QSL GROWER HANDBOOK
2020 Season
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1 INTRODUCTION

This document is designed to provide Queensland cane growers (Growers) with important information pertaining to QSL's 2020-Season pricing and payment options. It includes QSL's complete Pricing Pool Terms, which detail the terms and conditions for each QSL pricing product available to those Growers marketing their Grower Economic Interest in sugar (GEI Sugar) with QSL in the 2020 Season.

Important features of this document include:

1. ABOUT QSL
   An overview of QSL's operations and the benefits available by using our services and products.

2. HOW TO CHOOSE AND PRICE WITH QSL
   An outline of the process you will need to follow to nominate QSL as a Marketer of your GEI Sugar and price with QSL.

3. YOUR 2020-SEASON QSL PRICING OPTIONS
   An overview of QSL's pricing products, including the required participation in mandatory pools.

4. QSL COMMON POOL TERMS
   These terms are common to all QSL Pricing Pools and Products and should be read before reading any of the other Pricing Pool Terms.

5. POOL OVERVIEW AND RISK ASSESSMENT
   This section provides an overview of the Pricing Pools and Products available from QSL and a summary of the risks involved in participating in each.

6. PRICING POOL TERMS
   These detail the terms and conditions for QSL's 2020-Season pricing options. When you choose a QSL-managed pool or grower-managed pricing product, you are acknowledging that you have read and understood these associated Pricing Pool Terms. These should be read in conjunction with the QSL Common Pool Terms.

7. GLOSSARY
   This section contains the legal definitions of key words used in the Pricing Pool Terms and elsewhere in this document.

Additional information and support can be found on the QSL website (www.qsl.com.au) or by calling 07 3004 4400 or emailing info@qsl.com.au.

Disclaimer: This Grower Handbook (Handbook) contains information of a summary nature about the operation of key aspects of QSL’s pricing pool terms (in addition to the detailed Pricing Pool Terms themselves). You should not make a decision based on the summary information in the Handbook unless you have also read and understood the detailed Pricing Pool Term documents contained in the Handbook.

Information about past performance in the Handbook is for illustrative purposes only and should not be relied on as, and is not, an indication of future performance. Any estimates or forecasts of future performance or other forward looking information in the Statement (Estimates and Forecasts) are based on many assumptions, and are subject to significant uncertainties, many of which are outside the control of QSL. The information in the Handbook has not been prepared with a view to enabling readers to make an informed assessment of the Estimates and Forecasts or to assess whether the assumptions will actually be met or the effect on the Estimates and Forecasts if they are not met. The Estimates and Forecasts are not representations as to future matters, and nothing contained in the Statement should be relied upon as a representation as to future matters.

The Handbook does not constitute financial, investment or product advice, a risk management strategy, or a recommendation to allocate Raw Sugar to any of the Pricing Pools described in the Handbook. You should therefore seek your own financial advice before making any decisions in relation to the selection of QSL as a marketer or the allocation of Raw Sugar to QSL Pricing Pools.

The statements contained in the Handbook are made only as at the date of this Handbook unless otherwise stated and remain subject to change without notice. QSL is not under any obligation to correct or update information in this Handbook.
Queensland Sugar Limited (QSL) is a not-for-profit, pass-through organisation devoted to serving the interests of Queensland cane growers and sugar millers for the long-term prosperity of our state’s sugar industry.

Established in 2000 to replace the Queensland Sugar Corporation, QSL is Queensland’s leading provider of sugar marketing and terminal services, and employs approximately 160 people at 12 sites around the state.

Our separate Marketing and Operations units are supported by a shared Corporate Services function, which together with our exemption status for both income and payroll tax, helps to maximise the value returned to the industry we serve.

**QSL MARKETING’S KEY SERVICES**

**MARKETING (SALES)**
We are the largest marketer of Queensland sugar, selling to refining customers in key Asian markets and the USA.

**PRICING**
We run an extensive currency and raw sugar hedging program which enables Queensland cane growers and sugar millers to access QSL-managed pools and grower-managed pricing options for current and future seasons.

**FINANCING**
We provide a range of payment options, including the Standard Advances payment system which helps to maintain industry cash flow prior to physical raw sugar sales and deliveries being completed. QSL’s credit profile reduces the cost of borrowing funds, increasing net returns for those who use our services.
It is important to note that your access to the QSL products detailed within this handbook is based on the supply contract in place between QSL and the sugar miller (Miller) you supply. Current contractual arrangements and how they affect your access to QSL products are detailed below:

<table>
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<th>Milling district</th>
<th>QSL contract in place</th>
<th>Access arrangements</th>
<th>2020-Season QSL products available</th>
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<td>Bundaberg Sugar Limited</td>
<td>Raw Sugar Supply Agreement to 30 June 2023</td>
<td>Growers access QSL products via their Miller and are paid by QSL via their Miller</td>
<td>Miller decides which QSL products are available</td>
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<td>Far Northern Milling Pty Ltd</td>
<td>Sugar Marketing Agreement</td>
<td>Growers sign a Grower Pricing Agreement with QSL to deal directly with QSL for pricing and payment.</td>
<td>All QSL products available</td>
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<tr>
<td>Isis Central Sugar Mill Company Limited</td>
<td>Raw Sugar Supply Agreement to 30 June 2023</td>
<td>Growers access QSL products via their Miller and are paid by QSL via their Miller</td>
<td>Miller decides which QSL products are available</td>
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<td>Mackay Sugar Limited</td>
<td>On-Supply Agreement</td>
<td>Growers choose QSL as their GEI Sugar Marketer via the GEI Sugar Marketer Nomination Form and sign a Grower Pricing Agreement with QSL to deal directly with QSL for pricing and payment.</td>
<td>All QSL products available to growers paid by QSL</td>
</tr>
<tr>
<td>MSF Sugar Ltd</td>
<td>On-Supply Agreement</td>
<td>Growers choose QSL as their GEI Sugar Marketer within their Grower Pricing Agreement and access QSL products via their Miller. They are paid by QSL via their Miller.</td>
<td>Miller decides which QSL products are available</td>
</tr>
<tr>
<td>Tully Sugar Ltd</td>
<td>On-Supply Agreement</td>
<td>Growers choose QSL as their GEI Sugar Marketer via their miller’s Grower Marketer Nomination form and access QSL products via their Miller. They are paid by QSL via their Miller.</td>
<td>Miller decides which QSL products are available</td>
</tr>
<tr>
<td>W H Heck &amp; Sons Pty Limited</td>
<td>Raw Sugar Supply Agreement to 30 June 2023</td>
<td>No access to QSL products under current supply arrangement</td>
<td>No QSL products available</td>
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<tr>
<td>Wilmar Sugar Australian Limited</td>
<td>On-Supply Agreement</td>
<td>Growers choose QSL as their GEI Sugar Marketer within their Cane Supply Agreement and sign a Grower Pricing Agreement with QSL to deal directly with QSL for pricing and payment.</td>
<td>All QSL products available</td>
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</table>
Marketing with QSL enables growers to access a range of QSL pricing products. Most of these have their gross price determined from the Intercontinental Exchange No. 11 (ICE 11) futures market.

The ICE 11 is a long-standing and well-regarded futures market. It lists futures and options contracts for raw sugar, which are considered to be the world benchmark for determining the value of raw sugar. Contracts traded on the ICE 11 enable the transfer of price risk between various parties, which in turn gives QSL the ability to offer participants a number of ways to manage raw sugar price volatility. The Gross Price for QSL’s ICE 11-based pools is the value of raw sugar in a pool that can be price-managed using the ICE 11. ICE 11 values are denominated in United States dollars ($US) and are converted into an Australian dollar ($A) return.

QSL’s US Quota Pool has its Gross Price derived from the Intercontinental Exchange No. 16 (ICE 16) futures market. The ICE 16 futures market contract is different from the ICE 11 as the ICE 16 reflects the value of raw sugar delivered ‘Free In Store’ into a customer’s warehouse within the USA, whereas the ICE 11 futures represents the price at the ‘ship’s rail’ in the seller’s country of origin. The ICE 16 is also denominated in US dollars and is converted into an Australian dollar return. The US market is regulated through the use of import quotas and so raw sugar in this pool is priced differently from that in ICE 11 pools. QSL manages the pricing for the QSL US Quota Pool in all cases.

For an example of a simple hedge using futures contracts, please refer to Appendix 1 in this Handbook.

4.1 FOREIGN EXCHANGE MANAGEMENT

The futures and sales contracts used by QSL to price and sell raw sugar are denominated in $US while QSL Pool participants are paid in $A. A lower $A/$US exchange rate is good for an exporter as it delivers a higher $A return, while a higher $A/$US exchange rate results in a lower $A return.

QSL is responsible for managing the foreign-exchange risk of converting $US returns into $A returns for all QSL pricing products.

4.2 MARKETING COMPONENTS

While the ICE 11 component is a considerable element in the final pool result, marketing decisions, including freight arrangements and premiums, also have an impact on the final price achieved in both grower-managed and QSL-managed pricing options.

4.3 FREIGHT ARRANGEMENTS

QSL generally sells all raw sugar on a cost and freight (CFR) basis. This means that QSL is responsible for delivering raw sugar to a customer’s port. Selling raw sugar on a delivered basis has been an integral part of QSL’s strategy for many years and allows QSL to control the destination of raw sugar and maximise the benefit of the volume of sugar QSL has available to market.

4.4 PREMIUMS

In most cases, the invoice price for a QSL export sale of raw sugar consists of three elements:

1) ICE 11 futures price (or ICE 16 futures price in the case of the QSL US Quota Pool);
2) physical premium; and
3) polarisation premium.

QSL negotiates a physical premium above the ICE 11 component for each sale which reflects:

- freight;
- regional premium;
- shipping flexibility; and
- the quality attributes (other than polarisation) of any alternative raw sugar available within a shipping period.

In addition to this, a polarisation premium is applied to each sale, and represents the difference in physical quality attributes of the raw sugar versus the standard quality specification for the ICE 11 contract. The ICE 11 price is based on raw sugar of 96 degrees polarisation, and so a polarisation premium is charged to account for raw sugar which has polarisation of greater than 96 degrees.

The physical and polarisation premiums are distributed to growers marketing with QSL through the QSL Shared Pool. An example calculating the price for a typical raw sugar sale is listed in Appendix 2 of this Handbook.
Choosing your GEI Sugar Marketer is an important decision that has implications for your returns. Not only does your Marketer sell the physical sugar produced, but they are responsible for negotiating the associated physical premiums, which include freight costs, the regional premium (also known as the Far East Premium), shipping flexibility and quality attributes. Beyond these direct returns, your Marketer’s use of storage and the timing of their sales program can also significantly impact pricing opportunities and returns.

QSL is an internationally respected Marketer that enjoys long-term relationships with high-returning customers throughout Asia. Our experienced Marketing and Pricing teams work closely to coordinate our marketing and pricing efforts, with the goal of maximising your returns.

Our 2018-Season pool results (AUD/tonne IPS Net) as of 30 June 2019 were:

This graph presents the net pool performance above the performance benchmark for the QSL-managed pools for the 2018 Season. The performance benchmark represents the price achieved if no market view was taken by following an evenly spread sales pattern, adjusted for applicable constraints such as infrastructure, storage, production risk constraints (Harvest Pool) and the time available to price. This performance above the benchmark highlights the dollar value per QSL-managed pool that QSL provides to supplying millers and growers. In the 2018 Season, QSL outperformed the performance benchmark on a weighted-average basis by $15.16 per tonne IPS. A weighted-average Shared Pool was used in the calculation of the above results, as such actual prices may vary as a result of regional-specific costs. The Guaranteed Floor Pool achieved a net price of $344.13 per tonne IPS. This pool has not been benchmarked as the price was locked in at the start of the season. The US Quota Pool, which was priced on the ICE 16, achieved a weighted-average net price of $641.11 per tonne IPS.

THE QSL ADVANTAGE
As well as strong returns, the benefits of using QSL include:

- **Owned by you, focused on you:** We don’t pursue our own commercial interests above those of the industry we serve.
- **Passing on the value:** We’re an income-tax exempt, pass-through industry service organisation. That means we pass on all net value created and don’t ‘clip the ticket’.
- **Pricing & payment options:** Whether you want to make your own pricing decisions or prefer a managed pool, we offer a varied range of pricing and payment options.
- **Experienced professionals:** Our Queensland-based marketing and pricing team leverages global partnerships to serve our Members and their interests.
- **Above & beyond:** Your dedicated QSL Grower Services representative is available to provide support and information when you need it.
The QSL Loyalty Bonus

Growers in Mackay Sugar, MSF Sugar, Tully Sugar and Wilmar milling districts who nominate QSL as their GEI Sugar Marketer for three (3) consecutive Seasons forward are eligible to receive the QSL Loyalty Bonus.

This additional payment was worth approximately $1.50/tonne of IPS sugar in both the 2017 and 2018 Seasons and consists of a share of the returns from QSL’s corporate activities via the Shared Services Rebate and a Supplementary Commitment Premium, with these results incorporated into eligible Growers’ Shared Pool allocations for each applicable season.

The QSL Shared Services Rebate is the net revenue from QSL’s corporate activities and includes the net return from QSL’s holding of Sugar Terminals Limited (STL) G-class shares (i.e. net dividend + franking credits).

The QSL Supplementary Commitment Premium reflects the marginal premiums secured by QSL for long-term contracts and any profits associated with those sales from supplying third-party origin sugar. The value of this premium varies from season to season and cannot be determined until all of the sugar supplied for the season is sold.

It should be noted that growers supplying Isis Central Sugar Mill, Bundaberg Sugar and Far Northern Milling Pty Ltd automatically receive their share of these returns through their millers’ current supply arrangements with QSL.

2020-Season Eligibility

Growers who elect QSL as a GEI Sugar Marketer for the 2020 Season are eligible to receive QSL’s Loyalty Bonus in the 2020 Season if they also have GEI Sugar marketing nominations in place with QSL for the 2021 and 2022 Seasons by the end of the 2020 Season. This means they must:

- Nominate QSL as a GEI Sugar marketer for the 2021 Season by 31 October 2020;
- and
- Nominate QSL as a GEI Sugar marketer for the 2022 Season by 30 June 2020.

Payment Arrangements

Eligible Growers who have a Grower Pricing Agreement (GPA) in place with QSL will have the Loyalty Bonus incorporated into their Shared Pool allocation throughout the 2020 Season. Due to processing requirements, eligible Growers in Tully Sugar and MSF Sugar milling districts will receive the full allocation incorporated into their Shared Pool element for the final QSL Advance payment of the season.

Those Growers who are not currently marketing through QSL in the 2020 Season can still receive the QSL Loyalty Bonus in the 2021 Season if they nominate QSL as their GEI Sugar Marketer three seasons ahead (i.e. for the 2021, 2022 and 2023 Seasons).

To choose QSL as your marketer, you must make the nomination via your miller’s required GEI Sugar Marketer nomination process. Upon confirmation of your three-year marketing nomination, the QSL Loyalty Bonus will be applied as part of your Shared Pool allocation for the applicable season/s.

Changes in Circumstance

Should a Grower eligible to receive the QSL Loyalty Bonus in 2020 Season rescind any of the required nominations prior to their relevant deadlines, they will no longer be eligible for the bonus.

Growers who sell their farms during the course of the 2020 Season should note that they may still qualify for the Loyalty Bonus provided the purchaser maintains the QSL marketing nomination for the 2021 and 2022 seasons.

How the Loyalty Bonus is split between the seller and the purchasing party is subject to the sale terms of the farm and should be addressed within the sale contract.

For further information about the implications of farm sales on the Loyalty Bonus, please contact the QSL Direct team on 1800 870 756.

Additional information regarding the QSL Loyalty Bonus can be found in section 2.8 of QSL’s Shared Pool Pricing Pool Terms, available at www.qsl.com.au.
7 CHOOSING YOUR MARKETER

To access the QSL pricing options detailed within this Grower Handbook, you must:

1. Have a valid Cane Supply Agreement (CSA) in place with your miller; and

2. QSL must be a marketer of your Grower’s Economic Interest in sugar (GEI Sugar) for the season/s concerned.

Your GEI Sugar is the total tonnage that you receive payment for – generally two-thirds of the sugar produced from your crop. This means your GEI Sugar tonnage includes your Harvest Pool and US Quota tonnages as well as any other committed pricing you choose to undertake through QSL-managed pools or grower-managed pricing.

The GEI Sugar Marketing nominations close on **31 October** in the year before each harvest. For example, marketing nominations for the 2020 Season closed on 31 October 2019.

Please see the table below for details of how to nominate QSL as your marketer in your milling district.

<table>
<thead>
<tr>
<th>Milling district</th>
<th>Nomination arrangements</th>
<th>2020-Season GEI Sugar Marketing Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bundaberg Sugar</td>
<td>Growers access QSL Marketing under their miller’s Raw Sugar Supply Agreement (RSSA) and so <strong>do not need to nominate QSL as their marketer.</strong></td>
<td>Not applicable</td>
</tr>
<tr>
<td>Isis Central Sugar Mill</td>
<td>Growers access QSL Marketing under their miller’s Sugar Marketing Agreement (SMA) and so <strong>do not need to nominate QSL as their marketer.</strong></td>
<td>Not applicable</td>
</tr>
<tr>
<td>Far Northern Milling</td>
<td>GEI Sugar Marketer Nomination required via the GEI Sugar Marketer Nomination Form. Growers <strong>default to their most recent marketer</strong> if they do not make a marketing nomination for the season.</td>
<td>31 October prior to harvest</td>
</tr>
<tr>
<td>Mackay Sugar</td>
<td>GEI Sugar Marketer Nomination required via the GEI Sugar Marketer Nomination Form. Growers <strong>default to their most recent marketer</strong> if they do not make a marketing nomination for the season.</td>
<td>31 October prior to harvest</td>
</tr>
<tr>
<td>MSF Sugar</td>
<td>GEI Sugar Marketer Nomination required via the Pool Manager Nomination Form within your Grower Pricing Agreement (Appendix 2) with your miller. Growers <strong>default to their miller for marketing</strong> services if they do not make a marketing nomination for the season.</td>
<td>31 October prior to harvest</td>
</tr>
<tr>
<td>Tully Sugar</td>
<td>GEI Sugar Marketer Nomination required via the Sugar Marketing Entity Nomination Form available from your miller. Growers <strong>default to their miller for marketing</strong> services if they do not make a marketing nomination for the season.</td>
<td>31 October prior to harvest</td>
</tr>
<tr>
<td>Wilmar</td>
<td>GEI Sugar Marketer Nomination required via your Cane Supply Agreement. Growers <strong>default to their most recent marketer</strong> if they do not make a marketing nomination for the season.</td>
<td>31 October prior to harvest</td>
</tr>
</tbody>
</table>

When choosing QSL as your GEI Sugar Marketer, you will be required to nominate:

- The season/s you wish QSL to act as your marketer; and

- The percentage of GEI Sugar to be marketed for each season

Your GEI Sugar marketing allocation covers all of your GEI Sugar, including your mandatory QSL Harvest Pool and US Quota allocations.

You can nominate your Marketer for up to three seasons in advance and will need to allocate a percentage of your GEI Sugar production to be marketed for each season. You can only nominate QSL as your marketer for the seasons covered by your Cane Supply Agreement.

**Remember:** If you only want to use QSL for marketing and pricing services, you must assign 100% of your GEI Sugar Marketer allocation to QSL.
Growers marketing with QSL have until 30 April* each year to decide which QSL pricing and payment options they’d like to use for the coming season.

YOUR QSL PRICING OPTIONS

MANDATORY POOLS
Automatic participation with no action required

All growers marketing with QSL have 40% of their QSL tonnage automatically allocated to our two mandatory pools – the QSL Harvest Pool and the QSL US Quota Pool.

If you choose not to use any of our optional pools and pricing products, the remainder of your tonnage will be priced through the Harvest Pool for the duration of the season.

WANT MORE CHOICE?
You can also access any combination of the following optional pricing products:

QSL-MANAGED POOLS
QSL makes the pricing decisions on your behalf

You decide which of these pools you’d like to allocate tonnage to.

QSL then makes the pricing decisions for that allocation.

GROWER-MANAGED PRICING PRODUCTS
You make your own pricing decisions

You decide which of these pricing tools best suit your needs and then use them to price your own sugar up to 3 seasons in advance.

Growers using QSL Direct submit their pricing choices via their QSL Direct accounts. All other growers submit their QSL pricing choices via the paperwork provided by their mill.

* Growers in Bundaberg and Isis milling districts should see their miller for details of the local pricing nomination deadlines.
QSL-MANAGED POOLS

WANT TO LEAVE YOUR PRICING CHOICES TO THE EXPERTS AT QSL?

Our QSL-managed pools have a strong track record of outperforming the market. Just nominate which of the following pools you’d like to use and we’ll take it from there, pricing your allocated GEI Sugar on your behalf so you can focus on maximising your production.

**QSL HARVEST POOL**
Nomination period: Automatic allocation
Minimum tonnage: 35% of GEI Sugar estimate + any unallocated tonnage
- Designed to help manage in-season tonnage shortfalls and contains a production buffer that is not sold or priced until the later part of the harvest.
- You can deliver more or less than your initial allocation, with no commitment required.
- Any GEI Sugar not allocated to a QSL pricing product defaults to this pool.

**QSL US QUOTA POOL**
Nomination period: Automatic allocation
Minimum tonnage: Up to 5% of GEI Sugar estimate
- QSL automatically allocates a share of US Quota returns to all growers marketing with QSL.
- The final allocation is based on QSL’s total sales tonnage to the USA each season, and usually varies between 3%-5% of your GEI Sugar tonnes with QSL.

**QSL ACTIVELY MANAGED POOL**
Nomination period: 1 March 2020 – 30 April 2020
Minimum tonnage: 10 tonnes
- Targets the best return by pricing in an active manner designed to exploit short-term market opportunities in the current season.
- QSL can use a variety of pricing instruments, trade currency and unwind pricing to re-price at a later date in a bid to enhance returns.

**QSL EARLY-START ACTIVELY MANAGED POOL**
Nomination period: 1 September 2019 – 31 October 2019
Minimum tonnage: 10 tonnes
- Targets the best return by using the same pricing approach and tools as the QSL Actively Managed Pool, but extends the pricing window across 18 months.
- Nominations close in the year prior to delivery.

**2021 QSL 2-SEASON ACTIVELY MANAGED POOL**
Nomination period: 1 March 2020 – 30 April 2020
Minimum tonnage: 10 tonnes
- Targets the best return by using the same pricing approach and tools as the QSL Actively Managed Pool, but extends the pricing window across 2 seasons.
- Prices 2021-Season sugar, with nominations closing the year prior to delivery.

**2022 QSL 3-SEASON ACTIVELY MANAGED POOL**
Nomination period: 1 March 2020 – 30 April 2020
Minimum tonnage: 10 tonnes
- Targets the best return by using the same pricing approach and tools as the QSL Actively Managed Pool, but extends the pricing window across 3 seasons.
- Prices 2022-Season sugar, with nominations closing 2 years prior to delivery.

**QSL GUARANTEED FLOOR POOL**
Nomination period: 1 March 2020 – 30 April 2020
Minimum tonnage: 50 tonnes
- Locks in a ‘floor’ price, setting a known minimum return supplemented by 50% of any returns above the pool’s ‘strike’ price.
- Floor and strike prices are set after nominations close, with the option to withdraw from the pool if the floor price is $10 or more below the last published indicative price.
- NOTE: QSL may run additional Guaranteed Floor Pools with differing nomination periods in order to take advantage of market conditions. See their specific Pricing Pool Terms for details.

Please note: Growers in the Bundaberg and Isis milling districts should refer to their miller for details of their local nomination deadlines for any QSL product.
### QSL’S GROWER-MANAGED PRICING OPTIONS

**WANT TO CALL THE SHOTS AND PLACE YOUR OWN ORDERS?**

Our grower-managed pricing options put you in the driver’s seat, letting you lock in prices up to 3 seasons in advance.

#### TARGET PRICE CONTRACT

| Nomination period: Until 30 April in the year of delivery |
| Minimum tonnage: 10 tonnes for nominations & orders* |
| • Price your GEI Sugar during the current season and up to 3 seasons forward. |
| • Orders target a weighted season average in $5 increments (e.g. $400, $405, $410). |
| • Extend your pricing window to the year after crushing by ‘rolling’ unfilled orders (costs may apply). |

#### SELF-MANAGED HARVEST

| Nomination period: 1 September 2019 – 31 October 2019 |
| Minimum tonnage: 35% of GEI Sugar estimate (min. 300 tonnes) |
| • Manage your own production risk by pricing your GEI Sugar tonnage allocated to the QSL Harvest Pool. |
| • You are responsible for pricing all of your QSL Harvest Pool allocation, with pricing restrictions for 20% of this tonnage to maintain your production buffer. |
| • You are liable for any costs associated with failing to deliver sugar priced in this pool. |

#### INDIVIDUAL FUTURES CONTRACT

| Nomination period: Until 30 April in the year of delivery |
| Minimum tonnage: 60 tonnes for nominations & 10 tonnes for orders** |
| • Price your GEI Sugar incrementally during the current season and up to 3 seasons forward, with separate pricing decisions for each of the 4 individual futures contracts. |
| • Order targets in $5 increments (e.g. $400, $405, $410). |
| • Pricing to be completed by mid-April in the year after crushing commences. |

#### THE QSL SHARED POOL

QSL doesn’t charge fees or apply corporate mark-ups and margins to use our products and services. Instead, we pass on any costs and premiums associated with your marketing and pricing choices via an allocation from the QSL Shared Pool. This allocation is finalised in the July following each season and is applied to each tonne of GEI Sugar you nominate to market through QSL.

For further details on the QSL Shared Pool, please read Section 15 of this Handbook. QSL also provides a breakdown of the Shared Pool currently applicable in each milling district on our website at [www.qsl.com.au](http://www.qsl.com.au).

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* Nomination and order minimum of 50.8025 tonnes in Tully Sugar milling districts.

** Nomination minimum of 304.815 tonnes & order minimum of 50.8025 tonnes in MSF Sugar & Tully Sugar milling districts.

For full details regarding QSL’s pricing pools and products, please read the relevant Pricing Pool Terms in this Handbook.
Growers using QSL Direct in the Far Northern Milling, Mackay Sugar and Wilmar milling districts must have a Grower Pricing Agreement in place with QSL before they can access QSL pricing and payment services.

The Grower Pricing Agreement (GPA) is a contract between QSL and a Grower which details the conditions under which that grower will allocate their Grower’s Economic Interest in sugar (GEI Sugar) to QSL in order to access QSL’s marketing and pricing services. The GPA only needs to be done once, and then remains valid from its date of execution until expiry of the term of the On-Supply Agreement. Growers who sign a GPA are under no obligation to choose QSL as a GEI Sugar Marketer in the future, but continue to have the option to do so without resubmitting the GPA paperwork.

Key information sought in the GPA includes:
- Grower contact details;
- Business entity information, including your ABN;
- Details of your designated Pricing Manager and anyone else you wish to authorise to access your QSL Direct account; and
- Payment directions (i.e. bank account details), including arrangements for liens and other third-party payments (where possible).

COMPLETING THE PAPERWORK

Once you have elected QSL as a GEI Sugar marketer for the first time, you will receive your QSL GPA document via email. A hardcopy of this document will also be available from your local QSL regional office or QSL Grower Services Team representative.

You can return your completed GPA via the following options:
- You can scan and email your GPA to qsldirect@qsl.com.au
- You can post your hardcopy GPA to GPO Box 891, Brisbane, Qld, 4001
- You can return your hardcopy GPA to your local QSL regional office. Visit www.qsl.com.au or call 07 3004 4400 for details.

WHAT HAPPENS NEXT?

Once your GPA has been processed and verified, QSL will issue you with log-in details for the QSL Direct online grower portal. All pool and pricing product nominations, pricing orders, payment details, reporting functions and other QSL services will be managed through the QSL Direct portal.

For more information on QSL Direct, please refer to Section 10 of this handbook.

HELP AND INFORMATION

A guide to completing the QSL GPA will accompany your GPA when you receive it via email. For further information or assistance regarding the GPA process, please contact your local QSL representative or call the QSL Direct Helpline on 1800 870 756.
QSL Direct is an online portal that enables growers to:

- Monitor their QSL GEI Sugar tonnage and allocations;
- Nominate GEI Sugar tonnes to QSL-managed pools and grower-managed pricing products;
- Place, cancel and monitor pricing orders;
- Receive QSL payment statements;
- Monitor sugar deliveries, pricing returns and cash flow forecasts;
- Access GPA details, and
- Access sugar market information and the latest QSL news.

QSL Direct is only available to growers who have nominated QSL as a GEI Sugar Marketer and have a QSL Grower Pricing Agreement (GPA) in place.

Once these steps are complete, eligible growers receive an email from QSL with directions on how to log-in to QSL Direct for the first time.

Please note that a valid email address, mobile phone and internet access is necessary to access QSL Direct. If these resources are not available for your business, please contact your local QSL Grower Services Team representative.

INFORMATION AND ASSISTANCE

The QSL Direct online portal can be found at http://qsldirect.qsl.com.au or by clicking on the QSL Direct link on the QSL homepage (www.qsl.com.au). You can also access your QSL Direct account via the QSL App, available free from the Apple and Google Play stores.

Remember, you will not be able to gain access to QSL Direct until you have met the criteria outlined previously and have received your QSL Direct activation email from QSL.

The QSL Direct User Guide provides comprehensive information on how to navigate through QSL Direct and perform common tasks. This guide is available on the QSL website (www.qsl.com.au) and from your local QSL regional office.

Growers who need assistance accessing or navigating through QSL Direct can:

- Call the QSL Direct Helpline on 1800 870 756
- Email questions to qsldirect@qsl.com.au
- Click on the Help Section within QSL Direct for the answers to common questions
- Attend a QSL Direct group training session in their local area (contact your local QSL Grower Services Team representative for details)
- Meet with a local QSL Grower Services Team representative for one-on-one help. Call 1800 870 756 or visit www.qsl.com.au for details of your local QSL representative.
Growers who have conducted pricing with a bank may be able to transfer (novate) their pricing to QSL. While QSL charges no fees for this service, it should be noted that Growers in such arrangements may be liable for fees and charges from their existing pricing provider, and should refer to their current pricing agreement or provider for details of these. Technical limitations may also restrict QSL’s ability to novate pricing.

Growers who have conducted pricing with a bank or other financial service provider should contact the QSL Treasury Team to discuss novation arrangements.

Please call 3004 4470 for further details.

**TRANSFERRING PRICING FROM YOUR MILLER**

Please contact your local QSL representative to discuss novation arrangements applicable in your milling district.
QSL offers four different payment options for sugar priced through QSL for the 2020 Season, these being:

1. QSL Standard Advances;
2. QSL Accelerated Advances;
3. QSL Deferred Payment Scheme; and
4. QSL Pre-Crush Advance Payment.

Growers who make no other active payment option selection will automatically receive QSL Standard Advances.

**QSL STANDARD ADVANCES**

QSL Standard Advances is the traditional payment system familiar to most Queensland cane growers, with incremental payments made both in and out of the harvesting season based on an estimate of final sugar returns. This system of payments is commonly referred to as ‘Advances’, reflecting the fact that QSL funds the payments to growers and millers in advance of receiving revenue from customers for the associated raw sugar sales.

QSL pays the first Advances instalment once harvesting starts and a grower’s GEI Sugar is delivered to a bulk sugar terminal. The sugar payment made is based on:

- QSL’s weighted average forecast final price for that grower’s GEI Sugar*;
- The applicable QSL Advances rate; and
- The amount of sugar delivered to date.

For example:

> After their first cut for the season, a grower delivers 100 tonnes IPS of GEI Sugar to QSL.

> The weighted average of their pricing choices (including the QSL Shared Pool allocation) is currently $400/tonne IPS sugar

> The QSL Standard Advance rate is at 65%.

> So their initial QSL Advances payment will be based on:

\[
100 \text{t IPS sugar} \times \$400/\text{t IPS sugar} \times 65\% \text{ Standard Advances rate} = \$26,000
\]

It’s important to note that in addition to the sugar payment from QSL outlined above, applicable allowances, deductions and GST passed on by the miller could also subsequently be incorporated into the payment received by growers, as per local Cane Supply Agreement arrangements. Growers using QSL Direct should refer to the QSL Direct Payment Process section of this Handbook for details, while all other growers should contact their miller for further information regarding local payment arrangements.

Following this initial sugar payment from QSL, additional Advance payments are made after each GEI Sugar delivery or increase in the QSL Advances rate. In each instance, the QSL sugar payment owing to the grower is recalculated to reflect:

- the amount of GEI Sugar delivered by the grower to QSL to date;
- the applicable QSL Advances rate;
- the current estimated value of the grower’s GEI Sugar*; and
- the Advances already paid to the grower for sugar received.

For example:

> After their second cut for the season the following month, the grower in our previous example delivers an additional 100 tonnes IPS of GEI Sugar to QSL – bringing their total QSL GEI Sugar deliveries to date for the season to 200 tonnes IPS.

> The current weighted average of their pricing choices has increased to $410/tonne IPS sugar.

> The QSL Standard Advance rate has increased to 70%.

> So their second QSL Advances payment will be based on:

\[
200 \text{t IPS sugar} \times \$410/\text{t IPS sugar} \times 65\% \text{ Standard Advance rate} = \$57,400
\]

\[
\text{less the Advances already paid} - \$26,000
\]

\[
\text{Second Advances Payment} = \$31,400.
\]

**ADVANCES RATES**

QSL’s Standard Advances rate generally starts at around 60%, with incremental increases throughout the season to eventually reach 100% once the season is over and the final value of the sugar priced can be established.

The level and timing of each Advances increase is determined by the QSL Board, taking into consideration:

- expected cash flow from shipments of raw sugar to customers;
- expected rates of deliveries from suppliers;
- the margin calls QSL may need to pay on forward pricing; and
- QSL’s available borrowing facilities.

QSL releases an indicative Advances Program on its website (www.qsl.com.au) prior to the start of each season, with scheduled increases approved or amended by the Board as each Season progresses.

The final Advances payment is normally made in July of the year after harvesting commenced (e.g. the final payment for the 2018 Season was made in July 2019).

For further information about Standard Advances, please read section 6 of the QSL Common Pool Terms.

*Note: Growers in Bundaberg Sugar and Isis Central Sugar Mill milling districts are paid QSL Advances based on their milling-district average throughout the harvest, with an adjustment to their actual pricing position in December or January each year. Please see your miller for details of this.*
QSL ACCELERATED ADVANCES

QSL’s Accelerated Advances option is designed to maximise the amount of Advances paid to participating growers prior to the end of the year, with its Advances rate rising to 90% each December. The Advances rate remains at 90% until the QSL Standard Advances rate also reaches 90%, usually in April or May of the following year. From this time the Accelerated Advances rate aligns with the QSL Standard Advances rate for the remainder of each season.

The QSL Accelerated Advances payment option is only available for:

- Tonnage nominated to the QSL Guaranteed Floor Pool;
- Completed novated pricing;
- Completed pricing in the Target Price Contract; and
- Completed pricing in the Individual Futures Contract.

Should a grower choose to receive Accelerated Advances, this payment option will be applied to all qualifying tonnage they may have that season in any of the pricing products outlined above.

It is important to note that in order for tonnage in the Target Price Contract and Individual Futures Contract to be eligible for this payment option, the entire nomination in that particular pricing product for the season in question must be filled by 30 November prior to the December payment for that season.

For example:

> A grower has 100 tonnes of 2020-Season pricing orders in the Target Price Contract and 100 tonnes in the 2020 QSL Guaranteed Floor Pool.
> They elect to receive Accelerated Advances for the 2020 Season.
> As of 30 November 2020, only 70 tonnes of their Target Price Contract nomination has been priced, with 30 tonnes remaining unpriced.

Although the grower has nominated to receive Accelerated Advances, all of their pricing for Target Price Contract has not been priced, and so none of their tonnage in this pricing product is eligible for Accelerated Advances.

> As such, the grower will receive Accelerated Advances for their Guaranteed Floor Pool tonnage, but not their Target Price Contract tonnage.

NOMINATION DATE AND PROCESS

QSL accepts nominations for Accelerated Advances up until 30 November of the season in question.

Growers using QSL Direct must elect to receive Accelerated Advances via their QSL Direct account. To do this, just follow these simple steps:

- Log onto your QSL Direct account and select the ABN and then the Season in question;
- Click on the Season Preferences tab;
- Under the ‘Advances & Cashflow’ section, select ACC as the Advances Option; and
- Click on the ‘Confirm’ and then ‘Submit’ buttons to finalise your selection.

Remember, only Pricing Managers can nominate Accelerated Advances for the ABN in question.

All other growers who wish to access QSL’s Accelerated Advances program must advise their miller prior to 30 November of the season in question.

QSL DEFERRED PAYMENT SCHEME

This pricing option enables growers using QSL Direct to defer any early-season QSL Advance payments due before June 30 to their first scheduled payment in July of the new financial year.

All other subsequent payments beyond this date would follow the QSL Standard Advances payment schedule, unless an alternate Advances option has been chosen.

Participation in this payment option does not affect the scheduled Advances payments for the prior season (i.e. Advances payments for the 2019 Season are paid as scheduled, regardless of whether you have deferred your initial 2020-Season payments).

Growers considering this option should seek advice regarding any potential accounting or financial implications.

NOMINATION DATE AND PROCESS

Nominations for QSL’s Deferred Payment Scheme for the 2020 Season will be accepted until 29 May 2020. Note: Some exclusions apply.

Before electing to receive this payment option, please read the QSL Deferred Payment Scheme Terms in section 27 of this Handbook.

QSL PRE-CRUSH ADVANCE PAYMENT

Under this option, growers using QSL Direct nominate to receive an Advance payment for up to half of their estimated GEI Sugar prior to the start of the harvest. This payment is made in late March and is based on a rate of $50/tonne IPS sugar, less associated administration and finance costs of approximately $0.60 per tonne IPS sugar.

Once the participating grower starts delivering sugar, their QSL Standard Advance payments will not commence until the Advances amount due for the season exceeds the Pre-Season Advance Payment already made.

For example:

> A grower has a supply estimate of 400 tonnes IPS of GEI Sugar nominated to QSL.
> They are eligible to receive a Pre-Crush Advance Payment on 50% of this = 200 tonnes of IPS sugar.
> 200 tonnes of IPS sugar x $50/tonne = $10,000, which they are paid on 27 March 2020.
> Once they start delivering their 2020-Season GEI Sugar, their seasonal Advance payments will only start when the overall amount due for the season exceeds the $10,000 already paid.
> The $0.60/tonne of additional finance costs will be reflected in the grower’s final net pool prices via an allocation to their QSL Shared Pool element.

NOMINATION DATE AND PROCESS

Nominations to receive the Pre-Crush Advance Payment for the 2020 Season are open from 1 February 2020 to 15 March 2020, with the payment to be made on or around 27 March 2020.

Before electing this payment option, please read the QSL Pre-Crush Advance Payment Scheme Terms within section 28 of this Handbook. Nominations to receive the Pre-Crush Advance Payment can be made by clicking on the ‘Season Preferences’ tab within the 2020 Season section of your QSL Direct account. You can then nominate up to 50% of your GEI tonnage in the ‘Pre-Crush Advance’ field.
14 THE QSL DIRECT PAYMENT PROCESS

GROWERS IN WILMAR MILLING DISTRICTS

Growers in Wilmar milling districts who nominate QSL as a marketer of their Grower’s Economic Interest in sugar (GEI Sugar) receive payment associated with this sugar directly from QSL.

Key aspects of the QSL payment system for these growers include:

HOW PAYMENTS ARE MADE

- Growers are paid directly by QSL into their nominated bank account/s.
- Growers can nominate payments to be made to a separate account on a farm-by-farm basis.
- Payments to third parties for crop liens and similar arrangements can also be made.
- Bank account details will be sought within each Grower’s initial Grower Pricing Agreement (GPA) paperwork.

WHEN PAYMENTS ARE MADE

- Payments commence once a grower’s cane has been processed and are made weekly throughout the season in each week the grower delivers cane.
- In the weeks where no GEI Sugar is received (i.e. no cane has been delivered to the mill), a grower will not receive a QSL payment unless there has been an increase in their Advances rate or Relative CCS, or additional payment made (such as funds passed on from their miller).
- Each grower’s QSL GEI Sugar production figure for the week will be calculated as of midnight each Saturday.

WHAT PAYMENTS ARE BASED ON

- A QSL Statement is issued for each payment from QSL via the QSL Direct online grower portal.
- Each sugar payment from QSL reflects the weighted average of that grower’s individual pricing position.
- Payments from QSL are made at the standard QSL Advances rate for the season concerned, unless the grower has chosen to receive an alternate QSL payment option.
- An Indicative Advances Program for both the Standard Advances and Accelerated Advances will be published on the QSL website (www.qsl.com.au), with rates confirmed incrementally as the Season progresses.

ALLOWANCES AND DEDUCTIONS (EXCLUDING LIENS)

- The allowances and deductions that may affect the amount that a grower is paid are determined in accordance with the terms of the grower’s CSA. Subject to any changes within the CSA in this regard, growers can have these amounts directed to third parties, such as harvesting contractors.

For those Growers who choose QSL as their only GEI Sugar Marketer (i.e. 100% allocation to QSL):

- Payments traditionally made to third parties on your behalf by your miller under the CSA (such as harvesting costs and industry levies) will continue to be paid to these third parties by the miller on your behalf. Your miller will subsequently pass these costs on to QSL to be applied to your payment from QSL. The net amount of these deductions will be featured on your QSL Statement and detailed in your Recipient Created Tax Invoice (RCTI) from your miller.
- Where you have authorised your miller to make harvesting payments directly to a third party, your miller will make the adjustment payment directly to that third party (i.e. the harvesting contractor).
- Where your miller pays you for harvesting services or other allowances, they will pass the additional funds owed to you to QSL to be added to your QSL payment.

For those Growers who nominate both QSL and Wilmar as their GEI Sugar Marketers for the same Season:

- Wilmar applies the total of your allowances and deductions to your Wilmar GEI Sugar tonnage only. In this event, no allowances or deductions would be applied to your payment from QSL.
- In the case of local harvesting arrangements where harvesting overtime/continuous crushing payments have previously been covered by Wilmar, this remains the case. Where you have authorised Wilmar to make harvesting payments directly to a third party, Wilmar will make the adjustment payment directly to that third party (i.e. the harvesting contractor). Where Wilmar pays you for harvesting services, Wilmar will pay the additional funds owed to you through your Wilmar GEI Sugar tonnage payment.

LIENS

- Payments such as liens, leases and share-farming payments which are based on the Gross Cane Value need to be made by your GEI Sugar Marketer. Growers who elect QSL as their GEI Sugar Marketer can direct QSL to make these payments on their behalf.

GST

- Please note that GST is not applicable on your QSL payment.
- The sale of cane to your miller is a taxable supply for GST purposes. The GST payable to the Australian Taxation Office (ATO) will be clearly identified on the Recipient Created Tax Invoice (RCTI) issued to you by your miller.
- This GST amount will be paid to you by QSL to ensure you can meet your GST liability to the ATO. As a result, there should be no net impact to you as a result of these GST arrangements.
- QSL recommends that you seek advice from your accountant or tax professional regarding the implications of this GST arrangement for your business.
- A guide to the GST arrangements for Marketing Choice with QSL is available at www.qsl.com.au or from your local QSL office.
GROWERS IN MACKAY SUGAR MILLING DISTRICTS

Growers in Mackay Sugar milling districts who nominate QSL as a marketer of their GEI Sugar have two options to receive their QSL payments.

1. DIRECT FROM QSL: Under this model, QSL deposits the Grower’s QSL payment directly into their bank account. This is known as the Marketer Payment Model.

OR

2. VIA MACKAY SUGAR: Under this model, QSL makes the Grower’s payment to Mackay Sugar, who subsequently passes the funds on to the Grower. This is known as the Mill Payment Model.

- Growers choosing QSL as their marketer can select their preferred payment method when completing the GEI Sugar Marketer Nomination Form. If no method is chosen during the nomination process, the default payment method is via Mackay Sugar until otherwise arranged.

- Regardless of which QSL payment option the Grower chooses, there are no differences in the handling and reporting of allowances, deductions, other income or payments to third parties – they are handled in the same way, as detailed below.

CANES PAYMENT STATEMENTS & QSL STATEMENTS

- Those Growers marketing with QSL continue to receive a cane payment statement from their miller. This statement is the main document used by Growers when completing their Business Activity Statement (BAS) and other bookwork, as was previously the case.

- In addition to the miller’s cane payment statement, all Growers marketing with QSL receive QSL Statements detailing their QSL payments and transactions.

- These QSL statements are available online through the Grower’s QSL Direct account, or via email and hardcopy. The Grower’s QSL Direct account is activated once their GEI Sugar Marketing Nomination Form and QSL Grower Pricing Agreement have been processed.

ALLOWANCES & DEDUCTIONS

- The miller is still responsible for applying any allowances or deductions which are based on the Grower’s cane tonnage and allowed under their Cane Supply and Pricing Agreement (e.g. CANEGROWERS & SRA levies, harvesting contractor payments, etc). Any such deductions or allowances are detailed in the paperwork supplied to the Grower by the miller. These are passed on or paid to the grower by QSL in the case of marketer-paid growers and fully managed by the mill in the case of indirect/mill paid growers.

LEASES, LIENS & THIRD-PARTY PAYMENTS

- Third-party payments, such as leases and liens, are still managed by the miller and detailed in the paperwork they supply to the Grower. QSL will be able to process liens for marketer-paid growers on CCS for the 2020 Season.

OTHER INCOME

- Any additional income due to the Grower, such as payments for molasses and fibre, is still banked as part of the Grower’s cane payment and detailed on the paperwork provided by their miller.

GROWERS IN THE MOSSMAN MILLING DISTRICT

Growers supplying Mossman Mill receive payment associated with this sugar directly from QSL. Key aspects of the QSL payment system for these growers include:

HOW PAYMENTS ARE MADE

- Growers are paid directly by QSL into their nominated bank account/s.

- Growers can nominate payments to be made to a separate account on a farm-by-farm basis.

- Payments to third parties for crop liens and similar arrangements can also be made.

WHEN PAYMENTS ARE MADE

- Payments commence once a grower’s cane has been processed and are made weekly throughout the season in each week the grower delivers cane.

- In the weeks where no GEI Sugar is received (i.e. no cane has been delivered to the mill), a grower will not receive a QSL payment unless there has been an increase in their Advances rate or Relative CCS, or additional payment made (such as funds passed on from their miller).

WHAT PAYMENTS ARE BASED ON

- A QSL Statement is issued for each payment from QSL via the QSL Direct online grower portal.

- Each sugar payment from QSL reflects the weighted average of that grower’s individual pricing position.

- Payments from QSL are made at the standard QSL Advances rate for the season concerned, unless the grower has chosen to receive an alternate QSL payment option.

- An Indicative Advances Program for both the Standard Advances and Accelerated Advances will be published on the QSL website, with rates confirmed incrementally as the Season progresses.

DEDUCTIONS & ALLOWANCES (EXCLUDING LIENS)

- Payments traditionally made to third parties on your behalf by your miller under the CSA (such as harvesting costs and industry levies) will continue to be paid to these third parties by the miller on your behalf. Your miller will subsequently pass these costs, as well as any applicable allowances, on to QSL to be applied to your payment from QSL. These deductions and payments are detailed on your mill paperwork, with only the total deduction or payment amount featured on your QSL Statement.

LEASES & LIENS

- Payments such as liens, leases and share-farming payments which are based on the Gross Cane Value are made directly by QSL.

GST

- There are no changes required to previous arrangements for bookkeeping or the treatment of GST.
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 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:

<table>
<thead>
<tr>
<th>Classification of Pricing Pools</th>
<th>ICE 11 Pools</th>
<th>Committed Pool</th>
<th>QSL Marketed Pool</th>
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</tbody>
</table>

*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

Please refer to the disclaimer at the end of these pool terms.
(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:

\[
\text{Initial SPE} - \text{Committed Pools allocation} - 20\% \text{ of Initial SPE} - \text{Discretionary Tranche changes}
\]

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 or SMA Participants that are Growers:

(i) QSL;

(ii) a Grower or Grower Collective Committee approved by QSL and the relevant OSA Participant or SMA Participant (as applicable); or

(b) for Pricing Pools offered to SMA Participants that are a Delivery Participant in respect of SEI Sugar supplied by that SMA Participant, the SMA Participant which is allocating Raw Sugar to the Pricing Pool, QSL or, with the approval of QSL and the relevant SMA Participant, an External Risk Manager;

(c) 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 five 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 or SMA Participant is the Delivery Participant, by a Grower or Grower Collective Committee with the approval of both QSL and the relevant OSA Participant or SMA Participant (as applicable);

(e) by a SMA Participant in respect of a Pricing Platform Pool for SEI Sugar supplied by that SMA 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 closely 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.
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 SMA Participants;

(iv) for all RSSA Participants; or

(v) 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 RSSA Participants, 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, or SMA or SMA Grower Agreement (as relevant).

(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, or SMA or SMA 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, or SMA or SMA 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 RSSSA 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).

<table>
<thead>
<tr>
<th>Available ICE 11 Futures</th>
<th>Futures Contract Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>July-YYYY</td>
<td>1</td>
</tr>
<tr>
<td>October-YYYY</td>
<td>2</td>
</tr>
<tr>
<td>March-YYYY+1</td>
<td>2</td>
</tr>
<tr>
<td>May-YYYY+1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
</tr>
</tbody>
</table>

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:

(i) where a change for all Pricing Platform Pools is proposed, where there is a fundamental change in QSL’s marketing plan; or

Please refer to the disclaimer at the end of these pool terms.
(ii) 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:

(iii) with the consent of a majority in number of the RSSA Participants; and

(iv) 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 or SMA Participant, Grower or Grower Collective Committee or SMA Participant) 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 or SMA Participant is the Delivery Participant, the Grower or Grower Collective Committee or the SMA Participant 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 or SMA Participant is the Delivery Participant, the Grower or Grower Collective Committee or the SMA Participant 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.
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) 65% 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) 50% 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, RSSA Participant or SMA Participant where the term of their OSA, SMA or RSSA extends or has been extended to a 4 or 5 year (or longer) 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, OSA or SMA 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, SMA Participant or a Delivery Participant under an OSA or SMA 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 or SMA, utilise the actual deliveries under the OSA or SMA in such a Season attributable to the OSA Participant or SMA Participant (as applicable); and

(ii) for Seasons during the term of an RSSA previously entered by the relevant Delivery Participant (or a Related Body Corporate or previous owner of the relevant mill(s)), utilise the deliveries under the RSSA in such a Season subject to an appropriate adjustment to reflect the anticipated proportion of GEI Sugar and SEI Sugar that will be supplied by the relevant Delivery Participant in the current Season (and, where the OSA Participant or SMA Participant is a Grower, the estimated extent to which such GEI Sugar is attributable to the relevant OSA Participant or SMA 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.

<table>
<thead>
<tr>
<th>Following Season</th>
<th>Following Season plus 1</th>
<th>Following Season plus 2</th>
<th>Following Season plus 3</th>
<th>Following Season plus 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant’s SPE (000’s t)</td>
<td>540</td>
<td>540</td>
<td>540</td>
<td>540</td>
</tr>
<tr>
<td>Commitment Limit %</td>
<td>65%</td>
<td>65%</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>Commitment Limit</td>
<td>351</td>
<td>351</td>
<td>270</td>
<td>216</td>
</tr>
<tr>
<td>Less Non ICE 11 (as estimated by QSL)</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Less Existing Commitment to Pricing Platform</td>
<td>50</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Remaining Entitlement to the Pricing Platform</td>
<td>274</td>
<td>224</td>
<td>143</td>
<td>189</td>
</tr>
</tbody>
</table>

Please refer to the disclaimer at the end of these pool terms.
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 50%, with the Commitment Limits for the two prior Seasons changing from 65% and 50% to 65% and 65% 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 40% (for 4 Seasons forward) and 30% (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 changing to 65%, 65% and 50% respectively, with the Commitment Limit for any fourth Season included within the term increasing to 40%.

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 2020 Season remains as 30 April 2020 and that the relevant agreement is either an OSA, SMA or a RSSA for which the term has been extended to 5 years or longer, 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):

<table>
<thead>
<tr>
<th>Season</th>
<th>2020 Season</th>
<th>2021 Season</th>
<th>2022 Season</th>
<th>2023 Season</th>
<th>2024 Season</th>
<th>2025 Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment Limit</td>
<td>65% of Initial SPE</td>
<td>65% of CE</td>
<td>50% of CE</td>
<td>40% of CE</td>
<td>30% of CE</td>
<td>0% of CE</td>
</tr>
<tr>
<td>on 30/06/2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Limit</td>
<td>65% of Initial SPE</td>
<td>65% of CE</td>
<td>65% of CE</td>
<td>50% of CE</td>
<td>40% of CE</td>
<td>30% of CE</td>
</tr>
<tr>
<td>from 1/07/2019 – 30/06/2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Limit</td>
<td>65% of Initial SPE</td>
<td>65% of CE</td>
<td>65% of CE</td>
<td>50% of CE</td>
<td>40% of CE</td>
<td>30% of CE</td>
</tr>
<tr>
<td>if between 1/07/2019–30/04/2020 pricing is conducted for the 2025 Season</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Limit</td>
<td>65% of Initial SPE</td>
<td>65% of CE</td>
<td>65% of CE</td>
<td>50% of CE</td>
<td>40% of CE</td>
<td>30% of CE</td>
</tr>
<tr>
<td>from pricing being conducted until 30/06/2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 those 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, or SMA or SMA 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, foreign exchange transactions or other transactions required
to 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 the 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 of unwinding ICE 11 pricing and foreign exchange cover in the Self-Managed Harvest Pool to
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 Self-Managed Harvest Pool Pricing Pool Terms) at the time the failure is identified.

(c) In determining the financial impact of failing to deliver or have delivered Committed Sugar the amount of the shortfall will be applied against the remaining open futures positions for the Pricing Pools in the following order of priority:

(i) the Self-Managed Harvest Pool (where applicable to the Failing Participant);

(ii) Pricing Platform Pools;

(iii) Committed Sugar in any other ICE 11 Pricing Pool;

(iv) 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); and

(v) US Quota Pool;

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 over-priced 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 (or Grower or Grower Collective) is the Risk Manager using AA Transactions;

(b) Pricing Pools for which a Participant (or Grower or Grower Collective) 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 against 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 to date plus Currency Options at the maximum strike rate secured less any Costs paid for Currency Options for the Season to date.

Please refer to the disclaimer at the end of these pool terms.
(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 over 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.

Please refer to the disclaimer at the end of these pool terms.
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 has 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) (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 greater 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 less than the Invoice Base Price of the LTC (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

Please refer to the disclaimer at the end of these pool terms.
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 need will 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. 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 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.

(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

Please refer to the disclaimer at the end of these pool terms.
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 2020 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:

(i) 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

(ii) for OSA Participants and SMA 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 or SMA and/or SMA Grower Agreement (as relevant).

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

(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;

(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 or SMA 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 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.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which that Raw Sugar is attributable to is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Shared Pool Element for a Participant for each QSL Pricing Pool for the 2020 Season will be determined in accordance with these QSL Shared Pool Terms.

While the Shared Pool Element will typically be the same for all Pool Participants in a QSL Pricing Pool, the Shared Pool Element will vary between Participants:

- where there are Participant Specific Costs that only apply to some Participants; and
- where there is a Supplementary Commitment Premium that only applies to some Participants or applies to varying proportions of the Raw Sugar attributable to Participants.

To understand the way in which the price received for Raw Sugar delivered to QSL is calculated, it is important to read both these QSL Shared Pool Terms and the Pricing Pool Terms for each relevant QSL Pricing Pool.

2 CALCULATING THE SHARED POOL ELEMENT

2.1 OVERVIEW

The Shared Pool Element is calculated by allocations to each QSL Pricing Pool of the following:

(a) Marketing Revenue;
(b) Direct Marketing Costs;
(c) Additional Port Loading Rebate;
(d) Shared Costs; and
(e) Pool Specific Costs,
subject to the following additional allocations which may vary between Participants:

(f) Participant Specific Costs; and
(g) Supplementary Commitment Premium.

As QSL operates on a not-for-profit basis, there is never any retained profit or margin for QSL included in the calculation of the Shared Pool Element.

2.2 USD CONVERSION

The USD value of any revenues and Costs aggregated in the QSL Shared Pool will:

(a) for QSL Marketed Pools, be converted to AUD at the AUD/USD rate hedged by QSL in accordance with the guidelines provided in QSL’s board approved policies from time to time; and

(b) for Supplier EI Pools, be converted to AUD at the AUD/USD rate hedged by QSL as instructed by the relevant RSSA Participant in writing in accordance with the procedures published by QSL provided that:

(i) all hedging of the QSL Shared Pool exposure of a Supplier EI Pool is to be completed by no later than 25 June in the following year (such that hedging for the 2020 Season is to be completed by 25 June 2021); and

(ii) if QSL does not receive instructions from the relevant RSSA Participant for sufficient hedging by the relevant 25 June, QSL will hedge any remaining exposure in accordance with the guidelines provided in QSL’s board approved policies.

The procedures and guidelines referred to in section 2.2 must be provided to each RSSA Participant each time they are amended.

Please refer to the disclaimer at the end of these pool terms.
2.3 MARKETING REVENUE

(a) What is Marketing Revenue?

Marketing Revenue means each of the following (which between them are intended to capture revenue from premiums paid by customers, where a premium is a surcharge or additional amount above or below the ICE 11 or the ICE 16 price paid by export customers):

(i) **CFR Premiums**, being the element of an export Raw Sugar invoice for a sale or purchase of Raw Sugar by QSL that covers the freight and or physical premium charged to the buyer of the Raw Sugar, basis 96 degrees polarization for all In-Season sales or purchases;

(ii) **Polarisation Premiums**, being the price adjustment on an invoice for the Bulk Export of Raw Sugar for a purchase or sale by QSL that represents the value of Raw Sugar above 96 degrees polarization and any other price adjustment paid by the buyer specifically for the quality or type of Raw Sugar;

(iii) **Futures Premiums**, means the total of:

   (A) any Production Buffer Failure Adjustment, as allocated in clause 3;
   (B) a QSL Pricing Pool’s share of the futures gain or loss from rolling the futures contracts from Raw Sugar customer invoice pricing to match QSL’s Marketing Plan;
   (C) a QSL Pricing Pool’s share of the cost of lifting hedges to convert a fixed price sale to a customer to a sale that can be hedged on the ICE 11 or ICE 16 futures market. This cost will be determined by comparing the Invoice Base Price of a fixed price sale to the weighted average price of the futures contracts bought to allow the fixed price to be hedged on the ICE 11 or ICE 16 futures market; and
   (D) The spread captured on the ICE 11 futures market from sales of Third Party Origin Sugar, which reflects the difference in the ICE11 futures price achieved for a QSL Pricing Pool sale of Australian Sugar that has been substituted with Third Party Origin Sugar (with the QSL Pricing Pool Raw Sugar being re-sold for shipment at a later date); and
   (E) For ICE pools the spread captured between the ICE 16 and ICE 11 markets for physical sales of Raw Sugar to the United States utilising CQEs purchased from other mill owners or marketers (i.e. not CQEs transferred to QSL under RSSAs, OSAs or SMAs).

(iv) **Other Marketing Revenue**, means any balance of revenue on an export Raw Sugar invoice for the purchase or sale of Raw Sugar by QSL paid by the buyer that is not a CFR Premium, Polarisation Premium or the Invoice Base Price. Invoice Base Price means the element of an export Raw Sugar invoice for a purchase or sale that is derived from the ICE 11, or ICE 16 futures market (or determined by QSL at the time of contract in the case of an LTC).

(b) Allocation of Marketing Revenue to a Pricing Pool

The allocation of Marketing Revenue to a QSL Pricing Pool is calculated as follows:

<table>
<thead>
<tr>
<th>Pool</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE 11 Pool</td>
<td>CFR Premiums, Polarisation Premiums and Other Marketing Revenue for all physical sales of Raw Sugar based on ICE 11 for the Season less CFR Premiums, Polarisation Premiums and Other Marketing Revenue for all purchases of Raw Sugar by QSL based on the ICE 11 for the Season plus Futures Premiums for all ICE 11 sales as defined in clause 2.3(a)(iii) above plus CFR Premiums for physical sales of Raw Sugar to the United States utilising CQEs purchased from other mill owners or marketers (i.e. not CQEs transferred to QSL under RSSAs, OSAs or SMAs)</td>
</tr>
<tr>
<td>US Quota Pool</td>
<td>CFR Premiums, Polarisation Premiums and Other Marketing Revenue from all US Quota physical sales of Raw Sugar for the Season (other than CFR Premiums for physical sales of Raw Sugar to the United States allocated to ICE 11 Pools) plus Futures Premiums for all ICE 16 sales as defined in clause 2.3(a)(iii) above, including any allocation of any Production Buffer Failure Adjustment calculated in accordance with clause 3.</td>
</tr>
<tr>
<td>LTC Pool</td>
<td>CFR Premiums, Polarisation Premiums and Other Marketing Revenue for all physical sales of Raw Sugar for the relevant LTC for the Season plus Futures Premiums, being for LTC Pools only an allocation of any Production Buffer Failure Adjustment calculated in accordance with clause 3</td>
</tr>
<tr>
<td>Supplier EI Pool</td>
<td>any agreed premiums under the relevant RSSA FOB Sales Contract</td>
</tr>
</tbody>
</table>

Please refer to the disclaimer at the end of these pool terms.
2.4 DIRECT MARKETING COSTS

(a) What are Direct Marketing Costs?

Direct Marketing Costs means each of the following categories of Costs (which between them are intended to capture the Costs incurred directly in selling and shipping Raw Sugar to customers, including the costs of acquiring Third Party Origin Sugar):

(i) **Freight Costs**, being the Costs of transportation of Raw Sugar by sea or road (payable to the ship owner or transport company) to deliver Raw Sugar to the purchaser;

(ii) **Banking and Execution Costs**, being sugar futures executing brokerage Costs, finance charges of export sales, bank fees associated with the opening of letters of credit, interest costs on the early payment of sales proceeds and any other Costs of executing a Raw Sugar sale or purchase contract;

(iii) **Raw Sugar Quota Purchases**, being the Costs of QSL purchasing CQEs (being allocations occurring under any system for determining the amount of Raw Sugar that can be exported from Australia to the United States of America) from mill owners or other marketers (i.e. not CQEs transferred to QSL under RSSAs, OSA or SMAs);

(iv) **Other Direct Marketing Costs**, being all Costs incurred in connection with selling or purchasing Raw Sugar under physical sales contracts or associated with discharging activities at export destinations that are not Freight Costs, Banking and Execution Costs or Raw Sugar Quota Purchases. For example, Other Direct Marketing Costs includes Discharge Port Costs, marine and charterers liability insurances, sales brokerage, and sundry marketing Costs.

(b) Allocation of Direct Marketing Costs to a Pricing Pool

The allocation of Direct Marketing Costs to a QSL Pricing Pool is calculated as follows:

| ICE 11 Pool | ICE 11 DMC x Pool Tonnes IPS / Total ICE 11 Pools Tonnes IPS where ICE 11 DMC means the Direct Marketing Costs for all ICE 11 sales and purchases and the cost of Raw Sugar Quota Purchases Pool Tonnes IPS means the total Tonnes IPS in the relevant ICE 11 Pool Total ICE 11 Pools Tonnes IPS means the total Tonnes IPS in all QSL ICE 11 Pools |
| US Quota Pool | Direct Marketing Costs for all US Quota sales for the Season utilising CQEs transferred to QSL under RSSAs, OSA or SMAs |
| LTC Pool | Direct Marketing Costs for the relevant LTC for the Season |
| Supplier EI Pool | Direct Marketing Costs for the relevant RSSA FOB Sales Contract |

2.5 ADDITIONAL PORT LOADING REBATE

(a) What is the Additional Port Loading Rebate?

The stocks of Raw Sugar sold to QSL by Delivery Participants are managed together in a combined logistics system. An Additional Port Loading Rebate is allocated to QSL Marketed Pools and Supplier EI Pools where a shipment of Raw Sugar allocated to such a Pool incurs additional costs (including stevedoring, port fees, supervision, weight and sampling and weighted average difference in Freight Costs caused) due to ‘two port loading’ a vessel, where that ‘two port loading’ occurs to manage stock levels in the bulk sugar terminals as part of the combined logistics system.

No Additional Port Loading Rebate will be allocated to a Supplier EI Pool where the relevant RSSA Participant:

(i) requests a two port load for the purposes of complying with the requirement in the RSSA to ship ‘Vessel Size Restricted Port Tonnage’; or

(ii) otherwise voluntarily requests a two port load where not required by QSL (including where the ‘Master Logistics Plan’ applying under the RSSA, includes such shipping arrangements, if the reason for their inclusion is a decision or request by the RSSA Participant).

In any month where QSL determines that an Additional Port Loading Rebate applies to a shipment of Raw Sugar allocated to the Supplier EI Pool, it will provide the RSSA Participant, by no later than the end of the next month with the basis for the Additional Port Loading Rebate amount calculated for such shipment.

(b) Allocation of Additional Port Loading Rebate

The allocation of an Additional Port Loading Rebate to a QSL Pricing Pool is calculated as follows:

| Each QSL Marketed Pool | APLR for QMPS x Total Tonnes Actual in the QSL Marketed Pool |
| Total Tonnes Actual in all QSL Marketed Pools | where APLR for QMPS means the total Additional Port Loading Rebates allocated to shipments related to QSL Marketed Pools |
| Each Supplier EI Pool | The total Additional Port Loading Rebate for all shipments of Raw Sugar allocated to the relevant Supplier EI Pool |

Please refer to the disclaimer at the end of these pool terms.
2.6 SHARED COSTS

(a) What are Shared Costs?

Shared Costs means the aggregate of the following Costs and levies (which between them are intended to capture the Costs of providing the services forming part of the pooling system which are used by all Participants):

(i) **Handling and Storage Costs**, means the net Costs incurred by QSL in respect of handling and storage for Raw Sugar supplied to QSL under the RSSAs, SMAs and OSAs, being the charges levied on it for the handling and storage services provided to QSL for such Raw Sugar;

(ii) **Port Differential Levy**, being a charge levied by QSL to fund the Costs of paying Port Differential Rebates;

(iii) **Additional Port Loading Levy**, means a charge levied in order to fund the aggregate Additional Port Loading Rebates (as described in clause 2.5(a)) and the Additional Port Loading Rebates applying to Supplier EI Pools under the RSSAs;

(iv) **Harbour Dues**, means an allocation in respect of a partial payment made by QSL of the harbour dues levied by the relevant port authorities at the port(s), where Delivery Participants deliver Raw Sugar to QSL under an OSA, SMA or RSSA, for the amount set out in the table below (unless another amount is agreed under a related cane supply agreement):

<table>
<thead>
<tr>
<th>Port</th>
<th>Harbour Due AUD/ Tonnes Actual (QSL contribution)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cairns</td>
<td>0.20</td>
</tr>
<tr>
<td>Mourilyan</td>
<td>0.30</td>
</tr>
<tr>
<td>Lucinda</td>
<td>0.20</td>
</tr>
<tr>
<td>Townsville</td>
<td>0.20</td>
</tr>
<tr>
<td>Mackay</td>
<td>0.20</td>
</tr>
<tr>
<td>Bundaberg</td>
<td>0.20</td>
</tr>
</tbody>
</table>

The balance of actual harbour dues levied by the port authorities are paid by milling companies in respect of all RSSAs and SMAs and, to the extent such amounts are directly or indirectly recoverable or contributed to by the milling companies, under the OSAs. Any balance remaining in respect of OSAs will be recoverable from relevant Participants as an Incremental OSA Cost.

(b) Allocation of Shared Costs to a Pricing Pool

The allocation of Shared Costs to a QSL Pricing Pool is calculated as follows:

\[
\text{Total Shared Costs x} \quad \frac{\text{Tonnes Actual in QSL Pricing Pool}}{\text{Total Tonnes Actual for all QSL Marketed Pools and Supplier EI Pools}}
\]

For RSAA Participants this allocation will occur by deducting from the RSAA Participant's final Pool payment for each Season the difference between:

(A) the harbour due amount levied by the relevant port authority at the port(s) where the RSAA Participant delivered Raw Sugar to QSL; and

(B) the QSL contribution to such harbour due amounts already allocated as Shared Costs based on the table above.

provided that where more than one Delivery Participant delivers Raw Sugar to QSL at a port, harbour due Costs will be calculated in proportion to the Tonnes Actual delivered to the port by each Delivery Participant.

(v) **Finance Facilities Charge**, means the fixed Costs of operating and maintaining QSL Banking and Finance Facilities, being those Costs which QSL incurs as a result of the QSL Banking and Finance Facilities, to fund the operations of the RSSAs, SMAs and OSAs, irrespective of the level to which the QSL Banking and Finance Facilities are drawn upon (including certain facility and account fees), excluding any fixed Costs of operating and maintaining QSL Banking and Finance Facilities that solely relate to the provision of non-standard advances schemes;

(vi) **QSL Shared Services Costs**, means Costs incurred by QSL in providing services common to all Participants in connection with all RSSAs, SMAs and OSAs and independent of whether Raw Sugar is marketed by the Participant or by QSL and which do not fall under any other component of Shared Costs (including Direct Customer Quality Claims which the Quality Pricing Pool Terms provide to be a Shared Cost).

2.7 POOL SPECIFIC COSTS

(a) What are Pool Specific Costs

Pool Specific Costs are any Costs incurred by QSL that are specifically allocated to certain Pricing Pools only, as the Costs incurred relate specifically to those Pricing Pools rather than QSL's pooling arrangements more generally.

Pool Specific Costs may be allocated to Supplier EI Pools (offered under the RSSAs) only, to all QSL Marketed Pools only, or specific QSL Marketed Pools only.

Please refer to the disclaimer at the end of these pool terms.

(b) Pool Specific Costs applying to all QSL Pricing Pools

The Pool Specific Costs to be allocated to all QSL Pricing Pools are the following Costs:

(i) **Brand Allowances**, being the total fees paid by QSL for a Season to Delivery Participants for the manufacture of brands of Raw Sugar other than Brand 1;

(ii) **QSL Marketing Services Costs**, being the Costs of operating QSL’s Brisbane office relating to marketing and associated support activities, strategic / market intelligence services and global alliance activities, excluding QSL Shared Services Costs.

(iii) **Finance Charge**, being the net interest expense incurred by QSL in borrowing money to fund the operations of the RSSAs, SMAs and OSAs, including the making of advance payments and funding ICE 11 and ICE 16 contract futures margins. For the avoidance of doubt, the Finance Charge excludes:

(A) any costs included in the Finance Facilities Charge (and therefore allocated as Shared Costs under clause 2.6); and

(B) any costs of funding non-standard advances schemes (which will be allocated as Participant Specific Costs to those Participants to which that non-standard advances scheme applies).

less:

(iv) **Port Differential Rebate**, calculated for each shipment as QSL’s assessed freight rate from the actual port of loading minus QSL’s assessed freight rate from the lowest cost port of loading (including the relevant port costs and any additional steaming costs for the actual port of loading, and excluding in both cases any applicable Harbour Dues).

Under the combined logistics system, RSSA Participants marketing Raw Sugar allocated to Supplier EI Pools are not in control of which port their shipments are loaded from. The cost of freight differs for each port. The Port Differential Rebate is intended to make the Supplier EI Pools or the RSSA Participants and the QSL Marketed Pools indifferent to which port a shipment is loaded at, so the differences in freight are shared amongst all Participants. In any month where QSL determines that a Port Differential Rebate applies to shipments of Raw Sugar allocated to a Supplier EI Pool, QSL will provide the RSSA Participant, by no later than the end of the next month, with the basis for the Port Differential Rebate amount calculated for each such shipment.

The allocation of those Pool Specific Costs to each Pricing Pool is calculated as follows:

<table>
<thead>
<tr>
<th>Each QSL Marketed Pool</th>
<th>((BA + MSC + FC – PDR) \times \text{Tonnes IPS in QSL Pricing Pool})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Tonnes IPS allocated to all QSL Marketed Pools</td>
<td>Where</td>
</tr>
<tr>
<td>BA means total Brand Allowances</td>
<td>MSC means the QSL Marketing Services Costs</td>
</tr>
<tr>
<td>FC means the Finance Charge</td>
<td>PDR means the aggregate Port Differential Rebate for all shipments of Raw Sugar allocated to QSL Marketed Pools for the Season</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Each Supplier EI Pool</th>
<th>(FC – PDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where</td>
<td>FC means the Finance Charge calculated by applying an interest rate equal to the weighted average effective interest rate on all of QSL’s outstanding debt (in both AUD and USD) on the first Business Day of the relevant Month to the daily cash balance of the relevant Supplier EI Pool (for both AUD and USD balances, including margin calls, advances payments, settlements of OTC instruments less interest income and all other Costs and income directly connection with the Supplier EI Pool)</td>
</tr>
<tr>
<td>PDR means the aggregate Port Differential Rebate for all shipments of Raw Sugar allocated to the relevant Supplier EI Pool for the Season</td>
<td></td>
</tr>
</tbody>
</table>

(c) Pool Specific Costs applying to particular QSL Marketed Pools

The Pool Specific Costs to be allocated to only some QSL Marketed Pools are the following Costs:

(i) **Accounting Allocations** being the specific QSL Marketed Pool’s share of adjustments required under accounting standards for changes to the AUD valuation for items in QSL’s balance sheet that are held in USD including those relating to timing differences between sales and foreign exchange hedging (as reasonably determined by QSL); and

Please refer to the disclaimer at the end of these pool terms.
2.8 PARTICIPANT SPECIFIC COSTS

(a) Participant Specific Costs are Costs or revenues which are allocated from the Shared Pool to a particular Participant, being:

(i) for RSSA Participants, the Participant’s share of the RSSA Quality Scheme Costs;
(ii) any Supplier Sugar Quality Allocation to the Participant in accordance with clause 2.8(c) (and the Quality Pricing Pool Terms);
(iii) The amount of the QSL Shares Services Rebate allocated to the Participant in accordance with clause 2.8(d);
(iv) The amount of the QSL Supplementary Commitment Premium allocated to the Participant in accordance with clause 2.8(e);
(v) The amount of the Incremental OSA Costs or Incremental SMA Costs allocated to the OSA Participant or SMA Participant (as applicable) in accordance with clause 2.8(f);
(vi) The amount of Unrecovered Costs Adjustment in accordance with clause 2.8(g);
(vii) Any funding costs of a non-standard advances profile received by a Participant allocated to the Participant in accordance with clause 2.8(h); and
(viii) Any other Costs incurred by QSL, or revenue received by QSL, that these Shared Pool Pricing Pools do not provide to be allocated to Participants, allocated in accordance with clause 2.8(h).

(b) QSL Raw Sugar Quality Scheme

OSA Participants and SMA Participants do not participate in QSL’s Raw Sugar quality scheme and therefore this allocation will be zero for OSA Participants and SMA Participants. Delivery Participants will remain responsible for any charges invoiced to them in relation to the sampling and analysis of the quality of Raw Sugar they deliver to the bulk sugar terminals, where the relevant sampling occurs prior to title to that Raw Sugar passing to QSL.

For RSSA Participants, RSSA Quality Scheme Costs means the Cost of analysing Raw Sugar supplied to QSL under the relevant RSSA and the Costs of administering the quality scheme necessary to ensure that commingled sugar remains compliant with the brand specifications in the RSSA. This cost will be allocated pro-rata across all of the Pricing Pools for all RSSA Participants.

(c) Supplier Sugar Quality Allocation

The Supplier Sugar Quality Allocation for each Participant for which Raw Sugar attributable to it which is delivered by the relevant Delivery Participant is:

(i) Non-Standard Sugar; or
(ii) Raw Sugar with other quality issues, that results in additional Costs (including additional costs to market or claims from customers) or price discounts relative to other Raw Sugar, is the amount determined in accordance with the Quality Pricing Pool Terms.

The Quality Pricing Pool Terms are confidential, but can be obtained from QSL by Bargaining Agents or any Grower who is not represented by a Bargaining Agent for the purposes of making decisions in relation to whether elections should be made to have GEI Sugar attributable to the relevant Grower(s) marketed by QSL, subject to entering into a confidentiality undertaking in the form provided by QSL.

(d) QSL Shares Services Rebate

QSL Shares Services Rebate is the net revenue derived from QSL’s corporate activities outside of Raw Sugar (including, for the avoidance of doubt, any net revenue derived from the storage and handling arrangements for non-Raw Sugar products and deducting costs of QSL funding industry programs it reasonably assesses as being generally supported by participants in the Queensland sugar industry).

RSSA Participants will receive an allocation of the QSL Shares Services Rebate in each Season during the term of their RSSA.

Each eligible RSAA, OSA or SMA Participant

\[
\text{QSCR} \times \text{ET}
\]

where

<table>
<thead>
<tr>
<th>QSCR</th>
<th>ET</th>
</tr>
</thead>
<tbody>
<tr>
<td>QSCR</td>
<td>ET</td>
</tr>
</tbody>
</table>

Eligible Tonnes IPS means for:

(a) an eligible Participant which is a RSSA Participant or SMA Participant, 100% of the Eligible Tonnes IPS supplied to QSL;
(b) an eligible OSA Participant which is a Delivery Participant, that proportion of the Eligible Tonnes IPS of GEI Sugar attributable to that OSA Participant being supplied under their OSA which Growers have nominated to be marketed by QSL for at least 3 seasons forward; and
(c) an eligible OSA Participant which is a Grower, that proportion of the Eligible Tonnes IPS of GEI Sugar attributable to that OSA Participant being supplied under the relevant OSA which that Participant has nominated to be marketed by QSL for at least 3 seasons forward.

QRBT means the total Eligible Tonnes IPS for all Participants.

Please refer to the disclaimer at the end of these pool terms.
(e) QSL Supplementary Commitment Premium

The **QSL Supplementary Commitment Premium** applies to:

(i) All RSSA Participants and SMA Participants in each Season during the term of the relevant RSSA or SMA;

(ii) Each OSA Participant which is a Delivery Participant, to the extent of the Tonnes IPS of GEI Sugar being supplied under the OSA which Growers have nominated to be marketed by QSL for at least 3 seasons forward; and

(iii) Each OSA Participant which is a Grower, to the extent of the Tonnes IPS of GEI Sugar attributable to that OSA Participant being supplied under the relevant OSA which that Participant has nominated to be marketed by QSL for at least 3 seasons forward.

The value of the Supplementary Commitment Premium shall be the Marginal Net Premium Value of Pre-Season ICE 11 Sales versus In-season ICE 11 Sales. If the Marginal Net Premium Value would be negative (i.e. a loss), the Marginal Net Premium Value will be deemed to be zero.

**Pre-season ICE 11** Sales are those 2020 Season ICE 11 sales made prior to 1 March 2020.

**In-season ICE 11** Sales are all 2020 Season ICE 11 sales that were made on or after 1 March 2020.

Eligible Participant's share of the **QSL Supplementary Commitment Premium** will be calculated as follows:

<table>
<thead>
<tr>
<th>Each eligible RSSA, OSA or SMA Participant</th>
<th>PICET x Marginal Net Premium Value</th>
<th>SCPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>where</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PICET means:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) an eligible Participant which is a RSSA Participant or SMA Participant, 100% of the Tonnes IPS supplied to QSL;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) for an eligible OSA Participant or SMA Participant which is a Delivery Participant, means their Eligible Tonnes IPS allocated to all ICE 11 Pools, being that proportion of the Tonnes IPS attributable to that OSA Participant or SMA Participant being supplied under their OSA or SMA (i.e. excluding the Tonnes IPS of GEI Sugar attributable to Growers which are themselves an OSA Participant or SMA Participant) which have been nominated to be marketed by QSL for at least 3 seasons forward and have been allocated to ICE 11 Pools; and</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(f) Incremental OSA Costs or Incremental SMA Costs

Where Costs arise from QSL undertaking activities for or in connection with an OSA or OSA Grower Agreement or SMA or SMA Grower Agreement, QSL will allocate such Costs to the relevant OSA Participants or SMA Participants (as applicable) where those Costs:

(i) arise from activities of a type for which:

(A) no substantially similar activity would be undertaken in performing its obligations under an RSSA had the volumes of Raw Sugar under the OSA or SMA (as applicable) been supplied by a RSSA Participant under an RSSA; and

(B) there is no substantially similar activity which QSL is, for the relevant Season, actually carrying out for the benefit of the RSSA Participants in connection with its obligations under the RSSA; or

(c) for an eligible OSA Participant or SMA Participant which is a Grower, means their Eligible Tonnes IPS allocated to all ICE 11 Pools, being that proportion of the Tonnes IPS of GEI Sugar attributable to that OSA Participant or SMA Participant being supplied under the relevant OSA or SMA which that Participant has nominated to be marketed by QSL for at least 3 seasons forward and have been allocated to ICE 11 Pools.

SCPT means the aggregate of PICET for all eligible RSSA Participants, OSA Participants and SMA Participants.

**Margin Net Premium Value** means:

Average net premium of the Pre-Season ICE 11 Sales - Average Net Premium value of In-season ICE 11 Sales * Tonnes Actual of Pre-season Sales

Average Net Premium of the Pre-season ICE 11 sales = (CFR Premiums of Pre-season ICE 11 sales less Direct Marketing Costs of Pre-season ICE 11 Sales + Third Party Origin Sugar profit made from Pre-season ICE 11 Sales with Omnibus Supply Options) / Tonnes Actual of Pre-season sales

Average Net Premium of the In-season ICE 11 sale = (CFR Premiums of In-season ICE 11 sales less Direct Marketing Costs of In-season ICE 11 sales + Third Party Origin Sugar profit made from In-season ICE 11 sales with omnibus supply options) / Tonnes Actual of In-season Sales

Please refer to the disclaimer at the end of these pool terms.
(ii) are:

(A) incurred by QSL in connection with an OSA or OSA Grower Agreement or SMA or SMA Grower Agreement (as applicable) or in performing obligations forming part of the terms of an OSA or OSA Grower Agreement or SMA or SMA Grower Agreement (as applicable); and

(B) wholly incremental to the Costs which QSL would have incurred had the volumes of Raw Sugar under the OSA or SMA (as applicable) been supplied by a RSSA Participant under an RSSA.

Any allocation of Costs made to OSA Participants or SMA Participants under this clause 2.8(f) will be net of any revenue or other contributions that QSL receives:

- from the assets, operations or arrangements in relation to which the Costs were incurred; or
- under the relevant OSA or OSA Grower Agreement or SMA or SMA Grower Agreement (as applicable) or related cane supply agreements where no equivalent revenue is paid or contribution is made by RSSA Participants, provided the revenue or contribution is:
  - by way of recovery, reimbursement or, compensation for, such Costs; or
  - revenue derived from licensing of the software and intellectual property in relation to QSL’s grower related systems, subleasing of areas in QSL’s regional offices in mill areas to which OSAs or SMAs relate, or other revenue generated from the activities of persons employed as grower relations officers in mill areas to which OSAs or SMAs relate.

(fa) Unrecovered Costs Adjustment

To the extent that:

(i) the QSL Pricing Pool Terms (other than this clause 2.8(fa) or clause 2.8(h)); or

(ii) QSL conducting pricing and marketing services in respect of GEI Sugar of Growers which are party to an OSA Grower Agreement or SMA Grower Agreement,

results in QSL being owed money by a Grower that is party to an OSA Grower Agreement or SMA Grower Agreement which QSL is, after having used reasonable endeavours to do so:

(iii) not able to be off-set against future amounts owing by QSL to such a Grower; and

(iv) unable to be otherwise recovered from that Grower or the relevant Delivery Participant,

(Unrecovered Costs),

an adjustment to the Shared Pool Element used to calculate the price payable to all Growers that are party to either an OSA Grower Agreement or SMA Grower Agreement will apply and will be calculated as:

\[ \text{Unrecovered Costs Adjustment} = \frac{\text{Unrecovered Costs}}{\text{Total Grower Agreement Tonnes}} \]

Where:

Unrecovered Costs has the meaning defined above.

Total Grower Agreement Tonnes means the Tonnes IPS of raw sugar nominated to be marketed by QSL by Growers that are party to an OSA Grower Agreement or SMA Grower Agreement (excluding the Tonnes IPS in respect of the Grower to which the Unrecovered Costs relate).

For the avoidance of doubt, recovery of Unrecovered Costs by socialisation across all Growers that are party to an OSA Grower Agreement or SMA Grower Agreement in accordance with this clause 2.8(fa) must be applied before any adjustment for Unrecovered Costs is applied under the terms of an OSA Grower Agreement or SMA Grower Agreement.

(g) Non-standard advances schemes

Where Costs are incurred by QSL in providing a non-standard advances scheme, QSL will charge each Participant which participates in such a scheme an amount calculated in accordance with the terms of:

(i) for non-standard advances schemes that are applicable to a specific QSL Pricing Pool, the relevant Pricing Pool Terms applicable to that QSL Pricing Pool; or

(ii) for non-standard advances scheme where eligibility is not restricted to a specific QSL Pricing Pool, the non-standard advances scheme itself as published by QSL,

with, in each case, such amounts intended to reflect the funding costs of QSL providing the relevant non-standard advances scheme.

(h) QSL not to make a profit or loss - allocation of other Costs and revenues

Where Costs are incurred by QSL, or revenue is received by QSL, in performing its obligations under an RSSA, OSA, or OSA Grower Agreement, SMA or SMA Grower Agreement or otherwise performing functions contemplated by these Pricing Pool Terms, that these Shared Pool Terms or the Pricing Pool Terms for the QSL Pricing Pools do not provide to be allocated to Participants, QSL can allocate as Participant Specific Costs the relevant Cost or revenue to the Participants (and in the proportions) to which, in the reasonable opinion of QSL, that Cost or revenue is attributable.

3 QSL HARVEST POOL - PRODUCTION BUFFER FAILURE

(a) What is a Production Buffer Failure?

A Production Buffer Failure occurs where QSL Harvest Pool Participants have delivered an insufficient amount of Raw Sugar, or had an insufficient amount of Raw Sugar delivered by the relevant Delivery Participant, to meet any sales and/or pricing completed by QSL in the Discretionary Tranche of the QSL Harvest Pool. That will be evidenced by the Production Buffer Tranche of the QSL Harvest Pool (as defined in the QSL Harvest Pool Pricing Pool Terms) becoming a negative amount.

Where the aggregate of the supply estimates provided by all Delivery Participants (in respect of QSL Harvest Pool Participants) declines from the aggregate supply estimates provided by Delivery Participants (in respect of QSL Harvest Pool Participants) on the Pricing Declaration Date, the decline is deducted from (in order of first reduction):
(i) the Discretionary Tranche (to the extent not already sold or priced); and

(ii) the Production Buffer Tranche.

The operation of the Discretionary Tranche and the Production Buffer Tranche are described in more detail in the QSL Harvest Pool Pricing Pool Terms.

For the avoidance of doubt, this clause 3 does not deal with failures by Self-Managed Harvest Pool Participants to deliver sufficient Raw Sugar to meet pricing completed by such Self-Managed Harvest Pool Participants in the Self-Managed Harvest Pool, which is instead dealt with in accordance with the terms of the Self-Managed Harvest Pool Pricing Pool Terms.

(b) What is the Production Buffer Failure Adjustment?

Where a Production Buffer Failure arises, subject to section 3(d) below, the Production Buffer Failure Adjustment incurred in returning the Production Buffer Tranche to zero (after individual Participants have borne the financial impact of any failure by the Participant, or where the Participant is a Grower the relevant Delivery Participant, to deliver Committed Sugar) will be calculated as follows:

\[
\text{Production Buffer Failure Adjustment} = (\text{ASVP} – \text{BFP}) \times \text{LPBF} \times 1120
\]

(with a positive number being a gain and a negative number being a loss),

where:

- **ASVP** is the weighted average short futures price achieved by the Discretionary Tranche of the QSL Harvest Pool in US cents per pound.
- **BFP** is the weighted average long futures price of the ICE 11 futures contracts bought by QSL in US cents per pound.
- **LPBF** is the number of ICE 11 futures contracts bought by QSL to close out short positions for all ICE 11 Pools against the relevant futures position.

(c) Allocation of Production Buffer Failure Adjustment

In the event of a Production Buffer Failure Adjustment arising, subject to section 3(d) below, it will be allocated to QSL Harvest Pool Participants in respect of each QSL Marketed Pricing Pool they are a Pool Participant in as follows:

\[
\text{Adjustment to QSL Marketed Pricing Pool for QSL Harvest Pool Participants} = \frac{\text{Production Buffer Failure Adjustment} \times \text{IPS Tonnes of QSL Harvest Pool Participants in QSL Pricing Pool}}{\text{Total IPS Tonnes of QSL Harvest Pool Participants in all QSL Marketed Pools}}
\]

(d) Impact of roll-forward to 2021 Season

Where QSL determines that the surplus futures positions which resulted from the Production Buffer Failure will be ‘rolled-forward’ to the 2021 Season in accordance with section 7.2(b) of the QSL Harvest Pool Pricing Pool Terms (by closing out the surplus ICE 11 futures positions for the 2020 Season and acquiring an equivalent volume of ICE 11 futures positions in the 2021 Season), the futures gain or loss incurred in returning the Production Buffer Tranche to zero in that manner (after individual Participants have borne the financial impact of any failure by the Participant, or where the Participant is a Grower the relevant Delivery Participant, to deliver Committed Sugar) will be distributed to all QSL Harvest Pool Participants in the 2021 Season through the 2021 QSL Harvest Pool.

4 REPORTING POOL RESULTS

4.1 REPORTING TO RSSA PARTICIPANTS

QSL will report to each RSSA Participant in accordance with the terms of the relevant RSSA.

4.2 REPORTING TO OSA AND SMA PARTICIPANTS

QSL will, in addition to any reporting obligations under the relevant OSA and OSA Grower Agreement or SMA and SMA Grower Agreement (as applicable), provide OSA Participants and SMA Participants with reporting on:

(a) the advances programme for that Participant in respect of each relevant QSL Pricing Pool (and the projected Net IPS Price, Gross Price Element and Shared Pool Element for each relevant QSL Pricing Pool for that Participant for that Season); and

(b) the final Net IPS Price, Gross Pool Elements and Shared Pool Element for that Participant for that Season.

4.3 REPORTING TO GROWERS

QSL will provide to any bargaining agent who evidences that they represent members who have taken action under an arrangement with a Participant to cause a Participant to allocate GEI Sugar to a QSL Pricing Pool (under a RSSA or an OSA) with reporting on:

(i) the advances programme of the relevant Participant in respect of each relevant QSL Pricing Pool (and the projected Net IPS Price, Gross Price Element and Shared Pool Element for each relevant QSL Pricing Pool for that Participant for that Season) before any non-QSL local adjustments have been applied;

(ii) the percentage of Raw Sugar which has been priced for each QSL Pricing Pool; and

(iii) the final Net IPS Price, Gross Price Element and Shared Pool Element for that Participant for that Season.

QSL will publish on its website the projected Net IPS Price, Gross Price Element and Shared Pool Element for all QSL Pricing Pools and the advances Programme for Participants for each QSL Pricing Pool prior to any non-QSL local adjustments.

Please refer to the disclaimer at the end of these pool terms.
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.

5 GLOSSARY

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

6 WHO TO CONTACT?

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

Supplementary information

The Shared Pool Terms refer to the Quality Terms. These terms set out the quality specifications underpinning allocations made in respect of quality issues with raw sugar. These terms are confidential to protect information that is commercially sensitive and valuable to the Queensland sugar industry as a whole.

These terms can be obtained from QSL by grower bargaining agents, or growers directly negotiating cane supply arrangements with Wilmar, subject to entering into a confidentiality agreement.
17 QSL PRICING OPTIONS AND RISK

17.1 POOL RISK ASSESSMENT

For the purposes of this Handbook, the risk profile of each QSL-marketed pool (except the QSL US Quota Pool and the QSL Shared Pool) is ranked relative to the Passive Management Benchmark in relation to the following parameters:

- My Production risk;
- Collective Production risk;
- Price risk; and
- Logistics Constraints.

These parameters express the varying degrees of risk mitigation for the management of production risk, raw sugar price, foreign currency and premium risk under the different QSL pools. Altering any of these risk parameters enables QSL to adjust the degree of risk and, therefore, the potential available returns for a pool. Each of the risk parameters for a pool is assigned a summary risk weighting expressed on a scale of one to five in comparison to the same risk parameter in the Passive Management Benchmark, as detailed in Table 1, below.

**TABLE 1: QSL RISK SCALE**

<table>
<thead>
<tr>
<th>RISK SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less risk than the Passive Management Benchmark</td>
</tr>
<tr>
<td>Same risk as the Passive Management Benchmark</td>
</tr>
<tr>
<td>More risk than the Passive Management Benchmark</td>
</tr>
</tbody>
</table>

Further information in relation to the Passive Management Benchmark can be found in Appendix 3 of this Handbook.

Table 2 below summarises the summary risk weighting for each parameter for each QSL-marketed pool featured in this handbook. A neutral weighting means a pool has no more or less risk than the Passive Management Benchmark for the same risk parameter.

**TABLE 2: SUMMARY RISK WEIGHTING BY POOL**

<table>
<thead>
<tr>
<th>UNCOMMITTED POOL</th>
<th>COMMITTED POOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>QSL HARVEST POOL</td>
<td>QSL ACTIVELY MANAGED POOL</td>
</tr>
<tr>
<td>My Production Risk</td>
<td><img src="image4" alt="Risk Scale" /></td>
</tr>
<tr>
<td>Collective Production Risk</td>
<td><img src="image11" alt="Risk Scale" /></td>
</tr>
<tr>
<td>Price Risk</td>
<td><img src="image18" alt="Risk Scale" /></td>
</tr>
<tr>
<td>Logistics Constraints</td>
<td><img src="image25" alt="Risk Scale" /></td>
</tr>
</tbody>
</table>

Growers should read the complete Pricing Pool Terms for each pool in the above table in combination with the commentary overleaf on each of the risk parameters relative to the Passive Management Benchmark before deciding on which pool or pools they may wish to participate in.
17.1.1 MY PRODUCTION RISK

This element reflects how much risk you are taking with regards to delivery obligation and failure in your own crop. Committed Sugar Pools have a higher risk weighting than the Passive Management Benchmark in this area because of the obligation to ensure delivery of Committed Sugar. A failure to deliver Committed Sugar may result in financial compensation being payable to QSL. (Please refer to your Cane Supply Agreement or Grower Pricing Agreement for details of this).

The Passive Management Benchmark assumes there is no delivery obligation and therefore no requirement to make good in the event of non-delivery. Like the Passive Management Benchmark, there is no supply obligation associated with the QSL Harvest Pool. Therefore, the QSL Harvest Pool has a risk weighting equivalent to the Passive Management Benchmark.

17.1.2 COLLECTIVE PRODUCTION RISK

This element of the risk profile for a pool indicates whether hedging gains and losses could be incurred in the event of the pooling system becoming overpriced in aggregate, i.e. your exposure to your own plus other people’s crop failures.

The Passive Management Benchmark adjusts its pricing during the season based on the latest supply estimates and, where the crop estimate allows, it maintains a buffer against March and May positions, which it does not start to price until November. This means the risk of the benchmark incurring hedging gains and losses is low, except in rare circumstances (e.g. if there is a production-buffer failure event).

The QSL Pool Terms provide that hedging losses or gains are allocated across all pools in the event of a production buffer failure. Given the pooling system also provides for the maintenance of a ‘production buffer’ to manage the risk associated with delivery shortfalls, all pools have a risk weighting equivalent to the Passive Management Benchmark.

17.1.3 PRICE RISK

This element of the risk profile indicates your exposure to movements in the sugar price. The majority of QSL’s exports are priced via the ICE 11 futures market. Raw sugar contracts are listed on the ICE 11 for a period of 35 months. These are used by QSL as a means of ascertaining the value of raw sugar (price discovery) and as a price risk management mechanism for prices falling within this period. The raw sugar contracts are denominated in $US.

The key focus of QSL’s raw sugar price risk management activities for all QSL pools (except for the QSL US Quota Pool) relates to the use of futures contracts and options on futures contracts on the ICE 11, and in OTC arrangements (the price of which is also related to, or derived from, ICE 11 values). Foreign currency risk management is used to secure and protect foreign currency revenue flows from unfavourable movements in exchange rates.

The risk weighting for a QSL-marketed pool (in terms of price risk management) is derived from:

- the allowable instruments available to the pool’s manager;
- the upper and lower band of operational discretion expressed as variation from a Pool Specific Neutral Profile;
- whether the pool has a reversal strategy (i.e. the possibility of reversing existing trades) within the operational authority limits;
- the length of the pricing window; and
- the potential for changes to the price risk management exposure to be managed.

17.1.3.1 ALLOWABLE INSTRUMENTS

There are a number of instruments available to the QSL pool manager to manage raw sugar price and foreign currency risk, but not all instruments can be used in all pools.

Therefore, part of the risk weighting for price risk protection depends on the instruments available to the QSL pool manager and the degree of certainty attached to the outcome of the use of those instruments.

Some pools allow the use of commodity options, where a minimum price is able to be secured for a cost but where the ability to participate in further price rises after the initial price is secured remains. These types of instruments have less certainty than if only outright pricing using futures contracts or commodity swaps is used, and may represent a higher level of risk.

The Passive Management Benchmark assumes that only outright pricing using ICE 11 futures will be used, as once priced, tonnage is not exposed to any further movements in the ICE 11 futures price.

In regard to foreign currency, the most common instruments include fixing the foreign exchange rate at a forward rate for a pre-determined future date, and using foreign currency option instruments that allow for protection against adverse movements in the foreign exchange rate while also enabling participation in any favourable movements. The full range of permitted instruments and techniques available to the QSL pool manager is outlined in QSL’s risk management policies.

17.1.3.2 OPERATIONAL DISCRETION

The operational framework for QSL-managed pools (e.g. the QSL Committed Sugar Pools and the QSL Harvest Pool) is designed to enable authorised QSL officers to exercise commercial judgement in the management of financial risk within defined limits, while maintaining an appropriate degree of discipline and rigour.

The balance between discipline and the opportunity for authorised QSL officers to add value to the pools is reflected in the level of the operational limits authorised by
the QSL Board, compared to the rate of pricing established by a Pool Specific Neutral Profile. This Pool Specific Neutral Profile is based on the sales and pricing program provided for the pool under the QSL Pool Terms (e.g. a 1:2:2:1 Sales Program for Committed Sugar Pools).

The progressive amount of pricing done under the Pool Specific Neutral Profile is used to set limits for the amount of pricing that must be completed by each QSL pool as the season progresses. The Pool Specific Neutral Profile provides that foreign currency pricing is completed at the same time as raw sugar pricing.

The upper and lower band of operational authority is expressed as a plus or minus percentage variation from the Pool Specific Neutral Profile. Where operational discretion is allowed, a QSL pool manager may delay pricing relative to the Pool Specific Neutral Profile if they hold the view that prices will be better later, or alternatively they may price ahead of the Pool Specific Neutral Profile should they hold the view that prices will fall later in the season. A typical operational discretion profile is illustrated in Figure 1.

**FIGURE 1: DISCRETIONARY PRICING PROFILE**

![Discretionary Pricing Profile](image)

It is important to note that discretion is only applicable to those pools where QSL has independent authority to undertake pricing. The Passive Management Benchmark provides that pricing is undertaken in line with the passive sales and pricing program described in Appendix 2 of this Handbook, and assumes no authority for operational discretion.

**17.1.3.3 REVERSAL STRATEGY**

For most pools, the pool manager also has the authority to unwind or reverse pricing within the discretionary bands. This increased authority may give rise to pricing losses or gains, which may affect the final price. The Passive Management Benchmark assumes no authority to unwind or reverse pricing.

**17.1.3.4 LENGTH OF THE PRICING WINDOW**

This element of a pool's risk profile refers to the time available for the QSL pool manager to price the raw sugar allocated to the pool. For most QSL pools, the timeframe for pricing activities runs from the Pricing Declaration Date to 30 April the following year (when the May futures contract expires), the same as the Passive Management Benchmark.

Where the timeframe available for pricing activities is longer or shorter than the Passive Management Benchmark, the pool receives a higher risk weighting than the benchmark.

**17.1.3.5 CHANGES TO THE PRICE RISK MANAGEMENT EXPOSURE**

This element of the risk profile reflects how a pool’s returns may be affected by the overall volume of raw sugar supplied by all pool participants in a season.

The Passive Management Benchmark prices raw sugar progressively over time, with continual adjustments made to reflect changes in Participants’ delivery estimates. A shortfall in one or more Participants’ actual deliveries against their estimate reduces or increases the final Passive Management Benchmark price, as such an event reduces the amount of raw sugar that will be priced by the benchmark.

Similarly, the return for the QSL Harvest Pool remains volatile until the final quantity of raw sugar delivered to QSL for the season is known and the QSL pool manager completes the risk management activities for the pool.

For Committed Sugar Pools, individual Participants are required to financially compensate QSL should their final deliveries fall short of forecast tonnage. This obligation for compensation reduces risk for other Participants in these pools, and therefore these pools will receive a lower risk weighting versus the Passive Management Benchmark.

**17.1.4 LOGISTICS CONSTRAINTS**

This element of a pool’s risk profile reflects whether a pool has greater or fewer logistics constraints that may affect the amount of pricing against each futures position and therefore the amount of time available to manage the risk. Logistics constraints include storage capacity, availability of facilities and equipment for receiving, and ship loading and shipping capacity.

The Passive Management Benchmark takes into account storage capacity and the full availability of necessary infrastructure and equipment to meet the passive management sales program.
17.2 PERFORMANCE MEASUREMENT

QSL’s key objective is to manage risks effectively to maximise overall pool returns to participants. In assessing and measuring performance of each QSL-marketed pool (except the QSL US Quota Pool and the QSL Shared Pool), this overall return is compared to that of the Passive Management Benchmark.

Measures in QSL’s risk management policies also enable QSL to isolate its sales, raw sugar pricing and foreign exchange performance for each pool. This additional level of analysis enables QSL to review its strategies and policies and to implement improvements where this is considered appropriate.

The table below shows the performance of QSL-managed pools against the Passive Management Benchmark since 2009. Please note that all figures quoted are AUD/tonne gross.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive management</td>
<td>$529</td>
<td>N/A</td>
<td>$503</td>
<td>$417</td>
<td>$383</td>
<td>$394</td>
<td>$369</td>
<td>$534</td>
<td>$372</td>
<td>$362</td>
</tr>
<tr>
<td>management bench</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed Floor Pool</td>
<td>N/A</td>
<td>N/A</td>
<td>$480</td>
<td>$481</td>
<td>$392</td>
<td>$429</td>
<td>$408</td>
<td>$465</td>
<td>$517</td>
<td>$345</td>
</tr>
<tr>
<td>Floor = $463</td>
<td></td>
<td></td>
<td>Floor = $463</td>
<td>Floor = $477</td>
<td>Floor = $389</td>
<td>Floor = $427</td>
<td>Floor = $408</td>
<td>Floor = $414</td>
<td>Floor = $513</td>
<td>Floor = $345</td>
</tr>
<tr>
<td>Actively Managed</td>
<td>$520</td>
<td>No elections</td>
<td>$693</td>
<td>$454</td>
<td>$408</td>
<td>$443</td>
<td>$414</td>
<td>$560</td>
<td>$446</td>
<td>$372</td>
</tr>
<tr>
<td>Pool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early-Start Actively</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$374</td>
</tr>
<tr>
<td>Managed Pool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Season Forward Pool</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$431</td>
<td>$417</td>
<td>$437</td>
<td>$480</td>
<td>$506</td>
<td>$401</td>
</tr>
<tr>
<td>Harvest Pool</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$431</td>
<td>$389</td>
<td>$405</td>
<td>$383</td>
<td>$512</td>
<td>$417</td>
<td>$372</td>
</tr>
</tbody>
</table>

Note: The Guaranteed Floor Pool and Actively Managed Pool run specifically for Growers in Wilmar milling districts during the 2017 Season have not been included in the above comparison due to their reduced pricing windows.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the QSL Target Price Contract for the applicable Seasons will be determined in accordance with these QSL Target Price Contract Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Target Price Contract is calculated, it is important to read each of these QSL Target Price Contract Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2 QSL TARGET PRICE CONTRACT

The QSL Target Price Contract aims to provide opportunities to Participants (and indirectly their Growers) to fix the Gross Price Element for a nominated tonnage if the market trades to an AUD target price ahead of the Season in which that Raw Sugar is produced, or within the Season that the raw sugar is produced.

The key features of the QSL Target Price Contract are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL Target Price Contract;

(b) Forward Season Pool – Participants are able to price Raw Sugar allocated to the QSL Target Price Contract for:

(i) up to 3 Seasons in advance up to 3pm on any Business Day up to the Pricing Completion Date for the relevant Season (such that in the period up until 3pm on the Pricing Completion Date it is possible to price Raw Sugar in the QSL Target Price Contract for the 2020, 2021 and 2022 Seasons); and

(ii) during the current Season up to 3pm on the Pricing Completion Date;

The Pricing Completion Dates for the relevant Seasons are specified in the table below:

<table>
<thead>
<tr>
<th>Season</th>
<th>Pricing Completion Date For MSF Growers</th>
<th>Pricing Completion Date For all other Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Season</td>
<td>22 February 2021</td>
<td>20 April 2021</td>
</tr>
<tr>
<td>2021 Season</td>
<td>21 February 2022</td>
<td>20 April 2022</td>
</tr>
<tr>
<td>2022 Season</td>
<td>20 February 2023</td>
<td>20 April 2023</td>
</tr>
</tbody>
</table>

If QSL closes the QSL Target Price Contract (in accordance with the QSL Common Pool Terms), Participants will no longer be able to allocate further Raw Sugar to this QSL Target Price Contract, but it will continue to operate in respect of Raw Sugar which has already been priced (including in future Seasons) prior to it being closed;

(c) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to the QSL Target Price Contract (see the QSL Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to the QSL Target Price Contract (see the QSL Common Pool Terms for further details);

(d) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL Target Price Contract (including the 1:2:2:1 Fixed Pricing Exposure to ICE 11 Futures);
(e) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;

(f) Minimum tonnage – Subject to clause 5.1 below, the minimum tonnage of Raw Sugar that can be nominated to the QSL Target Price Contract is 10 metric tonnes. Participants must specify the Raw Sugar allocated to the QSL Target Price Contract in whole multiples of 10 metric tonnes;

(g) Participants will have the option of receiving the standard QSL advances program as per clause 6 of the QSL Common Pool Terms, or an Accelerated advances profile.

Where the Participant has 50% or more tonnage that remains unpriced for a particular Season after the month of September in that Season, QSL may suspend advance payments to the Participant or amend the Participant's advance payment program to avoid the Participant becoming overpaid.

The Accelerated advances program will only be available to Participants once they have completed all of their pricing for this Season.

For Participants selecting the Accelerated advances profile for the QSL Target Price Contract, advances shall be payable in accordance with the following profile which is an advances program specific to the QSL Target Price Contract (in accordance with clause 6 of the QSL Common Pool Terms):

(i) Participants will receive advance payments from QSL in the Season the Raw Sugar is delivered. Payments in the year of delivery from May in which the Season commences to November will be made in accordance with the advance payments profile as determined by the QSL board;

(ii) In December of the relevant crushing Season the advance rate for the QSL Target Price Contract is guaranteed to be a minimum of 90% of the then-estimated Net IPS Price; and

(iii) No further payments will be made for this Pool after that payment until the advance rate for all other QSL-managed Pools exceeds 90%.

(iv) The additional finance cost of this Accelerated advance payment profile will be reflected in a separate allocation in the Participant's Shared Pool result in accordance with clause 2.8 (g) of the QSL Shared Pool terms.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL's assessment of how the risk of the pricing strategy of the QSL Target Price Contract compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL Target Price Contract is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market for the Participant (see clause 5). As a result the Gross Price Element may be different for each Participant which allocates Raw Sugar to the QSL Target Price Contract.

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL to achieve the target pricing set by the Participant.

5 QSL TARGET PRICE CONTRACT MARKETING AND PRICING

5.1 SETTING THE TARGET PRICE

Participants which allocate Raw Sugar to the QSL Target Price Contract set target prices on an AUD/Tonne Actual basis for the Gross Price Element of the Pool return.

Target prices must be specified in 5 AUD increments. Order quantities must be specified in accordance with the table below:

<table>
<thead>
<tr>
<th>Tully Growers</th>
<th>Orders must be in a minimum and multiple of an ICE 11 futures lot (50.8025 tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other Participants</td>
<td>Orders must be in a minimum and multiple of 10 tonnes</td>
</tr>
</tbody>
</table>

The AUD/Tonne Actual targets will be converted to an AUD/Tonnes IPS target in accordance with the local pricing arrangements between the relevant Grower and Participant.

For RSSA Participants, Growers will set their own targets in accordance with their local pricing arrangements with the RSSA Participant (or the mill owner which is a Related Body Corporate).

For OSA Participants, the target prices will be set based on the elections of the Grower which supplied the relevant GEI Sugar.

5.2 PRICING

QSL will manage orders from Participants in the ICE 11 or OTC market and will price the nominated tonnage once the relevant market reaches the Participant's target price. QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

QSL will price the tonnage in the relevant market on a ‘best endeavours’ basis, such that QSL will price as much allocated tonnage as market conditions will allow (i.e. as will meet market demand).

Any tonnage priced on any given day will be shared amongst Participants who have unpriced tonnage for the same price target and Season in the chronological order in which they were received.
Where tonnage in the Pool remains unpriced on the 20th calendar day in the month of expiry of the July, October and March ICE 11 Contracts futures positions in the relevant Season, the portion of unpriced tonnage for the relevant ICE 11 Contract futures position shall be deferred to the next available ICE 11 Contract futures position. The deferral of pricing shall be effected by QSL selling tonnage in the OTC market or directly on the ICE 11 in respect of the expiring ICE 11 Contract futures position and buying tonnage in the subsequent ICE 11 Contract futures position. This action is commonly referred to as rolling. These rolling transactions move the unpriced tonnage from the expiring ICE 11 Contract futures position forward to be priced against the next available ICE 11 Contract futures position (effectively deferring the amount of pricing that will be done against the expiring position to the next position). The deferral adjustment may be a cost or a benefit and shall be calculated as the difference between the price for the sold and bought tonnage (including foreign exchange cover). The orders placed for pricing after an ICE 11 Contract futures position has been deferred/rolled will incorporate the cost or benefit of the previous deferral adjustments(s) and be priced in an adjusted pricing ratio.

<table>
<thead>
<tr>
<th>Expiry Position (rolled from)</th>
<th>New Position</th>
<th>Roll date</th>
<th>Adjusted pricing ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>October</td>
<td>20 June in the year of the Pricing Declaration Date for the relevant Season (22 June in the 2020 Season and 21 June in the 2021 Season due to 20 June being a weekend)</td>
<td>3:2:1 based on October, March and May contracts plus the deferment adjustment from the July contract</td>
</tr>
<tr>
<td>October</td>
<td>March</td>
<td>20 September in the year of the Pricing Declaration Date for the relevant Season (21 September in the 2020 Season due to 20 September being a weekend)</td>
<td>5:1 based on March and May contracts plus deferment adjustments from the July and Oct contracts. MSF growers cannot defer/roll beyond the March contract</td>
</tr>
<tr>
<td>March</td>
<td>May</td>
<td>20 February in the year after the Pricing Declaration Date for the relevant Season (22 February in the 2020 Season and 21 February in the 2021 Season due to 20 February being a weekend)</td>
<td>May contract only plus deferment adjustments from July, October, March contracts</td>
</tr>
</tbody>
</table>

5.3 VARYING ALLOCATIONS AND TARGET PRICE ORDERS

Participants can (in the case of OSA Participants, on request of the relevant Grower which has made the election to allocate the relevant GEI Sugar to the QSL Target Price Contract) amend tonnage allocations and target price orders prior to 3pm on any Business Day up to and including the Pricing Completion Date in the year that crushing commences.

Amendments to allocations and target price orders to the QSL Target Price Contract must occur in multiples as per the table below.

<table>
<thead>
<tr>
<th>Tully Growers</th>
<th>1 ICE 11 futures lot (50.8025 tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other Participants</td>
<td>10 tonnes</td>
</tr>
</tbody>
</table>

5.4 UNPRICED TONNAGE

Any tonnage not priced for a particular Season at the end of each Business Day will be carried forward to be priced at the next market opportunity, provided that the target order is not cancelled or withdrawn, up until the Pricing Declaration Date for that Season.

If a Participant’s target price for a Season has not been achieved by the Pricing Declaration Date then:

(a) the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to the QSL Target Price Contract):

(i) cancel unfilled orders for that Season and allocate the tonnage to a current Season QSL Marketed Committed Sugar Pool or the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool); or

(ii) retain unfilled orders or add new orders. New and unfilled orders at this point become Committed Sugar that must be priced by the Pricing Completion Dates as noted in the table in clause 2 (b) which is in the next calendar year.

(b) If the Participant fails to price any Raw Sugar allocated to this QSL Target Price Contract by the Pricing Completion Date then the remaining tonnage will be priced by QSL at the first market opportunity after the Pricing Completion Date. For MSF Growers, the Pricing Completion Date shall be the 10th-last business day in February in the year after the Pricing. For all other Participants, the Pricing Completion date for a Season will be 10th-last business day in April in the year after the Pricing Declaration Date. The Pricing completion dates for the 2020, 2021 and 2022 Seasons are noted in the table in clause 2 (b).
6 TRANSITIONAL ISSUES AND INCLUSION IN POOL OF EXISTING PRICING

6.1 EXISTING PARTICIPANT PRICING

Pricing for a Season may have been undertaken:

(a) by an OSA Participant prior to the relevant OSA being executed on the basis of interim pricing arrangements between the OSA Participant and a Grower or prior to the issue of the Pricing Pool Terms applicable to the relevant Season; and

(b) by an RSSA Participant, in respect of the QSL Target Price Contract Pool or QSL Fixed Price Forward Contract Pool prior to the establishment of the QSL Target Price Contract.

Where that has occurred, each relevant OSA Participant or RSSA Participant may elect to novate that existing pricing to QSL or in the case of pricing already with QSL, cancel those existing orders and place new pricing orders in the QSL Target Price Contract so as to allocate the relevant Raw Sugar to the QSL Target Price Contract, subject to:

(a) the costs of such novation or cancellation (as applicable) being borne by the Participant or relevant Growers; and

(b) the OSA Participant or RSSA Participant (as applicable) having the consent of the relevant Grower(s) for that novation.

6.2 EXISTING DIRECT GROWER PRICING

Pricing for the relevant Season may have been undertaken:

(a) by a Grower (directly with a financial institution) who has subsequently elected to allocate GEI Sugar to the QSL Target Price Contract; or

(b) by an OSA Participant with QSL in respect of the QSL Target Price Contract Pool or QSL Fixed Price Forward Contract Pool, prior to the establishment of the QSL Target Price Contract.

In those circumstances the Grower may elect to novate that existing pricing to QSL or in the case of pricing already with QSL, cancel those existing orders and place new pricing orders in the QSL Target Price Contract, so as to require the OSA Participant to allocate the relevant volume of Raw Sugar to the QSL Target Price Contract, subject to the costs of such novation or cancellation (as applicable) being borne by the Grower.

7 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the QSL Target Price Contract as if they were set out in full in these QSL Target Price Contract Pricing Pool Terms.

8 GLOSSARY

Capitalised terms used in these QSL Target Price Contract Pricing Pool Terms have the meaning set out in the QSL Pool Terms Glossary.

9 WHO TO CONTACT?

If you have any queries in relation to these QSL Target Price Contract Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
1. **OVERVIEW**

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the Individual Futures Contract Pool for the applicable Seasons will be determined in accordance with these QSL Individual Futures Contract Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Individual Futures Contract is calculated, it is important to read each of these QSL Individual Futures Contract Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2. **QSL INDIVIDUAL FUTURES CONTRACT**

The QSL Individual Futures Contract aims to provide opportunities to Participants (and indirectly their Growers) to fix the Gross Price Element for a nominated tonnage if the market trades to an AUD target price ahead of the Season in which that Raw Sugar is produced, or within the Season that the Raw Sugar is produced.

Nominations to allocate Raw Sugar to the QSL Individual Futures Contract for a Season can be made by Participants at any time prior to the Pricing Declaration Date.

The key features of the QSL Individual Futures Contract are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL Individual Futures Contract;

(b) Forward Season Pool – Participants are able to price Raw Sugar allocated to the QSL Individual Futures Contract for:

(i) up to 3 Seasons in advance up to 3pm on any Business Day up to the Pricing Completion Date for the relevant Season (such that in the period up until 3pm on the Pricing Completion Date it is possible to price Raw Sugar in the QSL Individual Futures Contract for the 2020, 2021 or 2022 Seasons); and

(ii) during the current Season up to 3pm on the Pricing Completion Date;

(c) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to the QSL Individual Futures Contract (see the QSL Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to the QSL Individual Futures Contract (see the QSL Common Pool Terms for further details);

(d) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL Individual Futures Contract (including the 1:2:2:1 Fixed Pricing Exposure to ICE 11 Futures);

(e) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;
3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the QSL Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of the QSL Individual Futures Contract compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL Individual Futures Contract Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market for the Participant (see clause 5 below). As a result, the Gross Price Element may be different for each Participant which allocates Raw Sugar to the QSL Individual Futures Contract.

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL to achieve the target pricing set by the Participant.

5 QSL INDIVIDUAL FUTURES CONTRACT MARKETING AND PRICING

5.1 SETTING THE TARGET PRICE

Participants which allocate Raw Sugar to the QSL Individual Futures Contract set target prices on an AUD/Tonne Actual basis for the Gross Price Element of the Pool return.

Targets must be specified for each ICE 11 Contract futures position used for the relevant Season. Target prices must be specified in 5 AUD increments. For the 2020 Season the positions used will be July 2020, October 2020, March 2021 and May 2021, with orders able to be given in the following minimum amounts for pricing against each ICE 11 Contract futures position:

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum Target Tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSF Sugar and Tully Sugar Growers</td>
<td>50.8025 tonnes</td>
</tr>
<tr>
<td>All Other Growers</td>
<td>10 tonnes</td>
</tr>
</tbody>
</table>

The AUD/Tonne Actual targets will be converted to an AUD/Tonnes IPS target in accordance with the local pricing arrangements between the relevant Grower and Participant.

For RSSA Participants, Growers will set their own targets in accordance with their local pricing arrangements with the RSSA Participant (or the mill owner which is a Related Body Corporate).

For OSA Participants, the target prices will be set based on the elections of the Grower which supplied the relevant GEL Sugar.

5.2 PRICING

Pricing for orders for the QSL Individual Futures Contract will commence at the first market opportunity after an order is received. QSL will manage orders from Participants in the ICE 11 or OTC market. QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

QSL will price the tonnage in the relevant market on a ‘best endeavours’ basis, such that QSL will price as much allocated tonnage as market conditions will allow (i.e. as will meet market demand).
Any tonnage priced on any given day will be shared amongst Participants who have unpriced orders for the same price target, Season and futures position and will be applied in chronological order in which they were received by QSL.

**5.3 FUTURES PRICING EXPOSURE**

The QSL Individual Futures Contract enables the Participant to nominate a minimum of 10 tonnes pricing order against individual futures positions in 5 AUD increments (per metric tonne actual).

A Participant with a minimum allocation of 60 tonnes allocated to the 2020 Season will have the following exposure to price:

(a) 10 tonnes of July 2020 (i.e. the Participant must at some stage price 10 tonnes against the July ICE 11 contract)
(b) 20 tonnes of October 2020 (i.e. the Participant must at some stage price 20 tonnes against the October ICE 11 contract)
(c) 20 tonnes of March 2021 (i.e. the Participant must at some stage price 20 tonnes against the March ICE 11 contract)
(d) 10 tonnes of May 2021 (i.e. the Participant must at some stage price 10 tonnes against the May ICE 11 contract).

Tonnage nominations of greater than 60 tonnes will be allocated exposure in the same ratio pro-rata. The tables below illustrate the futures pricing exposure for each relevant Season and the dates by which the Participant must finalise any pricing orders (the Pricing Completion Date), with such finalisation to occur by 3pm on the Pricing Completion Date. The Pricing Completion Date for a futures position will be the 15th calendar day in the month the relevant futures position expires. Where this date is not a working day the previous working day shall be used.

**5.4 VARYING ALLOCATIONS AND TARGET PRICE ORDERS**

Participants can (in the case of OSA Participants, on request of the relevant Grower which has made the election to allocate the relevant GEI Sugar to the QSL Individual Futures Contract) amend tonnage allocations and target price orders that have not been priced prior to 3pm on any Business Day up to and including the Pricing Completion Date.

Amendments to allocations to the QSL Individual Futures Contract must occur in multiples of the following:

<table>
<thead>
<tr>
<th>Grower Type</th>
<th>Tonnage Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSF Sugar and Tully Sugar Growers</td>
<td>304,815 tonnes</td>
</tr>
<tr>
<td>All Other Growers</td>
<td>60 tonnes</td>
</tr>
</tbody>
</table>

### 2020 SEASON

<table>
<thead>
<tr>
<th>ICE 11</th>
<th>Contract</th>
<th>Ratio</th>
<th>Date to finalise pricing (Pricing Completion Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2020</td>
<td>1</td>
<td>15 June 2020</td>
</tr>
<tr>
<td></td>
<td>October 2020</td>
<td>2</td>
<td>15 September 2020</td>
</tr>
<tr>
<td></td>
<td>March 2021</td>
<td>2</td>
<td>15 February 2021</td>
</tr>
<tr>
<td></td>
<td>May 2021</td>
<td>1</td>
<td>15 April 2021</td>
</tr>
</tbody>
</table>

### 2021 SEASON

<table>
<thead>
<tr>
<th>ICE 11</th>
<th>Contract</th>
<th>Ratio</th>
<th>Date to finalise pricing (Pricing Completion Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2021</td>
<td>1</td>
<td>15 June 2021</td>
</tr>
<tr>
<td></td>
<td>October 2021</td>
<td>2</td>
<td>15 September 2021</td>
</tr>
<tr>
<td></td>
<td>March 2022</td>
<td>2</td>
<td>15 February 2022</td>
</tr>
<tr>
<td></td>
<td>May 2022</td>
<td>1</td>
<td>14 April 2022</td>
</tr>
</tbody>
</table>

### 2022 SEASON

<table>
<thead>
<tr>
<th>ICE 11</th>
<th>Contract</th>
<th>Ratio</th>
<th>Date to finalise pricing (Pricing Completion Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2022</td>
<td>1</td>
<td>15 June 2022</td>
</tr>
<tr>
<td></td>
<td>October 2022</td>
<td>2</td>
<td>15 September 2022</td>
</tr>
<tr>
<td></td>
<td>March 2023</td>
<td>2</td>
<td>15 February 2023</td>
</tr>
<tr>
<td></td>
<td>May 2023</td>
<td>1</td>
<td>14 April 2023</td>
</tr>
</tbody>
</table>

Please refer to the disclaimer at the end of these pool terms.
5.5 UNPRICED TONNAGE
As shown in clause 5.3, the Pricing Completion Date is unique for each ICE 11 Contract futures position. Where price orders made for an ICE 11 Contract futures position are not priced by the Pricing Completion Date for that futures position, the unpriced tonnage for that futures position will be priced at market prices on the basis of the futures exposure prior to the relevant ICE 11 Contract expiry, at QSL’s discretion.

6 TRANSITIONAL ISSUES AND INCLUSION IN POOL OF EXISTING PRICING

6.1 EXISTING PARTICIPANT PRICING
Pricing for a Season may have been undertaken:
(a) by an OSA Participant prior to the relevant OSA being executed on the basis of interim pricing arrangements between the OSA Participant and a Grower, or prior to the issue of the Pricing Pool Terms applicable to the relevant Season; and
(b) by an RSSA Participant, prior to the issue of the Pricing Pool Terms applicable to the relevant Season.
Where that has occurred, each relevant OSA Participant or RSSA Participant may elect to novate that existing pricing to QSL so as to allocate the relevant Raw Sugar to the QSL Individual Futures Contract, subject to:
(a) the costs of such novation being borne by the Participant or relevant Growers; and
(b) the OSA Participant or RSSA Participant (as applicable) having the consent of the relevant Grower(s) for that novation.

6.2 EXISTING DIRECT GROWER PRICING
Pricing for the relevant Season may have been undertaken by a Grower (directly with a financial institution) who has subsequently elected to allocate GEI Sugar to the QSL Individual Futures Contract.
In those circumstances the Grower may elect to novate that existing pricing to QSL so as to require the OSA Participant to allocate the relevant volume of Raw Sugar to the QSL Individual Futures Contract, subject to the costs of such novation being borne by the Grower.

7 QSL COMMON POOL TERMS
The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.
They form part of the terms of participating in the QSL Individual Futures Contract as if they were set out in full in these QSL Individual Futures Contract Pricing Pool Terms.

8 GLOSSARY
Capitalised terms used in these QSL Individual Futures Contract Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

9 WHO TO CONTACT?
If you have any queries in relation to these QSL Individual Futures Contract Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which that Raw Sugar is attributable to is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the Self-Managed Harvest Pool for the 2020 Season will be determined in accordance with these Self-Managed Harvest Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the Self-Managed Harvest Pool is calculated, it is important to read each of these Self-Managed Harvest Pool Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2 SELF-MANAGED HARVEST POOL

The key features of the Self-Managed Harvest Pool are:

(a) Alternative to the QSL Harvest Pool for tonnage not allocated to a Committed Pool – the Self-Managed Harvest Pool contains Raw Sugar which would otherwise be allocated to the QSL Harvest Pool and that an eligible Participant elects to be the Risk Manager for in accordance with clause 5 of these Self-Managed Harvest Pool Pricing Pool Terms (with such a Participant referred to as the Self-Managed Harvest Pool Participant). As a result:

(i) the volume in the Self-Managed Harvest Pool for the Self-Managed Harvest Pool Participant will fluctuate with changes in the size of the Self-Managed Harvest Pool Participant’s supply estimate;

(ii) but the Self-Managed Harvest Pool Participant will not be exposed to any Costs arising from a Production Buffer Failure Adjustment in respect of the QSL Harvest Pool.

(b) Participant is the Risk Manager – the Self-Managed Harvest Pool Participant is responsible for pricing of all Raw Sugar it allocated to the Self-Managed Harvest Pool in accordance with their own risk management approach.

(c) Marketed and priced in separate tranches which are designed to manage particular risks (see Self-Managed Harvest Pool Marketing Tranches, Self-Managed Harvest Pool – Marketing and Self-Managed Harvest Pool – Pricing below for further details). QSL will market the Raw Sugar allocated to the Self-Managed Harvest Pool and QSL Harvest Pool together, but the Raw Sugar allocated to the Self-Managed Harvest Pool will be priced by the Self-Managed Harvest Pool Participant independently of the pricing conducted by QSL in respect of the QSL Harvest Pool.

(d) Single Participant pool – no other Participant can have Raw Sugar allocated to a Participant’s Self-Managed Harvest Pool. Where multiple participants nominate to participate in a Self-Managed Harvest Pool, they each participate in their own individual Self-Managed Harvest Pool (so they are not exposed to the pricing decisions of other Participants).

(e) Minimum Tonnage for Eligibility – in order to be eligible to participate in the Self-Managed Harvest Pool for a Season, a Participant must have a minimum supply estimate of 300 Tonnes Actual of Raw Sugar.

(f) Minimum Allocation to Participate (and resulting Commitment Limit) – a Self-Managed Harvest Pool Participant must allocate at least 35% of their...
supply estimate of Raw Sugar for the Season to the Self-Managed Harvest Pool (such that their Commitment Limit for that Season will be 65%).

(g) An Uncommitted Pool – the Self-Managed Harvest Pool is an Uncommitted Pool. However, once priced, tonnage in the Self-Managed Harvest Pool becomes Committed Sugar. Consequently, if as a result of a reduction in the Self-Managed Harvest Pool Participant’s supply estimate or deliveries an exposure to an ICE 11 position that has already been priced by the Self-Managed Harvest Pool Participant becomes negative, the Self-Managed Harvest Pool Participant will need to unwind that position using the same principles as a failure to deliver Committed Sugar as specified in section 5 of the QSL Common Pool Terms.

(h) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts.

(i) QSL Marketed Pool – QSL is responsible for marketing all Raw Sugar allocated to the Self-Managed Harvest Pool.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

As pricing decisions are made by the Self-Managed Harvest Pool Participant in accordance with the Self-Managed Harvest Pool Participant’s individual risk management approach, the risk profile (and how it compares relative to the Passive Management Benchmark, which assumes 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) will vary between Self-Managed Harvest Pool Participants. Please refer to the QSL Grower Handbook for details on comparing pools for differing levels of risk.

4 GROSS PRICE ELEMENT

The Gross Price Element in the Self-Managed Harvest Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market for the Self-Managed Harvest Pool Participant (see 8.2 below). As a result, the Gross Price Element may be different for each Self-Managed Harvest Pool Participant. This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL to achieve the target pricing set by the Self-Managed Harvest Pool Participant.

5 SELF-MANAGED HARVEST POOL – PARTICIPATION

5.1 PARTICIPATION IN THE SELF-MANAGED HARVEST POOL

(a) In order to participate in the Self-Managed Harvest Pool for the coming Season, a Participant must nominate on or before 31 October in the calendar year prior to the Season commencing (for example, 31 October 2019 for the 2020 Season) (the Self-Managed Harvest Pool Election Date).

(b) A failure to nominate to participate in the Self-Managed Harvest Pool before the Self-Managed Harvest Pool Election Date will result in the Participant having Raw Sugar allocated to the QSL Harvest Pool instead.

5.2 SUBSTANTIATION OF MINIMUM VOLUMES ALLOCATED

To the extent a Participant nominates Raw Sugar to be allocated to the Self-Managed Harvest Pool, QSL may:

(a) request that the Participant provide the documentation to substantiate that nomination and related supply estimates, including:

(i) written confirmation of the form of cane supply or other agreements relevant to the quantity of Raw Sugar able to be supplied to QSL entered by the Participant (and where the Participant has entered different forms of such agreements, confirmation as to the tonnes of cane anticipated to be supplied under each separate form of agreement);

(ii) details of the cane supply formulae or other alternative methodology used in cane supply or other agreements relevant to the quantity of Raw Sugar able to be supplied to QSL entered by the Participant (including, where relevant, the basis for determining GEI Sugar and SEI Sugar); and

(iii) written confirmation of the ownership of cane farms by the Participant or its Related Bodies Corporate (and confirmation as to the aggregate tonnes of cane anticipated to be produced by such cane farms); and

(b) require a Delivery Participant to consult with any Grower Association or other organisation representing Growers in a region which supply cane to the Delivery Participant to gain their views regarding the accuracy of the relevant nominations of the Delivery Participant.

If, following a request for substantiation under this section 5.2:

(c) the Participant fails to provide substantiation of the relevant nominations or estimates; or

(d) QSL is otherwise not reasonably satisfied as to the accuracy of those nominations or estimates (having had regard, without limitation, at least all material provided by the Participant as substantiation), within 1 month of when QSL exercises its rights to request substantiation, QSL may refuse an allocation to the Self-Managed Harvest Pool (provided that QSL acknowledges it will not be possible for the Participant to substantiate with absolute accuracy and QSL will only exercise its right to refuse an allocation to the Self-Managed Harvest Pool where there is a material discrepancy or lack of substantiation).
6 SELF-MANAGED HARVEST POOL MARKETING TRANCHE

6.1 SELF-MANAGED HARVEST POOL TO BE MARKETED IN TWO TRANCHE

(a) The Self-Managed Harvest Pool will be marketed (physically sold to customers) by QSL in two tranches, being the Discretionary Tranche and the Production Buffer Tranche.

(b) The two marketing tranches are designed to ensure that QSL will:

(i) through the Discretionary Tranche, market a quantity of the Self-Managed Harvest Pool earlier in the Season:

(A) to ensure there is sufficient storage capacity at the bulk sugar terminals to store Raw Sugar required for out-of-crushing-season shipments; and

(B) to assist QSL to receive the best price for Raw Sugar, for the balance of the Self-Managed Harvest Pool not allocated to the Production Buffer Tranche; and

(ii) through the Production Buffer Tranche, to only market the remainder of the Self-Managed Harvest Pool following its physical delivery to QSL (or through limited use of options as described in clause 7.2 below), so as to mitigate the financial risks borne by the Self-Managed Harvest Pool Participant due to potential reductions in production levels from those initially estimated by or for the Self-Managed Harvest Pool Participant at the Pricing Declaration Date.

6.2 INITIAL ALLOCATION TO PRODUCTION BUFFER TRANCHE

The Production Buffer Tranche will initially be allocated 20% of the Self-Managed Harvest Pool Participant’s Initial SPE and be marketed in accordance with clause 7 and priced in accordance with clause 8.

6.3 INITIAL ALLOCATION TO DISCRETIONARY TRANCHE

The total tonnage of Raw Sugar initially allocated to the Discretionary Tranche will be calculated as all Raw Sugar allocated to the Self-Managed Harvest Pool that is not allocated to the Production Buffer Tranche and be marketed in accordance with clause 7 below.

For the purposes of allocating ICE 11 Futures pricing exposures for price risk management purposes, the Discretionary Tranche has two components – the In-Season Discretionary Tonnage and the Out-of-Season Discretionary Tonnage (calculated in accordance with clause 8.2). Pricing of the two components will be conducted by the Self-Managed Harvest Pool Participant in accordance clause 8.4.

7 SELF-MANAGED HARVEST POOL MARKETING

7.1 MARKETING OF SELF-MANAGED HARVEST POOL AND QSL HARVEST POOL

QSL will market:

(a) the Discretionary Tranche of the Self-Managed Harvest Pool in conjunction with the Discretionary Tranche for the QSL Harvest Pool and the Self-Managed Harvest Pool of each other Self-Managed Harvest Pool Participant; and

(b) the Production Buffer Tranche of the Self-Managed Harvest Pool in conjunction with the Production Buffer Tranche for the QSL Harvest Pool and the Self-Managed Harvest Pool of each other Self-Managed Harvest Pool Participant.

7.2 MARKETING MECHANISMS

To assist in managing the volume risk arising from the Self-Managed Harvest Pool being an Uncommitted Pool, the marketing of the Raw Sugar allocated to the Self-Managed Harvest Pool occurs through a combination of:

(a) Standard physical sales Contracts for sale of Queensland Raw Sugar;

(b) Omnibus Origin Options, being a Raw Sugar sales Contract under which Raw Sugar from one or more alternative countries of origin may be used to meet any or all supply obligations under that contract which QSL had intended to meet with Queensland Raw Sugar; and

(c) Volume Options, being an agreement under which QSL gains the right to sell Raw Sugar to a Customer at a set CFR Premium, but is under no obligation to do so.

7.3 MARKETING – PRODUCTION BUFFER

(a) Physical sales to customers (marketing) of Raw Sugar allocated to the Production Buffer Tranche may commence from Pricing Declaration Date.

(b) For any physical sales to customers made prior to a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche having been physically delivered, the sale must include Omnibus Origin Options in accordance with QSL’s board approved policies. Sales of this nature in this period must not exceed 50% of the aggregate tonnage allocation to the Production Buffer Tranche of the Self-Managed Harvest Pool, the QSL Harvest Pool and the Self-Managed Harvest Pool of each other Self-Managed Harvest Pool Participant.

(c) QSL may also enter Volume Options in respect of Raw Sugar allocated to the Production Buffer Tranche prior to a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche having been physically delivered, provided that the Volume Options are not exercised by QSL until a
corresponding volume of Raw Sugar allocated to the Production Buffer Tranche has been physically delivered.

7.4 MARKETING – DISCRETIONARY TRANCHE

Physical sales to customers (marketing) of Raw Sugar allocated to the Discretionary Tranche may commence from the first day after the Self-Managed Harvest Pool Election Date.

For any physical sales to customers made prior to the Pricing Declaration Date, the sale must include Omnibus Origin Options in accordance with QSL’s board approved policies.

8 SELF-MANAGED HARVEST POOL PRICING

8.1 SELF-MANAGED HARVEST POOL PARTICIPANT IS THE RISK MANAGER

(a) The Self-Managed Harvest Pool Participant is the Risk Manager for all of the Self-Managed Harvest Pool Participant’s Raw Sugar allocated to the Self-Managed Harvest Pool for a Season, subject to the limited exceptions in clauses 8.6 and 8.7.

(b) The Self-Managed Harvest Pool Participant will undertaking pricing activities in accordance with this clause 8.

8.2 PRICING EXPOSURE

(a) QSL will allocate to the Self-Managed Harvest Pool Participant pricing exposure to ICE 11 Futures in accordance with this clause 8.2.

(b) Subject to clause 8.2(b), the initial allocation of ICE 11 Futures to be priced by the Self-Managed Harvest Pool Participant will be calculated on the Self-Managed Harvest Pool Election Date as follows:

(i) **Out of Season Tonnage** will be the greater of:

(A) the tonnage in the Production Buffer Tranche; or

(B) 50% of the total tonnage allocated to the Self-Managed Harvest Pool;

(ii) **In Season Tonnage** will be the remaining balance of the tonnage in the Self-Managed Harvest Pool;

(iii) **In Season Tonnage** will be allocated in a ratio of 1:2 as between the July 2020 and October 2020 ICE 11 Futures contract; and

(iv) **Out of Season Tonnage** will be allocated in a ratio of 2:1 as between the March 2020 and May 2020 ICE Futures contract.

(c) For pricing purposes, the Discretionary Tranche will also be allocated, subject to clause 8.2(d), between:

(i) the **In-Season Discretionary Tranche Component** – which is the In-Season Tonnage; and

(ii) the **Out-of-Season Discretionary Tranche Component** – which will be the Out of Season Tonnage less the Production Buffer Tranche (or zero where the Production Buffer Tranche is greater than or equal to the Out of Season Tonnage).

(d) The allocations to the Self-Managed Harvest Pool Participant of pricing exposures for the July 2020, October 2020, March 2021 and May 2021 ICE Futures which would otherwise apply under clause 8.2(b) and 8.2(c) are to occur to the nearest increment of 10 tonnes, rounded down, in order to allow pricing to occur in 10 tonne increments. Any rounding is allocated to the May position, with any residual less than 10 tonnes priced by QSL in accordance with clause 8.7.

(e) Once initially allocated, the exposures allocated by QSL would only vary as a result of changes in the Self-Managed Harvest Pool Participant’s supply estimate.

(f) QSL will notify the Self-Managed Harvest Pool Participant of the balance of its available (unpriced) pricing exposure allocations on 1 November and monthly thereafter until all tonnages in the Self-Managed Harvest Pool for the Season have been priced.

8.3 SETTING TARGET PRICES

(a) Participants which allocate Raw Sugar to the Self-Managed Harvest Pool will set target prices on an AUD/TonneActual basis for the Gross Price Element of the Pool return. Targets must be specified for each ICE 11 Contract futures position (July 2020, October 2020, March 2021, May 2021), for the exposures as determined in clause 8.2 above, with orders able to be given in 10 tonne increments for pricing against each ICE 11 Contract futures position.

(b) For RSSA Participants, Growers will set their own targets in accordance with their local pricing arrangements with the RSSA Participant (or the mill owner which is a Related Body Corporate).

(c) For OSA Participants and SMA Participants which are Growers, the target prices will be set based on the elections of the Grower to which the relevant GEI Sugar is attributable.

(d) For SMA Participants which are the Delivery Participant, the target prices will be set based on the elections of the Delivery Participant which supplied the relevant SEI Sugar.

8.4 DISCRETIONARY TRANCHE – PRICING

The Self-Managed Harvest Pool Participant may undertake pricing for all Raw Sugar allocated to the Discretionary Tranche (both the In-Season Discretionary Tranche Component and Out-of-Season Discretionary Tranche Component), using the above mechanism, following the Marketing Declaration Date.

8.5 PRODUCTION BUFFER TRANCHE – PRICING

The Self-Managed Harvest Pool Participant may undertake pricing of Raw Sugar allocated to the Production Buffer Tranche following physical delivery of the Raw Sugar to QSL, using the mechanism described in clause 8.3 above.

Please refer to the disclaimer at the end of these pool terms.
8.6 WHERE SELF-MANAGED HARVEST POOL PARTICIPANT FAILS TO PRICE

(a) Where the Self-Managed Harvest Pool Participant fails to execute sufficient pricing (to meet their allocated ICE 11 Futures pricing exposures) for an Available Contract by the completion of trading on the Pricing Completion Date 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 Self-Managed Harvest Pool Participant completed the required pricing with QSL.

The Pricing Completion Date for a futures position is the 15th calendar day in the month in which the relevant futures position expires. Where this day is not a working day, the date shall be the preceding working day. For example, the Pricing Completion Date for the July 2020 futures position will be 15 June 2020.

<table>
<thead>
<tr>
<th>Futures Position</th>
<th>Pricing Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>15 June 2020</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>15 September 2020</td>
</tr>
<tr>
<td>March 2021</td>
<td>15 February 2021</td>
</tr>
<tr>
<td>May 2021</td>
<td>15 April 2021</td>
</tr>
</tbody>
</table>

(b) Any Costs incurred by QSL in closing out the long futures positions will be for the account of the Self-Managed Harvest Pool Participant and reduce amounts to be paid to the Self-Managed Harvest Pool Participant as calculated under the Pricing Pool Terms.

8.7 QSL PRICING OF RESIDUAL TONNAGE

(a) Where, through a product of pricing exposures being allocated in 10 tonne increments, there is a tonnage that does not have corresponding pricing exposures allocated to the Self-Managed Harvest Pool Participant by QSL (in accordance with clause 8.2 or clause 9 following changes in supply estimates), QSL will be responsible for pricing that volume against the May 2021 ICE 11 Futures contract at 15 April 2021.

(b) QSL will undertake pricing of such residual tonnages in conjunction with pricing of residual tonnages from all other Self-Managed Harvest Pool pools, and share the pricing outcome pro-rata to the aggregate residual tonnages priced in this manner with all Self-Managed Harvest pools.

9 CHANGE IN SUPPLY ESTIMATE

9.1 INCREASE IN SUPPLY ESTIMATE

(a) If there is any increase in the Self-Managed Harvest Pool Participant’s supply estimate or allocation to the Self-Managed Harvest Pool:

(i) between the Marketing Declaration Date and the Pricing Declaration Date, the ICE 11 Futures exposures to be allocated by QSL will be recalculated in accordance with clause 8.2(a); (ii) after the Pricing Declaration Date, the Production Buffer Tranche will be increased, and the ICE 11 Futures exposure allocated by QSL for the March 2021 and May 2021 contracts will be recalculated in a ratio of 2:1, provided that if some or all of the residual which would be allocated to be priced to QSL under clause 8.7 could instead make up a further 10 tonne increment in the May 2021 exposure, it will instead be allocated to the Self-Managed Harvest Pool Participant to price in the May 2021 allocation.

9.2 DECREASE IN SUPPLY ESTIMATE

(a) If there is a decrease in the Self-Managed Harvest Pool Participant’s supply estimate that reduction shall first be applied against the Self-Managed Harvest Pool.

(b) Within the Self-Managed Harvest Pool, any reduction shall be allocated:

(i) in respect of available pricing exposures, to the March 2021 and May 2021 ICE 11 Contracts in a ratio of 2:1, provided that if some or all of the residual which would be allocated to be priced to QSL under clause 8.7 could instead make up a further 10 tonne increment in the May 2021 exposure, it will instead be allocated to the Self-Managed Harvest Pool Participant to price in the May 2021 allocation; and

(ii) in respect of marketing tranches, in the following order of priority:

   (A) the Production Buffer;

   (B) unpriced tonnage in the Discretionary Tranche.

(c) If the reduction in supply is sufficient that the Self-Managed Harvest Pool Participant has failed to supply the Committed Sugar in the Self-Managed Harvest Pool that will have the consequences described in clause 9.3.

9.3 FAILURE TO DELIVER COMMITTED SUGAR (I.E. PRICED TONNAGE IN THE SELF-MANAGED HARVEST POOL)

(a) Tonnage that has been priced in the Self-Managed Harvest Pool is Committed Sugar.

(b) Where there is insufficient un-priced tonnage to absorb the total quantity of the failure to deliver or have delivered Committed Sugar in respect of the Self-Managed Harvest Pool, the remaining tonnage will be applied against priced tonnage for the Self-Management Harvest. This priced tonnage will need to be cancelled, with the Self-Managed Harvest Pool Participant being responsible for the Costs or benefits in doing so.

(c) The provisions of clause 5.5(c)-(h) of the QSL Common Pool Terms will apply in relation to such cancellations.

Please refer to the disclaimer at the end of these pool terms.
13 WORKED EXAMPLES

The below worked examples are intended to assist Participants in understanding the operation of these Self-Managed Harvest Pool Pricing Pool Terms.

13.1 EXAMPLE 1: INITIAL ALLOCATION OF PRICING EXPOSURES

This occurs on the Marketing Declaration Date (and Self-Managed Harvest Pool Election Date) and for each change of supply estimate for a Self-Managed Harvest Pool Participant occurring after that time but before the Pricing Declaration Date.

Assumptions:

- 300 tonne supply estimate
- 35% (105 tonnes) allocated to Self-Managed Harvest Pool

Production Buffer Tranche = 0.2 x 300 = 60 tonnes

Out of Season Tonnage = 60 (as Production Buffer Tranche is greater than 105 x 50%)

In-Season Tonnage = 105 - 60 = 45 tonnes

Initial allocation of In-Season Tonnage and Out-of-Season Tonnage in the applicable 1:2 and 2:1 ratios produces:

<table>
<thead>
<tr>
<th>In-Season Tonnage (45)</th>
<th>Out-of-Season Tonnage (60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>Oct 2020</td>
</tr>
<tr>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>May 2021</td>
</tr>
<tr>
<td>40</td>
<td>20</td>
</tr>
</tbody>
</table>

Allocation to Participant (after rounding to 10 tonne increments)

<table>
<thead>
<tr>
<th>Initial allocation in 1:2 / 2:1 ratio</th>
<th>Allocation to Participant (after rounding to 10 tonne increments)</th>
<th>Resulting residual tonnage to be priced by QSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>30</td>
<td>5</td>
</tr>
</tbody>
</table>

As the Out-of-Season Tonnage allocation (60) is not greater than the Production Buffer, all of the Out-of-Season Tonnage forms part of the Production Buffer and there is no Out-of-Season Discretionary Tranche component.

13.2 EXAMPLE 2: INITIAL ALLOCATION OF PRICING EXPOSURES WHERE THERE IS SUFFICIENT RAW SUGAR ALLOCATED TO THE SELF-MANAGED HARVEST POOL THAT THERE IS AN OUT-OF-SEASON DISCRETIONARY TRANCHE COMPONENT

Assumptions:

- 300 tonne supply estimate
- 200 tonnes allocated to Self-Managed Harvest Pool

Production Buffer Tranche = 0.2 x 300 = 60 tonnes

Out-of-Season Tonnage = 100 (as 200 x 50% is greater than the 60 tonne Production Buffer Tranche)

In-Season Tonnage = 200 - 100 = 100 tonnes

(d) As the final amount of priced Raw Sugar not delivered will not be able to be quantified until the Failing Participant (or relevant Delivery Participant) finishes crushing cane, this procedure will be applied in a layered approach in accordance with clause 5.9 of the QSL Common Pool Terms.

10 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the Self-Managed Harvest Pool as if they were set out in full in these Self-Managed Harvest Pool Pricing Pool Terms.

11 GLOSSARY

Capitalised terms used in these Self-Managed Harvest Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

12 WHO TO CONTACT?

If you have any queries in relation to these Self-Managed Harvest Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.

Please refer to the disclaimer at the end of these pool terms.
Initial allocation of In-Season Tonnage and Out-of-Season Tonnage in the applicable 1:2 and 2:1 ratios produces:

<table>
<thead>
<tr>
<th></th>
<th>In-Season Tonnage (100)</th>
<th>Out-of-Season Tonnage (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>33.3</td>
<td>66.6</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>66.6</td>
<td>33.3</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>66.6</td>
<td>33.3</td>
</tr>
<tr>
<td>May 2021</td>
<td>33.3</td>
<td>66.6</td>
</tr>
</tbody>
</table>

Allocation to Participant (after rounding to 10 tonne increments)

<table>
<thead>
<tr>
<th></th>
<th>July 2020</th>
<th>Oct 2020</th>
<th>Mar 2021</th>
<th>May 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Season Component</td>
<td>30</td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-Season Component</td>
<td></td>
<td></td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Production Buffer Tranche</td>
<td></td>
<td></td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Resulting residual tonnage to be priced by QSL</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

As the Out-of-Season Tonnage allocation (100) is greater than the Production Buffer Tranche (60), the Out-of-Season Discretionary Tranche Component will be the surplus (40).

The Out-of-Season Discretionary Tranche Component will then be allocated between the March 2021 and May 2021 ICE 11 futures into the 2:1 ratio (with rounding down to the nearest 10 tonne increment on all positions allocated to the May position), resulting in the following:

<table>
<thead>
<tr>
<th></th>
<th>In-Season Tonnage (100)</th>
<th>Out-of-Season Tonnage (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>30</td>
<td>53.3</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>53.3</td>
<td>26.6</td>
</tr>
<tr>
<td>May 2021</td>
<td>26.6</td>
<td>53.3</td>
</tr>
</tbody>
</table>

Discretionary Tranche

In-Season Component: 30
Out-of-Season Component: 20
Production Buffer Tranche: 40
Resulting residual tonnage to be priced by QSL: 0

13.3 EXAMPLE 3: INCREASE IN SUPPLY ESTIMATE POST PRICING DECLARATION DATE

Assumptions:
- Same Participant as in Example 1, initial 300 tonne supply estimate, 35% (105 tonnes) allocated to Self-Managed Harvest Pool
- Increase to 320 tonne supply estimate after the Pricing Declaration Date, resulting in allocation to Self-Managed Harvest Pool increasing to 125 tonnes

Production Buffer Tranche adjusted for the increase = (0.2 x 300) + 20 = 80
Out-of-Season Tonnage = Will increase from the previous 60 by the supply estimate increase (20) to 80 tonnes
In-Season Tonnage = 125 - 80 = 45 tonnes (i.e. no adjustment for the increase)

Allocation of In-Season Tonnage and Out-of-Season Tonnage in the applicable 1:2 and 2:1 ratios produces (with there being sufficient residual on a strict application of the 2:1 March 2021/May 2021 ratio to make up a further 10 tonne increment allocation to the May 2021 exposure):

<table>
<thead>
<tr>
<th></th>
<th>In-Season Tonnage (45)</th>
<th>Out-of-Season Tonnage (80)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Oct 2020</td>
<td>30</td>
<td>53.3</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>53.3</td>
<td>26.6</td>
</tr>
<tr>
<td>May 2021</td>
<td>26.6</td>
<td>53.3</td>
</tr>
</tbody>
</table>

Initial allocation in 1:2 / 2:1 ratio
Allocation to Participant (after rounding to 10 tonne increments and inclusive of residual rounding from other positions)
Resulting residual tonnage to be priced by QSL: 5

As the Out-of-Season Tonnage allocation (80) is not greater than the Production Buffer, all of the Out-of-Season Tonnage forms part of the Production Buffer and there is no Out-of-Season Discretionary Tranche component.

Please refer to the disclaimer at the end of these pool terms.
13.4 EXAMPLE 4: DECREASE IN SUPPLY ESTIMATE POST PRICING DECLARATION DATE

Assumptions:

- Same Participant as in Example 1, initial 300 tonne supply estimate, 35% (105 tonnes) allocated to Self-Managed Harvest Pool
- Decrease to 280 tonne supply estimate after the Pricing Declaration Date, resulting in allocation to Self-Managed Harvest Pool decreasing to 85 tonnes

Production Buffer Tranche adjusted for the increase = (0.2 x 300) - 20 = 40

Out-of-Season Tonnage = Will decrease from the previous 60 by the supply estimate decrease (20) to 40 tonnes

In-Season Tonnage = 85 - 40 = 45 tonnes (i.e. no adjustment for the decrease)

Allocation of In-Season Tonnage and Out-of-Season Tonnage in the applicable 1:2 and 2:1 ratios produces (with there being sufficient residual on a strict application of the 2:1 March 2021/May 2021 ratio to make up a further 10 tonne increment allocation to the May 2021):

<table>
<thead>
<tr>
<th>In-Season Tonnage (45)</th>
<th>Out-of-Season Tonnage (40)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>Oct 2020</td>
</tr>
<tr>
<td>Initial allocation in 1:2 / 2:1 ratio</td>
<td>15</td>
</tr>
<tr>
<td>Allocation to Participant (after rounding to 10 tonne increments and inclusive of residual rounding from other positions)</td>
<td>10</td>
</tr>
<tr>
<td>Resulting residual tonnage to be priced by QSL</td>
<td></td>
</tr>
</tbody>
</table>

As the Out-of-Season Tonnage allocation (40) is not greater than the Production Buffer, all of the Out-of-Season Tonnage forms part of the Production Buffer and there is no Out-of-Season Discretionary Tranche component.

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.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for this QSL Actively Managed Pool for the 2020 Season will be determined in accordance with these QSL Actively Managed Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Actively Managed Pool is calculated, it is important to read each of these QSL Actively Managed Pool Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2 QSL ACTIVELY MANAGED POOL

This QSL Actively Managed Pool is intended to generate pool returns higher than would be produced by a passive management approach, by QSL pricing the Raw Sugar allocated to the pool in a more active manner designed to exploit favourable pricing opportunities.

Nominations to allocate Raw Sugar to the QSL Actively Managed Pool for the 2020 Season can be made by Participants commencing on 1 March 2020 up until the Pricing Declaration Date.

The key features of the QSL Actively Managed Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL Actively Managed Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to this QSL Actively Managed Pool (see the Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to this QSL Actively Managed Pool (see the Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in this QSL Actively Managed Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts; and

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to this QSL Actively Managed Pool;

(f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to this QSL Actively Managed Pool is 10 metric tonnes. Participants must specify the Raw Sugar allocated to this QSL Actively Managed Pool in whole multiples of 10 metric tonnes; and

Please refer to the disclaimer at the end of these pool terms.
3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of this QSL Actively Managed Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in this QSL Actively Managed Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL ACTIVELY MANAGED POOL PRICING

QSL’s pricing for Raw Sugar allocated to this QSL Actively Managed Pool will occur within +/- 40% discretion limits calculated by reference to the neutral profile produced by pricing evenly over the period from the first working day after the Pricing Declaration Date until the May 2021 ICE futures cease to be available.

The discretion limits are intended to allow QSL to make pricing decisions that align with anticipated more favourable market conditions (i.e. delaying pricing relative to the neutral profile if prices are anticipated to improve later in the period or vice versa).

This QSL Actively Managed Pool will be priced in a 1:2:2:1 ratio as follows:

<table>
<thead>
<tr>
<th>ICE 11 Contract</th>
<th>July 2020</th>
<th>October 2020</th>
<th>March 2021</th>
<th>May 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

The discretionary limits for this pool provide for a reversal strategy allowing QSL to unwind pricing (buying back) already undertaken with a view to re-pricing sugar at a later date for profit. This element of active trading aims to enhance the final price achieved, but also entails extra risk.

QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in this QSL Actively Managed Pool as if they were set out in full in these QSL Actively Managed Pool Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these QSL Actively Managed Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these QSL Actively Managed Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling 07 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for this QSL Early-Start Actively Managed Pool for the 2020 Season will be determined in accordance with these QSL Early-Start Actively Managed Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Early-Start Actively Managed Pool is calculated, it is important to read each of these QSL Early-Start Actively Managed Pool Pricing Pool Terms, the QSL Common Pool Terms and the QSL Shared Pool Terms.

2 QSL EARLY-START ACTIVELY MANAGED POOL

This QSL Early-Start Actively Managed Pool is intended to generate pool returns higher than would be produced by a passive management approach, by QSL pricing the Raw Sugar allocated to the pool in a more active manner designed to exploit favourable pricing opportunities.

Nominations to allocate Raw Sugar to the QSL Early-Start Actively Managed Pool for the 2020 Season can be made by Participants commencing on 1 September 2019 up until 31 October 2019.

The key features of the QSL Early-Start Actively Managed Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL Early-Start Actively Managed Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to this QSL Early-Start Actively Managed Pool (see the QSL Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to this QSL Early-Start Actively Managed Pool (see the QSL Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in this QSL Early-Start Actively Managed Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts; and

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to this QSL Early-Start Actively Managed Pool;

(f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to this QSL Early-Start Actively Managed Pool is 10 metric tonnes. Participants must specify the Raw Sugar allocated to this QSL Early-Start Actively Managed Pool in whole multiples of 10 metric tonnes; and

Please refer to the disclaimer at the end of these pool terms.
(g) Minimum aggregate tonnage – This QSL Early-Start Actively Managed Pool may be cancelled at QSL’s discretion if the total tonnage allocated to this QSL Early-Start Actively Managed Pool for the 2020 Season does not reach 30,000 Tonnes Actual by the date for cessation of nominations. If this QSL Early-Start Actively Managed Pool is cancelled, Participants will be given the choice (at the election of the relevant Grower(s) for an OSA Participant) to allocate the tonnage into an alternative Committed Pool or the QSL Harvest Pool by the Pricing Declaration Date. If the Participant does not make an election, the tonnage will be allocated to the QSL Harvest Pool.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of this QSL Early-Start Actively Managed Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in this QSL Early-Start Actively Managed Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL EARLY-START ACTIVELY MANAGED POOL PRICING

QSL’s pricing for Raw Sugar allocated to this QSL Early-Start Actively Managed Pool will occur within +/- 40% discretion limits calculated by reference to the neutral profile produced by pricing evenly over the period from 1 November 2019 until the May 2021 ICE futures cease to be available.

The discretion limits are intended to allow QSL to make pricing decisions that align with anticipated more favourable market conditions (i.e. delaying pricing relative to the neutral profile if prices are anticipated to improve later in the period or vice versa).

This QSL Early-Start Actively Managed Pool will be priced in a 1:2:2:1 ratio as follows:

<table>
<thead>
<tr>
<th>ICE 11 Contract</th>
<th>July 2020</th>
<th>October 2020</th>
<th>March 2021</th>
<th>May 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

The discretionary limits for this pool provide for a reversal strategy allowing QSL to unwind pricing (buying back) already undertaken with a view to re-pricing sugar at a later date for profit. This element of active trading aims to enhance the final price achieved, but also entails extra risk.

QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in this QSL Early-Start Actively Managed Pool as if they were set out in full in these QSL Early-Start Actively Managed Pool Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these QSL Early-Start Actively Managed Pool Pricing Pool Terms have the meaning set out in the QSL Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these QSL Early-Start Actively Managed Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for this Guaranteed Pool for the 2020 Season will be determined in accordance with these Guaranteed Floor Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to this pool is calculated, it is important to read each of these QSL Guaranteed Floor Pool Pricing Pool Terms, the Common Pool Terms and the Shared Pool Terms.

2 QSL GUARANTEED FLOOR POOL

The QSL Guaranteed Floor Pool is intended to provide a known minimum gross price at the commencement date for the Pool (the Pricing Declaration Date), while enabling limited participation in price rises over the duration of the 2020 Season should the market trade above a certain level.

The minimum gross price (the guaranteed floor price) will be published on QSL’s website prior to the Pricing Declaration Date.

Nominations to allocate Raw Sugar to this QSL Guaranteed Floor Pool for the 2020 Season can be made by Participants commencing on 1 March 2020 up until the Pricing Declaration Date.

The key features of this QSL Guaranteed Floor Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to this QSL Guaranteed Floor Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to this QSL Guaranteed Floor Pool (see the Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to this QSL Guaranteed Floor Pool (see the Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in this QSL Guaranteed Floor Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts; and

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to this QSL Guaranteed Floor Pool;

(f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to this QSL Guaranteed Floor Pool is 50 metric tonnes. Participants must specify the Raw Sugar allocated to the QSL Guaranteed Floor Pool in whole multiples of 50 metric tonnes.

Please refer to the disclaimer at the end of these pool terms.
(g) Minimum aggregate tonnage – This QSL Guaranteed Floor Pool may be cancelled at QSL’s discretion if the total tonnage allocated to this QSL Guaranteed Floor Pool for the 2020 Season does not reach 30,000 Tonnes Actual by the date for cessation of nominations. If this QSL Guaranteed Floor Pool is cancelled, Participants will be given the choice (at the election of the relevant Grower(s) for an OSA Participant) to allocate the tonnage into an alternative Committed Pool or the QSL Harvest Pool by the Pricing Declaration Date. If the Participant does not make an election, the tonnage will be allocated to the QSL Harvest Pool.

(h) Participants will have the option of receiving the Standard Advances Program as per clause 6 of the QSL Common Pool Terms or an Accelerated Advances Program.

For participants selecting the Accelerated Advances profile for the QSL Guaranteed Floor Pool, advances shall be payable in accordance with the following profile, which is an advances program specific to the QSL Guaranteed Pool (in accordance with clause 6 of the Common Pool Terms):

i) Participants will receive advance payments from QSL in the Season the Raw Sugar is delivered. Payments in the year of delivery from May in which the Season commences to November will be made in accordance with the advance payments profile as determined by the QSL board;

ii) In December of the relevant crushing Season the advance rate for the QSL Guaranteed Floor Pool is guaranteed to be a minimum of 90% of the then-estimated Net IPS Price; and

iii) No further payments will be made for this pool after that payment until the advance rate for all other QSL Pools exceeds 90%.

iv) The additional finance costs associated with this Accelerated Advances profile will be allocated to the Participant via a specific allocation in the QSL Shared Pool in accordance with clause 2.8 (g) of the QSL Shared Pool Terms.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of this QSL Guaranteed Floor Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in this QSL Guaranteed Floor Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL GUARANTEED FLOOR POOL PRICING

5.1 SETTING THE GUARANTEED FLOOR PRICE

The minimum gross price to be achieved by this QSL Guaranteed Floor Pool (the guaranteed floor price) will be set as a gross AUD price per Tonne Actual basis for the ICE 11 component of pool returns.

At 11am on each business day in the month of the actual Pricing Declaration Date, QSL will publish on QSL’s website an indicative estimate of the guaranteed floor price for this pool.

The actual guaranteed floor price will then be set on the ICE 11 trading session on the Pricing Declaration Date for this pool.

This QSL Guaranteed Floor Pool will only proceed if, in the first trading session on the Pricing Declaration Date for this pool, QSL can achieve pricing for Raw Sugar allocated to this Pool which is no more than $10 lower than the last published indicative estimate of the guaranteed floor price for this pool. For example, should the Pricing Declaration Date be 30 April 2020 and the QSL indicative estimate on that day at 11am is $500/Tonne Actual, the QSL Guaranteed Floor Pool will only proceed if QSL can achieve a guaranteed floor price of $490/Tonne Actual or more.

Should this QSL Guaranteed Floor Pool not proceed for the 2020 Season due to QSL being unable to obtain the required pricing level in the first trading session following the Pricing Declaration Date, the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to this QSL Guaranteed Floor Pool) reallocate the tonnage to a current Season QSL-managed Committed Pool. If a Participant does not make such an election, the Raw Sugar of the Participant allocated to this QSL Guaranteed Floor Pool is reallocated to the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool).

Please refer to the disclaimer at the end of these pool terms.
5.2 PRICING

QSL will manage pricing in the ICE 11 market.

Initial pricing will occur on the first business day after the Pricing Declaration Date (subject to being able to secure the guaranteed floor price) and the pricing period for participation in positive daily settlements will run from that day until 30 April 2020.

Any tonnage priced on any given day above the guaranteed floor price will be shared amongst Participants who have tonnage allocated to this QSL Guaranteed Floor Pool on a pro rata basis proportionate to tonnage allocated to the QSL Guaranteed Floor Pool.

This QSL Guaranteed Floor Pool will be priced in a 1:2:2:1 ratio as follows:

<table>
<thead>
<tr>
<th>ICE 11 Contract</th>
<th>July 2020</th>
<th>October 2020</th>
<th>March 2021</th>
<th>May 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

5.3 INABILITY TO OBTAIN GUARANTEED FLOOR PRICE

If QSL is unable to achieve the desired guaranteed floor price due to market trading levels and liquidity on the Pricing Declaration Date, the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to this QSL Guaranteed Floor Pool) reallocate the tonnage to a current Season QSL Marketed Committed Pool.

If a Participant does not make such an election, the Raw Sugar of the Participant allocated to this QSL Guaranteed Floor Pool is reallocated to the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool).

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in this QSL Guaranteed Floor Pool Pricing Pool as if they were set out in full in these QSL Guaranteed Floor Pool Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these QSL Guaranteed Floor Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these QSL Guaranteed Floor Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for this Pool for the 2020 Season will be determined in accordance with these QSL February 2020 Guaranteed Floor Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to this pool is calculated, it is important to read each of these QSL February 2020 Guaranteed Floor Pool Pricing Pool Terms, the Common Pool Terms and the Shared Pool Terms.

2 QSL FEBRUARY 2020 GUARANTEED FLOOR POOL

The QSL February 2020 Guaranteed Floor Pool is intended to provide a known minimum gross price at the commencement date for the Pool, while enabling limited participation in price rises over the duration of the 2020 Season should the market trade above a certain level.

The minimum gross price (the guaranteed floor price) will be published on QSL’s website prior to the commencement.

Nominations to allocate Raw Sugar to this QSL February 2020 Guaranteed Floor Pool for the 2020 Season can be made by Participants commencing on 5 February 2020 up until 4:00pm Brisbane time 20 February 2020.

The key features of this QSL February 2020 Guaranteed Floor Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to this QSL February 2020 Guaranteed Floor Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to this QSL February 2020 Guaranteed Floor Pool (see the Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to this QSL February 2020 Guaranteed Floor Pool (see the Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in this QSL February 2020 Guaranteed Floor Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts; and

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to this QSL February 2020 Guaranteed Floor Pool;

Please refer to the disclaimer at the end of these pool terms.
3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of QSL’s Guaranteed Floor Pools compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in this QSL February 2020 Guaranteed Floor Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL FEBRUARY 2020 GUARANTEED FLOOR POOL PRICING

5.1 SETTING THE GUARANTEED FLOOR PRICE

The minimum gross price to be achieved by this QSL February 2020 Guaranteed Floor Pool (the guaranteed floor price) will be set as a gross AUD price per Tonne Actual basis for the ICE 11 component of pool returns.

At 11am on each business day during February 2020 QSL will publish on QSL’s website an indicative estimate of the guaranteed floor price for this pool.

The actual guaranteed floor price will then be set on the ICE 11 trading session on 20 February 2020.

This QSL February 2020 Guaranteed Floor Pool will only proceed if, in the first trading session on 20 February 2020 for this pool, QSL can achieve pricing for Raw Sugar allocated to this Pool which is no more than $10 lower than the last published indicative estimate of the guaranteed floor price for this pool. For example, on the day 20 February 2020 the QSL indicative estimate on that day at 11am is $500/Tonne Actual, this QSL February 2020 Guaranteed Floor Pool will only proceed if QSL can achieve a guaranteed floor price of $490/Tonne Actual or more.

Should this QSL February 2020 Guaranteed Floor Pool not proceed for the 2020 Season due to QSL being unable to obtain the required pricing level in the trading session on 20 February 2020 or there being insufficient liquidity, this pool will be cancelled and the tonnage re-allocated to another pool in accordance with clause 5.3.
5.2 PRICING

QSL will manage pricing in the ICE 11 market.

Initial pricing will occur on the ICE 11 trading session on 20 February 2020 (subject to being able to secure the guaranteed floor price as per clause 5.1) and the pricing period for participation in positive daily settlements will run from the next business day until 30 April 2021.

This QSL February 2020 Guaranteed Floor Pool will be priced in a 1:2:2:1 ratio as follows:

<table>
<thead>
<tr>
<th>ICE 11 Contract</th>
<th>July 2020</th>
<th>October 2020</th>
<th>March 2021</th>
<th>May 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

5.3 INABILITY TO OBTAIN GUARANTEED FLOOR PRICE

If QSL is unable to achieve the desired guaranteed floor price under clause 5.1 or receives insufficient nominations as per clause 2(g) of these Pricing Pool Terms, the pool will be cancelled and the Participant may (in the case of OSA Participants, on request of the relevant Grower which made the election to allocate the relevant GEI Sugar to this QSL February 2020 Guaranteed Floor Pool) reallocate the tonnage to a current Season QSL Marketed Committed Pool.

If a Participant does not make such an election, the Raw Sugar of the Participant allocated to this QSL February 2020 Guaranteed Floor Pool is reallocated to the QSL Harvest Pool (see the QSL Harvest Pool Pricing Pool Terms for details of the operation of the QSL Harvest Pool).

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in this QSL February 2020 Guaranteed Floor Pool Pricing Pool as if they were set out in full in these QSL February 2020 Guaranteed Floor Pool Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these QSL February 2020 Guaranteed Floor Pool Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these QSL February 2020 Guaranteed Floor Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the QSL 2-Season Actively Managed Pool for the applicable Season will be determined in accordance with these QSL 2-Season Actively Managed Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL 2-Season Actively Managed Pool is calculated, it is important to read each of these QSL 2-Season Actively Managed Pool Pricing Pool Terms.

2 QSL 2-SEASON ACTIVELY MANAGED POOL

The QSL 2-Season Actively Managed Pool is intended to maximise pool returns by timing pricing decisions to align with more favourable market conditions and advancing pricing at certain benchmark pricing trigger levels.

Nominations to allocate Raw Sugar to the QSL 2-Season Actively Managed Pool for the 2021 Season can be made by Participants commencing 1 March 2020 until the 2020-Season Pricing Declaration Date.

The key features of the QSL 2-Season Actively Managed Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL 2-Season Actively Managed Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to the QSL 2-Season Actively Managed Pool (see the QSL Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to the QSL 2-Season Actively Managed Pool (see the QSL Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL 2-Season Actively Managed Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to the QSL 2-Season Actively Managed Pool;

(f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to the QSL 2-Season Actively Managed Pool is 10 tonnes. Participants must specify the Raw Sugar allocated to the QSL 2-Season Actively Managed Pool in whole multiples of 10 tonnes; and

(g) Minimum aggregate tonnage – The QSL 2-Season Actively Managed Pool may be cancelled at QSL’s discretion if the total tonnage allocated to the QSL 2-Season Actively Managed Pool for the 2021 Season does not reach 30,000 Tonnes Actual by the date for cessation of nominations. If the QSL 2-Season Actively Managed Pool is cancelled, Participants will be given the choice (at the election of the relevant Grower(s) for an OSA Participant) to allocate the tonnage into an alternative Committed Pool or the QSL Harvest Pool prior to the Pricing Declaration Date for the 2020 Season.

Please refer to the disclaimer at the end of these pool terms.
3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of the QSL 2-Season Actively Managed Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL 2-Season Actively Managed Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL 2-SEASON ACTIVELY MANAGED POOL PRICING

QSL’s pricing for Raw Sugar allocated to the QSL 2-Season Actively Managed Pool will occur within +/-40% discretion limits calculated by reference to:

(a) the neutral profile produced by pricing evenly over the period until the May 2022 ICE futures ceases to be available; and

(b) additional benchmark proportions that are to be priced upon the ICE 11 market trading in excess of certain benchmark ICE 11 prices on an AUD/Tonne IPS basis.

The discretion limits are intended to allow QSL to make pricing decisions that align with anticipated more favourable market conditions (i.e. delaying pricing relative to the neutral profile if prices are anticipated to improve later in the period or vice versa).

The benchmark ICE 11 prices and benchmark additional proportions to be priced at each such benchmark ICE11 price are set out below:

<table>
<thead>
<tr>
<th>Benchmark price</th>
<th>Benchmark additional proportion to be priced</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤AUD 450/Tonne IPS</td>
<td>0%</td>
</tr>
<tr>
<td>≥AUD 450/Tonne IPS</td>
<td>25% (if available)</td>
</tr>
<tr>
<td>≥AUD 475/Tonne IPS</td>
<td>50% (if available)</td>
</tr>
<tr>
<td>≥AUD 500/Tonne IPS</td>
<td>75% (if available)</td>
</tr>
</tbody>
</table>

An indicative example of how this would operate in combination with the +/-40% QSL discretion limits is provided below (assuming the QSL 2-Season Actively Managed Pool commences pricing on 1 September 2020 such that it will be priced over a 20-month period, giving a neutral profile of 5% of the QSL 2-Season Actively Managed Pool tonnage being priced per month).

<table>
<thead>
<tr>
<th>Month</th>
<th>ICE 11 Price (AUD/Tonne IPS)</th>
<th>Benchmark proportion to be priced</th>
<th>Minimum proportion QSL can have priced</th>
<th>Maximum proportion QSL can have priced</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2020</td>
<td>&lt;450</td>
<td>5%</td>
<td>0%</td>
<td>45%</td>
</tr>
<tr>
<td>October 2020</td>
<td>&lt;450</td>
<td>10%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>November 2020</td>
<td>&lt;450</td>
<td>15%</td>
<td>0%</td>
<td>55%</td>
</tr>
<tr>
<td>December 2020</td>
<td>&lt;450</td>
<td>20%</td>
<td>0%</td>
<td>60%</td>
</tr>
<tr>
<td>January 2021</td>
<td>450+</td>
<td>50%*</td>
<td>0%</td>
<td>90%</td>
</tr>
<tr>
<td>February 2021</td>
<td>450+</td>
<td>55%</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>March 2021</td>
<td>475+</td>
<td>85%**</td>
<td>25%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* reflects 5% increase for neutral profile and 25% additional due to benchmark price trigger being met
** reflects a 5% increase for neutral profile and 25% additional to due 2nd benchmark price trigger being met

The QSL 2-Season Actively Managed Pool will be priced in a 1:2:2:1 ratio as follows:

<table>
<thead>
<tr>
<th>ICE 11 Contract</th>
<th>July 2021</th>
<th>October 2021</th>
<th>March 2022</th>
<th>May 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the QSL 2-Season Actively Managed Pool as if they were set out in full in these QSL 2-Season Actively Managed Pool Pricing Pool Terms.

5 GLOSSARY

Capitalised terms used in the QSL 2-Season Actively Managed Pool Pricing Pool Terms have the meaning set out in the QSL Pool Terms Glossary.

6 WHO TO CONTACT?

If you have any queries in relation to these QSL 2-Season Actively Managed Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling 07 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which supplied that Raw Sugar is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to OSA Participants and RSSA Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the QSL 3-Season Actively Managed Pool for the applicable Season will be determined in accordance with these QSL 3-Season Actively Managed Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL 3-Season Actively Managed Pool is calculated, it is important to read each of these QSL 3-Season Actively Managed Pool Pricing Pool Terms.

Nominations to allocate Raw Sugar to the QSL 3-Season Actively Managed Pool for the 2022 Season can be made by Participants commencing 1 March 2020 until the 2020-Season Pricing Declaration Date.

The key features of the QSL 3-Season Actively Managed Pool are:

(a) QSL Marketed Pool – QSL is responsible for marketing the Raw Sugar allocated to the QSL 3-Season Actively Managed Pool.

(b) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure to deliver Raw Sugar allocated to the QSL 3-Season Actively Managed Pool (see the QSL Common Pool Terms for further details);

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation able to be made to the QSL 3-Season Actively Managed Pool (see the QSL Common Pool Terms for further details);

(c) A Pricing Platform Pool – such that the provisions of the QSL Common Pool Terms applicable to Pricing Platform Pools apply to allocations and pricing of Raw Sugar in the QSL 3-Season Actively Managed Pool;

(d) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;

(e) QSL as Risk Manager – such that QSL is the entity responsible for pricing the ICE 11 price component of the Gross Price and the AUD/USD exposure represented by that ICE 11 price component for all tonnage committed to the QSL 3-Season Actively Managed Pool;

(f) Minimum tonnage – The minimum tonnage of Raw Sugar that can be nominated to the QSL 3-Season Actively Managed Pool is 10 tonnes. Participants must specify the Raw Sugar allocated to the QSL 3-Season Actively Managed Pool in whole multiples of 10 tonnes; and
(g) Minimum aggregate tonnage – The QSL 3-Season Actively Managed Pool may be cancelled at QSL’s discretion if the total tonnage allocated to the QSL 3-Season Actively Managed Pool for the 2022 Season does not reach 30,000 Tonnes Actual by the date for cessation of nominations. If the QSL 3-Season Actively Managed Pool is cancelled, Participants will be given the choice (at the election of the relevant Grower(s) for an OSA Participant) to allocate the tonnage into an alternative Committed Pool or the QSL Harvest Pool prior to the Pricing Declaration Date for the 2022 Season.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of the QSL 3-Season Actively Managed Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL 3-Season Actively Managed Pool is determined based on the pricing conducted by ICE 11 Contracts executed on the ICE or in the OTC swap market (see clause 5 below).

This USD revenue stream derived from the ICE 11 or swap contracts will be converted to AUD under the pricing policy applied by QSL.

5 QSL 3-SEASON ACTIVELY MANAGED POOL PRICING

QSL’s pricing for Raw Sugar allocated to the QSL 3-Season Actively Managed Pool will occur within +/-50% discretion limits calculated by reference to:

(a) the neutral profile produced by pricing evenly over the period until the May 2023 ICE futures ceases to be available; and

(b) additional benchmark proportions that are to be priced upon the ICE 11 market trading in excess of certain benchmark ICE 11 prices on an AUD/Tonne IPS basis.

The discretion limits are intended to allow QSL to make pricing decisions that align with anticipated more favourable market conditions (i.e. delaying pricing relative to the neutral profile if prices are anticipated to improve later in the period or vice versa).

The benchmark ICE 11 prices and benchmark additional proportions to be priced at each such benchmark ICE11 price are set out below:

<table>
<thead>
<tr>
<th>Benchmark price</th>
<th>Benchmark additional proportion to be priced</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;AUD 450/Tonne IPS</td>
<td>0%</td>
</tr>
<tr>
<td>≥AUD 450/Tonne IPS</td>
<td>25% (if available)</td>
</tr>
<tr>
<td>≥AUD 500/Tonne IPS</td>
<td>50% (if available)</td>
</tr>
<tr>
<td>≥AUD 550/Tonne IPS</td>
<td>75% (if available)</td>
</tr>
</tbody>
</table>

An indicative example of how this would operate in combination with the +/-50% QSL discretion limits is provided below (assuming the QSL 3-Season Actively Managed Pool commences pricing on 1 August 2020 such that it will be priced over a 33-month period, giving a neutral profile of 3% of the QSL 3-Season Actively Managed Pool tonnage being priced per month).

<table>
<thead>
<tr>
<th>Month</th>
<th>ICE 11 Price (AUD/Tonne IPS)</th>
<th>Benchmark proportion to be priced</th>
<th>Minimum proportion QSL can have priced</th>
<th>Maximum proportion QSL can have priced</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2020</td>
<td>&lt;450</td>
<td>3%</td>
<td>0%</td>
<td>53%</td>
</tr>
<tr>
<td>September 2020</td>
<td>&lt;450</td>
<td>6%</td>
<td>0%</td>
<td>56%</td>
</tr>
<tr>
<td>October 2020</td>
<td>&lt;450</td>
<td>9%</td>
<td>0%</td>
<td>59%</td>
</tr>
<tr>
<td>November 2020</td>
<td>&lt;450</td>
<td>12%</td>
<td>0%</td>
<td>62%</td>
</tr>
<tr>
<td>December 2020</td>
<td>450+</td>
<td>40%*</td>
<td>0%</td>
<td>90%</td>
</tr>
<tr>
<td>January 2021</td>
<td>450+</td>
<td>43%</td>
<td>5%</td>
<td>93%</td>
</tr>
<tr>
<td>February 2021</td>
<td>500+</td>
<td>71%**</td>
<td>21%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* reflects 3% increase for neutral profile and 25% additional due to benchmark price trigger being met

** reflects a 3% increase for neutral profile and 25% additional to due 2nd benchmark price trigger being met

The QSL 3-Season Actively Managed Pool will be priced in a 1:2:2:1 ratio as follows:

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<th>July 2022</th>
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</tr>
</tbody>
</table>

QSL, at its sole discretion, may combine orders with pricing QSL is undertaking in other Pricing Pools it is the Risk Manager for in order to make a parcel that can be marketed across ICE 11 Contract futures positions in the usual 1:2:2:1 ratio.

Please refer to the disclaimer at the end of these pool terms.
6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the QSL 3-Season Actively Managed Pool as if they were set out in full in these QSL 3-Season Actively Managed Pool Pricing Pool Terms.

5 GLOSSARY

Capitalised terms used in the QSL 3-Season Actively Managed Pool Pricing Pool Terms have the meaning set out in the QSL Pool Terms Glossary.

6 WHO TO CONTACT?

If you have any queries in relation to these QSL 3-Season Actively Managed Pool Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling 07 3004 4400.
1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which that Raw Sugar is attributable to is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the QSL Harvest Pool for the 2020 Season will be determined in accordance with these QSL Harvest Pool Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the QSL Harvest Pool is calculated, it is important to read each of these QSL Harvest Pool Pricing Pool Terms, the Common Pool Terms and the Shared Pool Terms.

2 QSL HARVEST POOL

The key features of the QSL Harvest Pool are:

(a) Pool for unallocated tonnage – The QSL Harvest Pool is the QSL Pricing Pool to which all Raw Sugar supplied to QSL that has not been allocated to another QSL Pricing Pool is allocated. In particular:

(i) the QSL Harvest Pool is the QSL Pricing Pool to which Raw Sugar supplied to QSL will be allocated in the absence of the Participant electing or nominating an alternative QSL Pricing Pool. In particular:

(A) it is the ‘Default Pool’ for the purposes of a grower pricing arrangement or forward pricing arrangement entered between a Grower that is an OSA Participant or SMA Participant and a Delivery Participant; and

(B) it is an alternative to the Self-Managed Harvest Pool, such that all Participants for which QSL is marketing Raw Sugar which do not elect to participate in the Self-Managed Harvest Pool by the Self-Managed Harvest Pool Election Date or are not eligible to do so, will have Raw Sugar allocated to the QSL Harvest Pool (referred to as Harvest Pool Participants);

(ii) due to the Commitment Limits limiting the volume of Raw Sugar that can be allocated to Committed Pools, all QSL Harvest Pool Participants will have at least 35% of their Raw Sugar allocated to the QSL Harvest Pool at the Pricing Declaration Date;

(b) An Uncommitted Pool – such that:

(i) except in the event of a Production Buffer Failure (see the Shared Pool Terms for further details), there are generally no financial consequences relating to the unwinding of pricing positions or cancellation of sales for any failure by a Participant (or where the Participant is a Grower, the relevant Delivery Participant) to deliver Raw Sugar allocated to the QSL Harvest Pool (see the Common Pool Terms for further details); and

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, does not limit the allocation to the QSL Harvest Pool (see the Common Pool Terms for further details);
(c) An ICE 11 Pool – such that the Gross Price Element is determined by reference to USD revenue derived through selling ICE 11 futures contracts;

(d) First QSL Pricing Pool from which unsold Raw Sugar volumes are removed (or added provided Committed Sugar volumes have been met) in the event of a change in a Delivery Participant’s supply estimate attributable to a QSL Harvest Pool Participant (see the Common Pool Terms for further details); and

(e) Marketed and priced in separate tranches which are designed to manage particular risks (see QSL Harvest Pool Marketing Tranches below for further details). QSL will market the Raw Sugar allocated to the QSL Harvest Pool and Self-Managed Harvest Pools together, but the Raw Sugar allocated to such Pools will be priced independently of each other.

3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk management strategy of the QSL Harvest Pool compares to the Passive Management Benchmark (which assumes 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).

4 GROSS PRICE ELEMENT

The Gross Price Element in the QSL Harvest Pool will be the weighted average ICE 11 futures price achieved by QSL, including the costs of any Sugar Pricing Options entered into by QSL to manage pricing risk in respect of the QSL Harvest Pool, applied to the total Tonnes Actual allocated to the QSL Harvest Pool.

This USD revenue stream will be converted to AUD under the pricing policy applied by QSL.

The resulting AUD revenue stream will be divided by the total tonnage allocated to the Pricing Pool in Tonnes IPS to arrive at the AUD per Tonnes IPS Gross Price for the Harvest Pool.

\[
\text{Gross Price Element} = \frac{\text{AUD Gross Revenue for the Harvest Pool}}{\text{Total Tonnes IPS allocated to the Harvest Pool}}
\]

where:

**AUD Gross Revenue** means the USD Gross Revenue for the QSL Harvest Pool converted to AUD in accordance with QSL’s board approved policies; and

**USD Gross Revenue** means the weighted average ICE 11 futures price achieved by QSL under its board approved policies for the QSL Harvest Pool applied to the total Tonnes Actual allocated to the Harvest Pool.

5 QSL HARVEST POOL MARKETING TRANCHES

5.1 QSL HARVEST POOL TO BE MARKETED IN TWO TRANCHES

The QSL Harvest Pool will be marketed (physically sold to customers) by QSL in two tranches, being the Discretionary Tranche and the Production Buffer Tranche.

The two marketing tranches are designed to ensure that QSL will:

(a) through the Discretionary Tranche, price and market a quantity of the Harvest Pool earlier in the Season:

   (i) to ensure there is sufficient storage capacity at the bulk sugar terminals to store Raw Sugar required for out-of-crushing-season shipments; and

   (ii) to assist QSL to receive the best price for Raw Sugar, for the balance of the QSL Harvest Pool not allocated to the Production Buffer Tranche; and

(b) through the Production Buffer Tranche, to only price and market the remainder of the QSL Harvest Pool once the physical deliveries to QSL reach the threshold described in clause 6.4 below, so as to mitigate the financial risks borne by all Participants due to potential reductions in production levels from those initially estimated by each Delivery Participant at the Pricing Declaration Date.

The marketing tranches are used for the purposes of QSL’s Marketing Plan. Individual QSL Harvest Pool Participants have an allocation to the QSL Harvest Pool, not a specific allocation within each marketing tranche.

5.2 INITIAL ALLOCATION TO PRODUCTION BUFFER TRANCHE

The Production Buffer Tranche will initially be allocated 20% of the aggregate for each QSL Harvest Pool Participant of their Initial SPE (less, for RSSA Participants, that part of their SEI Sugar nominated to be allocated to their Supplier EI Pool).

5.3 INITIAL ALLOCATION TO DISCRETIONARY TRANCHE

The total tonnage of Raw Sugar initially allocated to the Discretionary Tranche will be calculated as all Raw Sugar allocated to the QSL Harvest Pool that is not allocated to the Production Buffer Tranche.

5.4 MARKETING OF QSL HARVEST POOL AND SELF-MANAGED HARVEST POOL

QSL will market:

(a) the Discretionary Tranche of the QSL Harvest Pool in conjunction with the Discretionary Tranche for each Self-Managed Harvest Pool; and

(b) the Production Buffer Tranche of the QSL Harvest Pool in conjunction with the Production Buffer Tranche for each Self-Managed Harvest Pool.
6 HARVEST POOL MARKETING AND PRICING

6.1 QSL IS THE QSL HARVEST POOL RISK MANAGER

(a) QSL is the Risk Manager for all of a Participant’s Raw Sugar allocated to the QSL Harvest Pool for a Season.

(b) QSL will undertake pricing activities in accordance with clauses 6.3(a) and 6.4(a) and QSL’s board approved policies.

6.2 MARKETING MECHANISMS

To assist in managing the volume risk arising from the QSL Harvest Pool being an Uncommitted Pool, the marketing of the Raw Sugar allocated to the QSL Harvest Pool occurs through a combination of:

(a) Standard physical sales Contracts for sale of Queensland Raw Sugar;

(b) Omnibus Origin Options, being a Raw Sugar sales Contract under which Raw Sugar from one or more alternative countries of origin may be used to meet any or all supply obligations under that contract which QSL had intended to meet with Queensland Raw Sugar;

(c) Volume Options, being an agreement under which QSL gains the right to sell Raw Sugar to a Customer at a set CFR Premium, but is under no obligation to do so; and

(d) Put Options, being a put option or equivalent transaction under which QSL (as the purchaser of the option) gains the right to sell ICE 11 contracts at a set price on or before an agreed date, but is under no obligation to do so.

6.3 DISCRETIONARY TRANCHE

(a) Pricing

QSL may undertake pricing by entering into ICE 11 futures contracts or QSL board approved OTC instruments for Raw Sugar allocated to the Discretionary Tranche in accordance with QSL’s board approved policies on and from 1 October 2019.

To the extent pricing of the Discretionary Tranche is occurring, foreign currency hedging will be undertaken by QSL in accordance with QSL’s board approved policies.

(b) Marketing

Physical sales to customers (marketing) of Raw Sugar allocated to the Discretionary Tranche may commence from 1 October 2019.

For any physical sales to customers made prior to the Pricing Declaration Date, the sale must include Omnibus Origin Options in accordance with QSL’s board approved policies.

6.4 PRODUCTION BUFFER TRANCHE

(a) Pricing

QSL may undertake pricing by entering into ICE 11 futures contracts or QSL board approved OTC instruments for Raw Sugar allocated to the Production Buffer Tranche on and from the date on which 70% of the estimated Raw Sugar volume to be supplied to QSL for the 2020 Season has been physically delivered (i.e. total deliveries to QSL exceed the aggregate Committed Sugar obligations of all QSL Harvest Pool Participants which, due to Commitment Limits, are capped at 65% of the estimated Raw Sugar volume to be supplied to QSL by QSL Harvest Pool Participants, or for QSL Harvest Pool Participants that are Growers, the relevant Delivery Participant’s estimate of Raw Sugar volume attributable to the QSL Harvest Pool Participant).

From the Pricing Declaration Date and prior to physical delivery QSL may also enter Put Options for price protection in respect of Raw Sugar allocated to the Production Buffer Tranche, provided that the Put Options are not exercised by QSL until a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche has been physically delivered.

To the extent pricing of the Production Buffer Tranche is occurring, foreign currency hedging will be undertaken by QSL in accordance with QSL’s board approved policies.

(b) Marketing

Physical sales to customers (marketing) of Raw Sugar allocated to the Production Buffer Tranche may commence from Pricing Declaration Date.

For any physical sales to customers made prior to a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche having been physically delivered, the sale must include Omnibus Origin Options in accordance with QSL’s board approved policies. Sales of this nature in this period must not exceed 50% of the aggregate tonnage allocation to the Production Buffer Tranche for the QSL Harvest Pool and each Self-Managed Harvest Pool.

QSL may also enter Volume Options in respect of Raw Sugar allocated to the Production Buffer Tranche prior to a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche having been physically delivered, provided that the Volume Options are not exercised by QSL until a corresponding volume of Raw Sugar allocated to the Production Buffer Tranche has been physically delivered.

7 REDUCTIONS IN THE QSL HARVEST POOL

7.1 PRIORITY FOR ALLOCATING REDUCTIONS IN THE HARVEST POOL

If the aggregate of the supply estimates provided by all Delivery Participants (in respect of QSL Harvest Pool Participants) declines from the aggregate supply estimates provided by Delivery Participants (in respect of QSL Harvest Pool Participants) on the Pricing Declaration Date, the tonnage to be allocated to the Discretionary Tranche will, to the extent it has not already been sold or priced, be reduced.
7.2 COSTS OF A PRODUCTION BUFFER FAILURE

Each Participant will be responsible for the Costs of its own failure to supply Committed Sugar or, where a Participant is a Grower, the relevant Delivery Participant's failure to deliver Committed Sugar attributable to that Participant (see the Common Pool Terms for further details).

Any remaining shortfall will then be resolved in accordance with these QSL Harvest Pool Pricing Pool Terms in respect of QSL Harvest Pool Participants and the Self-Managed Harvest Pool Pricing Pool Terms in respect of Self-Managed Harvest Pool Participants.

Where there are remaining futures positions in excess of the unsold Raw Sugar in the Production Buffer Tranche in respect of QSL Harvest Pool Participants, QSL’s board of directors will determine whether:

(a) the futures gain or loss incurred in returning the Production Buffer Tranche to zero (after individual Participants have borne the financial impact of any failure to deliver Committed Sugar or where a Participant is a Grower, the relevant Delivery Participant’s failure to deliver Committed Sugar attributable to that Participant) will be distributed to all QSL Harvest Pool Participants in the 2020 Season via the Futures Premium section of the Shared Pool (see the Shared Pool Terms for detail), the futures gain or loss against a futures position for a Production Buffer Failure will be determined as follows:

\[
Gain \ (loss) = (AVSP - BFP) \times LPBF \times 1120
\]

where:

- **AVSP** is the weighted average short futures price achieved by Discretionary Tranche of the QSL Harvest Pool in US cents per pound.
- **BFP** is the weighted average long futures price of the ICE 11 futures contracts bought by QSL in US cents per pound.
- **LPBF** is the number of ICE 11 futures contracts bought by QSL to close out short positions for all ICE 11 Pricing Pools against the relevant futures positions.

Any gain or loss incurred in meeting obligations under Omnibus Origin Options by supply of Third Party Origin Sugar will be distributed by the CFR Premiums section of the Shared Pool (see the Shared Pool Terms for more details).

(b) the surplus futures positions will be ‘rolled-forward’ to the 2021 Season by closing out the surplus ICE 11 futures positions for the 2020 Season and acquiring an equivalent volume of ICE 11 futures positions in the 2021 Season, with the futures gain or loss incurred in returning the Production Buffer Tranche to zero in that manner (after individual Participants have borne the financial impact of any failure to deliver Committed Sugar or where a Participant is a Grower, the relevant Delivery Participant’s failure to deliver Committed Sugar attributable to that Participant) being distributed to all QSL Harvest Pool Participants in the 2021 Season through the 2021 QSL Harvest Pool.

QSL will not determine to ‘roll-forward’ surplus futures positions unless it has the prior approval of a majority of RSSA Participants who have an economic interest in the QSL Harvest Pool (either by not having Raw Sugar allocated to a Supplier EI Pool or due to the manner in which pricing outcomes are shared between a RSSA Participant and its Growers under the relevant cane supply and/or pricing arrangements).

7.3 FUTURES GAIN OR LOSS FOR A PRODUCTION BUFFER FAILURE

Where QSL’s board of directors determines the futures gain or loss incurred in returning the QSL Harvest Pool Production Buffer Tranche to zero (after individual Participants have borne the financial impact of any failure to deliver, or have the Delivery Participant deliver, Committed Sugar, including a failure to deliver Raw Sugar which has been priced in the Self-Managed Harvest Pool) will be distributed to all QSL Harvest Pool Participants in the 2020 Season via the Futures Premium section of the Shared Pool (see the Shared Pool Terms for detail), the futures gain or loss against a futures position for a Production Buffer Failure will be determined as follows:

\[
Gain \ (loss) = (AVSP - BFP) \times LPBF \times 1120
\]

where:

- **AVSP** is the weighted average short futures price achieved by Discretionary Tranche of the QSL Harvest Pool in US cents per pound.
- **BFP** is the weighted average long futures price of the ICE 11 futures contracts bought by QSL in US cents per pound.
- **LPBF** is the number of ICE 11 futures contracts bought by QSL to close out short positions for all ICE 11 Pricing Pools against the relevant futures positions.

Any gain or loss incurred in meeting obligations under Omnibus Origin Options by supply of Third Party Origin Sugar will be distributed by the CFR Premiums section of the Shared Pool (see the Shared Pool Terms for more details).

8 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the QSL Harvest Pool as if they were set out in full in these QSL Harvest Pool Pricing Pool Terms.

9 GLOSSARY

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

Please refer to the disclaimer at the end of these pool terms.
10 WHO TO CONTACT?

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

28 QSL US QUOTA POOL
PRICING POOL TERMS (2020 SEASON)

1 OVERVIEW

Where QSL markets Raw Sugar, the price it returns to the Participants which that Raw Sugar is attributable to is calculated in accordance with pooling arrangements, involving the sharing among Participants of costs incurred and revenues received by QSL.

The Net IPS Price to be paid by QSL to Participants for Raw Sugar allocated to a QSL Pricing Pool will consist of two elements:

(a) the Gross Price Element (being an AUD price per Tonne IPS for an individual QSL Pricing Pool determined in accordance with the Pricing Pool Terms for that QSL Pricing Pool); and

(b) the Shared Pool Element (being an AUD allocation of net costs or revenues per Tonne IPS applied to each Tonne IPS).

The Gross Price Element for a Participant for the US Quota Pool for the 2020 Season will be determined in accordance with these US Quota Pricing Pool Terms.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The key features of the US Quota Pool are:

(a) Committed Pool – such that:

(i) financial consequences relating to the unwinding of pricing positions or cancellation of sales will be passed on to a Participant for any failure by the Participant (or where the Participant is a Grower, the relevant Delivery Participant) to deliver Raw Sugar allocated to the US Quota Pool (see the Common Pool Terms for further details); and

(ii) the Commitment Limit, which limits the total amount of Raw Sugar a Participant can allocate to Committed Pools, may limit the allocation to the US Quota Pool (see the Common Pool Terms for further details); and

(b) Non-ICE 11 Pool – The Gross Price Element is determined by reference to USD revenue derived through a combination of selling ICE 16 futures contracts and direct negotiation with United States export customers (see Gross Price Element below); and

(c) Highest priority in the event of a Committed Sugar Shortfall (see the Common Pool Terms for further details).

Where:

(a) a Grower which is not a Participant allocates GEI Sugar to QSL’s US Quota Pool under their arrangements with an OSA Participant (or affiliated mill owner), the relevant mill owner will transfer CQEs to QSL in accordance with the applicable OSA to enable QSL to market that volume of Raw Sugar;

(b) A Grower which is a Participant allocates GEI Sugar to QSL’s US Quota Pool under their OSA or SMA Agreement, the relevant Delivery Participant (or affiliated mill owner) will transfer CQEs to QSL in accordance with the applicable OSA or SMA to enable QSL to market that volume of Raw Sugar;

(c) A Participant that is a RSSA Participant allocates Raw Sugar to QSL’s US Quota Pool, the RSSA Participant will transfer CQEs to enable QSL to market that volume of Raw Sugar.

The total payment due to a Participant in respect of a QSL Pricing Pool is the Participant’s Tonnes IPS Raw Sugar allocated to the QSL Pricing Pool multiplied by the Participant’s Net IPS Price for the QSL Pricing Pool.

The Tonnes IPS in a QSL Pricing Pool is the sum of, for each Participant in that QSL Pricing Pool, the Tonnes Actual allocated to the QSL Pricing Pool multiplied by the Participant’s IPS Conversion Factor.

Consequently, to understand the way in which the price received for Raw Sugar delivered to QSL and allocated to the US Quota Pool is calculated, it is important to read each of these US Quota Pricing Pool Terms, the Common Pool Terms and the Shared Pool Terms.

2 US QUOTA POOL

Australia has a Raw Sugar import quota to the United States of America, which is allocated by way of Queensland mill owners receiving CQEs from the Australian government.
3 COMPARISON OF RISK PROFILE TO PASSIVE MANAGEMENT BENCHMARK

Please refer to the Grower Handbook for QSL’s assessment of how the risk of the pricing strategy of the US Quota Pool compares to the Passive Management Benchmark (which assumes 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).

4 TONNAGE ALLOCATION TO US QUOTA POOL

4.1 ELECTIONS FOR RSSA PARTICIPANTS REGARDING SUPPLIER EI COMPONENT OF US TONNAGE

(a) In accordance with their RSSA, on or before the Marketing Declaration Date for a Season, each RSSA Participant must elect whether the Supplier EI Component of US Quota Tonnage (calculated in accordance with clause 4.3 below) will be marketed by:

(i) the RSSA Participant, and therefore be allocated to the Supplier EI Pool; or
(ii) QSL, and therefore allocated to the US Quota Pool.

Any failure to make such an election by the Marketing Declaration Date will result in the RSSA Participant’s Supplier EI Component of US Quota Tonnage being allocated to the US Quota Pool.

(b) If the RSSA Participant:

(i) elects to market the Supplier EI Component of US Quota Tonnage, the RSSA Participant must after the Pricing Declaration Date notify the Australian government of the QSL Proportion of CQE Tonnes; or
(ii) elects not to market the Supplier EI Component of US Quota Tonnage (or fails to make any election), the RSSA Participant must after the Pricing Declaration Date notify the Australian government that QSL will market all of the Supplier’s US Quota Tonnage (so the QSL Proportion of CQE Tonnes is effectively 100%).

From the Pricing Declaration Date onwards the QSL Proportion of CQE Tonnes will be fixed.

Accordingly, the QSL Proportion of CQE Tonnes will remain the same irrespective of whether there are any changes in the volume of Raw Sugar allocated to the Supplier EI Pool or the volume of CQEs received by the RSSA Participant from the Australian government. If, for example, additional CQEs are allocated to the RSSA Participant, a proportion of those CQEs reflecting the QSL Proportion of CQE Tonnes will be able to be utilised for the US Quota Pool (with any remaining CQEs being able to be utilised by the RSSA Participant for the Supplier EI Pool).

4.2 TONNAGE ALLOCATION TO US QUOTA POOL

The total tonnage of Raw Sugar in Tonnes Actual allocated to the US Quota Pool will be sales made by QSL during the Season under Australia’s Raw Sugar import quota to the United States of America.

Each Participant’s allocation to the US Quota Pool (being a QSL Marketed Pool) in Tonnes Actual will be calculated as follows:

\[
PUSQT = \frac{QSLP \times PCQE \times TUSQT}{TCQE}
\]

where:

- \(PUSQT\) is the relevant Participant’s US Quota Tonnage (excluding, in the case of RSSA Participants, the Supplier EI Component of US Quota Tonnage to the extent the RSSA Participant has elected to market that itself in accordance with this section 4).
- \(QSLP\) is the QSL Proportion of CQE Tonnes in respect of the Participant, being:
  - For Participants that are RSSA Participants:
    - deemed to be 100% where the RSSA Participant elects not to market its Supplier EI Component of US Quota Tonnage; or
    - calculated as follows:
      \[QSLP = 1 - SEI Sugar at the Pricing Declaration Date \]
    - The Supplier Initial SPE
  - For Participants that are OSA Participants or SMA Participants, deemed to be 100%.
- \(PCQE\) is:
  - For Participants that are RSSA Participants, the CQE tonnes allocated to the RSSA Participant (or the related mill owner) by the Department of Agriculture and Water Resources.
  - For Participants that are OSA Participants or SMA Participants, the CQE tonnes transferred to QSL by the Delivery Participant (or the relevant mill owner) in accordance with the relevant OSA or SMA.
- \(TUSQT\) is the total Tonnes Actual sold to United States export customers by QSL excluding the portion of sugar sold utilising CQEs purchased by QSL from other mill owners or marketers (other than transferred under a RSSA, OSA or SMA).
- \(TCQE\) is the total of all Participants’ CQE tonnes available to QSL for a Season, excluding:
  - CQEs purchased by QSL from other mill owners or marketers (other than in connection with an OSA, SMA or as contemplated in section 2(b) above); and
  - CQE tonnes which RSSA Participants have elected to market themselves (as constituting the ‘Supplier EI Component of US Quota Tonnage’ for the purposes of their respective RSSA).

Please refer to the disclaimer at the end of these pool terms.
A Participant’s US Quota Tonnage will be converted to Tonnes IPS by multiplying the Participant’s US Quota Tonnage by the Participant’s IPS Conversion Factor.

4.3 US QUOTA POOL EI SUGAR

The Supplier EI Component of US Quota Tonnage (SEIUST) for a RSSA Participant will be calculated based on the information provided to QSL by the Pricing Declaration Date as follows:

$$SEIUST = \frac{Supplier’s\ CQE\ Tonnes \times SEI\ Sugar\ at\ the\ Pricing\ Declaration\ Date}{The\ Supplier\ Initial\ SPE}$$

To the extent that the RSSA Participant elects to market its Supplier EI Component of US Quota Tonnage, that Raw Sugar will be allocated to the Supplier EI Pool instead of the US Quota Pool.

5 GROSS PRICE ELEMENT

The Gross Price Element in the US Quota Pool will be calculated as follows:

$$Gross\ Price\ Element = \frac{AUD\ Gross\ Revenue\ for\ the\ US\ Quota\ Pool}{Total\ Tonnes\ IPS\ allocated\ to\ the\ US\ Quota\ Pool}$$

where:

AUD Gross Revenue means the USD Gross Revenue for the US Quota Pool converted to AUD in accordance with QSL’s board approved policies; and

USD Gross Revenue means the weighted average price achieved by QSL through ICE 16 futures pricing and direct negotiation with United States customers under its board approved policies for the US Quota Pool, including the costs of any Sugar Pricing Options entered by QSL to manage pricing risk in respect of the US Quota Pool, applied to the total Tonnes Actual allocated to the US Quota Pool.

6 QSL COMMON POOL TERMS

The QSL Common Pool Terms are a set of terms that apply to all QSL Pricing Pool Terms.

They form part of the terms of participating in the US Quota Pool as if they were set out in full in these US Quota Pricing Pool Terms.

7 GLOSSARY

Capitalised terms used in these US Quota Pricing Pool Terms have the meaning set out in the Pool Terms Glossary.

8 WHO TO CONTACT?

If you have any queries in relation to these US Quota Pricing Pool Terms, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.
**QSL DEFERRED PAYMENT SCHEME TERMS**

**(2020 SEASON)**

1 **OVERVIEW**

The timing of standard advances scheme payments to Participants for whom QSL is conducting marketing is determined in accordance with Clause 6.1 of the QSL Common Pool Terms (the **Standard QSL Advances Scheme**).

In accordance with clause 6.2 of the QSL Common Pool Terms, QSL may determine accelerated advance and payment schemes other than the Standard QSL Advances 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.

QSL has determined that for the 2020 Season, Eligible Participants in QSL Pricing Pools may apply to participate in an advances program that varies from the Standard QSL Advances Scheme (referred to as the **QSL Deferred Payment Scheme**).

These QSL Deferred Payment Scheme Terms set out the conditions for participation in the QSL Deferred Payment Scheme for the 2020 Season, and how advances will be paid and costs allocated to Participants who do participate.

2 **QSL DEFERRED PAYMENT SCHEME**

The QSL Deferred Payment Scheme will allow a Participant to defer payments for Raw Sugar Deliveries for the 2020 Season that would otherwise be paid to the Participant prior to 30 June 2020 pursuant to the standard advance scheme (as detailed under clause 6.1 of the QSL Common Pool Terms) to July 2020.

The table below outlines the terms of the QSL Deferred Payment Scheme.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Eligible Participants</td>
<td>OSA participants with a Grower Pricing Agreement with QSL who receive Advance payments directly from QSL.</td>
</tr>
<tr>
<td>2 Exclusions</td>
<td>Growers who have received the QSL Pre-Crush Advance Payment are not eligible to apply for the QSL Deferred Payment Scheme in the same season.</td>
</tr>
<tr>
<td>3 Request to defer</td>
<td>An Eligible Participant can request to participate in the QSL Deferred Payment Scheme by electing Deferred Payments within the Preferences section of their QSL Direct account no later than 29 May 2020.</td>
</tr>
<tr>
<td>4 Eligible Tonnage</td>
<td>Raw Sugar attributable to the Eligible Participant for the 2020 Season (being the period between 1 April 2020 up to and including 20 June 2020) and nominated to a QSL Pricing Pool.</td>
</tr>
<tr>
<td>5 Deferral of June 2020 Advances</td>
<td>QSL Standard Advances Scheme payments due to be paid to the Eligible Participant in accordance with clause 6.1 of the QSL Common Pool Terms for Raw Sugar attributable to the Participant in the 2020 Season on a date prior to 26 June 2020 will be deferred and paid on or around 3 July 2020. Note: Third-Party Payments in place will also be deferred to this same payment date.</td>
</tr>
<tr>
<td>6 Subsequent 2020 Season Payments</td>
<td>QSL Standard Advances Scheme payments due to be paid to the Eligible Participant in accordance with clause 6.1 of the QSL Common Pool Terms for Raw Sugar attributable to the Participant in the 2020 Season on a date between 27 June 2020 to 31 May 2021 will be paid in accordance with the QSL Standard Advances Scheme.</td>
</tr>
</tbody>
</table>

Please refer to the disclaimer at the end of these pool terms.
### Cost

The Finance Charge (as defined in clause 2.7 of the QSL Shared Pool Terms) will apply to all payments made by QSL to the Participant irrespective of whether such payments are made in accordance with the QSL Standard Advances Scheme or these QSL Deferred Payment Scheme Terms (which will, in both cases, be calculated as if the Standard Advances Scheme applied).

### Acknowledgements

(a) To the extent that any payment or payments to be made by QSL to a Grower in accordance with these QSL Deferred Payment Scheme Terms is inconsistent with an obligation for QSL to make a payment or payments to a Mill Owner under a relevant OSA, the terms of the relevant OSA will prevail.

(b) To the extent that any payment or payments to be made by QSL to a Grower in accordance with these QSL Deferred Payment Scheme Terms is inconsistent with an obligation for a Mill Owner to produce and provide a Recipient Created Tax Invoice to a Grower in accordance with the terms of the relevant cane supply agreement, the terms of the relevant cane supply agreement will prevail.

(c) Each Eligible Participant that participates in the QSL Deferred Payment Scheme acknowledges and agrees that QSL does not provide any advice in relation to, or accept any liability or responsibility in respect of, any taxation, accounting or other financial implications that may or may not arise from the deferral of a payment or payments in accordance with these QSL Deferred Payment Scheme Terms.

### GLOSSARY

Although these QSL Deferred Payment Scheme Terms do not form part of the QSL Common Pool Terms, capitalised terms used in these QSL Deferred Payment Scheme Terms have the meaning set out in the Pool Terms.

### WHO TO CONTACT?

If you have any queries in relation to the QSL Deferred Payment Scheme, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.

**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.
1 OVERVIEW

The timing of standard advances scheme payments to Participants for whom QSL is conducting marketing is determined
in accordance with Clause 6.1 of the QSL Common Pool Terms (the Standard QSL Advances Scheme).

In accordance with clause 6.2 of the QSL Common Pool Terms, QSL may determine accelerated advance and payment
schemes other than the Standard QSL Advances Scheme which may be made available in respect of a Season to
eligible Pricing Pools and/or eligible Participants.

QSL has determined that for the 2020 Season, Eligible Participants in QSL Pricing Pools may apply to participate in
an advances program that varies from the Standard QSL Advances Scheme (referred to as the QSL Pre-Crush Advances
Scheme).

These QSL Pre-Crush Advances Scheme Terms set out the conditions for participation in the QSL Pre-Crush Advance
Payment Scheme for the 2020 Season, and how advances will be paid and costs allocated to Participants who do
participate.

2 QSL PRE-CRUSH ADVANCE PAYMENT SCHEME

The QSL Pre-Crush Advance Payment Scheme will allow a Participant to receive an advance payment for Raw Sugar
in March 2020 for its eligible tonnage, prior to the tonnage actually being delivered to QSL, which is then repaid by
off-setting it against subsequent payments due to the Participant.

The table below outlines the terms of the QSL Pre-Crush Advance Payment Scheme.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Participants</td>
<td>All OSA participants with an OSA Grower Agreement are eligible to nominate to participate in the QSL Pre-Crush Advances Scheme.</td>
</tr>
<tr>
<td>Exclusions:</td>
<td>a) ABNs with multiple farms with different prime bank details will not be eligible.</td>
</tr>
<tr>
<td></td>
<td>b) Growers supplying Mackay Sugar Ltd (MSL) mills who have elected to be paid by MSL are not eligible.</td>
</tr>
<tr>
<td></td>
<td>c) Growers who have applied for the QSL Deferred Advance Payment Scheme in the same season are not eligible.</td>
</tr>
<tr>
<td></td>
<td>d) Growers who have farm groups will be assessed on a case-by-case basis.</td>
</tr>
<tr>
<td>Note:</td>
<td>If your farm is transferred to another party/ABN during the season, the finance costs would have to be recovered from the outgoing party prior to the transfer.</td>
</tr>
<tr>
<td>Request to Participate</td>
<td>An Eligible Participant can request to participate in the QSL Pre-Crush Advance Payment Scheme via their QSL Direct account between 1 February 2020 and 15 March 2020.</td>
</tr>
<tr>
<td>Eligible Tonnage</td>
<td>Up to a maximum of 50% of the relevant Delivery Participant’s Supply Estimate attributable to an Eligible Participant will be eligible for the QSL Pre-Crush Advances Scheme.</td>
</tr>
<tr>
<td></td>
<td>For OSA Participants the Supply Estimate will be determined on the basis of the Participant’s GEI Sugar estimate nominated to QSL in accordance with their OSA or relevant OSA Grower Agreement.</td>
</tr>
</tbody>
</table>

Please refer to the disclaimer at the end of these pool terms.
<table>
<thead>
<tr>
<th>5</th>
<th>Confirmed Participants</th>
<th>By no later than 23 March 2020, QSL will confirm to each Eligible Participant who has requested to participate: (a) whether they have been accepted to participate (becoming a <strong>Confirmed Participant</strong>); and, (b) if so, the tonnage for which they will participate (<strong>Confirmed Tonnage</strong>).</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Initial March 2020 Advance</td>
<td>QSL will make an initial payment in March 2020 to each Confirmed Participant for A$50 per Tonne IPS of Raw Sugar of Confirmed Tonnage relating to that Confirmed Participant (<strong>Initial Advance</strong>).</td>
</tr>
<tr>
<td>7</td>
<td>Subsequent 2020 Season Payments</td>
<td>(a) The amount owing by QSL to a Confirmed Participant each month will be calculated in accordance with the QSL Pricing Pool Terms and the Standard QSL Advances Scheme, subject to the set-off described in paragraph 6(b) below. (b) The Initial Advance will be repaid by set-off against the Standard QSL Advances Scheme Payments that become payable to the Confirmed Participant until the Confirmed Participant has repaid the Initial Advance. (c) Once the Initial Advance has been repaid to QSL through such set-off, QSL will make payments to the Confirmed Participant in accordance with Standard QSL Advance Scheme payments.</td>
</tr>
<tr>
<td>8</td>
<td>Cost</td>
<td>(a) A fixed administration and financing fee will apply to cover QSL's additional cost of finance and administration for the QSL Pre-Crush Advance Payment Scheme (<strong>Administration and Finance Fee</strong>), being approximately A$0.50 per Tonne IPS of Confirmed Tonnage, calculated based on the actual market interest rates made available to QSL at the commencement of the Nomination Period and the aggregate Confirmed Tonnage across all Confirmed Participants. (b) The Administration and Finance Fee will be allocated to Confirmed Participants as a Participant Specific Cost (see the QSL Shared Pool Pricing Pool Terms). (c) For the avoidance of doubt, the Administration and Finance Fee is in addition to the Finance Charge as defined in clause 2.7 of the QSL Shared Pool Terms.</td>
</tr>
<tr>
<td>9</td>
<td>Committed Sugar</td>
<td>(a) Confirmed Tonnage is Committed Sugar for the purposes of the QSL Pricing Pool Terms (irrespective of whether the QSL Pricing Pool the Confirmed Tonnage is allocated to is a Committed Pool or Uncommitted Pool). (b) Consequently, if a Confirmed Participant fails to deliver or have delivered sufficient tonnage to meet its Committed Sugar obligations under these QSL Pre-Crush Advance Payment Scheme terms: (i) the failure will be dealt with in accordance with the procedure for a failure to deliver Committed Sugar, as set out in clause 5 of the Common Pool Terms; and (ii) to the extent that procedure does not repay any balance of the Pre-Season Payment made to the Participant, the Participant will be liable to finalise the outstanding balance including by cash payment to QSL.</td>
</tr>
</tbody>
</table>

### 3 GLOSSARY

Although these Pre-Crush Advance Scheme Terms do not form part of the QSL Common Pool Terms, capitalised terms used in these QSL Pre-Crush Advance Scheme Terms have the meaning set out in the Pool Terms.

### 4 WHO TO CONTACT?

If you have any queries in relation to the QSL Pre-Crush Advances Scheme, please do not hesitate to contact the QSL Finance Team by emailing info@qsl.com.au or calling (07) 3004 4400.

**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.
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:

**AA or AAS 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, SMA 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
(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 (2020 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, SMA or OSA. For the avoidance of doubt, this is:

(a) for each RSSA, the RSSA Participant;

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

(c) for each SMA, the milling company (or their Related Body Corporate) contracted to supply Raw Sugar to QSL under the SMA.

**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 the Delivery Participant in respect of an OSA or SMA (or a milling company that is a Related Body Corporate of such a Delivery 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.
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, SMA 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:

\[
\text{IPSR} = \frac{\text{Tonnes Actual} \times (1 - \frac{\text{water} - \text{Pol}}{100})}{(1 - \frac{\text{water} - \text{Pol}}{100}) \times (\text{Expected True Purity of Molasses})} \times 1.03675
\]

where

\[
\text{Expected True Purity of Molasses} = 44.67 - 17.8 \times \log_{10}(0.9 \times \frac{\text{water}}{45}) \text{ rounded to a whole number}
\]

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;
(b) for each OSA, may be the Delivery Participant or each relevant Grower for each OSA, depending on the terms of the relevant OSA; and
(c) for each SMA, will be the Delivery Participant for SEI Sugar supplied under the SMA and for GEI Sugar may be the Delivery Participant or each relevant Grower for the SMA, depending on the terms of the relevant SMA.

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).

**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 2020 Season spans 30 April 2020 to 30 June 2021.
**SEI Sugar** means, for a RSSA Participant or for a SMA Participant which is a Delivery Participant, that part of the Raw Sugar to be supplied under the relevant RSSA or SMA for which, pursuant to cane supply or other agreements with Growers, the RSSA Participant or SMA Participant which is a Delivery Participant (or their Related Bodies Corporate) have the price exposure. For the avoidance of doubt, this excludes any GEI Sugar.

**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.

**SMA** means a raw sugar supply agreement between a mill owner (or their Related Body Corporate) and QSL under which QSL acquires GEI Sugar and Raw Sugar for which, pursuant to cane supply or other agreements with Growers, the mill owner (or its Related Bodies Corporate) have the price exposure.

**SMA Grower Agreement** means an agreement between QSL and a Grower under which a Grower receives payment from QSL as a Participant for GEI Sugar supplied to QSL by a Delivery Participant under a SMA.

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

**SPE** means, for a Participant, the most current estimate for Raw Sugar in Termes 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, SMA 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 or SMA Grower Agreement and the Delivery Participant under the relevant OSA or the relevant SMA (as applicable).

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

**Supplier’s CQE Tonnage** 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.

**Tonnage 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, SMA 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 Tonnages 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 Tonnage 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 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.

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.
APPENDIX 1: USING FUTURES CONTRACTS TO MANAGE PRICE RISK

In this Appendix we will outline how futures contracts can be used to secure a price prior to raw sugar actually being sold to a customer.

A SIMPLE HEDGE

In a simple hedge, a producer will sell futures contracts to lock in the price of a sale they will make to customers in the future to protect against a price fall. They will buy the futures contracts back when they are actually ready to sell to the customer. This action of buying back futures contracts is commonly referred to as closing out your hedged position. This will explained further later in this section.

In the scenario below QSL has raw sugar it wishes to sell to customers later in the season and wants to protect itself from a fall in raw sugar prices prior to being able to make a sale. QSL needs to hedge 1000 tonnes of raw sugar which it anticipates will be sold for shipment to customers in March 2021.

EXAMPLE SCENARIO – USING FUTURES CONTRACTS, NOVEMBER 2020

For simplicity we will assume QSL has taken out foreign exchange cover at $A1 = $US 0.75 for the period. That is, for the example one Australian dollar buys 75 US cents.

QSL wishes to hedge 1000 tonnes of raw sugar.

ICE 11 March 2021 futures price = 15.31 US c/lb (x 22.046/0.75 = $A450/tonne).

QSL sells 20 ICE 11 March 2021 futures contracts (which represents 20 futures contracts = 20 lots = 1000 tonnes) to hedge the 1000 tonnes.

Note: 1 US c/lb = $US22.046/tonne
### SCENARIO OUTCOME 1 - RAW SUGAR PRICE WEAKENS

The market for raw sugar weakens from 15.31 US c/lb ($A450/tonne) to 13.61 US c/lb ($A400/tonne).

**EXAMPLE SCENARIO – USING FUTURES CONTRACTS (OUTCOME 1)**

<table>
<thead>
<tr>
<th>DATE</th>
<th>CASH/PHYSICAL MARKET</th>
<th>FUTURES MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2020</td>
<td>15.31 US c/lb (or $A450/tonne)</td>
<td>QSL sells 20 ICE 11 March 2021 futures at 15.31 US c/lb or $A450/tonne</td>
</tr>
<tr>
<td></td>
<td>Value of 1000 tonnes in cash/physical market = $A450,000</td>
<td>Value of futures contracts = $A450,000</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>QSL sells 1000 tonnes of raw sugar at 13.61 US c/lb (or $A400/tonne) to customer</td>
<td>QSL buys 20 ICE 11 March 2020 futures at 13.61 US c/lb or $A400/tonne</td>
</tr>
<tr>
<td></td>
<td>Cash proceeds from customer = $A400,000</td>
<td>Value of futures contracts = $A400,000</td>
</tr>
<tr>
<td>Result</td>
<td>Cash/physical market = QSL only receives from customer $A400,000 as the price has weakened from $A450/tonne to $A400/tonne</td>
<td>Futures profit = value of sold futures contracts less value of bought futures contracts</td>
</tr>
<tr>
<td></td>
<td>QSL receives futures profit = $A50,000</td>
<td>Gain of $A50,000 made in the futures market</td>
</tr>
</tbody>
</table>

Net result: QSL hedged the price at 15.31 US c/lb or $A450/tonne and thus has received $A450,000 for the sale of 1000 tonnes of raw sugar.

**Total Income**

- Customer invoice proceeds (cash/physical market) + futures market (profit)
- = $A400,000 + $A50,000
- = $A450,000

Cash of $A400,000 was received from QSL’s customer and $A50,000 was received from the futures exchange for the futures profit.

### SCENARIO OUTCOME 2 – RAW SUGAR PRICE STRENGTHENS

The market for raw sugar strengthens from 15.31 US c/lb ($A450/tonne) to 17.01 US c/lb ($A500/tonne).

**EXAMPLE SCENARIO – USING FUTURES CONTRACTS (OUTCOME 2)**

<table>
<thead>
<tr>
<th>DATE</th>
<th>CASH/PHYSICAL MARKET</th>
<th>FUTURES MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2020</td>
<td>15.31 US c/lb (or $A450/tonne)</td>
<td>QSL sells 20 ICE 11 March 2021 futures at 15.31 US c/lb or $A450/tonne</td>
</tr>
<tr>
<td></td>
<td>Value of 1000 tonnes in cash/physical market = $A450,000</td>
<td>Value of futures contracts = $A450,000</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>QSL sells 1000 tonnes of raw sugar at 17.01 US c/lb (or $A500/tonne) to customer</td>
<td>QSL buys 20 ICE 11 March 2021 futures at 17.01 US c/lb or $A500/tonne</td>
</tr>
<tr>
<td></td>
<td>Cash proceeds from customer = $A500,000</td>
<td>Value of futures contracts = $A500,000</td>
</tr>
<tr>
<td>Result</td>
<td>Cash/physical market = QSL receives $A500,000 as the price has strengthened from $A450/tonne to $A500/tonne</td>
<td>Futures loss = sold contracts – buy contracts</td>
</tr>
<tr>
<td></td>
<td>QSL incurs futures loss = $A50,000</td>
<td>Loss of $A50,000 incurred in the futures market</td>
</tr>
<tr>
<td>Net result</td>
<td>QSL hedged the price at 15.31 US c/lb or $A450/tonne and thus has received $A450,000 for the sale of 1000 tonnes of raw sugar.</td>
<td></td>
</tr>
</tbody>
</table>

**Total Income**

- Customer invoice proceeds (cash/physical market) + futures market (loss) = $A500,000 + (-$A50,000)
- = $A450,000

Cash of $A500,000 was received from QSL's customer, but $A50,000 had to be paid to the futures exchange for the futures loss.

The example scenario outcomes show that even when the market moves, QSL will receive the price at which it hedged the sale of its raw sugar. This is because a rise in the futures market price for the commodity will create a loss which will be offset by an equivalent increase in the invoice price paid by the customer in the cash market. Conversely, a fall in the futures market will create a profit which will be offset by an equivalent reduction in the invoice price paid by the customer in the cash market.

Under both scenarios, regardless of the sales price achieved when making the sale to the customer, QSL received the exact value of its original hedge as its final price achieved. The outcome in both scenarios ignores physical and polarisation premiums which are covered in Appendix 3.
CLOSE OUT OF HEDGE POSITIONS

In the example scenario it is shown that QSL buys futures contracts to ‘close out’ its position on the futures market at exactly the time the sale is made to the customer. This is typical of where a fixed price sale is made to a customer where the ICE 11 element would still be derived from the ICE 11 futures market (i.e. it assumes that futures can be bought at exactly the price of the sale that is made to the customer).

In reality this may not occur. The ICE 11 futures market trades outside Australian business hours when most sales are made to customers, so the futures market may open after a sale has been made. Should the price of the futures contract bought differ from the price at which the cash or physical sale was made, it will reduce or increase the value of the hedge. Under the QSL Pool Pricing Terms, where there is a difference in these prices, the value of the difference is allocated to the QSL Shared Pool.

This price difference between cash sales and the value of the futures contract bought to close-out the hedge position can, in most cases, be avoided. In the raw sugar trade a number of mechanisms are used whereby the buyer of the physical raw sugar in the cash or physical market instructs the seller of the physical raw sugar to execute a stream of futures contracts for the equivalent amount of physical raw sugar being purchased. The futures contracts bought are used by the seller to close out its hedged position. The price at which the buyer executes these futures contracts will become the price on the invoice when the raw sugar is shipped, providing a perfect hedge for both parties.

The vast majority of QSL export sales are made using such mechanisms, the typical ones being Against Actuals (AAs) and Buyer Executable Orders (BEOs). The futures contracts that arise from these mechanisms are used to close out the hedging done in all QSL ICE 11 pools (both Committed Sugar Pools and the QSL Harvest Pool) and set the physical invoice price for the customer.
APPENDIX 2: EXAMPLE RAW SUGAR SALE

The example scenario in Appendix 1 demonstrated how QSL is able to use the futures market to hedge the value of sales of raw sugar before making the sale to the customer. When making the sale to the customer there are other factors, in addition to the futures market price, that are built into the final price the customer pays, such as physical and polarisation premiums. This appendix discusses how the overall price to a customer is constructed and where the revenue for sales flows through the pooling system described in this Handbook and the QSL Pricing Pool Terms.

EXAMPLE SCENARIO:

*XYZ Limited has requested an offer for a 30,000mt cargo for March/April 2021 shipment to Korea. As well as seeking an offer from QSL, it is expecting an offer of Central American raw sugar.*

As discussed in section 3.4 of this Handbook, the offer price for this potential sale will consist of the following components:

1) ICE 11 futures price (or ICE 16 futures price in the case of the QSL US Quota Pool);
2) Physical premium;
3) Polarisation premium; and
4) Freight.

1) **ICE 11 FUTURES COMPONENT**

The ICE 11 futures position used to determine the ICE 11 component for the price for this shipment must align with the shipment’s physical delivery period. As illustrated in the chart below, the ICE 11 March 2021 position would be used to set the futures price component of a March/April 2021 shipment.
2) PHYSICAL PREMIUM

The Physical Premium will be determined from the next-best alternative origin of raw sugar for the equivalent's shipment position. The table below shows in which months of the year raw sugar is produced in the main raw sugar-producing countries. Knowing the customer, its history and its refinery, QSL is able to determine the next-best alternative for XYZ Limited will be raw sugar from Guatemala.

### COMPETITOR ANNUAL CROP CYCLE

<table>
<thead>
<tr>
<th></th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
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<tbody>
<tr>
<td>Queens land</td>
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<td>Guatemala</td>
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<tr>
<td>South Africa</td>
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</tbody>
</table>

With the destination and the timing for the shipment known, QSL is able to determine the Physical Premium by analysing the cost of freight from Queensland to Korea, and Guatemala to Korea, adjusted for any FOB premiums charged in the country origin, in this case Guatemala.

*The freight rate from Queensland to Korea is $US13.50 per mt for shipment in the period March 2021 to 30 April 2021. From Guatemala for the same period the freight rate is $US24.00 per mt.*

Leaving quality differences aside, this means that QSL estimates it can deliver raw sugar to XYZ Limited for $US10.50 per mt less than the next-best alternative (i.e. $US24.00 per mt less $US13.50 per mt).

Assuming that there is no FOB premium charged at origin in Guatemala, QSL will factor in the difference in freight rates as a premium in its offer (for the physical premium component of the invoice price).

The offer to the customer may be:

- **Tonnage**: 30,000
- **Delivery period**: 1 March – 30 April 2021
- **Futures based**: March 2021
- **Pricing method**: BEO
- **Number of futures contracts**: 591 lots
- **a) QLD freight**: $US13.50
- **b) Physical Premium**: $US10.00
- **Polarisation**: Basis 96 degrees

3) POLARISATION PREMIUM

The polarisation premium is determined from the base price of the sale. The base price incorporates the futures base price and the physical premium. The relevant IPS percentage is applied to the base price to determine the polarisation premium. The polarisation premium for the scenario example is detailed under the ‘Invoice proceeds’ section.

**INVOICE PROCEEDS (THE TOTAL MONEY THAT THE CUSTOMER PAYS)**

The invoice amount of the sale (assuming such an offer was accepted) would be determined as illustrated in the raw sugar invoice table opposite.
EXAMPLE SCENARIO:
The futures base price element of the invoice is determined by XYZ instructing QSL to buy 591 lots of futures contracts (BEOs), equating to 30,000mt. The futures are executed at 18.00 US c/lb, and the polarisation that was tested on loading is 98.95 degrees. QSL would invoice XYZ Limited for the following:

EXAMPLE RAW SUGAR INVOICE

**CONTRACT TERMS:**

<table>
<thead>
<tr>
<th>Tonnage</th>
<th>30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery period</td>
<td>1 March 2021 – 30 April 2021</td>
</tr>
<tr>
<td>Futures based</td>
<td>March 2021</td>
</tr>
<tr>
<td>CFR premium</td>
<td>$US23.50 per mt</td>
</tr>
</tbody>
</table>

**PROCEEDS**

<table>
<thead>
<tr>
<th>US c/lb</th>
<th>$US per mt</th>
<th>ALLOCATED UNDER QSL POOLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnage</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>Futures base price</td>
<td>18.00</td>
<td>396.83 ICE 11 pools</td>
</tr>
<tr>
<td>Physical premium</td>
<td>10.00</td>
<td>QSL Shared Pool</td>
</tr>
<tr>
<td>Base price</td>
<td>406.83</td>
<td></td>
</tr>
<tr>
<td>Plus pol premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>96 – 97 degrees</td>
<td>1.00%</td>
<td></td>
</tr>
<tr>
<td>97 – 98 degrees</td>
<td>1.25%</td>
<td></td>
</tr>
<tr>
<td>98 – 98.95 degrees</td>
<td>1.425%</td>
<td></td>
</tr>
<tr>
<td>Total pol premium</td>
<td>3.675%</td>
<td>QSL Shared Pool</td>
</tr>
<tr>
<td>FOB value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus freight</td>
<td>13.50</td>
<td>QSL Shared Pool</td>
</tr>
<tr>
<td>CFR/tonne</td>
<td>435.28</td>
<td></td>
</tr>
<tr>
<td><strong>Invoice value ($US)</strong></td>
<td></td>
<td><strong>13,058,400</strong></td>
</tr>
</tbody>
</table>

The customer will pay QSL $US13,058,400. A portion of this money is allocated to the QSL-marketed pools which have their gross price derived from the ICE 11 futures market, which covers both Committed Sugar Pools and the QSL Harvest Pool, as illustrated below. The remaining balance is allocated to the QSL Shared Pool.

**ALLOCATION OF CUSTOMER PROCEEDS TO EACH POOL**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$US per mt</th>
<th>TONNES</th>
<th>VALUE IN POOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE 11 futures base price</td>
<td>$US396.83</td>
<td>30,000</td>
<td>$US11,904,900</td>
</tr>
<tr>
<td>Pool allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QSL Actively Managed Pool</td>
<td>15,000</td>
<td>$US5,952,450</td>
<td></td>
</tr>
<tr>
<td>QSL Harvest Pool</td>
<td>15,000</td>
<td>$US5,952,450</td>
<td></td>
</tr>
</tbody>
</table>
ALLOCATION OF HEDGING RESULT TO EACH POOL

As previously illustrated, the portion of proceeds represented by the futures base price is allocated pro rata to all of the QSL-marketed pools that are hedged on the ICE 11 (i.e. QSL Harvest Pool and the ICE Committed Sugar Pools) that have exposure to the March 2021 futures contract. The futures contracts executed on instruction of the customer will be used to close out hedging in each of the pools priced on the ICE 11 futures market. The resulting futures gain or loss when added to each pool’s share of the proceeds from the customer means the value in the pool represents the original hedged price achieved by the pool, illustrated as follows (Note: numbers may be rounded):

HEDGE VALUE IN EACH POOL

<table>
<thead>
<tr>
<th>POOL</th>
<th>TONNAGE</th>
<th>HEDGE PRICE (US C/LB)</th>
<th>HEDGE VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>QSL Actively Managed Pool</td>
<td>15,000</td>
<td>21.00</td>
<td>$US6,944,490</td>
</tr>
<tr>
<td>QSL Harvest Pool</td>
<td>15,000</td>
<td>19.00</td>
<td>$US6,283,110</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,000</td>
<td></td>
<td><strong>$US13,227,600</strong></td>
</tr>
</tbody>
</table>

Each pool’s futures gain (or loss) is calculated by comparing the futures base price from the customer invoice to the price hedged on the ICE 11 by the pool.

FUTURES GAIN OR LOSS BY POOL

<table>
<thead>
<tr>
<th>POOL</th>
<th>HEDGE VALUE</th>
<th>CUSTOMER REVENUE</th>
<th>FUTURES GAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>QSL Actively Managed Pool</td>
<td>$US6,944,490</td>
<td>$US5,952,450</td>
<td>$US992,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$US1,322,700</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When each pool’s futures gain or loss is added to the customer revenue already allocated to the pool, each pool is left with its original hedged values.
PASSIVE MANAGEMENT BENCHMARK

To help Participants evaluate the price risk associated with participating in a particular pool, the risk profile of each QSL-marketed pool (except the QSL US Quota Pool and the QSL Shared Pool) is compared against a Passive Management Benchmark compiled by QSL, reflecting a pool with a neutral risk profile. The purpose of the Passive Management Benchmark is to:

- provide a reference point for the amount of risk a Participant has when making an election to participate in a particular pool; and
- measure QSL’s performance for the pools it manages in regard to both the sales mix and the price risk management activities undertaken by the QSL pool manager in terms of the gross price element of returns.

The Passive Management Benchmark is based on a QSL pool manager adopting a passive (low discretion) approach to sales and pricing by following routine sales and pricing patterns while accounting for applicable constraints, such as infrastructure, storage and the agreed Pricing Declaration Date.

For raw sugar exported by QSL under QSL Pool Terms, the following constraints govern the operation of the Passive Management Benchmark:

- raw sugar is available for shipment from 1 July in the year harvesting starts and all raw sugar produced in a season will be shipped and sold within the 12-month period to 30 June the following year;
- marketing (sales) and pricing cannot commence until the first working day after the Pricing Declaration Date;
- the net amount of storage available at the bulk sugar terminals, after taking into account the storage needs of the domestic market and other marketers; and
- the amount of time to price the available exposure for each futures contract is, as outlined on the following page.

The example below illustrates how the Passive Management Benchmark and QSL pricing program may work.

FIGURE 2: EXAMPLE SCENARIO PASSIVE MANAGEMENT BENCHMARK SALES AND PRICING PROGRAM

EXAMPLE SCENARIO:

Assuming Suppliers give QSL an export supply estimate of 2 million tonnes for the 2020 Season and QSL has a storage capacity of 1.3 million tonnes, the Passive Management Benchmark would assume the following sales and pricing program:

<table>
<thead>
<tr>
<th>TOTAL VOLUME TO BE SOLD</th>
<th>SHIPMENT DURING THE HARVEST: 1 JUL 2020 TO 31 DEC 2020</th>
<th>SHIPMENT FROM STORAGE AFTER THE HARVEST: 1 JAN 2021 TO 30 JUNE 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0 million mt</td>
<td>0.7 million mt</td>
<td>1.3 million mt</td>
</tr>
</tbody>
</table>

Note that, for simplicity, this example and the examples scenario below assume that no storage capacity is assigned to Suppliers for Supplier EI Sugar. These figures have been adopted only as a theoretical benchmark.

QSL’s exposure on the futures market is governed by when raw sugar is shipped, relative to the underlying futures delivery month. Each ICE 11 futures delivery month represents a 10-week shipment window within which the buyer of the futures contract must present its vessel for loading at the seller’s port.

As illustrated in Appendix 2 of this Handbook, shipments occurring within the harvesting period are priced based on the July and October futures contracts, within the season the raw sugar is produced.
The example below illustrates how the Passive Management Benchmark and ICE 11 exposure may work.

**EXAMPLE SCENARIO PASSIVE MANAGEMENT BENCHMARK ICE 11 EXPOSURE**

Raw sugar pricing by the Passive Management Benchmark is assumed to be undertaken by reference to the ICE 11 market in an even and regular manner over a set period leading up to the expiry of each ICE 11 contract.

**EXAMPLE SCENARIO:**

Assuming the delivery estimate does not change at any time during the season, and under the scenario of 2 million tonnes for the 2020 Season, the Passive Management Benchmark is assumed to price its exposure as per the table below:

<table>
<thead>
<tr>
<th>FUTURES POSITION</th>
<th>PRICING STARTS</th>
<th>PRICING FINISHES</th>
<th>TONNAGE PRICED</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2020</td>
<td>1/5/2020</td>
<td>30/6/2020</td>
<td>350,000</td>
</tr>
<tr>
<td>October 2020</td>
<td>1/5/2020</td>
<td>30/9/2020</td>
<td>350,000</td>
</tr>
<tr>
<td>March 2021</td>
<td>1/9/2020</td>
<td>29/2/2021</td>
<td>650,000</td>
</tr>
<tr>
<td>May 2021</td>
<td>1/11/2020</td>
<td>30/4/2021</td>
<td>650,000</td>
</tr>
</tbody>
</table>

**EXAMPLE SCENARIO PRICING**

The $US value of the pricing done each day by the Passive Management Benchmark is assumed to be converted into $A immediately, at the prevailing $A/$US exchange rate. The overall $A price which would have been achieved by the Passive Management Benchmark is used to assess the performance of the various QSL pools.