

Collateral Services



Collateral Services

Control Union has created the Collateral Services division aiming to offer a complete service for banks, financial institutions, trading companies and any other corporations. The main objective is to provide an integrated solution for the origination, guarantee, monitoring and recovery of their financial and commercial credit lines.



More than USD 3.000 MM are currently under Control Union's CMA structures in the LATAM region





Collateral Management Agreements

The CMA is a private contract with at least three participants, in which the general conditions of a certain credit and/or collateral operation are expressed.

The main elements included are:

- Type of guarantee/ goods
- Storage place for goods
- Contract terms
- Parties obligations

The parties that participate are:

- **Depositor debtor:** The owner of the goods offered as a guarantee.
- **Creditor:** Bank, Funds, Traders, Products or Services Industries/Suppliers.
- **Collateral Manager:** Responds, inspects, monitors and reports on the goods given as a guarantee, depending on the type of guarantee and the established obligations.
- **Warehouse owner:** Transfers (through free-lease or rental agreement) the control of the warehouse to the Collateral Manager.



Types of CMA

SMA (Stock Monitoring Agreements)

The obligation of the Collateral Manager is to follow up and monitor each stage of the operation.

- ✓ Crop Monitoring & Tracking
- ✓ Stock Certifications
- ✓ Full Control of Industrial Processes
- ✓ Full Control of Trade Operations (Import – Export)

CMA (Collateral Management Agreements)

The Collateral Manager assumes total responsibility over the goods granted as guarantee in the operation.

- ✓ Warrant & Deposit Certificates
- ✓ Trusts

Inventory Verification and Monitoring

Services:



STOCK CERTIFICATION

By means of different measurement techniques and the implementation of different technological devices, a Stock Certificate is issued. **This certificate states the estimated quantities of those products stored in the required warehouses at a specific date/time.**

Different volume measurement techniques can be used depending on the nature of the product and its storage, or one could also perform unit counts.



INVENTORY MONITORING

This is based on the structure of the so called "**Soft Collateral**" which consists of **periodic monitoring of the inventories of raw materials, in-process products and final inventory** in order to provide accurate information on the quantity and quality of the goods offered as collateral by the debtor, as well as all relevant information that may put the merchandise at risk; This includes, among others, quality, storage conditions, warehouse condition and location.



CROP MONITORING

On-site inspections in the field by our agronomist team. Compliance (quantity / variety) with the sowing plan is verified through random samplings and satellite image processing. These samplings show the sowing density, sown area, and green index. Periodic lot inspections to monitor the vegetative growth of the crop and potential yields and production valuation.



WAREHOUSE INSPECTION

Independent inspections of both private or third-party warehouses to collect reliable information regarding their state and assuring that the goods are stored in adequate conditions, ensuring their current and future integrity and quality. These inspections are carried out by professionals, with vast experience, who verify, among other things, structures, equipment, and good storage practices.



Verification methods



1 Manual

Metrollaser, Inclinometer, Hygrometer Technology

Procedure:

1. **Bulk:** This method is used for goods stored in bulk such as grains, flour, and oils. It consists of decomposing the bulk into different geometric figures and obtaining the measurements of said figures and the storage structure, to determine the estimated volume of the bulk. A specific weight / hectoliter is applied to the weight obtained to obtain the result in metric tons.
2. **Packaged:** This method is usually used for packaged goods stowed in positions or racks, including agrochemicals, big bags, sacks, cans, barrels, among others. It consists of determining the quantity of unit product that is stored per position and proceeds to quantify the quantities of positions according to the width, height, and depth of the stowage, to determine the quantity of units stored.



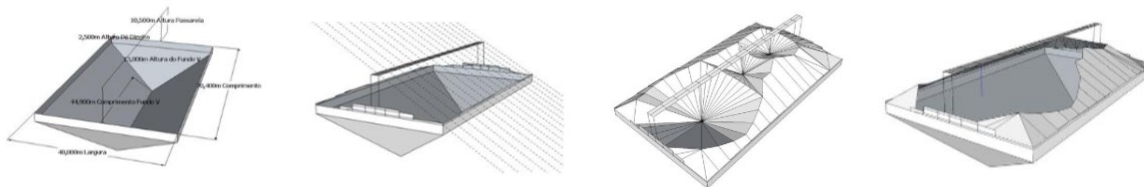
2 Sketch up

Technology: Sketch up

It is a face-based 3D modeling and graphic design software.
It is used to represent the storage unit and the merchandise deposited in three-dimensional figures, to calculate volume.

Procedure

1. The warehouse is visited to draft the modeling.
2. Various measurements are taken to use for the Software.
3. The measurements obtained from the collection unit and the bulk are loaded into the Software.
4. The system draws the figure of the bulk and calculates the volume.



3 Drones

Technology: Drone Dji Mavic Pro

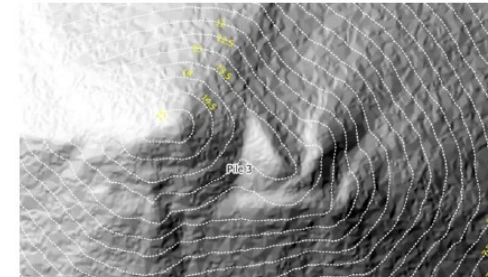
Use of drones mainly for merchandise stored in stacks in outdoor environments, to obtain an adequate and precise perspective of the merchandise.

Characteristics

- ✓ Dji Mavic Pro drones.
- ✓ 4k Aerial footage.
- ✓ Use of photogrammetry.
- ✓ 3D map generation.

Procedure

1. The flights are carried out in person by licensed pilots to carry out safe flights and with the appropriate techniques.
2. Through specialized software, volume and photographic reports of the deposits are obtained from different perspectives.



4 Voltech

Tecnology: Voltech

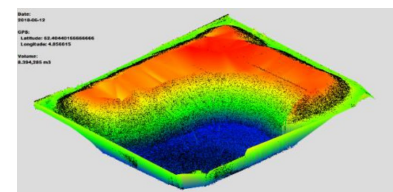
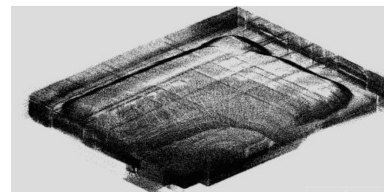
In-house developed technological device capable of scanning large amounts of points and distances to represent bulk figures in minutes.

Characteristics

- ✓ LIDAR: sensor that emits beams of infrared laser light that bounce off objects allowing us to know in real time the precise position of a large number of points, and the distance between each point and the focus.
- ✓ Reading of 300,000 points per second.
- ✓ GPS.
- ✓ Time reduction, data manipulation and human error.

Procedure

1. Scanning in warehouses.
2. Importing data to the system.
3. Volume calculation.



Date: 06-09-2018
Location: 51.261686, 3.843089
Volume: 6221,327 [m³]
Density: 1,1068
MT: 6892,40552





Warrant

The warrant is a credit instrument where Control Union becomes depositary of assets granted as collateral for the benefit of a financial and/or commercial creditor.

Goods affected by warrants are transactional exchange goods owned by clients (commodities, by-products, others).

It is a Real Guarantee of easy and fast extrajudicial execution. The goods, once received, are insured by a 1st level international insurance company.





Warrant

Basic Scheme - Financial Operations



CREDITOR BANK



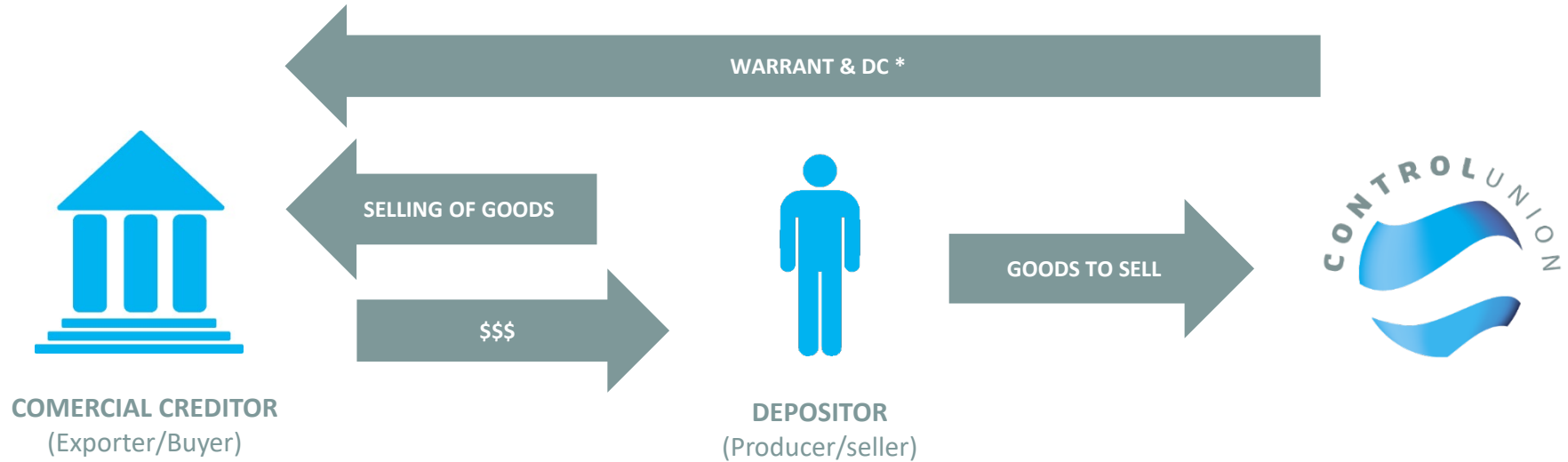
DEPOSITOR DEBTOR





Warrant

Basic Scheme - Commercial Operations – Option 1

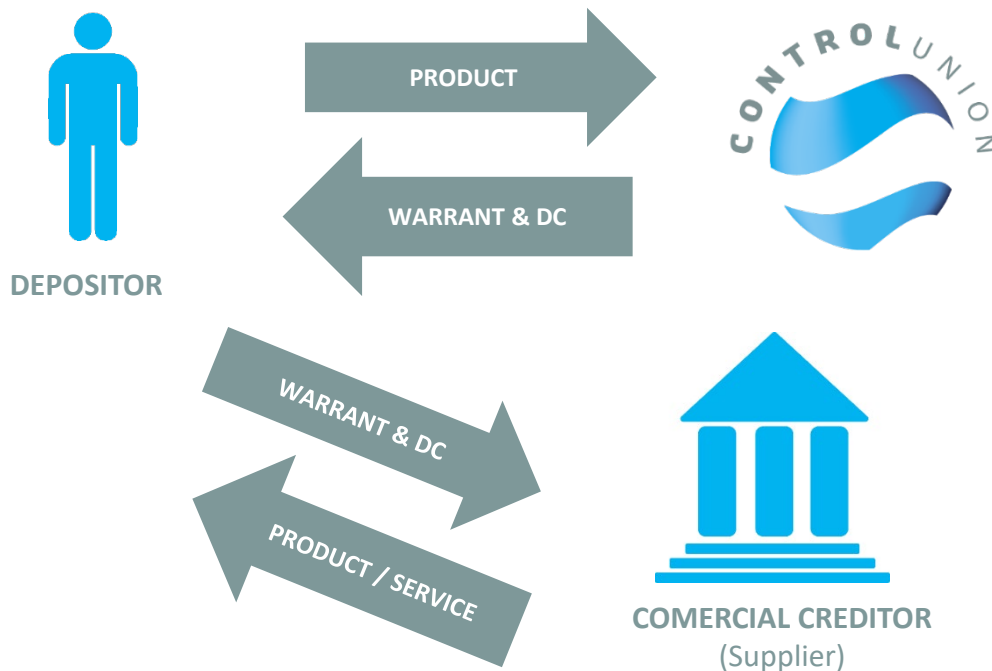


* DC = Deposit Certificate



Warrant

Basic Scheme - Commercial Operations – Option 2



Risk Analysis

Analysis of the 3 main elements within CMA Operations.

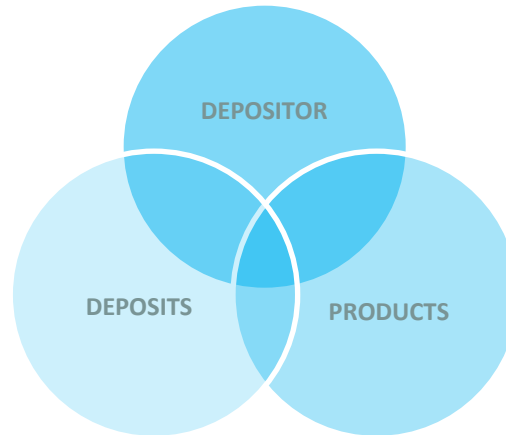
Warehouse Evaluation

Physical Aspects

- Security (Seals, padlocks, alarms, webcams)
- Quality Control (fumigation – ventilation)
- Potential Casualty (inspection regularity)

Legal Aspects

- Legal Possession of the warehouse
- Free access to and within the warehouse
- Specifications



Debtor Evaluation

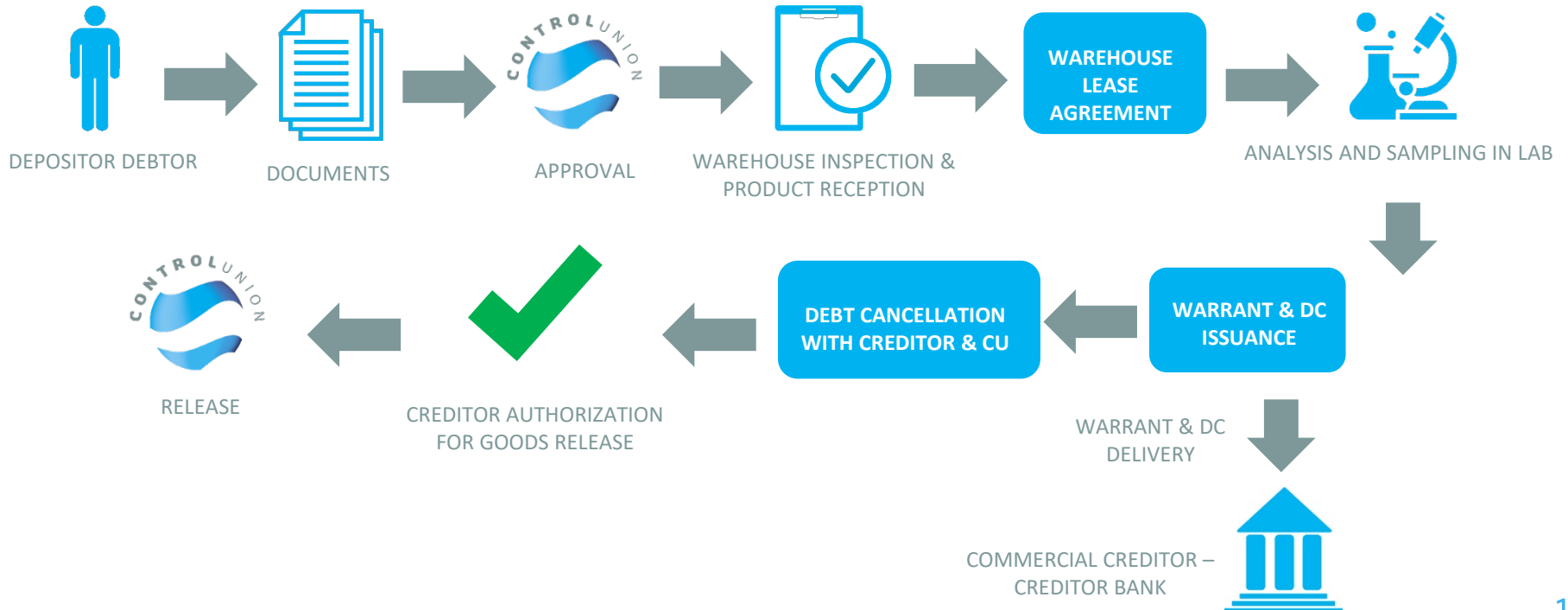
- Character / Track Record
- Financial & Economic Situation
- Commercial references
- Bank references
- Competitors

Product Analysis

- Staff Expertise
- Seasonality / Obsolescence
- Initial Reception / Analysis
- Suggested term of certificates
- Commercial Market (Production - Domestic Consumption - Expo - Buyers)

Flow Chart

Process



Main legal and regulatory aspects

- ✓ **Certificate of Deposit:** Certifies the property and custody in favor of the goods depositor.
- ✓ **Warrant:** Document that includes the credit rights regarding the deposited goods, and that throughout its endorsement is used by banks and financial entities as guarantee for their credit lines.
- ✓ **Real Guarantee:** Offers extrajudicial execution.
- ✓ **Central Bank (BRCA):** Certain warrants (commodities) are classified as Preferred Guarantee “A” according to current BCRA regulations.
- ✓ **Insured goods:** The goods included in the warrant are always insured.
- ✓ **Failure to comply:** In case of failure to comply, the execution is not suspended due to death, disability, bankruptcy or preventive insolvency of the debtor.



Main products & Regional Economies



NOA

- Azúcar y Alcohol
- Tabaco
- Oleaginosas
- Cereales
- Poroto
- Algodón
- Derivados Cítricos
- Cueros

NEA

- Algodón
- Oleaginosas
- Cereales
- Yerba
- Te
- Tabaco
- Jugos Conc.

CENTRO

- Carnes
- Maní
- Lácteos
- Aceros
- Oleaginosas
- Cereales
- Fertilizantes
- Agroquímicos
- Maquinarias
- Papel
- Autos
- Biocombustibles
- Textiles

ALTO VALLE

- Conservas
- Jugos Concentrados

CUYO

- Vinos
- Mosto
- Conservas

SUR

- Lanas
- Combustibles fósiles

Warrants & Certificates of Deposit

✓ Total historic volumes:

Over USD 25.000 MM in issued warrants.
Current Share: Between 60/70% of total market.
(source: MINAGRI)

✓ Total auctions in the last 15 years:

Nominal value USD 45 MM (< 1,00%)

✓ Total settled claims by insurance company:

Nominal value USD 2,0 MM (< 0,10%)

* Compensated value: 100% of losses generated by claims.



About us

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Experience

From our roots in agricultural inspections, Peterson and Control Union have been operating for 100 years in the field of logistics, quality, certifications and risk management.

Trust

Our success and future growth depends on the continued dedication and commitment of our people. With more than 4500 employees based in over 80 countries, our people are global experts and passionate professionals, who can assist you enhance your business.

Solutions

Our in-depth knowledge and experience covers all aspects of the supply chain in many industries including agriculture, energy, forestry, sustainability and textiles.



About us

We are an international private holding, leader in the market of the Integral Control of Guarantees (Collateral Management), and in the services of Inspections and Quality Control of agricultural products and Agri food Certifications.

We are founding members of the most important entities of the world in the regulation of international trade contracts of grains, seeds, oilseeds and by-products.



✓ Federación Internacional de Empresas de Inspección.



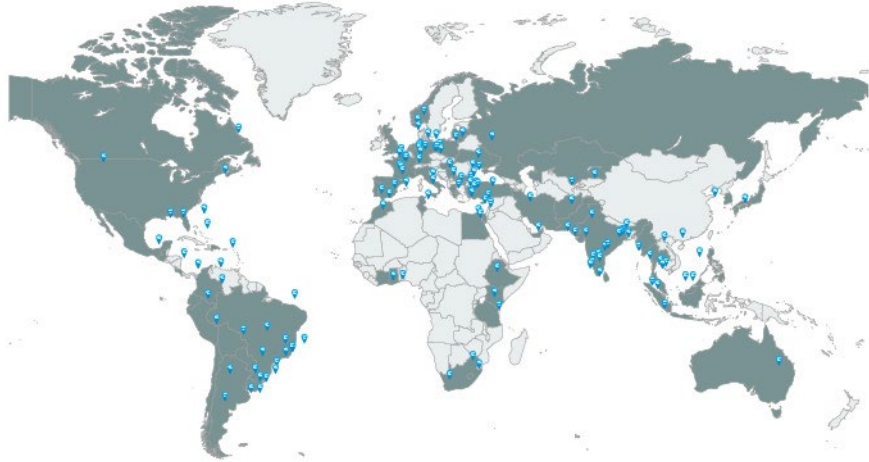
✓ Federation of Oils, Seeds and Fats Association .



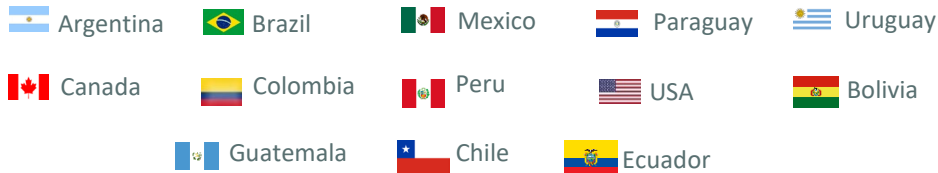
✓ The Grain & Feed Trade Association .



Global Presence

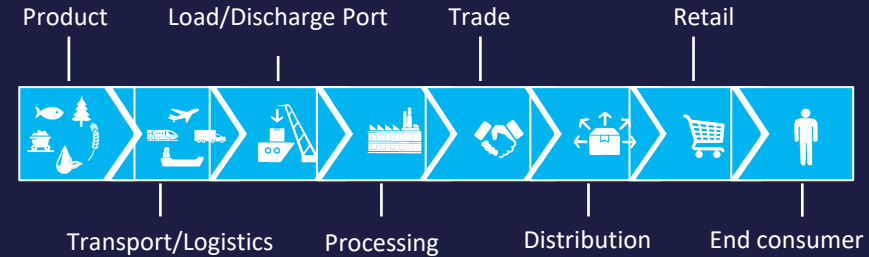


Our offices in America:



What do we offer?

Services & Support throughout the entire supply chain



Other Services Our Group Offers



Industrial Inspections



Commodity Inspections



Collateral Services



Certifications



Commodity Logistics



Energy Logistics



Projects & Solutions

Thank you!

For more information, please contact us at:
info.argentina@controlunion.com

