

# POOL TERMS GLOSSARY (2019 SEASON)

## 1 DEFINITIONS

The following terms used in the Pricing Pool Terms and Shared Pool Terms have the meaning set out in this Pool Terms Glossary:

**AAs** or **AA** Transaction means the combined effect of QSL selling ICE 11 contracts and the Participant (or someone procured by the Participant or a Broker) buying ICE 11 contracts, in each case for the same quantity, price and settlement date on the ICE.

**Accounting Allocations** has the meaning given in the Shared Pool Terms.

**Additional Port Loading Levy** has the meaning given in the Shared Pool Terms.

**Additional Port Loading Rebate** or **APLR** has the meaning given in the Shared Pool Terms.

**Advances Scheme Sugar** means all Raw Sugar supplied to QSL other than Raw Sugar of RSSA Participants which they have elected to be 'Payment On Shipment Sugar' under their RSSA.

**Application** means an application made by a Participant to commit tonnage to one or more Pricing Platform Pools in accordance with the Common Pool Terms.

**AUD** means Australian dollars.

**Available Contract** means the May YYYY ICE 11 contract, the July YYYY ICE 11 contract, the October YYYY ICE 11 contract, the March YYYY+1 ICE 11 contract, the May YYYY+1 ICE 11 contract, the July YYYY+1 ICE 11 contract or the October YYYY+1 ICE 11 contract, and **Available Contracts** means two or more of them (where YYYY is the Season for physical deliveries of the Raw Sugar under the RSSA or OSA, as applicable, and YYYY+1 is the next year after the commencement of deliveries for a Season under this Agreement).

**Banking and Execution Costs** has the meaning given in the Shared Pool Terms.

**Bargaining Agent** means the representative or committee elected or appointed by a number of Growers who supply cane to a Participant (or a

mill owner that is a Related Body Corporate of the Participant) in order to represent the interests of the Growers, including in negotiating the terms on which the Growers will supply cane to that Participant (or a mill owner that is a Related Body Corporate of that Participant).

**Brand 1** means Raw Sugar meeting the specifications set out in Table 1 of Schedule 1 of the Quality Pricing Pool Terms.

**Brand Allowances** has the meaning given in the Shared Pool Terms.

**Broker** means the broker initially nominated by the Participant to QSL, any other broker notified as such by the relevant Participant to QSL for the purposes of the Pricing Pool Terms, and any other broker who acts as broker for the relevant Participant, in relation to transactions contemplated by the Pricing Pool Terms.

**Bulk Export** means Raw Sugar for sale to export customers as product packed in bulk, such as in a shipping container or a ship's hold rather than in packages, boxes or bags.

**Business Day** means a day which is not a Saturday, Sunday or a public holiday in Brisbane, Queensland.

**Certificate of Quota Eligibility** or **CQE** means any allocations occurring under any system for determining the amount of Raw Sugar that can be exported from Australia to the United States of America.

**CFR Premiums** has the meaning given in the Shared Pool Terms.

**Committed Pools** means the Pricing Platform Pools and the Non-ICE 11 Pools.

**Commitment Limit** means the percentage of a Participant's SPE that QSL will allow to be allocated to Committed Pools for any Season pursuant to the Common Pool Terms.

**Committed Sugar** means, for a Participant, the total of the tonnages:

- (a) allocated by that Participant to Committed Pools;
- (b) allocated by that Participant to the Self-Managed Harvest Pool and priced by the Participant; or

## POOL TERMS GLOSSARY (2019 SEASON)

(c) that either the terms of a Pricing Pool to which the Participant has allocated Raw Sugar or relevant advances scheme which apply to such tonnage, otherwise provide to be Committed Sugar.

**Common Pool Terms** means the Queensland Sugar Limited – QSL Common Pool Terms (2019 Season).

**Costs** means all obligations to pay money incurred by QSL, including liabilities, debts, obligations, losses, expenses and damages of any kind and however arising, including penalties, fines, and interest and including those which are prospective or contingent.

**Credit Limit** has the meaning given in clause 8 of the Common Pool Terms.

**Currency Option** means an agreement granting the purchaser the right, but not the obligation to buy or sell an amount of foreign currency at an agreed exchange rate.

**Delivery Participant** means a person which is responsible for physical delivery of Raw Sugar to QSL under the applicable RSSA or OSA. For the avoidance of doubt, this is:

- (a) for each RSSA, the RSSA Participant; and
- (b) for each OSA, the milling company (or their Related Body Corporate) contracted to supply Raw Sugar to QSL under the OSA.

**Direct Marketing Costs** or **DMC** has the meaning given in clause 2.4 of the Shared Pool Terms.

**Discharge Port Costs** means Costs of despatch (or demurrage), stevedoring and port fees, supervision, weighing and sampling Costs at the discharge port and any other Costs associated with the discharging activities at the discharge port that are not recoverable from the export customer that purchases the Raw Sugar.

**Discretionary Tranche** is the Raw Sugar marketing tranche of that name contemplated by the QSL Harvest Pool Pricing Pool Terms or Self-Managed Harvest Pool Pricing Pool Terms (as applicable).

**External Risk Manager** means an entity other than QSL or a Participant appointed in accordance with the Common Pool Terms to be the Risk Manager in respect of a Pricing Pool.

**Failing Participant** has the meaning given in the Common Pool Terms.

**Fifth Last Trading Session**, for an ICE 11 contract, is 5 ICE trading sessions prior to the day specified for the expiry of that contract as determined by the ICE trading rules.

**Finance Charge** has the meaning given in the Shared Pool Terms.

**Finance Facilities Charge** has the meaning given in the Shared Pool Terms.

**Fixed Pricing Exposure** means the finite amount of exposure against the ICE 11 market that is not altered by changes in SPE within a Season.

**Freight Costs** has the meaning given in the Shared Pool Terms.

**Futures Premiums** has the meaning given in the Shared Pool Terms.

**GEI Sugar** means that part of the Raw Sugar for which, pursuant to cane supply, grower pricing or other arrangements between a Participant (or a mill owner that is a Related Body Corporate of the Participant) and a Grower, a Grower has the price exposure (excluding Growers who are Related Bodies Corporate of the Participant).

**GGM Direct Customer Quality Claims** has the meaning given in the Quality Pricing Pool Terms.

**Gross Price Element** has the meaning given in the Shared Pool Terms.

**Grower** means a supplier of cane to a mill owner (or their Related Body Corporate).

**Grower Association** means each of the Australian Cane Farmers Association Limited (ABN 68 009 657 765), Queensland Cane Growers Organisation Ltd (ABN 94 089 992 969) and any other organisation representing one or more Growers as nominated by the relevant RSSA Participant and accepted by QSL as being a Grower Association.

**Grower Collective Committee** means a committee representing Growers who supply cane to an OSA Participant.

**Grower Handbook** means the handbook published by QSL of that name containing information for Growers in respect of QSL's pricing options for the relevant Season.

**Handling and Storage Costs** has the meaning given in the Shared Pool Terms.

**Harbour Dues** has the meaning given in the Shared Pool Terms.

**Harvest Pool Participant** means, in respect of a Season, a Participant with Raw Sugar allocated to the QSL Harvest Pool

**Harvest Pool Sugar** or **HPS** means the total Raw Sugar allocated to the QSL Harvest Pool.

**ICE** means ICE Futures U.S., Inc (formerly the New York Board of Trade).

**ICE 11** means Raw Sugar futures contracts (known as world sugar No. 11) that are offered for sale or purchase by ICE.

**ICE 11 Pool** means a Pricing Pool where the Pricing Mechanism is directly related to ICE 11 Raw Sugar futures contracts.

## POOL TERMS GLOSSARY (2019 SEASON)

**ICE 16** means Raw Sugar futures contracts (known as domestic sugar No. 16) that are offered for sale or purchase by ICE.

**In-Season** means, in respect of a sale or purchase of Raw Sugar, where that transaction is entered into in the same Season in which the Raw Sugar is to be physically delivered.

**Initial Broker** means the broker notified to QSL by the Participant upon initially making an application to allocate Raw Sugar to a Pricing Platform Pool.

**Initial SPE** means, for a Participant, the estimate for Raw Sugar in Tonnes Actual attributable to that Participant to be supplied to QSL in a Season as notified to QSL by the Delivery Participant on the Pricing Declaration Date for that Season in accordance with the relevant RSSA or OSA (as applicable).

**Invoice Base Price** has the meaning given in the Shared Pool Terms.

**IPS Conversion Factor** means the factor calculated as follows:

Tonnes IPS =

$$\text{Tonnes Actual} \times \left(1 - \frac{\text{water}}{100} - \frac{\text{Pol}}{\text{Expected True Purity of Molasses}}\right) \div \left(1 - \frac{1.05 \times \text{water}}{(100 - \text{Pol}) \times 100}\right) - \left(\frac{98.95}{\text{Expected True Purity of Molasses}}\right) \times 1.03675$$

where

$$\text{Expected True Purity of Molasses} = 44.67 - 17.8 \times \text{Log}_{10}(09 \times \frac{RS}{Ash}) \text{ rounded to a whole number}$$

**LTC** means a long term contract for the sale of Bulk Export Raw Sugar by QSL priced other than via reference to the prices of ICE 11 contracts (excluding RSSA FOB Sales Contracts).

**LTC Pool** means a QSL Pricing Pool in which Raw Sugar is sold under a LTC. Each LTC will be treated as a separate LTC Pool.

**Marketing Revenue** has the meaning given in 2.3 of the Shared Pool Terms.

**Net IPS Price** means the net price payable to a Participant per Tonne IPS calculated in accordance with the Shared Pool Terms and the relevant QSL Pricing Pool Terms.

**Non-ICE 11 Pool** means a Pricing Pool which is not an ICE 11 Pool.

**Non Standard Sugar** has the meaning given in the Quality Pricing Pool Terms.

**Omnibus Origin Options** has the meaning given in the QSL Harvest Pool Pricing Pool Terms.

**OSA** means a raw sugar supply agreement between a mill owner (or their Related Body Corporate) and QSL under which QSL solely acquires GEI Sugar.

**OSA Grower Agreement** means an agreement between QSL and a Grower which sets out the terms on which QSL accepts the Grower's nomination for QSL to perform marketing and pricing activities for all or a proportion of that Grower's GEI Sugar supplied to QSL by a Delivery Participant under an OSA.

**OSA Participant** means a Participant which Raw Sugar supplied to QSL under an OSA is attributable to.

**Other Direct Marketing Costs** has the meaning given in the Shared Pool Terms.

**Other Marketing Revenue** has the meaning given in the Shared Pool Terms.

**Participant** means a person which is responsible for decisions about which Pricing Pool Raw Sugar is allocated to and which is entitled to receive payments from QSL reflecting the Net IPS Price for QSL Pricing Pools to which such Raw Sugar is allocated. For the avoidance of doubt, this:

- (a) for each RSSA, is the RSSA Participant; and
- (b) for each OSA, may be the Delivery Participant or each relevant Grower for each OSA, depending on the terms of the relevant OSA.

**Participant Specific Costs** has the meaning given in clause 2.8 of the Shared Pool Terms.

**Passive Management Benchmark or PMB** is the benchmark achieved based on the principle that pricing is undertaken in a routine manner by following an evenly spread sales pattern, adjusted for applicable constraints such as infrastructure, storage and the time available to price.

**Polarisation Premium** has the meaning given in the Shared Pool Terms.

**Pool Participants** means all Participants that have tonnage allocated to a particular QSL Pricing Pool.

**Pool Specific Costs** has the meaning given in clause 2.7 of the Shared Pool Terms.

**Port Differential Levy** has the meaning given in the Shared Pool Terms.

**Port Differential Rebate** has the meaning given in the Shared Pool Terms.

**Premium Customer Grade** means Raw Sugar meeting the quality specifications for 'Premium Customer Grade Standard' as detailed in Tables 1 to 4 of Schedule 1 of the Quality Pricing Pool Terms.

**Priced EI Sugar** means Raw Sugar allocated to a Supplier EI Pool which has been priced by the relevant Participant with QSL.

**Pricing Declaration Date** means, for a Season, the date set or varied in accordance with clause 3.4 of the Common Pool Terms.

**Pricing Mechanism** means a nominated method for pricing the Raw Sugar in a Pricing Pool (of the types permitted by the Pricing Pool Terms).

## POOL TERMS GLOSSARY (2019 SEASON)

**Pricing Platform** has the meaning given in the Common Pool Terms.

**Pricing Platform Pools** means the Pools contemplated by clause 3 of the Common Pool Terms.

**Pricing Pool** means an aggregation of revenue and Costs that are attributed to a quantity of Raw Sugar under the Pricing Pool Terms (or the RSSA in the case of Supplier EI Pools).

**Pricing Pool Terms** means the 'Pricing Pool Terms' for each Pricing Pool offered by QSL, Common Pool Terms, Shared Pool Terms, Quality Pricing Pool Terms and this Glossary as read together (and as amended from time to time).

**Pricing Unit** has the meaning given in clause 3.6 of the Common Pool Terms.

**Production Buffer Failure** has the meaning given in the Shared Pool Terms.

**Production Buffer Failure Adjustment** has the meaning given in the Shared Pool Terms.

**Production Buffer Tranche** is the Raw Sugar marketing tranche of that name contemplated by the QSL Harvest Pool Pricing Pool Terms or Self-Managed Harvest Pool (as applicable).

**Put Options** has the meaning given in the QSL Harvest Pool Pricing Pool Terms.

**QSL** means Queensland Sugar Limited (ACN 090 152 211).

**QSL Banking and Finance Facilities** means the financing facilities under which QSL sources debt funding from time to time excluding financing facilities or instruments entered into in relation to specific Raw Sugar transactions.

**QSL Harvest Pool** means the Pricing Pool operated by QSL to which the balance of all Participants' (other than Self-Managed Harvest Pool Participants) Raw Sugar supplied to QSL but not allocated to Supplier EI Pools or other QSL Marketed Pools will be allocated.

**QSL Harvest Pool Participant** means, in respect of a Season, a Participant with Raw Sugar allocated to the QSL Harvest Pool

**QSL Harvest Pool Pricing Pool Terms** means the Queensland Sugar Limited – QSL Harvest Pool Pricing Pool Terms.

**QSL Supplementary Commitment Premium Costs** has the meaning given in the Shared Pool Terms

**QSL Marketed Pools** means all QSL Pricing Pools, other than the Supplier EI Pools offered under each RSSA.

**QSL Marketing Plan** means the marketing plan for sale of Raw Sugar allocated to QSL Marketed Pools utilised by QSL from time to time.

**QSL Marketing Services Charge Rebate** has the meaning given in the Shared Pool Terms.

**QSL Marketing Services Costs** has the meaning given in the Shared Pool Terms.

**QSL Pricing Pool** means a Pricing Pool offered by QSL for the relevant Season.

**QSL Proportion of CQE Tonnes** has the meaning given in clause 4.2 of the US Quota Pricing Pool Terms.

**QSL Shared Services Costs** has the meaning given in the Shared Pool Terms.

**QSL Shared Services Rebate** has the meaning given in the Shared Pool Terms.

**Quality Compromised Sugar** has the meaning given in the Quality Pricing Pool Terms.

**Quality Discounts and Marketing Costs** has the meaning given in the Quality Pricing Pool Terms.

**Quality Pricing Pool Terms** means the terms used to determine the Supplier Sugar Quality Allocation for a Participant for the purposes of clause 2.8(c) of the Shared Pool Terms.

**Raw Sugar** means any non-food grade crystallised raw sugar product from a cane sugar production facility with a maximum polarisation of 99.9 degrees.

**Raw Sugar Quota Purchases** has the meaning given in the Shared Pool Terms.

**Related Body Corporate** has the meaning given in the Corporations Act 2001 (Cth).

**Risk Manager** means the entity responsible for managing the Raw Sugar price and foreign exchange exposures of a Pricing Pool.

**RSSA** means raw sugar supply agreement under which a mill owner (or their Related Body Corporate) sells to QSL 100% of their raw sugar intended for bulk export (with the potential exception of GEI Sugar for which an alternative marketer has been nominated by the relevant Grower).

**RSSA FOB Sales Contracts** means contracts under which QSL sells a party to an RSSA (or their Related Body Corporate) a volume of Raw Sugar equal to that part of the Raw Sugar sold to QSL under the RSSA which is not GEI Sugar.

**RSSA Participants** means Participants which are contracted to supply Raw Sugar to QSL under a RSSA.

**RSSA Quality Scheme Costs** has the meaning given in the Shared Pool Terms.

**Season** means the period from the first day after the Pricing Declaration Date to 30 June one year forward. The 2019 Season spans 30 April 2019 to 30 June 2020.

**SEI Sugar** means, for a RSSA Participant, that part of the Raw Sugar to be supplied under the relevant RSSA for which, pursuant to cane supply or other agreements with Growers, the RSSA Participants or its Related Bodies Corporate have the price exposure. For the avoidance of doubt, this excludes any GEI Sugar.

## POOL TERMS GLOSSARY (2019 SEASON)

**Self-Managed Harvest Pool** has the meaning given in the Self-Managed Harvest Pool Pricing Pool Terms.

**Self-Managed Harvest Pool Election Date** means, for a Season, the date set or varied in accordance with the Self-Managed Harvest Pool Pricing Pool Terms.

**Self-Managed Harvest Pool Participant** means, in respect of a Season, a Participant with Raw Sugar allocated to the Self-Managed Harvest Pool.

**SEOs** or **Seller's Executable Order** means QSL's futures broker selling ICE 11 contracts, as and when instructed by the Participant, for the account of QSL.

**Shared Costs** has the meaning given in clause 2.6 of the Shared Pool Terms.

**Shared Pool** means the pool of Costs, revenues and rebates referred to in the Shared Pool Terms.

**Shared Pool Element** has the meaning given in the Shared Pool Terms.

**Shared Pool Terms** means the Queensland Sugar Limited – QSL Shared Pool Terms.

**SPE** means, for a Participant, the most current estimate for Raw Sugar in Tonnes Actual attributable to that Participant to be supplied to QSL in a Season as notified to QSL by the Participant in accordance with the relevant RSSA or OSA (as applicable) or, where the Participant is a Grower, as assessed by QSL based on notifications received from the Participant under the relevant OSA Grower Agreement and the Delivery Participant under the relevant OSA.

**Sugar Pricing Option** means an agreement under which a person is granted the right, but not the obligation to buy or sell an amount of futures contracts at an agreed price. Possible futures contracts include ICE 11, ICE 16 and OTC futures contracts.

**Supplementary Commitment Premium** has the meaning given in clause 2.8(e) of the Shared Pool Terms.

**Supplier Domestic Economic Interest Sugar** means SEI Sugar which the Supplier (or its Related Bodies Corporate) sells to Australian domestic customers (including traders or intermediaries where it is intended, or the Supplier has reason to believe, the ultimate sale will be to an Australian domestic customer).

**Supplier EI Component of US Quota Tonnage** has the meaning given in the US Quota Pool Pricing Pool Terms.

**Supplier EI Pool** means for a RSSA Participant, the Pricing Pool established under the relevant RSSA for the allocation of SEI Sugar.

**Supplier Export Economic Interest Sugar** means SEI Sugar less Supplier Domestic Economic Interest Sugar and, where it is to be marketed by QSL, Supplier EI Component of US Quota Tonnage.

**Supplier Sugar Quality Allocation** has the meaning given in the Shared Pool Terms.

**Supplier's CQE Tonnes** means the quantity of CQE tonnes (in tonnes raw value) as allocated to the Participant (including by way of initial allocation from the Australian government or subsequent trading with another mill owner).

**Third Party Origin Sugar** means Raw Sugar not produced by Queensland mills.

**Tonnes Actual** means the weight of Raw Sugar attributable to a Participant that is delivered by a Delivery Participant as determined by a certified weigher at the relevant bulk sugar terminals or at such other facility to which the Raw Sugar is delivered in accordance with the RSSA or OSA (not adjusted using the IPS Conversion Factor).

**Tonnes IPS** means a corresponding adjustment made to the tonnage of Raw Sugar QSL receives from Participants, rather than price per scale described in the rules of the Sugar Association of London. For brand equity purposes, QSL converts the Tonnes Actual received to the tonnes it is deemed would have been made if produced at a polarisation of 98.95 using the IPS Conversion Factor. The incremental percentage adjustment is then applied to these deemed tonnes of Raw Sugar. At 98.95 polarisation the adjustment is 3.675%. The equation for converting Tonnes Actual to Tonnes IPS is the IPS Conversion Factor.

**Uncommitted Pools** means Pricing Pools other than the Committed Pools.

**USD** means United States of America dollars.

**US Quota Pool** means the QSL Pricing Pool in which Raw Sugar is sold to customers in the United States of America under Australia's import quota to the United States of America.

**US Quota Pricing Pool Terms** means the means the Queensland Sugar Limited – QSL US Quota Pricing Pool Terms.

**Volume Options** has the meaning given in the QSL Harvest Pool Pricing Pool Terms.

## 2 INTERPRETATION

The Pricing Pool Terms will be interpreted in accordance with the following principles:

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) Nothing in the Pricing Pool Terms is to be interpreted against a party solely on the ground that the party put forward the Pricing Pool Terms or a relevant part of it.

## POOL TERMS GLOSSARY (2019 SEASON)

The following rules apply unless the context requires otherwise.

- (d) The singular includes the plural, and the converse also applies.
- (e) A gender includes all genders.
- (f) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) Words and phrases used in the Pricing Pool Terms which have a generally accepted meaning in the Queensland sugar industry will be given that meaning.
- (h) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (i) A reference to a clause or section is a reference to a clause or section of the relevant part of the Pricing Pool Terms.
- (j) A reference to an agreement or document (including a reference to the Pricing Pool Terms) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by the Pricing Pool Terms or that other agreement or document, and includes the recitals and schedules to that agreement or document.
- (k) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
- (l) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (m) A reference to time is to Brisbane time.
- (n) A reference to tonnes or Tonnes is to metric tonnes.

### FURTHER INFORMATION

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