



November 22, 2016

Dear Licensee:

Re: CGC Licensee Security Program

Recently Global Credit Risk Management (GCRM) in partnership with a well established, Canadian Property and Casualty Insurance Company (The Underwriter) developed a new payables insurance product that has been approved by the Canadian Grain Commission (CGC) for use by Licensees as a method to post security to CGC as required by the Canada Grain Act. This new form of security has been fully approved by the CGC as meeting the security requirements that guarantee payment to Producers for grain delivered to Licensees.

This new program is very flexible in its approach. It can be used to replace existing security (bonds, letters of credit, credit insurance or cash collateral) posted to the CGC. The Underwriter is prepared to work with the individual Licensee to tailor the policy to meet their needs. The policy is issued directly to the Licensee, with confirmation of insurance provided to the CGC. GCRM structures the policy to meet the needs of the Licensee and to have the security mirror their accounts payable and related security requirement over the policy period. This enables GCRM to tailor a more cost effective solution for your business. Depending on the individual Licensee's circumstances, the benefits of the policy are as follows:

- Manage your security requirements to match your actual needs, not your peak annual requirement. In some instances, Licensees are over collateralized as the security they have provided exceeds the security required for portions of time during the year. This results in a higher cost to post security.
- This is an insurance policy with 100% indemnity, so no additional indemnification, collateral or security is required. It does not encumber any of your assets.
- For those Licensees using letters of credit, this policy will free up working capital as cash collateral will no longer be required to support the letter of credit. This capital can be redeployed in the business to generate growth and new sales opportunities.
- This product is extremely flexible. If additional security is required at a point in time, it can be easily requested and approved.
- The product is priced based on the financial strength of the Licensee. The Licensee holds their own policy and is not one of several Licensees covered under the same insurance policy. The stronger the Licensee financially, the lower the cost of the policy.

This product provides Licensee's with an opportunity to reduce the cost of posting security to the CGC. It also provides more flexibility in terms of utilizing working capital and matching security requirements to actual payables during the policy year. Our goal is to assess your annual needs and match the policy coverage to meet those anticipated requirements.



We have attached an application for coverage to this letter. Financial statements are required to underwrite this product, and all financial information will be held in strict confidence. With the completed application and requested financial statements, we will be able to provide you a quote on the cost of this new form of security. If you have not recently reviewed the cost of your security, we strongly recommend you complete the application and allow us an opportunity to present the terms as quoted by The Underwriter. Please review the attached and contact me with any questions you have regarding the underwriting process or the product itself. We look forward to partnering with you.

Yours truly,

A handwritten signature in blue ink, appearing to read "John Middleton", is positioned above the typed name.

John Middleton  
President