

## GENERAL WORK PROCEDURES FOR THE SHIPMENTS TO BRAZIL

### AIRFREIGHT SHIPMENTS

#### MAWBs:

- 1) MAWB Consignee: please see the complete name/address/CNPJ nr on each Branch at the end of this instruction.
- 2) **CNPJ nr (Importer federal tax code)**  
This is the national identification code nr for tax purposes which must be mentioned in the MAWB.  
Our CNPJ nr is at the end of this instruction.
- 3) **AIRFREIGHT**  
Due to the Central Bank rules, **MAWB airfreight must be always PREPAID** with no exception and freight amount must be mentioned on MAWB.  
“As arranged” or “As agreed” terms are not acceptable.
- 4) **NATURE AND QUANTITY OF GOODS ON MAWB**  
It must be shown ‘CONSOLIDATED CARGO AS PER ATTACHED CARGO MANIFEST – HAWB nrs .... (all HAWB nrs belonging to the MAWB must be mentioned).

#### HAWBs:

- 1) HAWB Consignee: Please mention the correct Consignee name, full **Address, telephone nr and CNPJ number (Importer Federal Tax Code).**
- 2) **NATURE AND QUANTITY OF GOODS:**  
**Goods must be described in Portuguese or English and if the Import License is required previous of shipment its nr must be shown next to the description of the goods.**  
Please do not ship until this point is clearly between both importer and exporter.
- 3) **AIRFREIGHT**  
Airfreight on HAWB can be “collect” or “prepaid” except for the following cases, which have to be “prepaid” only, due to our Central Bank rules:
  - replacement or repair of materials destined to maintenance of foreign vessels or aircraft.
  - Temporary admitted or imported goods under special conditions of consignment.
  - Cargo destined to Fairs, Exhibitions and similar events**Freight amount must be mentioned on HAWB in any situation. “As arranged” or “As agreed” terms are not acceptable.**
- 4) **Inland costs for Airfreight**  
Inland costs or any origin costs to be billed to Consignee, must shown on HAWB as extra costs totaling the HAWB (freight amount + extra costs).  
Moreover, freight invoice **MUST** have the same total as the HAWB so that we can collect it from consignee accordingly. Any other issue different from this must be asked for previous authorization to our (agents) office in Brazil.
- 5) **HAWB date**  
The HAWB cannot be dated later than MAWB date and also not later than Import License expiring date, whenever it is required.
- 6) **HAWB register at nominated Customs**  
**Each HAWB must be registered at nominated Customs authorities in two hours after the arrival of the aircraft at the Airport.** Therefore, our agents have to receive the following documents alongside the cargo:
  - original MAWB + 2 carbon copies
  - original HAWB (printed ORIGINAL 2 FOR CONSIGNEE) + 3 carbon copies
  - original Cargo Manifest + 2 copies “Original Freight Invoice” + 2 copies
  - envelop addressed to ‘MANTRA’ with carbon copies (photocopy is not allowed) of MAWB, all HAWBs and Manifest
  - since the supplier’s original Commercial invoice is needed for customs clearance you might be asked by supplier to send it in the same pouch.
  - Original Invoice duly signed.

**The ORIG 2 of HAWBs and MAWBs must be signed.**

- 7) **DECLARED VALUE**  
If you declare a value for Customs purpose on HAWB, the value must be the exact goods value shown on Commercial invoice.
- 8) After cargo arrival, HAWB cannot be substituted at our Customs.
- 9) All shipment pre-alerts must be sent to us with HAWB by fax or e-mail, in order to enable us to do the direct in bound transport to the bonded warehouse whenever demanded by Consignee.
- 10) No erasures or discrepancies on MAWB or HAWB are accepted.
- 11) Co-loaders (any agents/forwarders that not belong to our group) are not allowed.

#### FUMIGATION

**Every cargo that uses wood as package (pallet, skid, box, support and others) must be treated in the origin, so that the cargo can be shipped free of any insects/pests. The treatment can be done with methyl bromide or high temperature.**  
For the industrialized wood (plywood) is not necessary to perform this treatment.

#### LABELING

In order to avoid delay, additional storage costs and extra fee, all pieces have to be duly labeled with MAWB and HAWB numbers, without discrepancy. Incorrect labelling will result in special authorization by the Customs authorities to re-label the package, delaying about three days, and an extra fee of USD 50.00 for each box/piece without label or with wrong nr on label, which will be debited to the origin office.

#### PERISHABLE PRODUCTS

For the perishable goods that needs to keep refrigerated, it is necessary to send pre-alert to us 24 hours before the arrival, in order to send a letter to the Airline and to the Airport staff to request refrigerated storage in advance. Even though the MAWB and HAWB has the required information, our agents need to request it to the Airport staff in advance.

If you have shipments that must be stored under different temperatures, please issue separated documents, and mention the temperature on all documents, HAWB, MAWB and on INVOICE too.

#### **FINES DUE TO AWB CORRECTIONS**

In order to avoid high Customs authorities fines due to AWB Corrections, please pay attention to the following:

AWB corrections occur due to:

- missing Airfreight amount on AWB – even if the Airfreight is Prepaid, it is necessary to mention the freight amount on AWB.
- “As agreed” on value of the freight is not acceptable.
- Original 2 of the AWB – we must receive original 2

#### **FINES DUE TO LACK OF LABELS**

If pieces arrive without HAWB labels, we must pay fines and it will be debited to your office.

Also, please do not forget to mention the complete HAWB nr on label (not partial), in order to avoid correction process at the Customs authorities that takes approx. 48 hours to be approved and also to avoid fines. Usd 50,00 per HAWB.

#### **REMARKS**

- No erasures or discrepancies on MAWB or HAWB are accepted.
- All shipment pre-alerts must be sent to us with HAWB by e-mail or fax in order to enable us to do the direct inbound transport to warehouses whenever demanded by consignee.
- Freight terms such as ‘AS ARRANGED’, ‘AS AGREED’ or similar cannot be used since AWB and HAWB must show total freight amount in figures.
- After cargo arrival HAWB cannot be substituted at our customs.
- Brazilian customs does not accept partial shipments.
- Brazilian customs does not accept weight discrepancy. So all cargoes should be checked at the origin.  
If Customs authorities find some divergence of 5% on weight declared on documents and the real weight, we have to pay fines.

#### **INTERNATIONAL TRADE FAIRS AND EXHIBITIONS**

Our agents have the Intl Trade Shows Dept that offers door to door service and there is special instructions for the Exhibitions that must be followed.

Every time there is a Customer (Exhibitor) located in your country/city, **shipping instructions will be sent to the Customer**, copying our office and indicating our office for the shipment. It must be followed exactly as it is.

#### **INVOICES**

We must receive original Invoice – showing the identical and exact description of the goods shipped.

If the Invoice is not in accordance with the shipped goods, there is a fine to be paid. So, it is important to inform about this to the shippers.

#### **PACKING LIST**

**Packing List must be enclosed in each package and affixed to the outside of each package. If the goods are shipped without Packing List, there is a fine to be paid.**

### **OCEANFREIGHT SHIPMENTS**

**MBLs** – please see the complete name/address/CNPJ nr on each Branch at the end of this instruction.

**HBLs** – must be consigned to the final Consignee with complete address and CNPJ number of the Consignee number.

#### **HBL form**

Whenever you start as NVOCC/Forwarder in Brazil, the HBL form has to be registered once at our agents Marine Control, therefore any change on HBL form must be previously communicated to our offices.

#### **OCEANFREIGHT**

**The total Ocean freight amount must be mentioned in figures and full words** and the MBL duly (ink) signed.

Under any circumstances the MBL freight can not be higher than all HBLs freight amount sum.

HBL Ocean freight can be Collect or Prepaid, except the following cases that, due to our Central Bank rules, have to be Prepaid:

- replacement or repair of materials destined to maintenance of foreign vessels or aircrafts
- temporary admitted or imported goods under special conditions of consignments
- goods destined to International Fairs and Exhibitions.

Freight amounts must be mentioned in figures and full words, as well as duly (ink) signed.

#### **INLAND COSTS**

**No other charges or origin costs besides Ocean freight can be mentioned on HBL since our Central Bank does not allow to collect extra expense debits or remittances.**

If any inland or the origin costs have to be charged to Consignee, this amount must be build into the freight amount under our previous authorization.

#### **HAWB DATE**

Date on HBL must be the same as MBL, issued by carrier or NVOCC that you might use as coloader.

Whenever Import License is required the HBL cannot be issued after Import License expiring without our previous written authorization.

#### **GROUPAGE CARGO**

**Due to the bureaucracy and huge Brazilian inbound inland costs, LCL consolidated cargo in your own FLC Container, must be routed to SANTOS Port destination only.**

#### **CARGO MANIFEST**

Must be issued with all HBL details, including freight amount, even though one HBL is under back to back consolidation.

#### **HBL Register at our Customs**

Each shipment must be registered at our Marine Control and Customs up to running 24 hours after vessel arrival at the Port, otherwise we have to pay USD 50.00 fine per piece, once we cannot endorse MBL to Consignee.

Example: 01 x 20' ctr said to contain 02 vols = 2 vols x USD 50.00 = USD 100.00

01 x 40' ctr said to contain 2000 cartons = 2000 cartons x USD 50.00 = USD 100.000,00.

Note: the penalty is paid in Brazilian currency (Reais), which change according to exchange rate. USD 50.00 per piece is an average.

In order to avoid fine, we must receive the following documents at least (5) five working days prior to ship arrival:

- 2 original MBL + 3 copies (Express BL is not allowed)
- 3 HBL carbon copies (photocopy is not allowed).
- 1 original Cargo Manifest + copies
- Original Freight Invoice + 2 copies

Those documents must be sent to the MBL consignee directly.

#### **DEMURRAGE AND CONTAINERS DAMAGE RESPONSIBILITY**

Since our Customs clearance takes normally 10 to 15 days after cargo discharge at Brazilian Ports it must be shown in the HBL the type of container move and demurrage responsibility clause in order to enable us to charge consignee for any eventual additional costs as follows:

- Type of container move: CY/CY, FLC/FCL, HOUSE/HOUSE, LCL/LCL, FCL/LCL or LCL/FCL.
- Clause of Demurrage responsibility, whenever FCL/FCL, HOUSE/HOUSE or LCL/FCL move is applied in the HBL, for example:

“At the port discharge the empty container(s) must be returned by consignee or receivers within 7 (seven) consecutive days, after it has been put at their disposal in ... (port of destination) to the pier or terminal designated by carrier, or their agent under immediate advise of date of redelivery to vessel's agent at the port of discharge.”

After the Expiration of 7 (seven) running days free time as ordered above, the consignee or receiver shall pay the charges per day, according to each Steam Shipping Line.

#### **REMARKS:**

- a) All shipments pre-alerts must be sent to us with fax of the MBL and HBLs.
- b) No erasures or discrepancies on/between MBL and HBL are accepted.
- c) Co-loaders are only accepted when they are registered at our Marine Control as NVOCC.
- d) CO-CO-LOADERS are not accepted by our Marine Control.
- e) Terms such 'AS ARRANGED', 'AS AGREED' or similar cannot be used since on the MBL and HBL must be shown the total freight amount in figures and full words.
- f) We would like to have some of your HBLs blank forms in our office in case we need to re-issue it for any occasional reason. If necessary, we will re-issue it with previous authorization from origin station.
- g) Whenever cargo cuts off the Gateway we understand that the gateway has to collect HBL copies, MBL and Manifest needed and send them to the MBL Consignee in only one courier.
- h) Since original of MBL and HBL must be presented to our Marine Control and Customs for customs clearance purpose, "Express BL" or similar is not acceptable.
- i) Correct Container number must be shown on MBL and HBL.
- j) Container seal number on MBL must be the same shown on HBL.
- k) Weight discrepancy – the Gross Weight declared on documents must be the correct weight of the shipment. Incorrect weight is subject to very high penalty, which will be charged back to the origin station.
- l) It is necessary to mention CNM (Harmonized code – eight-digit product tariff classification) on HBLs and on MBLs.

#### **INVOICE**

Original invoice must be prepared showing the identical and exact description of the shipped goods. If the Invoice is not in accordance with the shipped goods, there is a fine to be paid.

#### **PACKING LIST**

Packing List must be enclosed in each package, and affixed to the outside of each package. If the goods are shipped without Packing List they will charge a fee.

#### **IMPORTANT ISSUES FOR A 100% CORRECT SHIPMENT TO BRAZIL**

1. Before sending any shipment to Brazil, make sure you previously contact someone from our office in order to get our shipping instruction so that your buying rate + costs and our total selling rate are applied correctly to the shipment.

LOTHUS CARGO TRANSPORTES INTERNACIONAIS LTDA will not be responsible for incorrect shipments sent to Brazil without any instruction.

2. Total amount stated on the HAWB/HBL must be the same as the one stated on your Invoices. When we collect the freight from Consignee, it is collected based on HBL/HAWB and NOT based on your invoices.

3. If, for any reason, a shipping instruction was incorrectly applied to a shipment, your company must contact and advise our office in order to enable an amendment for the HBL/HAWB.

It is EXTREMELY IMPORTANT that revised documents are in our office before cargo's arrival, otherwise, the wrong HAWB/HBL will be registered at our Customs, and we will not be able to remit the correct value as stated on your invoices. As a result, we will collect the freight from Consignee based on the wrong HAWB/HBL, and if your company bill Brazil an amount different from the one stated on the HAWB/HBL, it will not be accepted.

4. Due to our Central Bank regulations, we can only remit and collect freights (HAWB/HBL) made out as collect. If there are any extra charges, they must be protected on HAWB/HBL. Furthermore, please do not issue any invoice to Brazil if a HAWB/HBL was incorrectly issued as Prepaid as this is against our Central Bank regulations and invoice will be surely rejected. We do suggest you quickly contact our local offices in case this kind of problem arise so that we can find a way to sort the problem out.

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5. In case there are missing charges which should have been protected into HAWB/HBL, please do not include them on your invoices because we will only be able to collect from customer what was stated on HAWB/HBL.

Whatever situation you may reach, please:

- a) contact our office in order to replace the HBL/HAWB – this option will only be accepted if cargo has not been registered at our Tax authorities or arrived in Brazil.
- b) If cargo has already arrived or been registered at our Tax authorities, your office MUST contact our office so that we can find a way to solve the problem. Please do not issue any invoice before contacting us, otherwise, the freight invoice will be rejected. At any rate, maybe there is a chance to add the difference to future shipment, but we will need consignee's approval before making any arrangements.
- c) If HAWB/HBL has been mistakenly issued as prepaid basis and it is already registered at our Customs, we will not be able to collect it from the Customer or even pay your freight invoice since it is against our Central Bank regulations.

**6. FREE HOUSE DELIVERY or DDP TERMS:**

Due to the Brazilian import rules and bureaucracy, it is not a common procedure in Brazil.

Nevertheless, whenever asked by supplier we must be consulted prior to shipment, as we need to get Consignee's Power of Attorney registered at our Customs and also to check if Import License is not required previous to the shipment. Otherwise, consignee may incur in penalty or even take risks to have the cargo confiscated by Customs authorities.

**7. IMPORT LICENSE**

For some specific goods the Import License is demanded previous to shipment (i.e. goods controlled by the Agriculture, Army and Health Ministry, used machinery, leasing, cargo with import duty reduction to 0% and others).

Since the fine for shipment without Import License can reach 30% on CIF value, we suggest you to let supplier and Consignee take decision if shipment has to be done under previous import license or not, otherwise we would take huge responsibility on this matter.