



SCOPE OF SERVICE DESCRIPTION

Pre-Shipment Inspection ("PSI")

1. PURPOSE OF SERVICE

The purpose of the service (the "Service") is to:

- Help a User Government (as defined below) achieve optimum revenues derived from imported and/or exported goods through its Customs, by determining a correct valuation and classification of imported/exported goods;
- Where the User Government is member of the World Trade Organization ("WTO"), assist such User Government in enforcing the principles and obligations set forth in the General Agreement on Tariffs and Trade 1994 ("GATT 1994");
- Assist a User Government in enforcing defined regulatory requirements (prohibited goods, labeling requirements...) for imported goods;
- Assist Customs' capacity building through the performance of additional services such as technical training modules and/or specialized IT systems and equipment (access to valuation databases and other data related to pre-shipment inspection, building of inspection facility, etc.).

The Service is provided by Bureau Veritas strictly in accordance with the User Government's regulations and standards and with the Bureau Veritas Code of Ethics.

2. DEFINITIONS AND SCOPE OF APPLICATION

Definitions:

"Pre-Shipment Inspection activities" or "PSI" are all activities relating to the verification of the price and tariff classification of goods (according to type, grade and quantity) to be exported to (or to be imported into) the territory of the User Government, for the purpose stated in Section 1 above. Such activities include physical inspections and/or documentary verification activities, normally carried out at the place of export, or in some cases at the place of import.

"User Government" is a government or government body (e.g. the Ministry of Finance and/or the Ministry of Commerce) which contracts for or mandates the use of Pre-Shipment Inspection activities.

"Certificate" means the report issued by the Bureau Veritas inspection entity indicating that the quantity and/or the price and tariff classification of goods have been verified based on (i) the documents provided by the exporter or the importer, and (ii) in most cases a visual inspection, depending on the User Government's requirements. The Certificate is solely intended for use within the Customs clearance process in the importing country.

"Commercial Expertise" means the performance of Customs Valuation and Classification (as defined below).

"Customs Classification" means the classification of goods according to the standards defined by the User Government, usually the Harmonized System of Classification issued by the World Customs Organization.

"Customs Valuation" means the provision of an opinion or advice (according to the Code of Practice of the International Federation

of Inspection Agencies - IFIA) on the price mentioned by the exporter (or the importer, as the case may be) on its commercial invoice, according to the regulatory process defined by the User Government (e.g. the GATT 1994).

"Full Container Load" or "FCL Container" means a container that, at the time of inspection, exclusively contains goods pertaining to one exporter and one importer, and which fully falls within the scope of the PSI program.

"Inspection Report": means an intermediary report issued following completion of the visual inspection. This report, which is not a Certificate and is intended for internal use only, may indicate that the visual inspection result is or is not "satisfactory". The term "satisfactory" relates to the (i) consistency of the inspected goods with the description made to Bureau Veritas by the importer or exporter, (ii) compliance with the regulatory criteria specified by the User Government of the importing country, or (iii) the conditions of performance of the inspection (obstacles, lack of access, ethical issues, security or safety risks, etc.). This document covers the scope of the visual inspection only, which is one of the two steps of the PSI inspection process (see Section 4 below).

"NNRF" or "Non Negotiable Report of Findings" means a report intended for the importer and the User Government, issued after completion of the physical inspection, which indicates that the physical inspection result is not "satisfactory" (see above) and/or the documentation remitted by the exporter or the importer does not comply with technical criteria allowing valuation and/or classification tasks, is not consistent with the inspected goods, or is incomplete."

3. EQUIPMENT USED

In the course of the visual/physical inspection under the PSI activities, no specific equipment is usually required for the Bureau Veritas inspectors, except personal protective equipment and a camera. All handling operations shall be performed by the exporter or importer using its own means, under its own responsibility. Calibrated measurement means (in particular for weighting when quantities are defined in weight) may be required on the site of inspection.

However, User Governments may have specific additional requirements, such as radiation measurements or screening by X-ray scanners, which render necessary the use by Bureau Veritas employees and agents of specific equipment.

4. PERFORMANCE OF SERVICE

The Service is performed in two steps:

• Physical / visual inspection:

The Bureau Veritas inspector checks all concerned goods before they are loaded. Depending on the User Government requirements, the inspector must witness the loading of FCL Containers, trucks or cargos, which requires that specific organizational and logistical measures be taken by exporters. Witnessing of loading is usually completed with sealing of the



container/truck/cargo. It is the responsibility of the exporter to take measures allowing the Bureau Veritas inspector to perform its job timely, effectively, ethically and safely. Further to the performance of the inspection, an Inspection Report is issued, which purpose is limited to the one described in Section 2.

- **Documentary check and performance of Commercial Expertise:**

Following an inspection with a “satisfactory” result (see Section 2 above), the exporter or the importer must provide the concerned Bureau Veritas office with final documents: final invoice, Bill of Lading, CMR or Airway Bill, and any other document that may be deemed necessary by Bureau Veritas to perform the Service. Such documents will allow the Bureau Veritas office in charge to perform Commercial Expertise, prior to issuing a Certificate.

No Certificate (but only a NNRF) will be issued in case of discrepancy:

- At inspection level: (i) goods fail to comply in terms of quality or quantity with the description set forth on the commercial and/or shipping documents provided (e.g. pro forma or final invoice, packing list), (ii) goods present an obvious bad condition, (iii) the packing or the container does not allow a safe transportation of the goods, (iv) prohibited goods as per the list established by the User Government, (v) fraud or unethical conduct, or (vi) the Bureau Veritas inspector is not allowed to perform his duties in satisfactory conditions.
- At documentary check level: (i) lack of necessary documents, (ii) missing or inconsistent information on documents, or (iii) obvious fraud (such as use of fake document) or unethical conduct.

5. SAMPLING PLAN

In case of numerous parcels and/or line items, the physical/visual inspection will not be done on 100% of the goods but only at random, according to a sampling plan determined by Bureau Veritas.

6. BUREAU VERITAS DELIVERABLE

The deliverable that will be provided by Bureau Veritas is a Certificate (or NNRF in case of discrepancy) setting forth the following information (which may vary depending on the User Government’s requirements):

- Reference of the official import license and/or of the inspection file;
- Date and place where the Certificate was issued;
- Exporter and importer names and address;
- Transport document and/or final invoice references;
- Commercial description of the goods;
- Tariff classification code per line item;
- Estimated Customs value per line item;
- Estimated duties and taxes.

The Certificate or NNRF is delivered to the importer for Customs clearance. Related information is also provided to the authorities of the country of import.

7. LIMITS OF THE PRESENT SERVICE

The valuation elements showed on the Certificate are merely an “opinion” or an “advice” according to the IFIA Code of Practice definitions: the authorities of the importing country may accept or reject any data showed on a Certificate, based on their own findings, policies and practices.

The Certificate used for Customs clearance purpose does not relieve the importer or its clearing agent from their regulatory responsibilities towards the User Government, especially regarding the accuracy and truthfulness of their Customs declaration.

The Service is intended exclusively for the purpose stated in Section 1 and it is not intended for:

- Settling a commercial conflict between the exporter and the importer, e.g. regarding the quality or quantity of ordered and delivered goods;
- Replacing any other regulatory inspection or compliance audit;
- Certifying the product itself against national or international quality standards.

For the avoidance of doubt, Bureau Veritas does not fulfil the role of an insurer or a guarantor in respect of the adequacy, quality, merchantability, fitness for purpose, or performance of the goods to which the Service relates.

8. COST OF THE SERVICE

The Service charge is usually borne by the User Government of the country of import or by the importer directly. However, additional tasks such as re-inspection or testing may also be charged to the exporter.

9. OTHER IMPORTANT INFORMATION

Refer to the specific guideline or datasheet of the specific country of import – available on www.verigates.com

Authorities of the importing country may implement a risk management system regulating on case by case the level of inspection applicable to each import. This may include the use of scanners upon arrival. Other regulations and controls such as conformity of products to specific regulations or inspections upon arrival with unloading of goods may also apply.

To help you comply with contractual obligations and accommodate your specific needs, Bureau Veritas may perform additional services such as commercial inspection (specific verifications, inspection reports with photos...) and testing for a separate and additional fee. Contact your local Bureau Veritas office for further details.