

ARABICA COFFEE FUTURES CONTRACT 4/5

1. Contract information

Underlying	Green coffee beans produced in Brazil, 'coffea arabica' type 4-25 (4/5) or better, good cup or better, for delivery in the city of São Paulo, State of São Paulo, Brazil
Ticker	ICF
Contract size	One hundred (100) bags of sixty (60kg) net kilograms (equivalent to 6 metric tons).
Quotation	United States Dollars per bag up to two decimal places
Tick size	US\$ 0.05
Expiration Date	Sixth Trading Session Day before the last Business Day of the month of expiration. If this is not a Trading Session Day, expiration will occur in the immediately next trading session, with due regard for the special provisions in clause 6 below
Last Trading Day	Sixth Business Day before the last Business Day of the month of expiration
Contract Months	March, May, July, September, and December
Exchange rate benchmark	United States Dollar exchange rate determined by B3 and published on its website.

Exchange Rate Agreed	Rate adopted by B3 for exchange transactions ordered by the non-resident investors subject to CMN Resolution n. 2687
Settlement Price	Closing price expressed in United States Dollars per bag, ascertained and/or arbitrated daily by B3 at its discretion, for each authorized maturity for purposes of updating the value of open positions and determination of the daily variation margin and settlement of day trade transactions
Agribusiness Commodities Depository (DA)	Custodian establishment registered by B3 authorized to take deliveries of Arabica coffee for settlement of the contract

For the purposes of this contract, (i) "Business Day" shall be considered the day for the purposes of transactions conducted in the national financial market, pursuant to Resolution 4880 of December 23, 2020, of the National Monetary Council, as amended from time to time; and (ii) "Trading Session Day", any of the days in which there is a trading session on B3, according to the calendar released by B3.

2. Daily variation margin

Open positions at the end of each trading session will be adjusted based on the settlement price of the day determined according to the rules established by B3, with financial movement on the next Business Day. The daily variation margin of open positions shall be calculated up to the Trading Session Day before the date

of allocation of the Delivery Notice, according to the following formulas:

a. Daily variation of trades conducted on the day

$$AD_t = (PA_t - PO) \times 100 \times n$$

b. Daily variation of outstanding positions on the previous day

$$AD_t = (PA_t - PA_{t-1}) \times 100 \times n$$

Where:

AD_t = daily variation margin.

PA_t = settlement price of the day.

PO = traded price.

n = number of contracts.

PA_{t-1} = previous day's settlement price.

The value of the Daily Variation Margin (AD) calculated above, if positive, will be credited to the buyer, and debited from the seller. If the calculation results in a negative value, it will be debited from the buyer and credited to the seller.

3. Delivery points

The delivery must be made in warehouses registered with B3 in the category Agribusiness Custodians (DA) - coffee. In case of delivery in a different location other than the Municipality of São Paulo, the freight cost will be deducted to calculate the settlement value.

4. Certificate of classification and arbitration

Certification will be requested by the seller-principal to B3, through the DA, in the form adopted by B3.

B3 will register the certification request and will fulfill it by the respective entry order. The Certificate will be issued by B3 within five business days counted from the date of receipt of the respective samples, if they are delivered up to ten business days before the last day of the Delivery Notice registration period. If the samples are delivered after ten business days before the end of the Delivery Notice registration period, B3 is not liable for delivery of the results before the end of the registration period of the Delivery Notice.

Lot Samples extracted by the DA shall be sealed, one of the packages will be made available to the buyer for quality examination; the others shall be available to meet any compliance requests. The number of samples will be determined by B3. B3 will verify, if requested by the current or future owner of the coffee, the condition of the coffee *big bags* that are part of the lots deposited in the DAs and will analyze the type, sieves, color, appearance, and humidity to verify conformity. The costs of such service will be charged to the solicitant. Nonconforming lots may have their Certificates canceled.

B3 may, in periodic inspections and at its discretion, take samples of the certified coffee lots and analyze them under all its requirements to verify any quality discrepancies motivated by inadequate storage that, if demonstrated may entail penalties to the DA and cancellation of the Certificates.

Total or partial repacking of already certified lots will be allowed in case of ruptures in the *big bags*. Once the leak has been evidenced, the DA will first notify the depositor and B3 and then will repackage the coffee within ten days of the verification of the leak, at the expense of the seller. If during inspection B3 finds leaks in the big bags that are part of a lot, which has not been notified by the DA

or the depositor, the certificate may be canceled, and the DA may be subject to penalties.

5. Settlement conditions at expiration

a) Delivery Notice registration period

The sellers who choose not to close their positions in a negotiation session up to the last day of the negotiation shall electronically register a "Delivery Notice" within the period beginning on the first business day of the month of expiration and ending at 6pm on the seventh business day before the last business day of the month of expiration.

The Delivery Notice not only identifies the coffee lots to be delivered, but also constitutes a valid instrument through which the seller shall grant B3 full powers for the specific purpose of allowing it to transfer the coffee lots deposited with the DAs from the seller to the buyer or to a person appointed by the buyer.

b) Procedures for Delivery Notice electronic registration and allocation

Until the date of electronic registration of the Delivery Notice, the DA must send the following documents to B3, on behalf of the seller and through the Broker representing it:

- "Declaration of ownership and shipping list with the weight of the goods", which (i) states that the goods are free and clear from burdens of any kind, including pending tax matters; (ii) certifies that the big bags of the lot are new and are in perfect condition; and (iii) certifies that the costs of storage and insurance are paid covering the usual merchandise risks for 15 days from the date of issuance of the Delivery Notice; and

- “Transfer Order”, which informs B3 that the DA is aware of the seller’s decision to transfer the lots under its title to a third party (buyer or third party indicated by it), due to the physical settlement made through B3.

The seller shall, through its Broker, register the Certificates received, which must be confirmed electronically by the DA.

The Delivery Notices will be allocated by B3 to the buyers on the Business Day following the date of their electronic registration.

The Delivery Notices will be made available for the choice of the customers with long positions. B3 will offer the lots contained in these notices to the buyers, giving priority of allocation to those whose positions have been opened longer. Should there be no parties interested in receiving all or part of the commodity, B3 shall determine that the customer(s) who has(ve) held long position(s) for the greatest amount of time shall take delivery of the coffee.

The Delivery Notices submitted on a given day, which are not chosen during the trading session, shall be allocated to the buyers who have held positions for the greatest amount of time at the beginning of the same day, regardless of the transactions they perform during that day or in the after-hours session of the previous day.

c) Third-party assignment and billing

The sellers residing in Brazil may appoint third parties to deliver the coffee, provided they do so before electronic registration of the Delivery Notice. Non-resident sellers must appoint a substitute resident in Brazil to deliver the coffee, provided they do so before electronic registration of the Delivery Notice.

Buyers may indicate third parties to receive the coffee. Non-resident buyers who wish to receive the coffee must appoint a legal representative to arrange the transport and shipment of the merchandise for export and meet the remaining requirements defined by the Secretariat of Foreign Trade (Secex), of the Ministry of Development, Industry and Foreign Trade (MDIC).

Third parties will assume all obligations and requirements of this Contract until its final settlement. Additionally, the original buyers and sellers will remain liable for all the obligations of the third parties indicated, of any kind, until final settlement of the contract.

The buyer, its replacement or legal representative shall send to B3, through their Broker, the information requested for invoicing by 4pm of the second business day of the date of allocation of the Delivery Notice.

d) Lot formation

- The types will be 4-25 (4/5) or better, lower grades are not allowed. Billing will be done without premium if the grade is greater than 4-25 (4/5). The flat sieve coffee 15/16 as described in 'Sieves' below will be the reference formation (base).
- The coffee, which cannot be the result of fire salvations or contain foreign elements other than its customary, will be packed in big bags in optimal condition and may be returnable. Accepted packaging have the capacity equal to:
 - 1,200 kg net polypropylene interlocked fabric of dimensions equal to 1.08 meters wide, 1.08 meters long and 1.40 meters high, with a minimum weight of 3.00 kg and a maximum of

3.70 kg.

- 1,500 kilograms net of polypropylene fabric of no less than 220 grams per square meter, with latches, with a spring flap of a size equal to 1.25 meters wide, 1.25 meter long and a height of at least 1.30 meters and a maximum of 1.35 meters, with a minimum weight of 5.00 kilograms and a maximum of up to 5.50 kilograms.
- The coffee must be classified by B3, according to its rules and regulations, which conform to the prevailing legislation– Law 9.972, of May 25, 2000; Decree 3.664, of November 17, 2000; Normative Instruction 8, of June 11, 2003; and Federal Decree 6.268, of November 22, 2007 –, deposited in DA and forming lots.
- Coffee with a bad aspect, wet, muddy, damp or poorly dried, and coffee infested or with taste/smell that are not characteristic to *coffee arabica* cannot be delivered.
- The following maximum will be admitted:
 - 8% wormy or bored beans; and
 - 1% bullhead.
- Sieves:
 - Delivery of lots of flat beans, sieves 17/18/19 will be allowed, with a minimum of 35% 18-sieve or above, assuming a maximum of 10% leakage from sieve 17 to sieve 16. 16 sieve leakage and peaberry beans are not accepted.
 - Delivery of lots of flat beans, sieves 15/16 will be allowed, with a minimum of 30% of sieve 16 or above, allowing for a maximum leakage of 30% from sieve 15 to sieves 14 and 13,

with a maximum of 10% in sieve 13. Lots may contain a maximum of 10% peaberry beans.

- Delivery of peaberry lots, sieves 9, 10 and 11 will be accepted, passing a 20% pea berry maximum at sieve 10. Lots composed of pea berries may contain a maximum of 10% flat beans.
- To form a lot, the color of the coffee will be green or greenish; greenish as the characteristic color of the current crop or the immediately preceding one.
- Lots made up of coffee from different crops shall not be eligible for delivery.
- Upon delivery color variations will be permitted if the same initial characteristics are maintained due to the time elapsed between the date of issue of the Certificate and the date of delivery.
- Lots damaged by poor storage conditions may not be delivered.
- Lots will have a maximum of 100 bags of 60 kilograms net or 6,000 kilograms net and will be formed in one registered DA, where the goods are deposited. Deliveries of different types of packaging will not be allowed in the same lot.
- To form the trading unit, the delivery of at least 100 bags or 6,000 kilograms net will be allowed. If the seller wishes to transfer the coffee from one DA to another, the seller may do so without losing the validity of the Certificate but bearing the respective costs. The transfer must be requested by the Broker and authorized by B3, who will appoint an employee or a registered Quality Supervisor to accompany the transfer. If, during the transfer process, the big bags

are damaged, they must be exchanged at the expense of the coffee owner; otherwise, the Certificate will be canceled. The employee of B3 or registered Quality Supervisor who will accompany the transfer may, at its own discretion, request the coffee owner to exchange the big bags subject to cancellation of the Certificate.

e) Cash settlement upon expiration

Upon expiration of the contract, the cash settlement of the buyer's position upon the delivery and receipt of the goods will be made on the third business day following the date of allocation of the Delivery Notice. The transfer of the funds to the seller by B3 will occur on the fifth business day following the date of allocation of the Delivery Notice.

The settlement value per contract shall be calculated according to the following formula:

$$VL = \left\{ \left[C \times \left(1 - \frac{D_1}{100} \right) + D_2 \right] - D_3 \right\} \times P$$

Where:

VL= settlement value per contract.

C = settlement price of the trading session before the date of allocation of the Delivery Notice to the buyer.

D 1 = percentage discount, if any, depending on the time elapsed from the date of issuance of the Certificate and the date of allocation of the Delivery Notice.

D 2 = premium or discount regarding the formation of delivered sieves, if any.

D 3 = freight discount, if any. Freight discounts are periodically published by B3; and

P = total net weight of the lot delivered for settlement of a contract, expressed in kilograms, with two decimal places.

The discount for the time of issuance of the Certificate will be 0.5% every 30 days. The first discount will be applied on the 91st day of the date of issuance of the Certificate, for samples of coffee originating from the coast. When the coffee sample originates from an inland region, the first discount of 0.5% will apply to the Certificate from the 151st day of issuance.

The buyer may request the weighing of the coffee upon receipt. If such weighing differs from that certified by the DA, the settlement value will be adjusted in the proportion of the weight difference verified. Weighing expenses will be borne by buyer.

Billing will be done without premium if the grade is above 4-25 (4/5).

The DAs are responsible, before the coffee owners for the custody and conservation of the coffee lots deposited in their premises and any events that may affect them. In any event, the coffee owner remains solely and exclusively responsible for the fulfillment of its obligations with B3.

f) Other conditions

Physical delivery shall be effected when the seller issues an invoice to the buyer, according to the legislation in force. If the legislation foresees the application of ICMS, its value must be added to the settlement value for billing purposes. ICMS credit transfers will not be allowed for coffee deliveries where buyer and seller are established in the same State of the Federation, unless the ICMS legislation so requires.

When the seller is a rural producer, according to the legislation in force, the Social Security Contribution will be deducted from the settlement value. The payment

of the contribution shall be the responsibility of buyer. The buyer must send proof of such payment to B3.

The payment of PIS and Cofins, when due, will be the responsibility of seller. The values of such taxes will be considered included in the trading price and will not affect the settlement value.

B3 will issue a certificate containing the type of product delivered, quantity and financial settlement value (attaching copy of the Classification Certificate), which will be used, where applicable, by the legal representative of the non-resident buyer to obtain the sales and export records, as required by Secex.

g) Force majeure

In the event of impossibility of settlement by physical delivery arising from changes in legislation or from any other reasons recognized by B3 as force majeure, B3 may, at its discretion, postpone settlement periods and dates and/or determine the cash settlement of the transaction defining the prices for this.

h) Penalties

The delay in submitting to B3 of the billing data by the buyer and the invoice by the seller entails the application by B3 at its discretion and for its benefit, of a fine of no less than 1% per day over the settlement value imposed on the breaching party.

6. Special Provisions

a) Extraordinary Holiday

Extraordinary Holiday is defined as the holiday not foreseen in the national, state, or local calendar and not reflected in the calendar published by B3, established

by competent authorities, which does not permit the occurrence of a Trading Session at B3.

If the Extraordinary Holidays correspond to the days previously considered Business Days and occur:

- i. On the expiration date: the expiration date considered will be the Business Day immediately following the Extraordinary Holiday, maintaining the parameters in clause 5.e hereto for purposes of settlement calculation. In this situation, the last trading day will be the Business Day immediately before the Extraordinary Holiday.
- ii. During the Delivery Notice period: The period of delivery notice shall not be extended, except if the Extraordinary Holiday coincides with the seventh Business Day before the last Business Day of the expiration month (last day of registration of the Delivery Notice). In this event, last day for registration of the Delivery Notice will be the Business Day immediately after the Extraordinary Holiday.
- iii. On the last day of supply of the Certificate: the last day of supply of the Certificate will be the Business Day after the Extraordinary Holiday.

b) Other unforeseen situations

In the event of situations not foreseen in this instrument, including, without limitation, those arising from acts emanating from government entities, regulatory authorities or competent bodies, or any other facts, which directly or indirectly impact trading, the manner of calculation, representativeness, disclosure, availability or continuity of the underlying asset or any of the variables

of this contract, B3 shall take the measures it deems necessary, in its sole discretion, with a view to the settlement, continuity or extension of the contract on equivalent bases.

7. Conformity check

The buyer may also examine the compliance of the lots regarding storage conditions, type, sieve, appearance, and humidity. If buyer disagrees, it may by 9am on the second business day after the Delivery Notice is allocated, ask B3 to confirm such compliance. Once the non-compliance identified by buyer is confirmed, the seller must replace the lots by 9am on the fifth Business Day of the date of allocation of the Delivery Notice.

When requesting the compliance verification, the buyer shall pay B3 the ensuing travel expenses of the B3 representative, plus 1% of the value of the checked lot, calculated by the settlement price of the nearest future maturity on the day of the compliance check request; plus 0.5% for the checking of a second batch; plus 0.3% for the checking of one of the subsequent batches.

Once the lots are determined in non-conformity, seller will reimburse the buyer through B3 for the conformity check expenses but will not be exempt from the exchange of the goods.

Seller and buyer may also mutually agree on a discount over the settlement value. This agreement must be registered with B3.

8. Ex-pit transactions

Will be permitted until the last business day before the period of registration of the Delivery Notice with due regard for the conditions determined by B3 in its regulations and manuals.

9. Manner of payment and receipt of amounts related to the cash settlement

The cash settlement of the *day trade* transactions, daily variation margins and upon maturity is conducted as follows.

a) Non-resident clients - Regulated by CMN Resolution 2.687

The settlement is made in United States Dollars in New York, United States of America, by settlement institutions authorized by B3.

i. Transfer of exchange variation of exchange contracts

B3 will obtain the Agreed Exchange Rate and will do so based on the exchange quotation obtained by B3 from an exchange institution. Any financial difference between the settlement value of the principal determined by the B3 reference exchange rate and the settlement value calculated based on the Exchange Rate will be fully transferred to the non-resident principal.

The value of the financial transfer will be determined daily based on the settlement value for the non-resident principal and the respective financial transaction will be included in the multilateral net balance of such principal on the settlement date.

The transfer will be calculated pursuant to the following formula:

$$VR_t = Trunc \left\{ V_{liqDOLt} \times \left[\left(\frac{Tx_{referencialB3t}}{Tx_{cambiot}} \right) - 1 \right]; 2 \right\}$$

Where:

VR_t = value of the daily transfer in dollars on the "t date".

$V_{liqDOLt}$ = settlement value of the principal in dollars on the "t date".

$T_{xreferencialB3t}$ = United States reais for dollar exchange rate, as defined, on the "t" date.

$T_{xcambiocontrat}$ = rate adopted by B3 for exchange transactions ordered by the non-resident investors subject to CMN Resolution 2687, on the "t" date.

b) Resident and non-resident principals (except for CMN Resolution 2687)

The settlement is made in reais as outlined in the B3 Clearinghouse Operating Procedures Manual. The conversion of the cash settlement values will be made, if applicable, by the B3 Reference Exchange Rate for a specific date according to the nature of the value settled:

- a) On the settlement of day trade transactions: the exchange reference rate on the transaction day.
- b) On the settlement of daily variation margins: the reference exchange rate on the date to which the variation margin refers; and
- c) For cash settlements upon maturity: the reference exchange rate on the business day before the date of the cash settlement.

10. Applicable Law

This instrument is governed by and construed in accordance with the laws in force in the Federative Republic of Brazil.

11. Application of B3 standards and regulations

All standards, regulations, rules, and procedures disclosed by B3 shall apply to this instrument.

