

PROCEDURE

Instructions for successfully completing an export business for commodities from Brazil

The process illustrated for a commodity trade business is shown in an optimal release and should be completed within 2 weeks. This is necessary because producers and suppliers have to keep price promises and have to keep the corresponding goods in stock. This process flow is intended to ensure that the terms and conditions for the trade in goods are clear and understandable in advance for all parties involved in the transaction and that they are accepted before written and legally binding commitments are made. The procedures do not favor either the buyer or the seller, but only serve the successful completion of the transaction. It is common for intermediaries and agents on both the buyer and seller sides to be involved in these commodity transactions.

Please note:

- We do **not** participate in speculation or general price inquiries, therefore we only accept documents that are addressed to our company (ICH Brasil).
- Submitted documents must be made out on company paper with address data so that the sender can be clearly identified.
- In the case of export transactions, all documents must be written or translated in English. Only the English language is legally valid.
- Submitted documents must be sent to us in pdf format by email (ichbrasil@ichbrasil.com).
- This procedure applies to export transactions and is not legally binding and can be extended or shortened.

1. Purchase intent (LOI – Letter of Intent)

A **fully completed** Letter of Intent (LOI) from the buyer or agent (mandate holder) contains all product information with the corresponding specifications and quantities, under which conditions (price, payment terms, delivery conditions, etc.) the buyer is willing to buy the goods.

Please note: Letters of Intent (LOI) without a target price will **not** be accepted. This Letter of Intent (LOI) is checked by the seller or his agent and they decide whether the buyer's conditions can be met or with what deviations. The buyer or his agent will be informed accordingly. The parties involved now have the opportunity to negotiate mutual interests in order to reach an agreement. If no agreement is reached in this early phase of the negotiation, the LOI expires and the process is to be regarded as a failure.

In some cases, the producer or supplier also requires the buyer's bank information, as normally only Letters of Credit from globally operating top 50 banks (top 50 world banks) are accepted for export transactions.

2. Offer (SCO – Soft Corporate Offer / FCO – Full Corporate Offer)

If agreement between the parties has been reached regarding the specification and conditions according to the Letter of Intent (LOI) and these have been understood, the buyer will receive an offer (SCO / FCO) from the seller or his agent. It usually also describes other processes and time periods relating to the conclusion of a purchase contract, delivery and payment.

The buyer side is usually given 3 to 5 days to check the offer (SCO / FCO) and send it back signed and stamped and to initiate all preparations for the next step (point 3). If the period expires, the seller is no longer bound by the offer.

3. Order (ICPO – Irrevocable Corporate Purchase Order)

After the signed and stamped offer (SCO or FCO) has been sent back by the buyer, the **end buyer (final buyer)** must issue an order (ICPO – Irrevocable Corporate Purchase Order) in which all agreed specifications, conditions and procedures are described as stated in the offer to express the firm intention to buy.

Along with the order (ICPO – Irrevocable Corporate Purchase Order), the buyer has to send a Proof of Funds (POF – Proof of Funds) in the form of a BCL (Bank Comfort Letter) or RWA (Ready, Willing & Able), as well a copy of the company register and a copy of the buyer's passport (or the company's legal representative) to the seller.

4. Contract (SPA – Sales & Purchase Agreement)

After receipt of the order (ICPO – Irrevocable Corporate Purchase Order) and the other documents from the buyer described in point 3, these will be checked by the producer / seller and the buyer will timely receive a corresponding contract (SPA – Sales & Purchase Agreement). The prerequisite for this is a positive review of the submitted documents and evidence of sufficient funds (POF – Proof of Funds) corresponding to the scope of the contract.

The buyer generally has 48 to 72 hours to review the Sales & Purchase Agreement (SPA). Ambiguities must be resolved at this point by mutual agreement as soon as possible. Once the contracting parties have finally agreed on the details of the contract (SPA – Sales & Purchase Agreement), the buyer must sign and stamp the contract (SPA – Sales & Purchase Agreement) and send it back to the producer / seller by email. After a further check by the producer / seller, the buyer receives the contract (SPA – Sales & Purchase Agreement) countersigned.

The further procedures can be found in the legally valid contract (SPA – Sales & Purchase Agreement) signed by both contracting parties. A delay in the processes agreed in the contract (SPA – Sales & Purchase Agreement) can lead to the termination of the contract if the contracting parties cannot find an amicable solution.