

TRADE TRANSACTION ENGAGEMENT & DUE DILIGENCE PROTOCOL

Document Status: *Mandatory Trade Engagement Framework*

Applies To: *All prospective and existing trade transactions introduced to LXXI Limited*

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PURPOSE

LXXI Limited ("LXXI") Originates, structures, facilitates and intermediates commercial transactions across commodities (energy, agriculture, minerals), capital goods and other strategic trade opportunities.

Given the size, complexity and cross-border nature of many of the transactions handled by LXXI, we operate a **verification-before-commitment** policy.

This policy has been established to ensure that LXXI does not advance a transaction to an advanced contractual stage before the identity, authority, capacity, product, title, financial capability, regulatory standing and execution capability of the relevant transaction parties have been sufficiently established.

The purpose is not merely to satisfy compliance requirements.

It is to protect:

- the commercial interests of the buyer;
- the commercial interests of the seller/supplier;
- LXXI's reputation;
- LXXI's institutional relationships;
- the integrity of its counterparties;
- the time and resources of all parties;
- the bankability and executability of the transaction.

Accordingly, **due diligence is an integral part of transaction qualification and shall commence before LXXI permits a transaction to progress to definitive contractual documentation.**

OUR NON-NEGOTIABLE PRINCIPLE

LXXI operates on one fundamental principle:

“VERIFY FIRST. COMMIT SECOND.”

An attractive transaction does not become a good transaction merely because:

- the price is attractive;
- the quantity is available;
- the parties are enthusiastic;
- a principal has issued an LOI;
- a mandate has been provided;
- a seller has issued an offer;
- a buyer has issued an ICPO;
- the parties have agreed commercial terms;
- an SPA has been circulated.

The transaction must first demonstrate that the parties and the underlying commercial proposition are capable of independent verification.

No transaction shall be permitted to reach SPA execution solely on the basis of commercial negotiations.

WHY WE HAVE ADOPTED THIS PROCESS

LXXI has identified a recurring transaction risk within the broader trade market: parties often become commercially committed to a transaction before the underlying due diligence has been completed.

This creates a situation in which:

1. a buyer may become committed to a supplier that cannot satisfy the buyer's compliance requirements;
2. a supplier may become committed to a buyer that cannot establish financial capacity;
3. LXXI may introduce parties before knowing whether both parties can pass institutional due diligence;
4. an SPA may be negotiated before material documentation has been verified;
5. a transaction may collapse after significant time and resources have already been expended;

6. LXXI may suffer reputational damage despite not being the source of the underlying deficiency.

LXXI therefore considers **counterparty readiness for due diligence to be part of transaction readiness.**

A party that cannot or will not provide reasonable documentation should not be represented by LXXI as an execution-ready counterparty.

SCOPE OF APPLICATION

This protocol applies to:

- crude oil transactions;
- refined petroleum products;
- LNG/LPG and gas-related products;
- agricultural commodities;
- cocoa;
- sesame;
- grains;
- coffee;
- palm products;
- minerals and metals;
- precious or strategic minerals;
- forestry products;
- capital goods;
- equipment;
- bulk commodities;
- Agro/Industrial Chemicals
- structured commodity transactions;
- import/export transactions;
- offtake arrangements;
- supply agreements;
- other transactions in which LXXI acts as broker, facilitator, intermediary, arranger or transaction adviser.

Where a transaction involves banking instruments, financing or structured trade finance, additional financial and banking due diligence shall apply.

OUR TRADE GATE SYSTEM

Every trade shall move through defined transaction gates.

The gates are:

GATE 0 — OPPORTUNITY RECEIPT

Receipt of LOI, ICPO, seller offer, buyer mandate or equivalent expression of interest.



GATE 1 — COMMERCIAL PRE-SCREENING

LXXI determines whether the transaction is commercially coherent and within its mandate.



GATE 2 — PARTY DUE DILIGENCE

Buyer, seller, supplier, principal and/or other material parties undergo initial KYC/KYB and authority verification.



GATE 3 — TRANSACTION DUE DILIGENCE

Product, title, availability, licences, origin, quantity, specification, logistics and other transaction fundamentals are verified.



GATE 4 — MUTUAL COUNTERPARTY QUALIFICATION

LXXI confirms that the proposed buyer and seller are each sufficiently qualified to be introduced to the other.



GATE 5 — COMMERCIAL MATCHING

Commercial terms are negotiated between qualified parties.



GATE 6 — TERM SHEET / HEADS OF TERMS

Material commercial terms are documented.



GATE 7 — SPA READINESS REVIEW

LXXI confirms that the parties have satisfied the documentary and commercial requirements necessary to proceed to definitive contractual documentation.



GATE 8 — SPA / DEFINITIVE AGREEMENT

SPA or other definitive contract is negotiated and executed.



GATE 9 — CONDITIONS PRECEDENT / CLOSING

Inspection, delivery, banking, logistics, payment, and other closing requirements are satisfied.



GATE 10 — EXECUTION & COMPLETION

Transaction is completed and formally closed.

CRITICAL RULE: *DUE DILIGENCE PRECEDES SPA*

The most important requirement under this protocol is:

NO SPA WITHOUT PRE-SPA DUE DILIGENCE.

The circulation or negotiation of an SPA shall not be treated as a substitute for due diligence.

Before LXXI permits a transaction to progress to definitive contractual documentation, the parties must have supplied the material documentation reasonably required to establish:

- who they are;
- who owns or controls them;
- who has authority to transact;
- what they are selling or buying;
- whether they possess or control the relevant product;
- whether the product can legally be sold;
- whether the transaction is commercially executable;
- whether the relevant parties can satisfy their obligations.

Where a proposed counterparty refuses, delays or repeatedly fails to provide reasonable documentation, LXXI may classify that party as “**Not Transaction Ready.**”

DOCUMENTATION MUST BE OBTAINED BEFORE COMMERCIAL DEPENDENCY IS CREATED

LXXI shall not deliberately allow a transaction to reach a stage where the success of the transaction depends upon a party that has not yet demonstrated its ability to satisfy reasonable due diligence requirements.

Accordingly, LXXI shall seek material due diligence documentation **before**:

- representing a party as verified;
- making substantive counterparty introductions;
- making a transaction-specific recommendation;
- circulating definitive contractual documentation;
- representing that the transaction is execution-ready;
- requesting the other party to commit significant resources;
- initiating banking or financing processes.

Limited preliminary commercial discussions may occur before completion of all diligence, but such discussions must be expressly understood to be **subject to successful due diligence and counterparty qualification**.

TWO-SIDED DUE DILIGENCE

LXXI shall not place the entire burden of diligence on one side of a transaction.

Where LXXI is facilitating a buyer-to-seller transaction, LXXI shall seek to qualify **both sides** before representing either party as transaction-ready.

For example:

SELLER/SUPPLIER QUALIFICATION

LXXI shall seek to establish:

- identity;
- ownership;
- authority;
- product availability;
- title/control;
- source/origin;

- licences;
- capacity;
- inspection capability;
- export capability;
- logistics;
- banking/payment capability;
- regulatory standing.

BUYER QUALIFICATION

LXXI shall seek to establish:

- identity;
- ownership;
- authority;
- purchasing mandate;
- financial capacity;
- intended use;
- import capability where relevant;
- banking capability;
- regulatory standing;
- logistics;
- ability to execute the proposed payment structure.

This creates a **mutual qualification environment**.

A seller should not be asked to disclose sensitive information to an unknown buyer, and a buyer should not be asked to commit funds to an unqualified seller.

LXXI's responsibility is to establish sufficient confidence on both sides before progressing the transaction.

MINIMUM SELLER/SUPPLIER DUE DILIGENCE

Depending on the commodity and jurisdiction, the following documents may be requested:

Corporate

- Certificate of Incorporation/Registration;
- current corporate registry extract;
- memorandum/articles or equivalent;
- registered address;
- directors;
- shareholders;
- ultimate beneficial owners;

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- authorised signatory identification;
- board resolution or transaction authority;
- company profile;
- relevant operating history.

Authority

- seller mandate;
- producer/refinery authorisation;
- distribution agreement where applicable;
- power of attorney where applicable;
- proof of authority from the actual principal;
- direct principal confirmation where required.

Product

- product specification;
- origin;
- quantity;
- availability;
- production/inventory evidence;
- allocation documentation where applicable;
- title documentation;
- warehouse/storage evidence where applicable;
- certificate of origin;
- inspection/assay documentation;
- relevant permits and licences.

Logistics

- loading location;
- terminal/storage details;
- export capability;
- transportation arrangements;
- inspection arrangements;
- delivery schedule;
- shipping documentation where applicable.

LXXI may request additional documentation according to the commodity and transaction structure.

MINIMUM BUYER DUE DILIGENCE

Depending on the transaction, the buyer may be required to provide:

- Certificate of Incorporation/Registration;
- corporate registry extract;
- company profile;
- directors/shareholders;
- UBO information;
- authorised signatory identification;
- purchasing mandate;
- evidence of relevant business activity;
- import licence where applicable;
- destination/storage capability where applicable;
- proof of funds or financial capacity where applicable;
- bank reference where appropriate;
- financing confirmation where applicable;
- evidence of ability to execute the proposed payment mechanism.

The exact level of financial disclosure shall be proportionate to the transaction and the payment structure.

DOCUMENTATION IS TRANSACTION-SPECIFIC

LXXI does not operate a “one-size-fits-all” documentation policy.

The required documentation will depend on:

- commodity;
- transaction value;
- country of origin;
- country of destination;
- Incoterm;
- payment mechanism;
- transaction structure;
- regulatory requirements;
- financing requirements;
- counterparty risk;
- product-specific risks.

A \$500,000 agricultural transaction will not necessarily require the same diligence as a \$50 million petroleum transaction.

However, the principle remains constant:

Material risks must be verified before material commitments are made.

THE 5-BUSINESS DAYS DOCUMENTATION PRINCIPLE

Upon preliminary acceptance of a transaction, LXXI may issue the applicable **Transaction Due Diligence Request List** to the relevant party.

The party will be expected to acknowledge receipt and provide the documents within an estimated completion timeline.

Where practical, material corporate and authority documentation should be submitted promptly, ordinarily within **5 business days** of formal request.

Where documents require additional time because they must be obtained from a principal, regulator, bank, refinery, producer, warehouse or other third party, the party must communicate this clearly and provide a realistic timeline.

Silence, repeated unexplained extensions or indefinite promises to “send later” shall be treated as a transaction risk indicator.

The 5-day principle is not intended to force parties to manufacture documents. It is intended to establish whether the counterparty is organised, responsive and genuinely capable of supporting the transaction.

THE “DOCUMENT-READY” TEST

Before LXXI represents a counterparty as transaction-ready, it must be satisfied that the counterparty is **document-ready**.

A document-ready party:

- knows what documents it possesses;
- knows what documents it does not possess;
- can identify the actual principal;
- can demonstrate its authority;
- can explain the origin of the product;
- can provide reasonable evidence supporting its claims;
- can obtain additional documentation from its principal where necessary;
- responds professionally to verification requests;
- does not continuously move the goalpost.

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A party that repeatedly says:

“We will provide it after SPA.”

or:

“The buyer does not need that yet.”

or:

“The principal does not release such documents until payment.”

or:

“Just trust us; the transaction is genuine.”

shall not automatically be treated as fraudulent, but shall be treated as **not yet qualified for progression** until the issue is resolved.

NO “BLIND INTRODUCTIONS”

LXXI shall avoid blind introductions wherever practicable.

A blind introduction occurs where one party is introduced to a trade without LXXI having first established sufficient information regarding the identity, authority and basic transactional capability of the parties involved.

Before a material introduction, LXXI should ordinarily know:

Who is the party?

Who do they represent?

What authority do they possess?

What exactly are they offering/requesting?

Can they substantiate the fundamental claim?

Are they capable of participating in the proposed transaction?

The purpose is not to disclose confidential information prematurely.

The purpose is to prevent LXXI from introducing an unqualified party into an institutional transaction.

PRE-SPA TRANSACTION DATA ROOM

For material transactions, LXXI may establish a controlled transaction data room.

The data room would contain the relevant documentation under appropriate access controls.

Typical sections include:

A. Corporate & KYC

Corporate registration, ownership, directors and signatory information.

B. Authority

Mandates, resolutions, powers of attorney and principal confirmations.

C. Product

Specifications, title, origin, quantity, allocation, inventory and inspection.

D. Regulatory

Licences, permits, certificates and applicable regulatory documentation.

E. Commercial

Offers, pricing, Incoterms, quantity, payment terms and delivery schedule.

F. Financial

Proof of funds, financing documentation and relevant banking information.

G. Logistics

Loading, storage, shipping, transportation and inspection arrangements.

H. Legal

NCNDA, term sheet, SPA draft and other contractual documentation.

~ The data room allows the transaction to become **document-ready before SPA-ready**.

INDEPENDENT VERIFICATION

Documents supplied by a party shall not automatically be treated as independently verified.

Where appropriate, LXXI may verify information through:

- corporate registries;
- issuing authorities;
- regulators;
- banks;
- recognised inspection companies;
- laboratories;
- producers;
- refineries;
- warehouses;
- terminals;
- government agencies;
- official corporate contact channels;
- other reliable independent sources.

Where independent verification is necessary, the party submitting the document shall cooperate with the process.

PRINCIPAL VERIFICATION

Where an intermediary claims to represent a principal, LXXI may require direct confirmation from the principal.

This is particularly important where the transaction involves:

- major commodity allocations;
- refineries;
- producers;
- mining companies;
- government entities;
- large institutional buyers;
- financial institutions;
- unusually large transaction volumes.

LXXI may independently verify the mandate using contact information obtained from sources other than the intermediary.

An intermediary's assertion that it is “mandated” shall not, by itself, constitute sufficient evidence of authority.

SELLER/SUPPLY PARTNER READINESS

Because LXXI frequently operates through supply-side relationships, every supply partner must understand that **LXXI's reputation depends on the supply partner's ability to satisfy reasonable buyer due diligence.**

A supply partner shall therefore be expected to provide the documentation reasonably necessary for a qualified buyer to evaluate the proposed transaction.

LXXI shall not knowingly introduce a supply partner to an institutional buyer where LXXI has reason to believe that the supply partner cannot satisfy normal transaction-level due diligence.

Likewise, LXXI shall not represent that a supply partner is “fully verified” where material verification remains outstanding.

BUYER READINESS

The same standard applies to buyers.

A buyer cannot demand extensive supplier due diligence while refusing to establish its own identity, authority and financial capability.

LXXI therefore operates a principle of:

MUTUAL DISCLOSURE PROPORTIONALITY

Each party should provide information reasonably necessary for the other party to assess the risks associated with its role in the transaction.

Sensitive information may be protected through appropriate confidentiality arrangements.

However, confidentiality shall not be used as a blanket justification for refusing legitimate due diligence.

WHEN CAN AN SPA BE CIRCULATED?

An SPA may be initiated only when the transaction has achieved sufficient **SPA Readiness**.

SPA Readiness generally requires:

- ☐ Buyer identified and qualified
- ☐ Seller identified and qualified
- ☐ Principal authority established
- ☐ Corporate KYC/KYB substantially completed
- ☐ UBO information obtained where required
- ☐ Product identified
- ☐ Product availability reasonably established
- ☐ Title/control reasonably established
- ☐ Quantity confirmed
- ☐ Specification confirmed
- ☐ Origin confirmed
- ☐ Price/pricing mechanism agreed in principle
- ☐ Incoterm agreed
- ☐ Delivery location agreed
- ☐ Delivery timeline agreed
- ☐ Inspection methodology agreed
- ☐ Payment mechanism agreed
- ☐ Relevant financial capacity established
- ☐ Regulatory requirements identified
- ☐ Material logistics requirements established
- ☐ Material red flags resolved
- ☐ Required counterparties qualified

Only then should the transaction ordinarily move into definitive contractual documentation.

SPA DOES NOT CURE DUE DILIGENCE DEFICIENCIES

An SPA shall never be used as a mechanism to “move the transaction forward” in the hope that missing due diligence documents will subsequently appear.

The following approach is prohibited as standard LXXI practice:

LOI → negotiations → SPA → request documents → discover supplier/buyer cannot provide documents → transaction collapses.

The preferred sequence is:

LOI → screening → DD → verification → mutual qualification → commercial agreement → SPA → execution.

Where a transaction requires an SPA before certain non-material documents can reasonably be obtained, the outstanding documents must be expressly identified and converted into appropriate contractual conditions precedent or other legally appropriate protections.

Such exceptions require internal approval.

CONDITIONS PRECEDENT

Where documentation cannot reasonably be completed before contract execution, LXXI shall seek to ensure that the relevant outstanding matters are appropriately reflected in the definitive contract.

Depending on the transaction, conditions precedent may include:

- satisfactory KYC;
- proof of title;
- regulatory approval;
- export licence;
- inspection certificate;
- proof of funds;
- bank authentication;
- financing approval;
- logistics confirmation;
- insurance;
- corporate authority;
- principal confirmation.

The existence of an SPA does not mean that the transaction is unconditional or execution-ready.

TRANSACTION RED FLAGS

The following behaviours shall trigger escalation:

1. Refusal to provide basic corporate documents.
2. Refusal to identify the actual principal.
3. Repeated delays in providing documents.
4. Documents promised only after SPA.
5. Sudden changes to the supplier or buyer.
6. Inconsistent corporate information.
7. Inconsistent product information.
8. Unusually attractive pricing without credible explanation.
9. Excessive intermediary layers.
10. Pressure to skip KYC.
11. Pressure to introduce parties before qualification.
12. Pressure to issue banking instruments before verification.
13. Requests for unexplained fees.
14. Requests to pay personal accounts.
15. Unverifiable bank documents.
16. Unverifiable inspection reports.
17. Refusal to permit reasonable independent verification.
18. Artificial urgency.
19. Threats that the allocation will disappear if documentation is requested.
20. Statements that “serious buyers do not ask for these documents.”
21. Statements that “documents will only be released after payment” where such documentation is fundamental to establishing the transaction.
22. Any indication of fraud, sanctions evasion, money laundering, bribery or other unlawful activity.

TRANSACTION SUSPENSION

LXXI may suspend a transaction where:

- a material document remains outstanding;
- verification cannot be completed;
- a counterparty becomes unresponsive;
- the transaction materially changes;
- new adverse information emerges;
- the supply partner fails to cooperate;
- the buyer fails to cooperate;
- banking requirements cannot be satisfied;

- regulatory issues emerge.

Suspension does not necessarily mean rejection.

It means:

“The transaction cannot progress until the identified deficiency is resolved.”

TRANSACTION REJECTION

LXXI may reject a transaction where:

- material information is false or misleading;
- authority cannot be established;
- product/title cannot be reasonably established;
- the counterparty refuses legitimate due diligence;
- the transaction presents unacceptable legal/compliance risk;
- the commercial structure is fundamentally non-viable;
- the parties cannot demonstrate capacity to perform;
- the transaction presents unacceptable reputational risk.

LXXI is not required to disclose confidential internal risk assessments.

DON'T BE SURPRISED BY DUE DILIGENCE

The LXXI due-diligence process is communicated at the beginning of the relationship precisely so that no party can reasonably claim later that the documentation requirements were unexpected.

By accepting engagement with LXXI, the client and/or counterparty acknowledges that:

Due diligence is not an obstacle introduced late in the transaction. It is a fundamental component of the transaction itself.

OUR REPRESENTATION STANDARD

LXXI shall distinguish between:

“INTRODUCED”

A party has been introduced to LXXI or identified as a potential counterparty.

“PRELIMINARILY QUALIFIED”

The party has passed initial screening but has not completed full transaction due diligence.

“VERIFIED”

The relevant identity, authority and transaction information have been satisfactorily verified to the level required for the specific transaction.

“EXECUTION READY”

The material conditions necessary for the transaction to proceed have been satisfied.

These terms shall not be used interchangeably.

In particular, **“introduced” does not mean “verified.”**

OUR REPUTATIONAL PROTECTION PRINCIPLE

LXXI's reputation is a transaction asset.

Accordingly, LXXI will not knowingly represent a counterparty as:

- legitimate;
- verified;
- authorised;
- financially capable;
- product-confirmed;
- execution-ready;

unless LXXI has a reasonable evidentiary basis for making that representation.

Where verification remains outstanding, LXXI shall communicate that status accurately.

CLIENT ACKNOWLEDGEMENT

By submitting an LOI or transaction proposal to LXXI, the prospective client acknowledges that:

1. LXXI operates a verification-first trade process.
 2. Submission of an LOI does not constitute acceptance of the transaction.
 3. Due diligence will commence before definitive contractual commitment.
 4. LXXI may request documentation from the client and/or its proposed counterparties.
 5. LXXI may independently verify information supplied.
 6. LXXI may require mutual qualification of buyer and seller.
 7. LXXI may suspend a transaction where required documentation is not provided.
 8. LXXI may reject a transaction where the identified risks cannot be satisfactorily resolved.
 9. No party may represent itself as LXXI's verified counterparty without written confirmation.
 10. LXXI does not guarantee that a transaction will close.
 11. The client remains responsible for the authenticity and accuracy of documents supplied by it.
 12. Commercial urgency does not override LXXI's verification requirements.
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OUR TRANSACTION CLOSING PHILOSOPHY

A successful transaction is not one in which LXXI gets parties to sign an SPA.

A successful transaction is one in which:

**the right parties were identified,
their authority was established,
the product was verified,
the money was verified,
the commercial terms were viable,
the legal structure was sound,
the logistics were executable,
the relevant risks were understood,
and the transaction successfully closed.**

LXXI therefore measures transaction quality by **execution integrity**, not by the number of SPAs signed.

FINAL TRADE RULE

NO VERIFICATION. NO REPRESENTATION.

NO QUALIFICATION. NO PROGRESSION.

NO PRE-SPA DUE DILIGENCE. NO SPA.

NO EXECUTION READINESS. NO COMMITMENT.

LXXI Limited reserves the right to amend, supplement or strengthen this protocol according to the nature, size, jurisdiction, commodity, regulatory environment and risk profile of any transaction.

The protocol is intended to create a disciplined transaction environment in which legitimate buyers, sellers and strategic partners can transact with greater confidence while protecting LXXI's institutional reputation and commercial interests.

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Structured Brokerage | Commodity Trade | Strategic Facilitation | Advisory | Venture catalyst services