing that the Participant will be unable to deliver or have delivered its Committed Sugar.
- (d) If QSL seeks to begin consultation with the Participant to determine whether the Participant will be unable to deliver or have delivered all of its Committed Sugar for a Season for the purposes of paragraph (c)(iii), QSL must immediately cease to price any further quantities of Raw Sugar for the Participant for the then current Season
- (e) A failure to deliver or have delivered Committed Sugar pursuant to:
- (i) paragraphs (c)(i) to (c)(iii) will be deemed to occur from the day that QSL gives the Participant notice that a failure to deliver or have delivered Committed Sugar pursuant to the relevant paragraph has occurred; or
  - (ii) paragraph (c)(iv) will be deemed to occur from the day that the Participant gives QSL notice pursuant to that paragraph.
- (f) A failure to deliver or have delivered Committed Sugar will result in a financial adjustment to the Participant reflecting the financial effect of that failure as determined by QSL in accordance with the procedure set out in clause 5.3 of these QSL

Common Pool Terms. Where that failure arose from the failure of a Grower (which is not itself a Participant) to meet cane commitments to the relevant Participant (or mill owner), how that financial effect is reflected in the payments received by the Grower will also be impacted on by the cane supply and pricing arrangements between the Grower and the relevant mill owner or Delivery Participant.

### 5.3 COSTS OF FAILURE TO DELIVER COMMITTED SUGAR

- (a) A failure to deliver or have delivered Committed Sugar will have the following consequential effects:
- (i) the futures exposure the QSL Harvest Pool has against the remaining open futures positions for the Season at the time the failure is identified will be altered due to the reduction in the amount of 1:2:2:1 exposure required by the Pricing Platform Pools and any reduction in the tonnage in Non-ICE 11 Pools and the Failing Participant's Self-Managed Harvest Pool (if applicable).
  - (ii) to the extent the Failing Participant is a Self-Managed Harvest Pool Participant, the futures exposure the Self-Managed Harvest Pool for the Failing Participant has against the remaining open futures positions for the Season at the time the failure is identified will be altered as set out in Self-Managed Harvest Pool Pricing Pool Terms.
  - (iii) Supplier Managed Pricing Platform Pools for which the Failing Participant is the only Pool Participant may be overpriced.
  - (iv) for Pricing Platform Pools where one or more Participants have a common Risk Manager, the share of ICE 11 pricing and foreign exchange cover completed to date for other Participants in those Pricing Pools may be altered.
  - (v) the tonnage in Non-ICE 11 Pools may be changed.
- (b) The financial cost or benefit for a Failing Participant failing to deliver or have delivered Committed Sugar will comprise of the following components:
- (i) the cost or benefit to the QSL Harvest Pool of having its pricing exposure altered due to a reduction in Pricing Platform exposure or having to fulfill tonnage where there is a failure to deliver or have delivered Non-ICE 11 tonnage; and
  - (ii) for all Failing Participants, the cost or benefit of unwinding ICE 11 pricing and foreign exchange cover in the Pricing Platform Pools affected by the failure (be they Participant managed, QSL managed or externally managed Pricing Pools); and
  - (iii) where the Failing Participant is a Self-Managed Harvest Pool Participant, the cost or benefit or unwinding ICE 11 pricing and foreign exchange cover in the Self-Managed Harvest Pool to

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the extent the shortfall cannot be resolved by reducing the Self-Managed Harvest Pool's pricing exposure against the remaining open futures positions for the Season (as set out in the Self-Managed Harvest Pool Pricing Pool Terms) at the time the failure is identified.

- (c) In determining the financial effect of failing to deliver or have delivered Committed Sugar the amount of the shortfall will be applied to a Failing Participant's Committed Sugar in the following order of priority:
- (i) Pricing Platform Pools;
  - (ii) LTC Pools in reverse order to that in which the relevant LTCs were executed (i.e., from the LTC most recently executed to the LTC executed the longest ago, such that the LTC Pool relating to the most recently executed LTC will be the first the Supplier will fail to deliver or have delivered Raw Sugar for);
  - (iii) US Quota Pool;
  - (iv) Committed Sugar in any other Pricing Pool; and
  - (v) the Self-Managed Harvest Pool (where applicable to the Failing Participant).

### 5.4 PRICING PLATFORM POOLS COMPONENT

In addition to the amount for the QSL Harvest Pool component calculated in accordance with clause 5.7, the cost to the Failing Participant for the impact on the Pricing Platform Pools of a failure to deliver or have delivered Committed Sugar will be the cost of unwinding any overpriced positions in the Pricing Platform Pools affected by the failure.

The amount of the failure will be applied sequentially to Pricing Platform Pools in the following order of priority:

- (a) Pricing Pools for which a Participant is the Risk Manager using AA Transactions;
- (b) Pricing Pools for which a Participant is the Risk Manager using SEOs;
- (c) Pricing Pools managed by an External Risk Manager operated solely for the Failing Participant;
- (d) Pricing Pools for which QSL is the Risk Manager; and
- (e) Other Pricing Pools managed by an External Risk Manager.

### 5.5 POOLS RUN SOLELY FOR THE FAILING PARTICIPANT

- (a) For Pricing Pools run solely for the Failing Participant, the tonnage amount of the failure to deliver or have delivered Committed Sugar will be applied to the un-priced tonnage in these Pricing Pools first; reducing the amount of remaining pricing the Failing Participant has within these Pricing Pools.
- (b) Where there is insufficient un-priced tonnage to absorb the total quantity of the failure to deliver or have delivered Committed Sugar, the remaining tonnage will be applied against priced tonnage for the Pricing Pool. This priced tonnage will need to be cancelled.
- (c) To cancel the amount of required pricing, QSL, at the Failing Participant's option (subject to paragraph (d)), will agree to either:
  - (i) enter into an AA Transaction with the Failing Participant, where QSL will receive long futures contracts set at the Pricing Pool average price achieved to date and the Failing Participant will receive short futures contracts at the same price to cancel the equivalent amount of the Pricing Pools' pricing affected by the failure to deliver or have delivered Committed Sugar; or
  - (ii) buy futures contracts at the prevailing ICE 11 market price to cancel the equivalent amount of pricing affected by the failure to deliver or have delivered Committed Sugar. The profit or loss on these transactions will be calculated as the difference between the average price at which the futures contracts are bought and the average price secured Season to date for the Pricing Pool affected by the failure to deliver or have delivered Committed Sugar. This profit or loss will be for the account of the Failing Participant.
- (d) If the Failing Participant does not elect which option of clauses 5.5(c)(i) or 5.5(c)(ii) it would prefer QSL undertake within 7 days of the occurrence of the failure to supply Committed Sugar, QSL will undertake the option in clause 5.5(c)(ii).
- (e) Should the Failing Participant's Pricing Pool have excess foreign exchange cover as a result of the failure, QSL will buy USD at the prevailing AUD/USD market rate to cancel the equivalent amount of foreign exchange cover affected by the failure to deliver or have delivered Committed Sugar. The profit or loss on this transaction will be calculated as the difference between the AUD/USD rate at which the USD were bought and the average AUD/USD exchange rate secured in the Season to date for the Pricing Pool. This profit or loss will be for the account of the Failing Participant.
- (f) The average AUD/USD exchange rate secured for the Season to date for the Pricing Pool will be the weighted average rate of foreign exchange contracts



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to date plus Currency Options at the maximum strike rate secured less any Costs paid for Currency Options for the Season to date.

- (g) The average price secured for the Season to date for the affected Pricing Pool will be the weighted average price of all ICE 11 futures contracts sold, plus open Sugar Pricing Options at the minimum strike price secured less any Costs paid for all Sugar Pricing Options for the Season to date.
- (h) The final result of these transactions will be incorporated into the final price payable for the Raw Sugar already delivered and attributable to the Failing Participant to this Pricing Pool and the advances program for the Failing Participant will be adjusted as required. In the event there is insufficient money owing under the advances program, for Raw Sugar already delivered and attributable to the Failing Participant to this Pricing Pool to offset any loss incurred to correct an overpriced position(s) (i.e. the adjusted final Pricing Pool price as a result of the above transactions is less than the current advance rate), the Failing Participant will be required to pay this shortfall within 7 Business Days.

### 5.6 PRICING PLATFORM POOLS INVOLVING MORE THAN ONE PARTICIPANT

- (a) The key issue for Participants when one Participant fails to deliver or have delivered Committed Sugar in respect of a Pricing Platform Pool is that it changes individual Participants' share of pricing and foreign exchange already completed. Depending on the value of the Pricing Pool's pricing completed and the current market levels, this pricing may be in or out of the money.
- (b) The desired outcome of this procedure is to leave the remaining Participants in a Pricing Platform Pool with the same percentage level of ICE 11 pricing and foreign exchange cover that they had prior to the failure to deliver or have delivered Committed Sugar.
- (c) To ensure the Pricing Pool's percentage of pricing completed, and the average price secured for the Season to date are not affected by the failure to deliver or have delivered Committed Sugar, QSL, at the Failing Participant's option (subject to paragraph (d)), will agree to either:
  - (i) enter into an AA Transaction with the Failing Participant, where QSL will receive long futures contracts set at the affected Pricing Pool average price secured to date and the Failing Participant will receive short futures contracts at the same price to cancel the equivalent amount of the Pricing Pool's pricing affected by the failure to deliver or have delivered Committed Sugar; or
  - (ii) buy futures contracts at the prevailing ICE 11 market price to cancel the equivalent amount of pricing affected by the failure to deliver or have delivered Committed Sugar. The profit or loss on these transactions will be calculated as the difference between the average price at which the futures contracts are bought and the average price achieved in the Season to date for the Pricing Pool affected by the failure to deliver or have delivered Committed Sugar. This profit or loss will be for the account of the Failing Participant.
- (d) If the Failing Participant does not elect which option of Clauses 5.6(c)(i) and 5.6(c)(ii) it would prefer QSL undertake within 7 days of the occurrence of the failure to supply Committed Sugar, QSL will undertake the option in 5.6(c)(ii).
- (e) The average price secured for the Season to date for the affected Pool will be the weighted average price of all ICE 11 futures contracts sold, plus open Sugar Pricing Options at the minimum strike price secured less any Costs paid for all Sugar Pricing Options for the Season to date.
- (f) The quantity of futures lots to be closed out by entry into AA Transactions or bought back will be the percentage equivalent of the Pricing Pool's pricing completed for the Season to date. Where the amount of lots to be closed out is not a whole number, QSL will close out the nearest whole number of lots. Where the lots to be closed out relate to multiple futures positions, the lots will be closed out pro-rata between those futures contracts.
- (g) For example, for a Failing Participant having failed to deliver or have delivered 20,000 mt of Committed Sugar, if the Pricing Pool is 60% priced, the number of lots for the AA would be 236,  $(20,000/50.8025 * 0.6)$ , QSL will buy 236 lots or strike the AA for 236 lots against the relevant futures position(s), pro-rata, which will be reduced in QSL's Marketing Plan as a result of the withdrawal.
- (h) To ensure the Pricing Pool's percentage of foreign exchange cover completed for the Season to date and the average exchange rate secured for the Season to date are not affected by the failure to deliver or have delivered Committed Sugar, QSL will buy USD at the prevailing AUD/USD market rate to cancel the equivalent amount of foreign exchange cover affected by the failure to deliver or have delivered Committed Sugar. The profit or loss on this transaction will be calculated as the difference between the AUD/USD rate at which the USD were bought and the average AUD/USD exchange rate secured Season to date for the Pricing Pool. This profit or loss will be for the account of the Failing Participant.

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- (i) The average AUD/USD exchange rate secured for the Season to date for the Pricing Pool will be the weighted average rate of foreign exchange contracts to date plus Currency Options at the maximum strike rate secured less any Costs paid for all Currency Options for the Season to date.
- (j) The intent of these transactions is as follows:
  - (i) The Pricing Pool's final price estimate will be unaffected by the failure to deliver or have delivered Committed Sugar.
  - (ii) The Failing Participant's share of pricing completed for the Season to date that applies to the tonnage not delivered will be effectively transferred to the Failing Participant, leaving the remaining Participants' share of pricing completed to date for the Pricing Pool unchanged.

### 5.7 QSL HARVEST POOL COMPONENT

- (a) The change in the QSL Harvest Pool's exposure will depend upon whether the failure to deliver or have delivered Committed Sugar involves ICE 11 Pricing Platform Pools only or both ICE 11 Pricing Platform Pools and Non-ICE 11 Pools. Once a Failing Participant's QSL Harvest Pool allocation becomes zero (either through decreases in a QSL Harvest Pool Participant's allocation through reductions in supply estimate or deliveries or through the Failing Participant being a Self-Managed Harvest Pool Participant), the size of the QSL Harvest Pool is no longer affected by changes in the Failing Participant's production estimate until the Failing Participant fails to deliver or have delivered part or all of their Non-ICE 11 Pools Committed Sugar.
- (b) Where the failure affects ICE 11 Platform Pools only, the QSL Harvest Pool component will be determined by comparing the marked to market valuation of the QSL Harvest Pool immediately prior to the failure having been identified to the marked to market value of the QSL Harvest Pool immediately after the failure having occurred.
- (c) Where the failure involves Non-ICE 11 Pools the QSL Harvest Pool component will be calculated as per clause 5.8.

### 5.8 FAILURE TO DELIVER NON ICE 11 POOLS TONNAGE

#### (a) Overview of issues

- (i) Where the failure to deliver or have delivered Committed Sugar involves a Failing Participant's commitment to a Non-ICE 11 Pool, this will reduce the tonnage in the QSL Harvest Pool and thus reduce the pricing available to it, as QSL Harvest Pool Raw Sugar will be required to fulfill the contractual obligation to the customer.
- (ii) QSL will transfer unsold Raw Sugar from the QSL Harvest Pool in the opposite order of priority to that as listed in clause 5.3(c)

excluding 5.3(c)(iv) and (v) (i.e., the unsold Raw Sugar will first be transferred to cover any shortfall in the US Quota Pool).

#### (b) LTC Pools

- (i) For LTC Pools, the amount of un-delivered Raw Sugar will be either:
  - (A) supplied by Third Party Origin Sugar; or
  - (B) otherwise, transferred from the QSL Harvest Pool,as QSL considers appropriate having regard to the requirements of the relevant LTC.
- (ii) If QSL decides to supply the replacement Raw Sugar from Third Party Origin Sugar, the Cost paid by the Failing Participant will be the difference between the costs of purchasing that Third Party Origin Sugar including Freight Costs and any other Direct Marketing Costs and the total Invoice Base Price of the LTC including polarisation. Where the costs of purchasing that Third Party Origin Sugar is less than the Invoice Base Price of the LTC (i.e. the LTC is in the money), the cash difference will be paid to the Failing Participant out of the LTC Pool. Where the costs of purchasing that Third Party Origin Sugar is greater than the Invoice Base Price of the LTC price (i.e. the LTC is out of the money), the cash difference will be paid by the Failing Participant into the LTC Pool. This cash settlement will leave the relevant LTC Pool in the same position as if the failure to deliver or have delivered Committed Sugar had not occurred.
- (iii) If QSL decides to transfer the replacement Raw Sugar from the QSL Harvest Pool, any price protected element (such as fixed or banded pricing) will be converted to ICE 11 floating through the lifting of hedges (buying ICE 11 futures contracts) for the equivalent amount of the un-delivered tonnage. The purpose of lifting hedges is to leave the QSL Harvest Pool with the same amount of available ICE 11 pricing exposure before the identification of the failure to deliver or have delivered Committed Sugar. Where the average price of the futures bought is less than the Invoice Base Price of the LTC (i.e. the LTC is in the money), the cash difference will be paid to the Failing Participant out of the QSL Harvest Pool. Where the average price of the futures bought is greater than the ICE 11 component of the LTC price (i.e. the LTC is out of the money), the cash difference will be paid by the Failing Participant into the QSL Harvest Pool. The combination of lifting hedges and this cash settlement will leave the QSL Harvest Pool in the same position as if the failure to deliver or have delivered Committed Sugar had not occurred. The CFR Premium, the Polarisation

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Premium, the Marketing Revenue and any Direct Marketing Costs associated with the LTC undelivered tonnage will be transferred to the ICE 11 component of the Shared Pool.

### (c) US Quota Pool

- (i) Where the Failing Participant fails to deliver or have delivered part or all of their US Quota tonnage QSL will first try to transfer the amount of un-delivered Raw Sugar from the QSL Harvest Pool. If the price achieved for Raw Sugar in the QSL Harvest Pool is higher than the price achieved for Raw Sugar in the US Quota Pool (on a Tonnes IPS basis), the Failing Participant will pay to QSL the difference in price per Tonne IPS not supplied.
- (ii) If there is insufficient unsold Raw Sugar in the QSL Harvest Pool, the Failing Participant must pay the costs of unwinding any necessary sales of Raw Sugar. QSL will use reasonable endeavours to mitigate the costs of such unwinding transactions.

### 5.9 COMMITTED TONNAGE CLOSE-OUT

- (a) As the final amount of Committed Sugar not delivered will not be able to be quantified until the relevant Delivery Participant or mill owner finishes crushing cane, this procedure will be applied in a layered approach. For example, the Failing Participant may suffer a significant weather event in the latter half of their crushing season and may not be able to quantify exactly how much Committed Sugar they will finally deliver or have delivered, only that they are at risk of failing to deliver or have delivered part of their current Committed Sugar.
- (b) In this instance, the Failing Participant may wish to nominate an amount of Committed Sugar that will not be delivered to enable to them to manage their market risk straight away (i.e. effectively allowing the Failing Participant to reduce their Committed Sugar having received the financial effect of doing so in accordance with the procedure set out in this clause 5).

### 5.10 SUPPLIER EI POOL

- (a) A failure to deliver or have delivered Priced EI Sugar will result in the Supplier EI Pool being overpriced. The financial cost or benefit for a Failing Participant failing to deliver or have delivered Priced EI Sugar will comprise of the costs of QSL entering into futures transactions and foreign exchange transactions, to cancel the equivalent amount of ICE 11 pricing and foreign exchange cover for the Supplier EI Pool.
- (b) Where there is a failure to deliver or have delivered Priced EI Sugar, the priced tonnage reflecting the shortfall will need to be cancelled.

(c) To cancel the amount of required pricing, QSL, at the Failing Participant's option (subject to clause 5.10(d)), will agree to either:

- (i) enter into an AA Transaction with the Failing Participant, where QSL will receive long futures contracts set at the Supplier EI Pool average price achieved to date and the Failing Participant will receive short futures contracts at the same price to cancel the equivalent amount of the Supplier EI Pools' pricing affected by the failure to deliver or have delivered Priced EI Sugar; or
  - (ii) buy futures contracts at the prevailing ICE 11 market price to cancel the equivalent amount of pricing affected by the failure to deliver or have delivered Priced EI Sugar. The profit or loss on these transactions will be calculated as the difference between the average price at which the futures contracts are bought and the average price secured Season to date for the Supplier EI Pool affected by the failure to deliver or have delivered Priced EI Sugar. This profit or loss will be for the account of the Failing Participant.
- (d) If the Failing Participant does not elect which option of clauses 5.10(c)(i) and 5.10(c)(ii) it would prefer QSL undertake within 7 days of the occurrence of the failure to deliver or have delivered Priced EI Sugar, QSL will undertake the option in clause 5.10(c)(ii).
  - (e) Should the Failing Participant's Supplier EI Pool have excess foreign exchange cover as a result of the failure, QSL will buy USD at the prevailing AUD/USD market rate to cancel the equivalent amount of foreign exchange cover affected by the failure to deliver or have delivered Priced EI Sugar. The profit or loss on this transaction will be calculated as the difference between the AUD/USD rate at which the USD were bought and the average AUD/USD exchange rate secured in the Season to date for the Supplier EI Pool. This profit or loss will be for the account of the Failing Participant.
  - (f) The average AUD/USD exchange rate secured for the Season to date for the Supplier EI Pool will be the weighted average rate of foreign exchange contracts to date plus Currency Options at the maximum strike rate secured less any Costs paid for Currency Options for the Season to date.
  - (g) The average price secured for the Season to date for the Supplier EI Pool will be the weighted average price of all ICE 11 futures contracts sold, plus open Sugar Pricing Options at the minimum strike price secured less any Costs paid for all Sugar Pricing Options for the Season to date.
  - (h) The final result of these transactions will be incorporated into the final price payable for the Raw Sugar already delivered, and attributable to the Failing Participant, to the Supplier EI Pool and

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the advances program for the Failing Participant will be adjusted as required. In the event there is insufficient money owing under the advances program, for Raw Sugar already delivered to the Supplier EI Pool to offset any loss incurred to correct an overpriced position(s) (i.e. the adjusted final Supplier EI Pool price as a result of the above transactions is less than the current advance rate), the Failing Participant will be required to pay this shortfall within 7 Business Days.

- (i) As the final amount of Priced EI Sugar not delivered will not be able to be quantified until the Failing Participant finishes crushing cane, this procedure will be applied in a layered approach (equivalent to that applied to a failure to deliver or have delivered Committed Sugar pursuant to clause 5.9).

### 6 ADVANCES

#### 6.1 STANDARD AND PRICING POOL ADVANCES SCHEME

- (a) QSL will determine a standard scheme for advance payments which, subject to clauses 6.1(b) and 6.2 of these QSL Common Pool Pricing Pool Terms, will apply to all QSL Marketed Pools and Supplier EI Pools, and will involve payment to each Participant of a proportional amount of QSL's then current estimate of the final weighted average price that the Participant will receive for Advances Scheme Sugar.
- (b) Some Pricing Platform Pools may have a specific general or accelerated advances program that applies only to eligible Pricing Pools and eligible Participants (such that the advances program may differ from the standard scheme for advances payments) as determined by QSL from time to time. Where a Pricing Platform Pool has specific advances program and/or eligible Participants this will be spelt out in that Pricing Platform Pool's Pricing Pool Terms.
- (c) The initial amount and proposed proportional increments for the advances payment scheme will be communicated to the Participant prior to the commencing of crushing for the 2019 Season.
- (d) The:
  - (i) estimated final average price from which the advance payments will be calculated will be updated by QSL once per month or more frequently as QSL considers reasonably prudent, including in the event of a significant rise or fall in the ICE 11 futures market; and
  - (ii) proposed proportional increments scheduled to be payable for the remainder of the Season will be reviewed, and may be amended, by QSL on a monthly basis.

- (e) Each initial advance payment will be calculated :

- (ix) for RSSA Participants, with respect to the Advances Scheme Sugar delivered as at 11:59 pm each Sunday, for deliveries made in the previous week; and
- (x) for OSA Participants, with respect to the quantity of Advances Scheme Sugar referable to the previous week provided for in the applicable OSA and/or OSA Grower Agreement.

- (f) Each advance payment will be paid within 3 Business Days of this calculation being made or, for OSA Participants, such other period as provided for in the applicable OSA and/or OSA Grower Agreement.

- (g) The Final Payment for Advances Scheme Sugar for the Season:

- (i) for each QSL Marketed Pool, will be made within 30 days of the completion of that Season;
- (ii) for each Supplier EI Pool the later of 30 days of the completion of the Season and 30 days after the Raw Sugar allocated to that Supplier EI Pool has been shipped.

- (h) If at any time the advance payment or increment payment calculated under this clause 6.1 is a negative amount (or the Participant is calculated to owe payments to QSL), QSL may, in its absolute discretion, set-off the amount owing to QSL against future advance payments or increment payments owing to the Participant until the amount withheld equals the amount owing to QSL.

#### 6.2 OTHER ADVANCE AND PAYMENT SCHEMES

QSL may determine accelerated advance and payment schemes other than the Standard Advance Scheme which may be made available in respect of a Season to eligible Pricing Pools and/or eligible Participants as determined by QSL from time to time.

### 7 ACKNOWLEDGEMENTS

By allocating Raw Sugar to a Pricing Pool each Participant (and each Grower making nominations or elections which result in a Participant making such an allocation) acknowledges that:

- (a) QSL has not and does not intend to provide advice (including financial advice) to the Participant or Grower as to participation in a Pricing Pool;
- (b) It has sought and obtained advice (including financial advice) about its decision to participate in a Pricing Pool and to otherwise manage the financial and other risks associated with their participation in a Pricing Pool and more generally its business activities with respect to Raw Sugar;



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- (c) participation in the pricing and payment options, any decision of the Participant to market or price itself any Raw Sugar allocated to a Supplier EI Pool or Self-Managed Harvest Pool, and any other means of seeking to manage commodity price and foreign exchange volatility, each involves risks and that the decision as to whether and as to how to manage those risks are those of the Participant (and for OSA Participants, the relevant Growers) and not of QSL;
- (d) it has not relied upon anything that QSL (or its directors, officers, employees or agents) have represented (whether by words, conduct, silence or otherwise) in relation to the pricing and payment options or any other matter in deciding whether to participate in a Pricing Pool or other activities; and
- (e) in the absence of any manifest error, any certificate given by QSL with respect to a matter under the Pricing Pool Terms is taken to be prima facie evidence of the matter certified.

### 8 CREDIT LIMIT

- (a) While QSL has financial facilities to fund the operation of all Pricing Pools, the extension of certain pricing options combined with the volatile ICE 11 Contracts and foreign exchange markets in which they operate, require that there is a limit on the level of credit utilisation of Participants to QSL.
- (b) One month prior to the Pricing Declaration Date, and whenever QSL believes there are grounds to review the Credit Limits of some or all of the Participants, QSL will determine Credit Limits for Participants based on a combination of discussions with Participants and common criteria to be applied consistently to all Participants. QSL will advise RSSA Participants of the Credit Limited determined for them.

- (c) The applicable Credit Limit may influence:

- (i) the amount of Raw Sugar a Participant wishes to commit to the Pricing Platform;
- (ii) the amount of Raw Sugar QSL may accept from a Participant onto the Pricing Platform; and
- (iii) the amount of Raw Sugar that QSL may accept into an advances or payment scheme which involves advances being made to the Participant prior to deliveries of Raw Sugar.

- (d) QSL:

- (i) will advise the Participant when it believes the Participant has approached or is likely to approach 80% of the determined Credit Limit; and
- (ii) may require the Participant to provide funds (or have QSL withhold funds otherwise owed) to bring its level of credit utilisation within the determined Credit Limit should that limit actually be breached.

### 9 WHO TO CONTACT?

If you have any queries in relation to these QSL Common Pool Terms, please do not hesitate to contact the QSL Finance Team by email [info@qsl.com.au](mailto:info@qsl.com.au) or phone on (07) 3004 4400.

### 10 GLOSSARY

Capitalised terms used in these QSL Common Pool Terms have the meaning set out in the Pool Terms Glossary.

**Disclaimer:** As described in this Pricing Pool Terms document (the **Terms**), you should not make a decision based on these Terms unless you have read and understood the other Pricing Pool Term documents referred to in the Terms. These Terms do not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate Raw Sugar to any Pricing Pool described in the Terms. You should therefore seek your own financial advice before making any decisions in relation to the Pricing Pools.

#### FURTHER INFORMATION

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