



Covenants of Sekkeh Gaz Co.

Sekkeh Gaz Company is one of the first commercial production corporations with private and family possession launched its production and mass industrial distribution in Isfahan in 1960s. Since it has been a start-up, Sekkeh Gaz Company has always tried to achieve the highest quality standards. The company is the biggest exporter of Gaz in Iran. Gaz is a traditional name of Persian nougat originating from the city of Isfahan.

The company's Product portfolio is consisted of 24 products and 5 categories. All products have the expiry date for 6-9 months.

Classic category includes Almond and Pistachio nougat with different nut percentages that is produced in two morsel and flour types. Chocolate nougat, also, belongs to this group.

Sekkeh Gaz Co., as the major Iranian producer of functional foods, along with its business visions, has launched to produce specific products that have additional functions. The mentioned products almost belong to healthy category.

Nougat is known as the most important souvenir of Isfahan. In this category, you would be faced with attractive packages and high quality nougat. The packages consist of metallic, woody, handmade and other unique boxes. These products are classified as prestige category.

It is obvious that nougat is much better than chocolate due to its high nutritional value and the absence of any artificial preservatives. However, our children use nougat more than chocolate. In kids' category, Sekkeh Gaz Co. presents special products for children.

In addition to nougat, the company offers other products such as Sohan, Cotton Candy, CoffeeGaz, etc.

The diversity of the countries' destination is an important indicator in classifying the value and importance of the company's export. We have reached a significant success in this field. We export the Iranian Gaz product to England, France, Germany, Switzerland, Norway, the Netherlands, Belgium, Denmark, Croatia, Ukraine, Poland, America, Canada, Ecuador, Australia, Japan, Malaysia,



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India, Iraq, United Arab Emirates, Qatar, Bahrain, Oman, Lebanon, Jordan, Syria, Libya, Congo, Mauritius and most of countries in the world. In recent years, the major company's exports have been to Iraq, United Arab Emirates, Australia and Saudi Arabia. High nutritional value, no use of chemicals and 100% natural product under internationally recognized standards are among the main reasons of success in our exports. The products have been mostly distributed in chain stores, hotels, gas stations, metro and subways around the world.

The Company' covenants with the Agent as follows:

The main reason to appoint a Distributor is that the Supplier is unable to carry out the distribution in a particular Territory alone, or is unwilling to invest and prepare its prerequisite infrastructure. The Supplier will wish to be assured that the distribution of the goods will be undertaken in an efficient and vigorous manner.

The company wants to sell through an agent (an intermediary) to customers. The agent is an intermediary who acts as a middleman for a specified or unspecified duration in the name of and on the account and the risk of the principal, against payment that becomes due when an agreement is entered into, and who is not sub-ordinate to the principal. The company himself lays down the price and other sales conditions. He has legal relationship not only with his agent, but also all his customers. No contract comes into being between the agent and the customer (the agent is an intermediary).

These are values that we respect in our work:

Prosperity: Creating prosperity for our customers, suppliers and distributors

Partnership: Creating ongoing win-win partnerships with our suppliers and our distributors

Innovation: Drive innovation through challenging the norm to find new and better ways of satisfying our customers

Excellence: Reaching excellence through selling the highest quality natural (and organic) products available

Dignity: Respect human Dignity all through delighting our customers



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Environment: Caring about our environment all the way through exploring opportunities to reduce our environmental footprint.

The current Company's strategy is to use non-exclusive channels of distribution. However, exclusive methods can also be considered in some special conditions.

In both manners (exclusive or non-exclusive partnership), agent shall not, directly or indirectly, develop, manufacture or distribute any products similar to or competitive with the product in the territory or elsewhere.

As it was mentioned earlier, the company prefers to use non-exclusive method.

There are some benefits for both agent and company:

- The agent or customer can order in short-term ranges and lower liquidity.
- All payments shall be made in cash and because of that the company dedicates more discounts and benefits for clients.
- The agreements are more achievable and have less cumbersome conditions.
- The company can guarantee its products healthier
- It is possible for agents or distributors to request an exclusive sale agency of company with special conditions and specific contract:
- The agency has appropriate warehouse to maintain products.
- The covenant must be set out in details for at least 3 years. (No one can become an exclusive sale agency at the first year of cooperation.)
- Orders must be in high volume and reach to the minimum annual performance requirements.

Minimum annual performance requirements:

Minimum annual performance requirements means those minimum annual performance targets (minimum performance targets) required to be satisfied by the agent or distributor (annually). This indicator is set, based on mutual agreement and in accordance with the distributor or agent conditions.



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Initial requirements for agencies:

Warehouse: distributor shall anticipate its future requirements for product and shall purchase and keep sufficient stock of product on hand and shall maintain adequately trained and experienced sales staff as well as appropriate premises and warehouse facilities and equipment (including vehicles) for stocking and sales of the product in order to meet the territory market demand.

Company's responsibilities towards the agents:

Risk of Loss and Damage

The risk of loss and damage to product shall pass to distributor immediately upon product being picked up by or on behalf of distributor, its agent or transport carrier, at company's warehouse and thereafter company shall not be responsible for any loss or damage to the product.

Quality of products

Returning is not accepted unless for the bad quality. (The reference for the quality is the company's quality control department)

The order is handled when 100percent of funds deposited into the account of company.

How to apply for agency

All customers, agents or distributors who want to order or request a partnership agreement, must visit our company's website and submit their requests and supporting documents right there:

- Name, brand and trademark
- History and background
- Experiences
- Capabilities, abilities and skills
- Equipment



Contract extension

It is started from 1 year contract and could be extended to 3 to 5 years.

Order Ranking & Assessment

Prioritize orders are based on the following criteria. These criteria are used to set for providing better services to customers. Therefore, the sale department must put this instruction to its signboard:

1. Margin rate
 - a. 20% margin rate
 - b. 10% margin rate
 - c. 5% margin rate
2. Novelty
 - a. New (products with a lifetime of less than one year)
 - b. Routine (products with a lifetime of less than one year)
3. Volume
 - a. high (more than 20 million Toman)
 - b. medium (more than 10 million Toman)
 - c. low (less than 10 million Toman)
4. Period of orders
 - a. high (more than 2 orders in month)
 - b. medium (2 orders in month)
 - c. low (1 order in month)
5. Collaboration history
 - a. high (more than 10 years)
 - b. medium (more than 5 years)
 - c. low (less than 5 years)
6. Attractiveness of market
 - a. high (Europe & America)
 - b. low (Eastern Asia, Middle East & Arab countries)
7. Time of orders
 - a. high seasons
 - b. low seasons



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The following table shows each of these criteria's rate

Weight Criteria	Margin rate			Novelty		Volume			Period of orders			Collaboration history			Attractiveness of market		Time of orders	
	high	medium	low	new	routine	high	medium	low	high	medium	low	high	medium	low	high	low	high	low
Total	25			15		10			15			15			10		10	
Sub- criteria	55	35	10	70	30	55	35	10	55	35	10	0.55	0.35	0.1	0.7	0.3	0.7	0.3
Prioritize	1375	875	250	1050	450	550	350	100	1100	700	150	825	525	150	700	300	700	300



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Transportation conditions, obligations, responsibilities and risks

Term	conditions, obligations, responsibilities and risks	Benefits for buyer
EXW	<p>Buyer incurs the risks for bringing the goods to their final destination. The company does not load the goods on collecting vehicles and does not clear them for export. If the company does load the goods, he does so at buyer's risk and cost. If parties wish company to be responsible for the loading of the goods on departure and to bear the risk and all costs of such loading, this must be made clear by adding explicit wording to this effect in the contract of sale.</p> <p>The buyer arranges the pickup of the freight from the supplier's designated ship site, owns the in-transit freight, and is responsible for clearing the goods through Customs. The buyer is responsible for completing all the export documentation. Cost of goods sold transfers from the seller to the buyer.</p>	10% discount
FCA	<p>The company delivers the goods export cleared to the carrier stipulated by the buyer or another party authorized to pick up goods at the company's premises or another named place. Buyer assumes all risks and costs associated with delivery of goods to final destination including transportation after delivery to carrier and any customs fees to import the product into a foreign country.</p>	5% discount
FAS	<p>Company clears the goods for export and delivers them when they are placed alongside the vessel at the named port of shipment. Buyer assumes all risks/costs for goods from this point forward.</p>	5% discount
FOB	<p>Company clears the goods for export and delivers them when they are onboard the vessel at the named port of shipment. Buyer assumes all risks/cost for goods from this moment forward.</p>	

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