

The following are our Transactions Guidelines, Standard Operating Procedures and FAQ for your kind perusal.

We reserve the right to make amendments to the details in this document, at our discretion.

### **Basic Transaction Guidelines**

- To have better control over the supply of the products, we deal directly with stockholders and mines. We need to arrange for the deposit (up to 20%) to be paid to the miners, to enable them to mobilize the product and make this ready for export.

This involves the transportation costs as well as the deployment of funds. Hence, why we will only deal with serious buyers.

- We partner with trade finance companies, to enable the payment of deposits to the scrap dealers / miners. All buyer financial instruments are established in favor of these trade finance companies.

Every source is thoroughly scrutinized by our trade financing partners which are large global companies, with strict protocols in terms of due diligence.

- This ensures that the financial instruments at the buyers' end are secure. These trade finance companies only accept the LC from a selected list of banks - with whom they partner with it.

Hence, the need for the submission of a draft LC instrument after the SPA is issued, is nonnegotiable. This is crucial as it will enable us to offer buyers with flexible payment terms as per their choice.

- Trade finance companies that provide the LCs, do not provide any source documents, as these sources are strictly confidential. Which is the reason why we do not divulge the details of these documents.
- All the logistics of the transactions are also done - as agreed in the said documents.

## Standard Operating Procedure

How orders are finalized	<ol style="list-style-type: none"> <li>1. Buyer raises LOI with details</li> <li>2. Seller issues FCO and buyer signs it</li> <li>3. END BUYER raises the ICPO to AAGA/Select Global as per the FCO</li> <li>4. Seller provides Draft SPA (Sale Purchase Agreement) open for amendment for the buyer's review)</li> <li>5. BUYER accepts SPA and signs it</li> <li>6. SELLER issues Commercial Invoice (CI)</li> </ol>
Assessing payment mode and fund availability	<ol style="list-style-type: none"> <li>7. BUYER organizes, appropriate and agreed upon draft LC instrument</li> <li>8. FIFO Capital completes verification of LC</li> <li>9. FIFO Capital identifies and provides details of Funder; those details are incorporated into the SPA and the SPA is then finalized</li> <li>10. Funder and BUYER sign terms of reference - detailing the sale process</li> </ol>
Accepting the offer and payment	<ol style="list-style-type: none"> <li>11. Buyer issues non-operative LC favouring Funder as per agreed terms of reference in 10 above</li> <li>12. SELLER provides Performance Bond valued at 2% of the transaction amount, which must make the LC operative</li> <li>13. SELLER moves the goods/products within agreed upon business days to the port for loading</li> <li>14. If required, seller will provide POP video prior to loading or during loading</li> <li>15. Load port SGS organized by SELLER at their cost and provided to BUYER</li> <li>16. Shipping is provided within agreed parameters of the SPA</li> <li>17. BUYER's bank will release the payment to Funder once they are satisfied with the SGS inspection report (upon the arrival of the goods at the BUYER's destination port)</li> </ol>

**To enhance the understanding of the SOP above as well as the communication between both sellers and buyers, we have compiled a list of FAQs.**

**FAQ**

<b>Q1</b>	<b>Why is there a need for a LC Draft?</b>
	LC draft allows sellers to check the funding ability of buyers.
<b>Q2</b>	<b>Who is FIFO? Who is AAGA/ AAGA Select / Select Global? Why is necessary for payment to be made to FIFO's funder and not Select?</b>
	<ul style="list-style-type: none"> <li>• AAGA is the sourcing company for the products and conducts all due diligence for the selection of the source of the product.</li> <li>• Select Global is the SELLER.</li> <li>• FIFO Capital is a trade finance company. Select Global uses FIFO capital as their Finance partner to identify and match appropriate Funders for this transaction. This also permits us to ensure that the transaction and jurisdictional requirements of the Buyer and/or Seller, are met as well.</li> </ul> <p>Moreover, this removes the need for them to have a company in every country/jurisdiction, to finalize the transaction.</p> <p>All buyer financial instruments are established in favor of FIFO's nominated funder.</p> <p>AAGA and Select Global have a joint venture agreement. Together, we partner with trade finance companies to enable payment of deposits to the scrap dealers/miners and shipping companies. This facilitates the movement of goods to the buyer's destination port.</p>
<b>Q3</b>	<b>Why there is a draft SPA? Why is the funder not mentioned in the draft SPA?</b>
	<p>The draft SPA is signed as a confirmation of all the terms &amp; conditions of the transaction. The draft SPA does not contain the funder's details. FIFO Capital identifies the funder based on the SPA terms.</p> <p>The funder's details are incorporated in the final SPA which forms the basis of the deal. The funder has a separate agreement with both, buyer and seller referring to this SPA.</p>

<b>Q4</b>	<b>Why can't we have POP after LOI/ FCO/ SPA? Why do we need to give a LC Draft?</b>
(a)	<p>For products like iron ore and copper ore, the mines are situated far away in rural area. It takes time and effort to travel.</p> <p>And until a buyer commits on the transaction through the signing of a SPA and provides the LC draft to enable us to confirm their ability to pay, it does not make sense to take the time to travel each time there is a POP request.</p> <p>Which is why we prefer to provide you with the POP, after a buyer has submitted the LC draft.</p>
(b)	<p>For products like copper wire scrap and used rail, the stockholder will only reserve the stock once there is down payment from us.</p> <p>And we will only do that once there is guarantee of payment from buyers which is, after the LC is being activated.</p>
(c)	<p>For finished products like Cathodes and Aluminum A7, the POP can only be given before or during unloading. Buyers are welcome to be present during loading process.</p>
<b>Q5</b>	<b>Why can't I get past performance or past BL?</b>
	<p>Past Performance and BL records are confidential documents between sellers and buyers.</p> <p>We are bound by NDAs with our buyers not to disclose any such documents. Also, such documents are often misused by intermediaries.</p>

**Updated on: 24 November 2021**