CONTRACTUAL ANNEX 1

Title: Calculation of Detention for shipment of products in Paranagua
Aplication: ANEC Contracts 41,42,43,44,71,73
Effective date: From January 1st, 2016

Whereas:

(i) On 02/Feb/2014 ANEC issued a Circular Letter regarding its understanding on the application of withholding of FOB purchase and sale contracts at Paranaguá Port in view of Service Order 126/2013 issued by APPA on 30/Sept/2013.

(ii) On 22/Jul/2014 APPA issued Service Order no. 101-14 to update Service Order no. 126/2013.

(iii) On 17/Sept/2015 APPA issued Service Order no. 181-15 with the purpose of standardizing the reasons that make vessels remain withheld in the waiting list not moving forward to the Official Lineup of the Export Corridor.

(iv) Since Service Order 126/2013, APPA has been inserting notes in the APPA's Berthing Public Meeting Minutes (“Minutes”) which clarify on points regarding Service Orders and/or the meaning of information issued in the Minutes by APPA.

ANEC's Contract Committee decides to update the Circular Letter issued on 03/Feb/2014 with the purpose of (i) establishing its understanding Detention application in FOB Paranaguá purchase and sale contracts for commodities (soybeans, corn and meal/pellets) to be loaded through the Export Corridor ("Contracts") regarding the amendments mentioned in the "Recitals" above and (ii) provide guidance on the calculation and collection of detention for those Contracts.

a) The charge for detention for commodities (soybeans, corn and meal/pellets) to be loaded through the Export Corridor of the Paranaguá Port shall be based on the date in which the vessel called to integrate the Official Lineup of the Export Corridor and is kept on the waiting list by any of the three reasons standardized by APPA in accordance with Service Order 181-15 which are entered in the filed Observation of the Minutes and provided that the obligation of counterpart load has started and the vessel is able and in good operating conditions.

b) Detention is also due in case the vessel, after being placed on the Official Lineup of the Export Corridor, is “declined”, that is, removed from such Lineup at the request of some exporter(s), in such case they shall be responsible for the payment of detention until the day before the vessel is reinserted in the Official Lineup of the Export Corridor.

c) The reasons that prevent the vessel to move forward on the waiting line and into the Official Lineup of the Export Corridor regulated and standardized by Service Order 181-15 are specified hereinafter:

c1) Reason 1: "*non listing of the entire cargo by the Charterer, represented on this list by the Maritime Agency _____, responsible for the vessel*", it is understood that for this reason the vessel shall not move forward to the Official Lineup of the Export Corridor due to not all volume provided to load the vesel had been listed at the corresponding Terminal.

c2) Reason 2: "*the Cargo is not available, in accordance with the nomination commitment,, by the exporter (s)*", it is understood by this reason that the vessel shall not move forward to the Official Lineup of the Export Corridor as the exporter (s) listed in the field Observation of the Minutes had a load forecasting availability date (inserted at the minutes in the column Obs and Terminal line) informed by the Terminal chosen by them being incompatible with the berth release due to the logistics of this exporter.

c2) Reason 3: "*the Cargo is not available by the exporter (s) _____, by exceeding the logistic capacity of the Terminal, until the berth opening, fact known to the exporter who takes the responsibility for the cargo not being ready, even when they are able to substitute the lots, in accordance to convenience*", it is understood by this reason that the vessel shall not move forward to the Official Lineup of the Export Corridor as the exporter (s) listed in the field Observation of the Minutes had a date provided for availability of the cargo (inserted at the minutes in the column Obs and Terminal line) informed by the Terminal chosen by them being incompatible with the berth release due to logistic capacity of the Terminal, however, still a fact falling under the responsibility of the exporter as they are the contracting party of the Terminal.

d) Whenever any of the three cases listed above are found, the calculation and collection of detention must comply with the following parameters:

1) Specifically with respect to the reason 1, in which part or all of the cargo to be loaded appears as TBN, the Buyer shall have the right to charge detention from its counterpart (s) provided that they already have their obligation to load and that this counterpart is on the list of TBNs, that being understood as the fact that the company has not had all its contractual volume nominated identified by the exporters listed in the Minutes, under the Exporter column on the date that the reason 1 was inserted into the field Observation.

1.1) Detention is counted from date in which the vessel is retained due to reason 1 in accordance with the information inserted in the minutes in the field Observation and finishes only when the total contract volume nominated by the Counterpart is fully identified and the counterpart is not subject to reasons 2 or 3.

1.2) The amount determined for detention shall be prorated among all exporters who appeared on the TBN which will be identified by comparing the exporters and volumes set out in the date in which the Minutes for reason 1 was inserted with the exporters and volumes indicated on the date of the minutes prior to the rise of the vessel for the Official Lineup of the Export Corridor or when the reason 1 is no longer applied.

1.3 In detention charge, although received via string, each counterpart must check the terms of your contract (nomination date, date of obligation for load) before passing it on.

1.4 Failure to include a counterpart in the calculation of detention linked to reason 1 does not mean that it can not be responsible for detention if it is linked by reasons 2 or 3 before the vessel moves to the Official Lineup of the Export Corridor.

2) Specifically with regard to the reasons 2 and 3, the exporter (s) identified in the field Observation of the Minutes is responsible for detention from that date of insertion into reason 2 or 3 to the day before his entry into the Official Lineup of the Export Corridor as provided for in section 2.1 below.

2.1) If there is record in Minutes on a date prior to the vessel's entry in the Official Lineup of the Export Corridor to mention the name (s) of exporter (s) linked to reasons 2 or 3, delete the name of any exporter that had been previously mentioned, with specific regard to that exporter excluded, the calculation of the detention will be from the date on which it had been included in the Observation field and the vessel was withheld until the date of the Minutes on which your name ceased to be mentioned with the others.

2.2 Calculation of the detention must be made on the basis of exporters whose names were identified in the field Observation and will be proportional to volume (s) in which they were appointed to load on such a vessel.

3) In detention charge, even if received via a string, each counterpart must check the terms of your contract (nomination date, date of obligation to load) before passing it, including checking the pro-rata calculation taking into account the Minutes information and situation of strings. In order to guide the foregoing calculation, follow the steps with examples involving the calculation of a detention.

3.1) **STEP 1**: - Exporter Situation - check the Minutes to: (i) identify of all exporters that have been linked to the reasons 1, 2 or 3 as appropriate, and (ii) the number of days that each exporter remained linked to any reason to perform a pro-rata calculation and (iii) identify the volume in detention for each exporter (shown in Ton column on the Minutes).

Example of Step 1:

Exporter & Silo	Total volume of the goods in detention MT in accordance with column Ton of the minutes	Number of days the vessel withheld on the waiting line bound to each exporter
exporter 2 Silo 1	1,000	3
Exporter 2 Silo 2	4,000	3
Total exporter 2	5,000	
Exporter 4 Silo 1	2,000	3
Exporter 6 Silo 1	1,000	3
Total cargo in detention	8,000	

3.2) **STEP 2**: - Percentage responsible for detention of each exporter based on volume - Check the Minutes to identify the total volume in detention of each exporter and finding their share in the total volume of detention of the vessel.

Example of Step 2: Following the fictional data of volume and exporters mentioned in Example of Step 1, we would have the following proportion of each shipper, applying the cross multiplication:

8,000MT (= total cargo in detention of vessel)----------100%
5,000MT (= total cargo in detention of Exporter 2)------x

X = 62.5% (= portion of detention from exporter 2) but as he received two nominations, then: 12.5% regarding the nomination of 1,000 MT and 50% regarding the nomination of 4,000 MT.

3.3) **STEP 3**: - Pro-rata of the amount of detention for each exporter - check the proportion of each exporter with respect to the detention rate amount

Example of Step 3 – Whereas detention rate is of US$ 30,000/day, we have the following portions:

Exporter 2: Portion of the cargo in detention 62.5%

US$ 30,000.00 -------100% (detention fee amount)
X-------------------------62.5% (percentage of Exporter 2 responsibility)

X= US$ 18,750/dia (= percentage of the detention's fee amount due by Exporter 2, but as he received 2 nominations, then: US$ 3,750.00/day regarding detention related to the nomination of 1,000MT and
US$ 15,000.00/day regarding detention related to the nominations of 4,000MT.

Exporter 4 (2,000MT) US$ 7,500.00
Exporter 6 (1,000MT) US$ 3,750.00

Sum from Exporters 2,4 and 6 = US$ 30,000.00 (= amount per day of the detention rate)

3.4) **STEP 4**: - Allocation of the collection of detention in relation to the related counterpart - The final buyer should check the string to calculate the invoice and send the string to the other parties so that they can to follow the collection, each should check the date of submission of nomination and load obligation of the counterpart for the issuance of the respective invoice collection of detention.

Example of Step 4: Whereas the Final Buyer had four contracts with three different counterparts, illustrated below and that the number of days that the vessel was retained on the waiting list were 3 days and the daily fee of detention is $ 30,000, the calculation of invoices for each of the counterparts would be as follows:

Counterpart	MT Contractual Volume	Volume (MT) of cargo in detention according to string
1	10,000 Cak 1	1,000 Exporter 2
1	10,000 Cak 2	4,000 Exporter 2
2	30,000 Cak 3	2,000 Exporter 4
3	10,000 Cak 4	1,000 Exporter 6

Counterpart 1, with respect to Cak 1, invoice would be of US$ 11,250.00 which corresponds to detention of 1,000MT to the price of US$ 3,750/day x 3 days.

Counterpart 1, with respect to Cak 2, invoice would be of US$ 45,000.00 which corresponds to detention of 4,000MT to the price of US$ 15,000/day x 3 days.

Counterpart 2, with respect to Cak 3, invoice would be of US$ 22,500.00 which corresponds to detention of 2,000MT to the price of US$ 7,500/day x 3 days.

Counterpart 3, with respect to Cak 4, invoice would be of US$ 11,250.00 which corresponds to detention of 1,000MT to the price of US$ 3,750/day x 3 days.

Total charged: US$ 90,000.00.

XXX

São Paulo, December 23rd , 2015.

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