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COMMERCIAL PROCUREMENT PROCEDURE

Client Guide for Bulk Fuel Transactions

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PURPOSE This guide sets out the standard sequence a prospective buyer should follow from initial qualification through payment and transfer of title. Please review it before submitting a buyer or transaction request.

BEFORE STARTING

Buyer readiness: The buyer must be a legally registered entity, represented by authorised signatories, and financially capable of completing the proposed transaction.

Transaction details: The required product, volume, destination, delivery basis, target price or pricing basis, and proposed payment method should be clear before documents are submitted.

Banking readiness: The buyer should confirm in advance that its bank can issue and authenticate the agreed financial instrument and related SWIFT messages.

IMPORTANT No party should skip a step, issue unverified documents, or incur material costs merely on the strength of informal assurances. Final requirements remain subject to the agreed offer, signed SPA, applicable law, port and customs rules, and the banks involved.

TRANSACTION AT A GLANCE

STEP	STAGE	KEY OUTPUT
1	Pre-qualification & due diligence	Buyer submits ICPO and KYC; seller performs compliance review.
2	Offer, negotiation & SPA	Seller issues SCO/FCO; parties agree and execute the SPA.
3	Financial instrument	Buyer's bank provides the agreed pre-advice and operative instrument.
4	Proof of Product	Seller releases the agreed POP documents after financial verification.
5	Logistical execution	FOB or CIF loading arrangements are activated.
6	Independent inspection	SGS/Intertek or another agreed inspector verifies quality and quantity.
7	Customs & shipping documents	Cargo is cleared and the Bill of Lading is issued.
8	Settlement & title transfer	Compliant documents trigger payment and transfer of ownership.



STEP 1 — PRE-QUALIFICATION AND DUE DILIGENCE

Objective: Confirm that both parties have the legal authority and financial capacity to transact before product arrangements are finalised.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Buyer action — ICPO submission	Issue an Irrevocable Corporate Purchase Order stating the fuel grade, required volume, target price or pricing basis, destination and desired Incoterms, normally FOB or CIF.
Buyer action — KYC package	Attach the company KYC profile, registration documents, authorised signatory details, and passport or identity copies for the authorised corporate signatories.
Seller action — compliance review	Verify the buyer's corporate standing, transaction track record and financial capability to handle the proposed bulk fuel purchase.

Completion point: The buyer is accepted for commercial engagement, or further compliance information is requested.

STEP 2 — CONTRACT NEGOTIATION AND SPA EXECUTION

Objective: Formalise the product, commercial, legal and delivery terms.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Seller action — SCO/FCO	Issue a Soft Corporate Offer or Full Corporate Offer setting out product specifications, available quantity, price or pricing formula, delivery basis, validity and transaction procedure.
Parties' action — SPA drafting	Prepare and review the Sales and Purchase Agreement, including the product, quantity, price, delivery schedule, inspection terms, payment security, document requirements, default provisions and penalties.
Parties' action — signing	Authorised representatives sign and seal the final SPA. Where required, each party submits or registers the executed agreement with its transaction bank.

Completion point: A fully executed SPA governs the transaction.



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STEP 3 — FINANCIAL INSTRUMENT ACTIVATION

Objective: Provide verified financial backing before the seller allocates product or activates logistics.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Buyer's bank — pre-advice	Where required by the SPA, transmit an MT799 or another agreed bank-to-bank pre-advice confirming readiness and capability to fund the transaction.
Buyer's bank — operative instrument	Issue the agreed irrevocable instrument, commonly an MT700 Documentary Letter of Credit or MT760 Standby Letter of Credit, for the initial shipment or agreed contract value.
Seller's bank — authentication	Authenticate and confirm that the message or instrument complies with the SPA before product allocation and logistical execution begin.

Completion point: The seller receives acceptable bank-to-bank financial confirmation.

STEP 4 — PRODUCT VERIFICATION AND PROOF OF PRODUCT

Objective: Demonstrate that the product exists, is allocated and can legally be supplied or exported.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Seller action — POP release	Release the partial or full Proof of Product package required by the SPA after the agreed financial condition has been satisfied.
Typical document — export licence/permit	Governmental or competent-authority approval authorising export, where applicable.
Typical document — allocation evidence	Refinery commitment, allocation letter or equivalent evidence showing that the agreed volume has been designated for the transaction.
Typical document — Tank Storage Receipt	Evidence identifying the storage terminal or tank in which the product is held, where applicable.
Typical document — product passport/specification	Technical data confirming the agreed grade and relevant standards, such as EN590/Euro 5 specifications or applicable aviation-fuel standards.

Completion point: The buyer receives the agreed evidence of product, allocation and supply authority.



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STEP 5 — LOGISTICAL EXECUTION AND TANK TESTING

Objective: Arrange loading, transport and access for verification according to the agreed Incoterm.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
FOB transaction — buyer	Nominate an acceptable vessel or secure an eligible shore tank within the time and conditions stated in the SPA.
FOB transaction — seller	Issue Dip Test Authorisation where this is part of the agreed procedure and facilitate authorised quantity and quality verification before injection or loading.
CIF transaction — seller	Charter or nominate the product tanker, arrange freight and insurance as agreed, prepare the loading schedule and coordinate terminal and port allocation.

Completion point: The agreed loading and transport arrangements are ready for inspection and execution.

STEP 6 — INDEPENDENT INSPECTION AND QUALITY CONTROL

Objective: Obtain independent confirmation of the cargo's quality and quantity.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Inspector action — sampling and measurement	An agreed independent inspection company, such as SGS or Intertek, samples and measures the product at the loading port or storage terminal.
Laboratory verification	Test the parameters applicable to the specified fuel, which may include density, sulphur content, flash point, water content and kinematic viscosity.
Inspector action — certificate	Issue the Quality and Quantity Certificate used as the agreed benchmark for loading confirmation and final invoicing.

Completion point: An independent Q&Q Certificate confirms the measured cargo.



STEP 7 — CUSTOMS CLEARANCE AND BILL OF LADING

Objective: Complete export formalities and place the cargo into international transit.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Seller/exporter — export declaration	File the customs declaration using the correct HS code, volume, origin and destination details.
Customs authority — release	Clear the cargo and issue the applicable export release or “Let Export Order” equivalent.
Carrier — Bill of Lading	The vessel master, carrier or shipping line issues the Ocean Bill of Lading as cargo receipt and, depending on its form and applicable law, a document of title.

Completion point: The cargo is cleared and the shipping document set is generated.

STEP 8 — SETTLEMENT AND TITLE TRANSFER

Objective: Complete payment against compliant documents and transfer legal ownership in accordance with the SPA.

RESPONSIBLE PARTY / ITEM	REQUIRED ACTION OR DOCUMENT
Seller — document presentation	Present the documentary set required by the SPA and financial instrument, normally including the Q&Q Certificate, Bill of Lading, Commercial Invoice and Certificate of Origin.
Banks — document examination	Examine the presented documents against the Letter of Credit or other instrument terms and address any discrepancies in accordance with the governing rules.
Buyer’s bank — payment	Upon compliant presentation and satisfaction of the instrument terms, release settlement through the agreed banking channel, which may include an MT103 transfer.
Seller — title documents	Release the agreed Certificate of Ownership or other title-transfer documentation, with ownership passing at the point specified in the SPA and applicable Incoterm.

Completion point: Payment is settled and title transfers as contractually agreed.