

Highwater Ethanol Corn Procurement Policy December 19, 2025

Scope and Proposes: Highwater Ethanol corn procurement policy is designed to treat all customers consistent and fair with regard to procurement, grading and settlements.

The original scale ticket shall be delivered to the seller or depositor upon receipt of each load of grain. Highwater will keep a duplicate copy as a permanent record. All grain delivered to Highwater Ethanol will be considered a cash sale unless prior arrangements have been made at the time of delivery to apply the grain on contract or deferred price contract. Unless otherwise specified by the seller, the cash sale price will be the posted basis plus futures at the close of business on the day of delivery.

Grain Grading: All loads will be sampled for quality. The applicable discount schedule will apply to the date of delivery. The Highwater Discount schedule is subject to change without notice. Highwater reserves the right to reject loads that do not meet buyer's standards as outlined in the Discount Schedule. Grain grading applies to individual loads, no load averaging. Retain a sample of severely discounted grain. Disputes settled via grade received from Federal Grain Inspection Service {FGIS}.

Contracts: Highwater offers five types of contracts: Spot, Cash, Futures Fixed (HTA), Basis Fixed and DP (Delayed Price/Price Later).

- **Spot** contracts are priced out at the end of the days close when you sell a load and do not ask for the current price to be applied.
- **Cash** contracts are priced out as you cross the scale requesting the current price.
- **Futures Fixed/HTA** contracts the seller sets the futures price and leaves the basis open. HTA contracts can be rolled forward during the same marketing year (ends with the September futures contract). When rolling forward, the spread between the Board prices will be added to futures price. The initial HTA fee is \$.05. A fee of \$.01 per bushel is charged for each roll. Any fees incurred will be charged at settlement, the fee is non-refundable. The Seller has the responsibility to price out the contract or it will automatically be rolled to the next month one day prior to First Notice Day. HTA contracts need to be specific, all information shall be repeated back to the seller {customer} regarding the price, futures month contract, and quantity. Highwater Ethanol will not and cannot be your broker or advisor.
- **Basis Fixed** contracts the seller locks in a specific basis for a determined delivery period. There is no fee to establish a basis contract. Basis contracts can be rolled forward. If the futures market has a carry, then the basis contract will subtract the spread difference (between the next futures months). If the futures market is inverted, then the spread difference will be added to the basis contract price. A \$.01 charge per bushel will apply each time the contract is rolled. Basis contracts need to be priced by August 31st of each marketing year. The seller has the responsibility to enact a forward roll. If no further instructions are received, these contracts will be rolled over automatically one day prior to First Notice Day.
- **Delayed Price/Price Later {DP}:** Highwater Ethanol may at its discretion offer a free DP window. We run different DP Programs throughout the year and the fee will be

determined at that time. If you haul on one DP program, you are not eligible to roll that into a new DP program that comes out at a later date. You are also not eligible to roll DP bushels into a forward contract. When you price out DP bushels it is based off our current cash price. At no time will DP grain be carried forward into the next marketing year, therefore all DP grain will need to be priced by August 31st of each year.

All policies are subject to change at any time. We will use voice recording on all grain contract conversations.

Notice: Credit contract sales including deferred payment and price later contract sales are not covered by the grain buyers' bond. M.S. Section 232.17. This is a memorandum, non-negotiable, possession of which does not signify that settlement has or has not been consumed. M.S. Section 232.23.

Contract Settlements: The Minimum charge to the Seller, in case of failure to fulfill the contract, would be the difference between the contract price and the replacement cost [market difference], at the time of cancellation plus \$0.10 per unfilled unit. This is payable within 15 days of liquidation of the position. Overrun bushels of the contract will be cash priced on the day of delivery unless otherwise specified by the Seller. The Seller (without existing contracts) does have the choice on overage to pay DP charges and leave it open. Settlements will be paid to Seller or Sellers when the contract is filled or upon request. Commercials will be paid daily or per their request. The seller can defer payment, but no interest will be paid on the outstanding amount.

We cannot issue warehouse receipts, which means no storage contracts. All grain transfers title / ownership upon being unloaded at HWB. The Seller is responsible for informing buyer of any outstanding liens or covenants against the grain.

Payments: Payments will be made when contract is filled or upon request. Highwater Ethanol's methods of payment are via check and ACH. Prior to payment Highwater Ethanol will do a lien search. Highwater Ethanol can/will issue payments for sellers CCC Loans. Seller must ensure proper notification has been given to CCC. Prior to payment Highwater Ethanol and Seller shall agree on total bushels and any special instructions, such as load splits. Any program fees or discounts will be applied prior to payment. Seller can defer payment to a later date.

Information request to establish accounts: The following information will be requested and will remain confidential with Highwater Ethanol:

Seller's First and Last Name

Corporation Name

Address (City, State, Zip)

Home Phone

Cell Phone

E-mail address

SSN/EIN

Preferred methods for Contract Distribution, Bid Distribution and Questions Contact

Signature

Date

Highwater Account Name