

**Address:**

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## The non-negotiable process used by Farnaka Trading FZCO for the sale of Sugar

### SPOT Purchase:

1. **Buyer issues a formal LOI** detailing, type of sugar, quantity, port of destination, payment confirmation; along with full KYC documents of the client including licences, registration certificates, shareholders and directors passport copies, etc.
2. **Seller issues a FCO** outlining the procedures, that needs to be signed/stamped by the Buyer.
3. The Buyer is interested in purchasing the sugar and is agreeing to the terms of FCO, hence it issues an Irrevocable Corporate **Purchase Order (ICPO)**.
4. Following receipt of the ICPO, the Seller shall provide **Sales Purchase Agreement (SPA)** in draft form to the Buyer. The Buyer may modify and confirm all transaction conditions and terms in the draft contract in accordance with the negotiations between the Seller and the Buyer.
5. **The SPA will be completed** and electronically signed within 5 days of it being provided to the Buyer.
6. **Issuance of Banking Instrument:**

The buyer will issue a banking instrument in the form of:

6.1.A Documentary Letter of Credit (DLC), 100% Funded Irrevocable Confirmed Transferable Payment at Sight DLC SWIFT MT700.

7. **Payment & Shipment:**

Cargo delivery will take place within max 45 days from receipt of the banking instrument. This timeline includes production, local logistics, vessel chartering and loading, port handling and sailing to the final destination port. Seller charts shipping and informs Buyer on Shipment Schedule & Vessel details. Buyer can appoint a representative to inspect the loading at port.

The Buyer's bank will release payment using the financial instruments in place, against the presentation of the required documents at the port of loading., which typically include:

- Marine Bill of Lading, Clean On Board Certification (3 original set plus 3 copies)
- Commercial Invoice (If there is a variation on loading, the payment needs to be adjusted as per the Commercial Invoice and the final SGS) (3 original set plus 3 copies)
- Packing List (3 original set plus 3 copies)
- Certificate of Origin (3 original set plus 3 copies)
- Charter Party Agreement (3 original set plus 3 copies)
- Vessel Register Certificate with age less than 20 years (3 original set plus 3 copies)

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- Marine Insurance Policy covering minimum 110% of face value of the cargo in the name of the Buyer (3 original set plus 3 copies)
- SGS Inspection Quality Certificate (3 original set plus 3 copies)
- SGS Inspection Quantity Weight Certificate (3 original set plus 3 copies)
- Phytosanitary Certificate (3 original set plus 3 copies)
- GACC Certificate (China Only)

**8. Completion of Transaction:**

Upon successful verification of the documents by the bank and the sugar being loaded onto the vessel, the payment will be finalized, and the transaction will be considered complete.

**9. Follow-Up:**

Both parties will maintain communication to ensure smooth delivery and resolve any potential issues that may arise during the shipping process.

By following these procedures, both Buyer and Seller can ensure a secure and efficient transaction, minimizing risks and promoting mutual trust.

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**Tell:** +971 (0)54 7543754**Email:** [info@farnaka.com](mailto:info@farnaka.com)**Web:** [www.farnaka.com](http://www.farnaka.com)**TERM Contract Supply:**

1. **Buyer issues a formal LOI** detailing, type of sugar, quantity, port of destination, payment confirmation; along with full KYC documents of the client including licences, registration certificates, shareholders and directors passport copies, etc.
2. **Seller issues a FCO** outlining the procedures, that needs to be signed/stamped by the Buyer.
3. The Buyer is interested in purchasing the sugar and is agreeing to the terms of FCO, hence it issues an Irrevocable Corporate **Purchase Order (ICPO)**.
4. Following receipt of the ICPO, the Seller shall provide Sales Purchase Agreement (SPA) in draft form to the Buyer. The Buyer may modify and confirm all transaction conditions and terms in the draft contract in accordance with the negotiations between the Seller and the Buyer.
5. **The SPA will be completed** and electronically signed within 5 days of it being provided to the Buyer.
6. If required, the Buyer will issue a MT799 from the Buyer's bank to the Seller's Bank as indicated requesting a Proof of Funds (POF).
7. If required, upon receiving the POF, the Seller will provide the PPOP.
8. **Buyer's Bank issues MT705** (Pre-Advisory documentary credit) to the Seller's bank's nominated account.
9. Buyer issues DLC Verbiage in accordance with the SPA, the DLC verbiage is sent to the Seller's bank to review.
10. Seller's bank reviews and approves the DLC verbiage.
11. Seller sends product testing within 5 working days of draft of MT705, after the issuance of the MT705 the Seller will send a product test within 5 working days. The product test verifies the quality and specifications of the sugar being supplied.
12. **PAYMENT-TRIAL:** Once SPA is issued and sent to the Buyer, Upon Buyer's acceptance and signature, within (7) banking days, buyer must send via Swift a confirmed, fully funded transferable & irrevocable documentary letter of credit (MT700) for the value of the one month shipment value USD XXXX for a term of sixty (60) days.
  - 12.1. All Cargo documentation is sent to the Buyer's bank in electronic format to request payment by MT103 T/T within three banking days after document validation. Documents for payments are: Commercial Invoice, Packing List, On Board Marine Bills of Lading, Marine Insurance, Q&Q SGS Certification, Phytosanitary Certification, Certificate of Origin, Customs Export Certificate, GACC Certificate (China Only)

**P.s. Complete list of documentation as per Clause 8 of Spot Purchase**

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**13. PAYMENT-ANNUAL:** Once trial payment has been made by MT103 T/T, within (7) Banking days buyer must send via swift a confirmed, fully funded transferable & irrevocable documentary letter of credit (MT700) for the value of one month shipment value USD XXXX for a term of 13 (Thirteen) Months.

13.1. Process of payment as per 12.1 Above for each monthly shipment.

**14.** Seller issues a 2% Performance Bond to the Buyer within 10 business days post receiving the financial instrument as defined in point 12 above.

**15.** The buyer reserves the right to witness and inspect the loading of the vessel at the loading port at the buyer's sole expenses.

**16.** Upon loading seller sends electronic shipping/cargo documents to buyer's bank. Upon receiving shipping documents buyer will instruct their bank to credit seller's bank for the full amount of the shipment sending the complete payment by MT103 T/T.

**17. Shipment Schedules:**

Seller shall nominate the Vessel, Complete SGS at loading port, Porto de Santos and/or Port Paranaguà and delivery will take place to the final destination within 45 days from receipt of the banking instrument on Spot and 30 days on term contracts. This timeline includes production at the refinery, local logistics to the port and sailing operations to ASWP. Seller charts shipping and informs Buyer on Shipment Schedule & Vessel details.

**18. Completion of Transaction:**

Upon successful verification of the documents by the bank and the sugar being loaded onto the vessel, the payment will be finalized, and the transaction will be considered complete for each shipment.

**19. Follow-Up:**

Both parties will maintain communication to ensure smooth delivery and resolve any potential issues that may arise during the shipping process.