

APPENDIX A

ETHIOPIA COMMODITY EXCHANGE DIRECT SPECIALTY TRADE

EXPORT SERVICE PROVIDER AGREEMENT

WHEREAS, the Coffee Producer is a Primary or Secondary Cooperative or a Commercial Farmer (collectively, "Coffee Producer") who has the right, by law, to directly export coffee from his own farm;

WHEREAS, the Coffee Producer intends to directly export specialty grade coffee from his own farm after obtaining a Direct Specialty Trade (DST) Warehouse Receipt from the Ethiopia Commodity Exchange ("Exchange");

WHEREAS, the Coffee Producer requests the services of an Export Service Provider for the preparation and export facilitation of his coffee.;

WHEREAS, the Export Service Provider is a licensed coffee exporter;

WHEREAS, the Export Service Provider has agreed to provide the services requested by the Coffee Producer;

NOW, THEREFORE, both parties have agreed on the following terms and conditions:

1. OBJECTIVE OF THE AGREEMENT

The objective of this Agreement is to describe fees and obligations of parties for the provision of services by an Export Service Provider for the preparation and export facilitation of specialty coffee on behalf of a Coffee Producer.

2. TERM OF THE CONTRACT

The duration of the Agreement shall be for one year, on a renewable basis.

3. SERVICE FEE AND REIMBURSEMENT OF ALLOWABLE EXPENSES

3.1 The Coffee Producer shall pay a fixed commission of ____% (_____ percent) of the FOB Port sales price after the operation is completed.

3.2 The Coffee Producer shall reimburse the Export Service Provider for all allowable coffee export preparation and export expenses, including but not limited to: (a) Fees and charges by the Exchange; (b) Transportation; (c) Export preparation (milling, sorting and bagging); (d) Cost of jute bags; (e) Insurance; (f) Export Certification; (g) Sample shipping to buyer; (h) Certification costs; (i) Communications with buyer; and (j) Customs clearing and forwarding.

- 3.3 All allowable expenses shall be reimbursed within a maximum period of ten days, after the receipt of invoices and required supporting documents, which will be raised immediately after the operation is completed and the funds credited to the Coffee Producer account.
- 3.4 Failure to pay within ten days (excluding the fund transfer time) will give the Export Service Provider the right to calculate interest at the Bank rate. The Export Service Provider is required to inform in writing the Coffee Producer of his actions to add interest cost as allowable reimbursable cost and readjust the final reimbursable cost accordingly.
- 3.5 The Export Service Provider shall transmit invoices and their supporting documents to the Coffee Producer, which shall be sent by registered mail or courier service to the address provided by the Coffee Producer herein.
- 3.6 The total amount of the sum of the commission paid to the Export Service Provider and of all allowable expenses shall not be above a maximum of 15% (fifteen percent) of the FOB Port sales price.

4. OBLIGATIONS OF THE EXPORT SERVICE PROVIDER

The Export Service Provider shall have the obligation to:

- 4.1 Provide evidence to the Exchange of the registered FOB Port sales contract within twenty-four hours following the Direct Specialty Trade bidding session conducted by the Exchange.
- 4.2 Provide pick-up notification on behalf of the Coffee Producer to the Exchange within twenty-four hours following the Direct Specialty Trade bidding session, regarding the date and time of requested delivery of the coffee from the Exchange warehouse.
- 4.3 Arrange transportation for the delivery of the coffee from the Exchange warehouse to the Export Service Provider's warehouse within three working days following the Direct Specialty Trade bidding session and clear all fees and charges by the Exchange. A legal representative of the Coffee Producer shall accompany the consignment for delivery to the Export Service Provider's warehouse. If there is any weight difference between the weight measurements at the Exchange warehouse and the Export Service Provider's warehouse, the Export Service Provider's measurement will control;
- 4.4 If pre-export processed coffee, complete export processing and preparation, including but not limited to milling, hand picking, bagging, labeling and marking bags, within ten working days following delivery of coffee to the Export Service Provider's warehouse.
- 4.5 Arrange for the export certification inspection and obtain inspection certificate from MOARD Coffee Liquoring Unit;
- 4.6 Arrange transportation of coffee to the port and customs clearing and forwarding within three working days following completion of export processing and preparation, and pay all related expenses on behalf of the Coffee Producer;

- 4.7 Open letter of credit in the name of and on behalf of the Coffee Producer;
- 4.8 Ensure the proceeds are credited to the Coffee Producer's account at the respective Bank;
- 4.9 Accept responsibility from the delivery of the coffee to the Export Service Provider's warehouse to the point of sale (FOB Port) for: (1) loss, (2) fire, (3) misplacement, (4) quality deterioration; (5) loss of weight; (6) change of the coffee; and (7) theft;
- 4.10 In case of a pre-shipment weight loss, notify the buyer of the weight loss;
- 4.11 Accept responsibility to clear the Coffee Producer's obligation at the National Bank of Ethiopia by presenting the appropriate documents including the credit advice; and,
- 4.12 At all time, use best effort to communicate and cooperate with the Coffee Producer and the buyer to facilitate the efficient and expedient conclusion of the transaction.

5. **OBLIGATIONS OF THE PRODUCER**

The Coffee Producer shall have the obligation to:

- 5.1 Provide a Power of Attorney to the Export Service Provider to act on its behalf in matters relating to the fulfillment of its operations with regard to this contract within five days of signing of this agreement, and to this end, allow the Export Service Provider to have stationeries printed in its name and provide a seal;
- 5.2 Provide to the Export Service Provider his account number and the name of the Bank he wishes the proceeds of sale to be credited by submitting a letter with the appropriate letterhead accompanied with the Coffee Producer's seal and the signatures of the Chairman, Secretary and Treasurer of the Coffee Producer (if a sole proprietor, the signature of the sole proprietor and official letterhead letter);
- 5.3 Issue a standing instruction to its Bank to pay the commission indicated in Article 3.1 above, directly to the Export Service Provider's bank account after the proceeds have been received in its bank account;
- 5.4 Reimburse the Export Service Provider for all allowable expenses within a maximum period of ten days, after the receipt of invoices and required supporting documents; and,
- 5.5 At all time use best effort to communicate and cooperate with the Export Service Provider to facilitate the efficient and expedient conclusion of the transaction.

6. **ARBITRATION**

Unless otherwise determined by agreement of both parties, any dispute arising out of this Agreement shall be submitted to the Arbitration Tribunal of the Exchange and treated in the manner provided by the Rules of the Exchange.

7. **TERMINATION OF CONTRACT:**

Either of parties may terminate this Agreement at any time for any reason. Provided, however:

- 7.1 If the Export Service Provider intends to terminate the Agreement, he shall give the Coffee Producer up to ten days following date of termination to withdraw his coffee from the Export Service Provider’s warehouse. The Coffee Producer shall not be obliged to pay the warehouse fees for the time kept at its warehouse or any other fees associated with this transaction.
- 7.2 If the Coffee Producer intends to terminate the Agreement, he shall withdraw his coffee within one day of date of termination and shall be obliged to pay all allowable warehouse expenses incurred, if any; beginning from the date it was deposited in the Export Service Provider’s warehouse until it is withdrawn.
- 7.3 Both parties shall agree to notify the Exchange in writing within twenty-four hours of the termination of this agreement.

8. AMENDMENTS

This Agreement may be amended by agreement of both parties.

9. FORCE MAJEURE

Neither the Coffee Producer nor the Export Service Provider shall be held liable for non-performance under the terms and conditions of this contract due, but not limited to, government restriction, strike, flood, fire, or unforeseen catastrophe beyond either party’s control. Each party shall notify the other in writing of any situation that may prevent performance under the terms and conditions of this contract within 24 hours of such event taking place.

10. EFFECTIVE DATE

This Agreement shall become effective upon being signed by both parties.

Signed for and on behalf of Coffee Producer:

Signed for and on behalf of Export Service Provider:

Signature _____

Signature _____

Name _____

Name _____

Position _____

Position _____

Date _____

Date _____