

AVIBRAS AEROCO

SHIPPING POLICY

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1 REVISION CONTROL

Revision	Date	Section	Page	Subject of Revision
0	01/11/21	-	All	Initial Version

2 SCOPE

Avibras Aeroco Shipping Policy sets forth the requirements that Suppliers must comply with in order to ship material purchased by Avibras Aeroco with Brazil as the final destination.

Avibras Aeroco Shipping Policy sets forth Brazilian Customs Regulations, therefore Suppliers that fails to comply with this policy may incur in shipments being held by customs, loss of import/export privileges and monetary penalties for which the Supplier will be responsible for. Moreover, delays due to lack of Avibras Aeroco Shipping Policy compliance will directly affect Suppliers On Time Delivery performance.

This policy applies only for shipments to Avibras Aeroco. Shipments to others countries shall have their own specific requirements and Logistics Service Providers.

3 INSTRUCTIONS for INVOICING

3.1 INVOICE

All invoices must always be in accordance with the Purchase Order and the article 557 of the Brazilian Customs Regulation: <https://www.gov.br/receitafederal/pt-br/assuntos/aduana-e-comercio-exterior/manuais/despacho-de-importacao/topicos-1/despacho-de-importacao/documentos-instrutivos-do-despacho/fatura-comercial>.

Therefore, all invoices must contain the following information:

1. Invoice Number
2. Date of Issuance
3. Purchase Order Number
4. Exporter's full name, address and TAX ID / EIN
5. Importer's full name and address
6. Manufacturer's full name and address for each material described on the invoice
7. Country of Origin (the manufacturer's country). This information has to be provided per material.
8. Incoterms 2020 and Delivery Place (according to International Chamber of Commerce – Paris <http://www.iccwbo.org/>)
9. Payment Terms
10. Part Number of each material
11. Serial number of each material (if applicable)
12. Complete description of Materials written in English only.
13. Complete description of each material, including:
 - Avibras code number for each material.
 - Export License number, when applicable. For Materials controlled by customs at country of origin, which requires Export License (e.g. Department of State License, ITAR and others), invoice contain the type and the number of the Export License. If it's not required, invoice must mention: "EXPORT LICENSE NOT REQUIRED (NLR) "
 - License Determination per item (Export Control Classification Number - ECCN)
14. Item quantity and unit of measurements (the measures must be in accordance with Avibras' Purchase Order)
15. Negotiated currency in accordance with Avibras' Purchase Order.
16. Unit Price and Total Price in accordance with Avibras' Purchase Order
17. Total Amount of the Invoice
18. Schedule B per item
19. Quantity of packages

20. Type of packages
21. Packages dimensions
22. Total Net weight
23. Total Gross Weight
24. Invoice page number under “1 of 3, 2 of 3, 3 of 3” format
25. Signature

Additional information:

- All entries must be typed and **no** handwritten entries are acceptable.
- Added charges, if any, (e.g. packaging charges) in accordance with Avibras’ Purchase Order.
- If the material is used, it must be declared on the invoice.
- Manufacturing year and model might be mandatory for large equipment.
- CofC (Certificate of Conformance) must be a separate document.
- Cargo picture and IPPC stamp in case of wood box/crate/pallet.

For NO CHARGE PO’s, the following statement must be printed on the invoice: “VALUE FOR CUSTOMS PURPOSES ONLY”. Even in this case, the Supplier must include the unit and total price of each Material. In these cases, the payment term field must be NO CHARGE.

The Original Invoice must be issued in English language, in Supplier’s official letterhead or standard invoice form. It must be clear and readable. It must be identified or stamped with the word “ORIGINAL” on it.

Photocopy and scanned invoices are acceptable only if it is signed.

If supplier is not able to inform the Schedule B and License Determination on the invoice, Shippers Letter of Instruction (SLI) form must be sent completely fulfilled and signed for each invoice.

The INCOTERMS specified on the Purchase Order are strictly mandatory and must be followed by Supplier. The complete list of INCOTERMS may be found at the International Chamber of Commerce website (<http://www.iccwbo.org>):

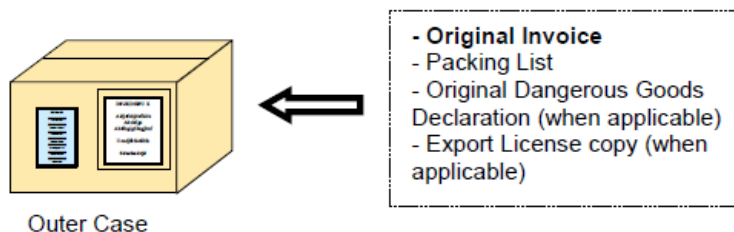
- In case of **DAP** and **CIF shipment**, costs (freight + insurance) must be informed in the invoice.
- In case of **CPT shipment**, cost (freight) must be informed in the invoice.
- If **FCA** or **EXW**, there is no need to add freight and insurance costs.

Important to emphasize that all products informed in the documentation MUST be exactly the same as the ones physically in the package.

3.2 INVOICE – DISTRIBUTION

One (1) signed Original Invoice must be enclosed in a waterproof envelope, secured, and attached to the **OUTSIDE** of the package. If the shipment has more than one package, every package must have an invoice copy attached outside and one of them must have the original. This Original Invoice must be the one used for payment and customs purposes. The Original Invoice must contain all information outlined above as required by Avibras’ Shipping Policy.

3.2.1 ORIGINAL INVOICE



The Original signed Invoice must always be secured and attached to the OUTSIDE of Outer case.

If any change is made in the invoice, due to any reason after the material was shipped out from Supplier's facility, it is Supplier's responsibility to replace the previous documentation sent with the cargo and also inform Avibras' Purchasing Department immediately. This must be done before the shipment.

3.2.2 INVOICE COPY

Assigned Invoice copy **MUST** be sent to Avibras' Logistics International Department within one (1) calendar day after its issuance to the following e-mail: invoices@avibrasaeroco.com

The requirements are:

- The minimum file resolution must be 300dpi.
- Send one (1) invoice per file.
- File format must be in PDF format.
- The images must be aligned and cannot be upside down nor have any rotation
- Editable file will not be accepted nor processed.

3.3 INVOICE – EXAMPLE

Original letterhead and trademark		Exporter/Supplier Full name, address and TAX ID		PAGE: 1 of 1	
ORIGINAL INVOICE				INVOICE NUMBER: INVOICE ISSUANCE DATE:	
BILL TO: Name: Address: City - State: Country: CNPJ No:		SHIP TO: Name: Address: City - State: Country: CNPJ No:		FREIGHT FORWARDER:	
PURCHASE ORDER		COUNTRY OF SOURCE	COUNTRY OF ACQUISITION	INCOTERMS	PACKING LIST NUMBER
DOMESTIC TRACKING NUMBER:		PAYMENT TERMS:		CURRENCY:	
PART NUMBER	DESCRIPTION OF GOODS, OTHER MARKS AND REFERENCES	PO LINE	QUANTITY UN	PRICE UNIT	TOTAL
XXX999-2	DESCRIPTION CEMB: XXXX Net Weight/Item: XX KG MANUFACTURER: Manufacturer's name Address City State ZIP Code COUNTRY OF ORIGIN: XXXXXX SCHEDULE B: XXXXXX ECCN: XXXXXX LICENSE DETERMINATION: XXX	10	XX EA	\$ XXXX.XX	\$ XXXX.XX
YYY999-3	DESCRIPTION CEMB: XXXX Net Weight/Item: XX KG MANUFACTURER: Manufacturer's name Address City State ZIP Code COUNTRY OF ORIGIN: XXXXXX SCHEDULE B: XXXXXX ECCN: XXXXXX LICENSE DETERMINATION: XXX	20	XX KG	\$ XXXX.XX	\$ XXXX.XX
BOX QUANTITY	TYPE OF PACKAGE	BOX DIMENSIONS	TOTAL NET WEIGHT	TOTAL GROSS WEIGHT	
X	CARDBOARD BOX	Xcm / Xcm / Xcm	XXX kg	XXXX kg	
X	CRATE	Xm / Xm / Xm	XXX kg	XXXX kg	
NAME:		TITLE:			
SIGNATURE:		DATE:			
As per Brazilian Customs all Invoices MUST be hand signed in blue ink				TOTAL AMOUNT	\$ XXXX.XX

4 PACKING LIST

4.1 PACKING LIST – ESSENTIAL INFORMATION

The Packing List is a MANDATORY document for Customs clearance in Brazil. As required by Brazilian Legislation, the Packing List shall contain the following information and must be in accordance with the Purchase Order and Invoice details:

- Packing list number
- Exporter's full name
- Importer's full name
- Quantity and type of package
- Dimensions (meter)
- Unit Net Weight
- Total Net Weight
- Total Gross Weight
- Part number and Description
- Number of items and unit of measurements
- Purchase Order number
- Part number
- Packing list page number under "1 of 3, 2 of 3, 3 of 3" format

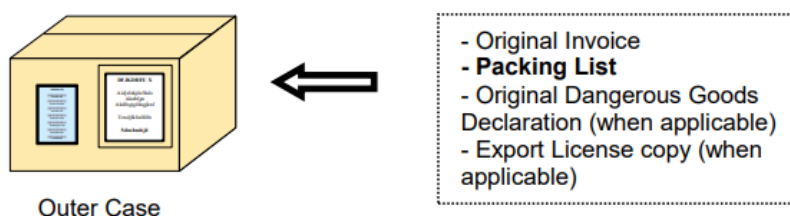
Additional information:

- All entries must be typed and **no** handwritten entries are acceptable
- Packing List cannot be used as quality documents such as CofC (Certificate of Conformance). They must be separate documents
- It is not necessary to sign the packing list.
- The Packing List must be issued in Supplier's official letterhead or standard form. It must be clear and readable.

The main purpose of the Packing List is to identify the item and quantity inside of each package.

4.2 Packing List Distribution

The Packing List must always be secure attached to the OUTSIDE of Outer case. Materials received at Freight Forwarder without Packing List will not be shipped to Brazil until the receipt of such documents by Freight Forwarder.



4.3 PACKING LIST – EXAMPLE

Original letterhead and trademark		Exporter/Supplier Full name, address and TAX ID		PAGE: 1 of 1		
PACKING LIST				PACKING LIST NUMBER: PACKING LIST ISSUANCE DATE:		
BILL TO: Name: Address: City - State: Country: CNPJ No:			SHIP TO: Name: Address: City - State: Country: CNPJ No:			
PACKAGE			PART NUMBER AND DESCRIPTION	QUANTITY	UM	PO
NUMBER	DIMENSIONS	TYPE				
1 of 2	XX / XX / XX	CARTON	PN AND DESCRIPTION	XX	EA	XXXXXXXXXX
			PN AND DESCRIPTION	XX	EA	XXXXXXXXXX
2 of 2	XX / XX / XX	CRATE	PN AND DESCRIPTION	XX	EA	XXXXXXXXXX
			PN AND DESCRIPTION	XX	EA	XXXXXXXXXX
			PN AND DESCRIPTION	XX	EA	XXXXXXXXXX

5 QUALITY ASSURANCE DOCUMENTS

5.1 ORIGINAL CERTIFICATE OF CONFORMANCE (CofC)

The Certificate of Conformance is a MANDATORY document.

The Test Report Certificate of Conformance (CofC), as requested in the Purchase Order, shall be sent along with the materials.

Suppliers shall state in the CofC that the materials being supplied are in accordance with the requirements of **the Purchase Specifications (ECs)** and the Purchase Order and shall also include the following information:

- Part Number/Avibras Code and Serial Number /Batch Identification (whatever applicable) and
- PO Number / Invoice Number (NF) and
- Associated Concession Reports, if any,
- For limited /shelf life materials, the manufacturing date shall be stated in the CofC with the exception of the manufacturing date if it is already declared in the package/material. If applicable to the material, the associate Standard / Specification shall also be mentioned in the CofC.

The CofC shall contain the signature of Supplier's Quality Representative or the Representative delegated by Supplier's Quality Department.

Note: Documents without signature can be accepted providing it is clearly stated the signature is system's generated and the documents are valid without signature.

The CofC issued by distributors shall identify the original Manufacturer's address or the Manufacturer's Invoice number for the materials referred in the CofC or inform that the original CofC is kept on file at the distributor's premises and is available for evaluation.

As an alternative, the distributor can send a copy of the original CofC. The TR shall declare that the materials being supplied are in compliance with the requirements of the Purchase Order and shall also include the Test Results, which are based on inspection carried out by the manufacturer in accordance with applicable procedures, approved product specifications and consolidated manufacturing processes.

Every applicable Quality Assurance Document of each item of the Purchase Order shall be compiled in a single unencrypted PDF file following the indexing rule for the file name: **"PO_[PO Number]_[ITEM Number].pdf"**

For compilations of Quality Assurance Documents from multiple Lines of the same PO, Supplier shall add the number of the lines in the PDF name as follows: **"PO_[PO Number]_[PO Item 1 Number]_[PO Item 2 Number]_..._[PO Item n Number].pdf"**

A signed CofC copy **MUST** be sent to Avibras Purchase Department within one (1) calendar day after its issuance to the following e-mail: invoices@avibrasaeroco.com

6 SHIPPER'S DECLARATION – DANGEROUS GOODS

The Original Shipper's Declaration for Dangerous Goods (DGD) is a mandatory document to transport the material.

The Supplier is responsible to issue it for the **domestic and international** transportation. Depending on the transportation, the DGD must be in accordance with:

- **ROAD:** *International Carriage of Dangerous Goods by Road* at <http://www.unece.org>.
- **AIR:** *International Air Transport Association* homepage at <http://www.iata.org>.
- **SEA:** *International Maritime Dangerous Goods* at <http://www.imo.org>.

Important:

- All Shipper's Declaration **MUST** be typed. Handwritten declarations will not be accepted.
- The Shipper's Declaration must present Avibras as the Consignee in accordance with the Purchase Order.

7 PACKAGING

All Materials must be prepared and packed to prevent damage and deterioration during the full Logistic cycle. Packaging design has to be suitable and consistent with the requirements and limitations of the transportation mode specified by Avibras and shall follow the specifications of International Air Transport Association ("IATA") for air transport and of International Maritime Organization ("IMO") for maritime transport. Supplier will be totally responsible for the design and manufacture of the packaging of its Materials.

Materials shipped in the event of an urgency will be packaged and shipped separately, and shall be identified as such.

For Export Controlled Products, Supplier must identify all boxes with the phrase: EXPORT CONTROLLED MATERIAL. If the cargo is consolidated, export controlled products shall not be unitized with non-controlled materials.

When designing the package, Supplier should also consider the logistics costs and environmental impacts. This means that the package should be as small as possible, should use recycled materials where possible, and should create minimum residue. In addition, Supplier must guarantee the integrity of the material during transportation from their plant to Brazil.

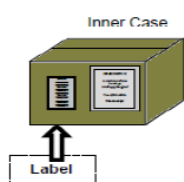
8 MARKS ON CARTON

Packages must always be identified in **ACCORDANCE** with the material inside of it.

Important Information: In case of not having inner boxes, the inner label shall be considered as the only label to be used and must be placed outside the box replacing the outer label.

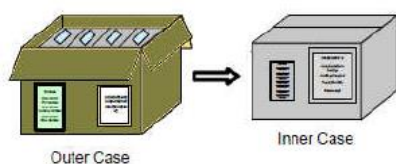
8.1 INNER LABEL

- Importer's full address (final destination informed in the PO)
- Exporter's full address
 - Avibras Purchase Order number
 - Invoice number
 - Part number (PN)
 - Avibras code
 - PN quantity
 - Lot number
 - Case number using the "1 of 3, 2 of 3, 3 of 3" format



8.2 OUTER LABEL

- AVIBRAS FULL ADDRESS (final destination informed at the PO)
- EXPORTER FULL ADDRESS
- AVIBRAS PURCHASE ORDER NUMBER (PO#)
- INVOICE NUMBER
- BOX NUMBER (e.g. 1 of 3, 2 of 3, 3 of 3)



Instructions:

- Materials cannot be shipped WITHOUT Avibras previous authorization.
- Sea shipments must have the material Harmonized Code (04 – four first digits) listed on the Bill of

Lading for prepaid shipments.

8.3 EXPORT DOCUMENTS AT ORIGIN (when applicable)

According to the agreed Incoterms, Supplier is responsible to obtain, monitor, control and/or provide all information necessary for the material export clearance at the origin, including, but not limited to:

- **Mandatory documents for export clearance at the origin.**
 For example, ITN number for shipments from the USA or the EX1 form from Europe. If the EEI on AES is performed by the supplier, this information must be informed to the Freight Forwarder, preferably on the invoice. Must be considered one export document per PO / Invoice.
- **Export license:**
 License must have the same address as identified in Avibras' Purchase Order. Supplier is solely responsible for the control of balance, validation and lodge process of the export license. Suppliers must send a copy of the license with all required documents (outside the package).
- **Certificate of Origin and Dangerous Goods Declaration:**
 Supplier is responsible for the issuance and shipping of original documents to freight forwarder when necessary.
- **Schedule B and ECCN/UMSL (for items shipped from USA):** Supplier is responsible to provide the correct classification in all applicable documents. Note that such information is mandatory for USA clearance process.

8.4 EXPORT CONTROLLED MATERIAL LABEL

For Export Controlled Products, Supplier must identify all boxes using two labels at least and, preferably, in two opposite sides with the phrase: EXPORT CONTROLLED MATERIAL. If the cargo is consolidated, export controlled products shall not be unitized with non-controlled materials.



8.5 WOODEN CRATES

Supplier shall NOT use raw wooden crates of pallets nor raw wood. Alternatives such as plastic, plywood or metal pallets, which does not need special treatment, should be considered first.

Exceptionally, in cases where the chosen pallets do not support the cargo weight, Supplier may use pallets made of treated wood in compliance with ISPM 15. Full requirements must be checked at <https://www.ippc.int>.

Brazilian Customs requires "enhanced" ISPM15 compliance requiring to have "all pieces of wood" to be individually stamped to ISPM15 requirements.

If the Brazilian Ministry of Agriculture (MAPA) does not approve the wooden packaging, the cost of repackaging or retreatment will be charged to Supplier. If the packaging is not accepted, it will return to Supplier and Supplier shall pay the logistic costs of such return with no reimbursement by Avibras

8.6 RULES FOR SOLID WOOD PACKINGS

If the box/pallet have **any part** in solid wood this part must have the fumigation stamp as per the International

Legislation plus the certificate. It is required to have an Identification number linking both stamp and certificate. All sides of the box must be stamped, as well as its feet.

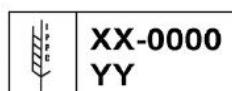
8.7 ALLOWED: PLYWOOD, VENEER, MDF



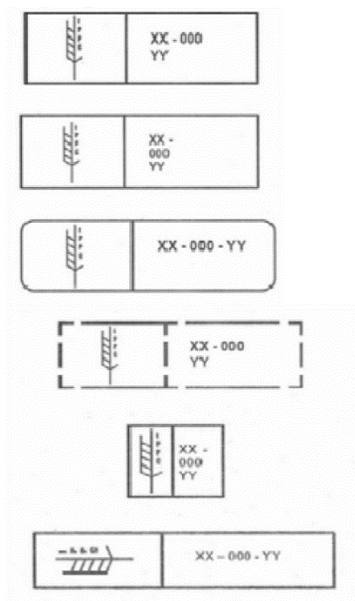
8.8 NOT ALLOWED: solid wood not properly fumigated



8.9 SOLID WOOD FUMIGATED: READABLE STAMP



8.10 APPROVED MARKINGS



For more information, visit:

- ISPM 15 at <https://www.ippc.int>
- Brazilian Ministry of Agriculture Instructions (Instrução Normativa MAPA Nº32/ 23 de setembro de 2015) at <http://www.gov.br/receitafederal/pt-br/assuntos/aduana-e-comercio-exterior/manuais/despacho-de-importacao/legislacao/outras-normas/instrucao-normativa-mapa-no-32-2015>
- Avibras' Wood Packing Material Guideline

9 SHIPPING INSTRUCTIONS

Shipments shall be made strictly in accordance with the Purchase Order. All of the documents and labels must exactly match the material shipped. Avibras will not authorize the Freight Forwarder to ship materials with discrepancies in the documents.

Under any circumstances, Avibras will accept shipments via courier. Materials shipped under this method will be refused.

The INCOTERMS specified in the Purchase Order are strictly mandatory and must be followed by Supplier. The complete list of INCOTERMS may be found at the International Chamber of Commerce website (<http://www.iccwbo.org>).

When the Incoterms in the PO define Avibras as responsible for the domestic transportation charges, Supplier must contact Avibras to request Freight Forwarder pick up. For example: Ex-Works Supplier's Plant or FCA Supplier's Plant. The information below is required:

- Purchase Order number
- Invoice number
- Pick up address

- Contact person
- Package dimensions
- Package weight
- Package quantity
- Any special instructions

When the Incoterm in the PO define supplier as responsible for the domestic transportation charges, Supplier must request Avibras' Freight Forwarder information contact to deliver the material.

Partial shipment may only be made with previous written agreement between Avibras (directly through its Purchase Department) and Supplier.

Once approved by Avibras, Supplier will provide the invoice reflecting the partial shipment.

The freight forwarder is not authorized to ship Materials with discrepancies on the document.

Shipments cannot be sent to Brazil WITHOUT Avibras previous authorization (GREEN LIGHT). Any extra cost for shipping without Avibras' green light will be charged to the Supplier.

9.1 PREPAID SHIPMENTS (International freight charges)

All purchase orders that specify international freight to be paid by the Supplier, will have the international logistics process under their responsibility.

- Materials cannot be shipped WITHOUT Avibras' previous authorization.
- HAWB copies must be sent to invoices@avibrasaeroco.com at least 12 hours prior to the shipment arrival.
- The freight charges must be declared in the invoice and must match the values in the HAWB/BL.
 - Sea shipments must have the material Harmonized Code (04 – four first digits) listed on the Bill of Lading.

10 ADMINISTRATIVE SANCTIONS

Avibras' Shipping Policy foresees the attendance to Brazilian Customs Regulations, the non-compliance of the above mentioned requirements may result in administrative sanctions and/or penalties/fines to Avibras. In case of any monetary penalties/fines, Avibras will revert them to the Supplier.

10.1 MISSING MATERIAL

In case of missing items, fines are applicable. Please find an example below:

- Example: 100 Items stated in the invoice but only 80 items received = missing 20 items
Payment of all import taxes of 20 missing items;
- Fine of 0,33% per day from the import declaration date at Brazilian Customs, with maximum limit of 20% over the value of import taxes as well as Brazilian Selic Tax over the value of import taxes;
- Fine of 1% of the import value (CIF value); and
- Fine of 50% of the import tax for the missing parts.

10.2 EXCESS MATERIAL

In case of excessive items, fines are applicable. Please find an example below:

Example: stated 100 Items in the invoice but 120 Items received = excess of 20 Items

- Payment of all import taxes on 20 exceeding items;
- Fine of 1% of the import value (CIF value);
- Fine of 0,33% per day from the import declaration date at Brazilian Customs, with maximum limit of 20% over the value of import taxes as well as Brazilian Selic Tax over the value of import taxes; and
- Fine of 30% over the customs value in case of missing Import License.

10.3 MISSING ORIGINAL INVOICE

In case of missing original invoice, fines are applicable. In this case:

- Fine of 5% of the import value (CIF value) in case of non delivery of the Original Invoice.
- In accordance with Brazilian regulation, Article 710 of the Customs Regulation, Decree 6.759/10 (06/09/2009).

10.4 MISSING PACKING LIST

In case of missing Packing List, fines are applicable. In this case:

- Fine of R\$ 500,00 per shipment if the packing list does not accompany the shipment.
- In accordance with article 710, paragraph VIII of the Customs Regulation, Decree 6.759/10 (06/02/2009) following Brazilian regulations.

11 PAYMENT INFORMATION

Invoice must contain Supplier's bank name, address and account number. Such information must be kept updated by the Supplier and the correct information must be sent to: invoices@avibrasaeroco.com

If you have any questions, comments, suggestions please contact us by email invoices@avibrasaeroco.com