Compliance Statement CS023 RevB

Import and Export Controls

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1.1   Purpose and scope of this procedure

Some of our exported customised/customer designed product ranges require an export licence. This WI has been created to ensure that we have a greater understanding of this process and that we remain compliant in accordance with the guidelines set out by the Export Control Organisation (ECO).

When importing or exporting, having the correct paperwork is crucial. Missing or inaccurate documents can increase risks, delays, additional costs or even prevent transactions.

Whether we use a freight forwarders or an agent for both importing and exporting it is our responsibility to ensure that the documentation trail is correct which can be audited internally or externally by the (ECO).

The purpose of this work instruction should be regarded as a working guide in establishing best practice for customs, transport and payments.

Imports may attract a number of import taxes such as VAT, duties etc. Some imports may be eligible for preference or a duty relief depending on what the imports are and how they are used.

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Important notes:

Products used for military purposes or even dual use may require an export license (BIS UK Military list) regardless of their destination.

Both imports and exports are subject to various UK laws and EU Regulations which we have to abide by otherwise HMRC will impose financial penalties.

1.2 Process flow diagram imports

All importing activity is carried out by an approved agent. The process below defines how and what should done to ensure that we can assure ourselves that the importer acting on our behalf is operating within the importing rules. The structure should be periodically audited to ensure compliance is maintained (see 2.11)

1. Consignment collected along with invoices & Shipper Export Declaration (SED)

2. Shipment forwarders use the SED to complete the Export Documentation & Airway bill.

3. Important Note: Any consignments requiring an export license or End User Undertaking (EUU) have to be declared separately.

4. Consignment cleared for shipping. Packing slip/C of C (inside the shipment)

5. Shippers send notification of consignment in progress allowing the preparation of the import customer's entry document.

6. On receipt of the Consignment at Customs entry the C88 document is checked to ensure that the values, taxes & payment methods are correct.

7. Delivery notes and shipping invoices are raised by the agent followed by collection from the airlines customs bonded area.

8. Consignment delivered to Glenair accompanied with the following documents:
    - Delivery note
    - Goods Invoice
    - Summary work sheet
    - Customs Import Entry Advice Note(C88 & E2)
    - Airway Bill
    - Shipping invoice

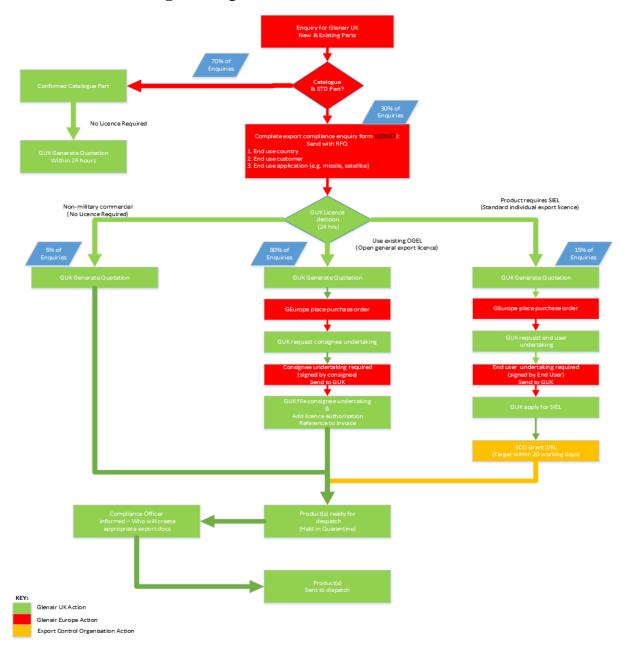9. **Records (see section 1.10)**

Note: There may be slight variances to the above sequence of events depending on the agents used but it should be regarded as a generalised description of the processes and the common documentation used.

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1.3   Process flow diagram exports

KEY:
- Glenair UK Action
- Glenair Europe Action
- Export Control Organisation Action

1.4   Process responsibilities

Commitment: The compilation of this WI demonstrates the company's commitment to understand, provide resources to ensure that importing and exporting requirements are adhered too.

Delegation: Marketing, Sales, Project Management, Sales Order Processing (SOP), Design and Development, Shipping, Purchasing, Records and System Auditing all have an active role

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in this process which are defined within their own detailed process maps supported by Work Instructions (WI)

Export Compliance: This activity is shared by numerous people in the areas described in the delegation section. However, the compliance Officer has their role described in their respective job description as outlined in section 1.8.

Training and awareness: The nominated compliance officer has had sufficient training to enable them to undertake the task but additional and periodic training may be required due to constant changes.

Sales/Marketing: Have to appreciate what products are/may be subject to exporting license control. They should do this by seeking End User Statements from the Customer and where appropriate should be on the customer's order. Where an export license is required the Compliance Officer needs to be made aware and the QD39 (Quotation) has to reflect this. The QD 39 document should be used for creating export documentation once an order has been placed.

Sales Order Processing (SOP): Use the information established and provided by Sales to ensure that the details on the QD39 are correct against the customers purchase order prior to loading onto the system. Any discrepancies have to be resolved at this point.

Design and Development: Any product being designed for a military application or even a dual use has to be placed on the compliance register. In general terms this work is co-ordinated by a Project Manager and they have to identify the need for export licences at the start of a project. Close liaison with the compliance Officer is required.

Despatch: Any product which requires an export licence (defined on the Certificate of Conformance) must not be released until the compliance Officer has seen sight of the packing and despatch documentation. No product shall be released for export without the consent of the compliance Officer. This is a legal requirement and must be adhered too and can only be overruled by the Managing Director.

1.5   Import/Export controls and product identification (Incorporating import and export documentation)

Key export documents

Making sure that we have the right documentation is a vital part of international trade. Thorough, accurate paperwork minimises the risk of problems and delays.

- There should be a clear written contract between buyer and seller, including details of exactly where goods will be delivered and for what purpose
- Specific documents may be needed to get the goods through customs and to work out the right duty and tax charges. There may be requirements both for the country the goods are being exported from and the country they are being imported to.
- Documentation is needed to cover the transport of the goods and insurance during the journey
- Having the right paperwork plays an important part of the payment mechanism

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It's important to co-operate with the customer on getting the paperwork right from the onset. (4.03/02) For example, if we are shipping goods to a customer overseas, they should be advising us as to what paperwork they require at their end.

Commercial Invoice

A commercial invoice is a bill for the goods from the seller to the buyer. These invoices are often used to determine the true value of goods when assessing customs duties. Commercial invoices vary in content, numbers of copies, language to be used, and other characteristics.

Export Packing List

Considerably more detailed and informative than a standard domestic packing list, an export packing list includes the seller, buyer, shipper, invoice number, date of shipment, mode of transport, carrier, and itemises quantity, description, the type of package, such as a box or crate, the quantity of packages, total net and gross weight (in kilograms), package marks, and dimensions, if appropriate. Both commercial stationers and freight forwarders carry packing list forms. A packing list may serve as conforming document. It is not a substitute for a commercial invoice. In addition, U.S. and foreign customs officials may use the export packing list to check the cargo.

Pro Forma Invoice

A pro forma invoice is an invoice prepared by the exporter before shipping the goods, informing the buyer of the goods to be sent, their value, and other key specifications. It also can be used as an offering of sale or price quotation.

Import compliance documents (Sub contracted activity)

In some exceptional cases we may need a licence to import goods into the UK. There are import controls on a range of different products. Whether we need a licence may also depend on where the goods are from.

Goods from EU countries can generally be brought into the UK with minimal paperwork, though it's good practice to ask the supplier to send a copy of the invoice with the goods.

In very rare cases, where we have supplied no import or export declarations, we must complete an Entry Summary Declaration or an Exit Summary Declaration.

Where we import products from outside the EU, we will generally need an invoice and a copy of the transport documentation, such as a Bill of Lading, for customs clearance. For goods worth over £6,500, a valuation statement is also normally required.

Goods from some countries can be imported with a reduced or zero rate of import duty. Where we would want to claim this, we need to have documentary proof of origin showing that the goods were manufactured in accordance with preferential rules of origin..

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We can declare the imports to customs using a Single Administrative Document (SAD), also known as form C88. We must give details of the goods using a 'commodity code' which determines what the rate of import duty is.

1.6 Compliance register (Part numbers & commodity codes)

The UK Military List should be used to identify what non catalogue parts may be exported and possibly warrant an export licence.

In addition, with exported products we should, in conjunction with the customer determine the products end use. If the end use is for a military purposes then the product should be on the compliance register.

Self-rating

'Rating' or 'classifying' means matching your goods with a classification code number on the UK Strategic Export Control Lists.

Self-rating is where we can check the Control Lists and determine the correct entry for our products.

The ECO does encourage self-rating.

As a responsible exporter of dual-use or military records, we would be expected to have an understanding of the Control List status of our products which could save time and will help us when applying or registering for the appropriate licenses.
We need to remember that the Control Lists are subject to change, as items are either controlled or de-controlled.

How to self-rate

To self-rate we need to have an understanding of the UK Strategic Export Control Lists.

The lists are comprised of several separate listings, including the UK Military List and the UK and European Union (EU) Dual-Use Lists. Items on the lists are indexed under a 'rating' or classification code entry.

There are two online tools available to assist us in identifying possible Control List classification entries.

A brief overview of the two main sections of the Control Lists are:

Goods on the UK Military List

ML code - items subject to international regime agreement on controls

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PL code - UK controls on specific items

Military goods ratings

Rating Goods

ML4	Bombs, grenades, rockets, missiles and other devices, components and accessories
ML5	Devices for fire control, components and accessories and their counter measure equipment
ML6	Ground vehicles, containers and components
ML9	Vessels, special naval equipment, accessories and components
ML10	Aircraft, unmanned airborne vehicles, aero engines
ML11	Electronic equipment and components
ML14	Simulators and training equipment
ML15	Imaging equipment

Our product ranges could fall into any of the categories and where they do this should be listed on our compliance register.

1.7   Export prohibitions/restrictions

There is a list of products which are prohibited or restricted for export. Generally, these are for other technological or sensitive areas not an aspect we need to cover but to be aware of.

1.8   Role of a Compliance officer

- Ensure that the activities of the company comply with export control laws, regulations and the Export/Import policy
- Completing all export compliance requirements for each proposed export and re-export transaction and ensure that each proposed transaction complies with applicable licensing requirements under export control laws and regulations
- Preparing, processing , tracking and maintaining export license applications in addition to requests for other types of export approvals
- Maintain export records ensuring entries are valid and compliant with ECO requirements.
- Self-rate or submit rating requests for export classifications
- Issue import clearance instructions and maintain appropriate records
- Maintain status and validity of all export licenses and ensure the business is compliant with licence conditions
- Maintain product export control plans
- Maintain documents for internal and external audits purposes
- Assist in the development and implementation of local Export policy and procedure
- Participate in education and awareness activities (e.g. delivering inductions)
- Maintain a working knowledge of UK Export Controls and export licensing requirements, managing ITAR requirements, use Spire to make licence applications.

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1.9 Training & Competence (Concerning all those engaged in marketing, Sales, SOP

To be in a position to produce the appropriate documents and manage the complexity of importing and exporting the following elements are key and need to be understood:

Exporting
- Be able to prepare and export quotation
- Understand export order processing
- Overview of export documentation and terms of sale.

Methods of Payment and Letters of Credit
- Identify the different methods of payment used in international trade
- Identify and understand the necessary documentation for payment
- Be able to comply with the requirements of different methods of payment
- Describe the process and methods relating to international payments
- Prepare and present relevant documents in accordance with the terms of the L/C to ensure payment
- Describe how to request an amendment to the L/C, understanding of costs and how to deal with discrepant documents.

Preference Origin Rules Explained
- Origin rules explained
- Certificates of Origin
- Roles and responsibilities.

Import Procedures and Customs Audit and Procedures
- Have an understanding of import documentation and procedures
- Identify where to go for sources of international information and assistance
- Comply with customs procedures.

1.10 Record retention

As with all management system record management activities these documents are scanned and linked to all relevant customer order file documentation. They are retained indefinitely with the originals being destroyed. The financial records are retained in a similar way and linked to customer order invoices.

1.11 Security of information

Access to records is via the intranet portal and can be retrieved by those who have been given access by IT.

1.12 Internal/external compliance audits

Internal audits are an organised/planned activity.

Records and there subsequent control is a standard process.

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When auditing compliance, this document must be used to determine if the process is being adhered too.

In the event of any non-conformances being raised, the normal auditing procedure should be followed including escalation where appropriate.

2 Explanations

2.1 International Traffic Arms Regulations (ITAR)

ITAR places strict controls on the export of "defence articles" and "defence services." Defence articles include any item or technical data on the United States Munitions List (USML), and defence services include the furnishing of assistance to foreign persons, whether or not in the United States, with respect to defence articles, and the furnishing of any technical data associated with a defence article.

What does this mean to Glenair?

A company involved in the manufacture, **sale or distribution of goods or services covered under the United States Munitions List (USML)**, or a component supplier to goods covered under the USML, the stipulation or **requirement of being "ITAR certified (compliant)" means that the company must be registered with the State Department's DDTC**, if required as spelled out on DDTC's web site and the company must understand and abide by the ITAR as it applies to their USML linked goods or services. The company themselves is certifying that they operate in accordance with the ITAR when they accept being a supplier for the USML prime exporter.

2.2 EAR 99

The primary focus of the EAR is to control the export of dual use technologies – i.e., items that are used, or have the potential to be used, for military as well as non-military purposes if such export could adversely affect the national interests of the United States.

What types of dual use technologies are subject to the EAR?

Items which are subject to the EAR are listed on the Commerce Control List (CCL). This is a very long and detailed list broken down into ten broad categories. The ten categories are:

1. Nuclear materials, facilities and equipment
2. Materials, chemicals, microorganisms, and toxins
3. Materials processing
4. Electronics design, development, and production
5. Computers
6. Telecommunications (Part 1) and Information Security (Part 2)
7. Sensors and lasers
8. Navigation and avionics
9. Marine

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10. Propulsion systems, space vehicles and related equipment

Catalogue items should be regarded as not requiring any specific export control restrictions but if they are modified for use in a military role then these should be included on the compliance register.

2.3   SPIRE

SPIRE is the Export Control Organisation (ECO) export licensing database. We should use this online system to register for Open General Licences or apply for export or trade licences issued by the ECO. SPIRE is accessible at https://www.spire.bis.gov.uk and also via the Business link website at http://www.businesslink.gov.uk to register follow this link.

2.4   Standard Individual Export Licence (SIEL)

Exporting controlled goods, such as military or dual-use items, to specific countries, will need an export licence from the ECO.

A SIEL gives us permission to export specific items to specific destinations. The goods must be addressed to a stated person or company, and we may also have to identify the end user. The goods must be of the same quantity and value as described on the licence.

We will need to apply for a SIEL if we need an export licence and we cannot meet all the stated terms and conditions of an Open General Export Licence (OGEL).

A SIEL is a form of export licence for controlled goods, specific to one exporter and one consignee.

Controlled goods are items of strategic importance, for example:

- dual-use goods (military and civilian)
- torture goods (including drugs used in execution by lethal injection)
- radioactive sources
- military goods
- electronic technology

SIELs are normally valid for two years and allow the export of:

- specific items as listed on the licence
- specific quantities and values of each item
- specific consignees and end users for your exports

2.5   Open General Export License (OGEL) Military products

An Open General Export License (OGEL) subject to certain conditions, allows the export of a wide range of military equipment to any customer or entity in the listed destinations.

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Our end-user needs to confirm the use the goods or technology will be put to and confirm they will not be re-exported, re-transferred or used for example a WMD purpose.

The SPIRE service on the BIS website assists in this.
It is our responsibility as the exporter to: use this license within all its defined terms and conditions keep up-to-date with any license amendments - e.g. changes to permitted or excluded destinations or goods.

3   Supporting guidance

Links to BIS, UK.GOV & HMRC guidance documents

The following documents are available through these links and aim to provide further information as required.

Business Innovation & Skills (BIS)

Creating a SPIRE account
BIS UK military list
Compliance code of practice
Guidance about goods checker
Guidance about OGEL checker
Frequently asked questions about the checker tools

UK.GOV documents

International trade paperwork
Controlling defence, security and dual use strategic exports
Strategic exports: when to request an export licence
Strategic export control training for exporters
Do I need an export licence?
Import and export licences
Getting the right licences for international trading

HMRC documents

Importing and Exporting (breaking down the barriers)
A guide to customs export procedures

4   Common Export Documents Explained

Airway Bill - Air freight shipments require airway bills. Airway bills are shipper-specific (i.e., USPS, Fed-Ex, UPS, DHL, etc.).

Bill of Lading - A bill of lading is a contract between the owner of the goods and the carrier (as with domestic shipments). The customer usually needs an original as proof of ownership to take possession of the goods.

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Electronic Export Information Filing - (formerly known as the Shipper's Export Declaration)

Electronic Export Information - (EEI) is the most common of all export control documents. It is required for shipments above $2,500* and for shipments of any value requiring an export license.

EXPORT COMPLIANCE DOCUMENTS

Export Licenses - An export license is a government document that authorises the export of specific goods in specific quantities to a particular destination. This document may be required for most or all exports to some countries or for other countries only under special circumstances.

A Destination Control Statement - (DCS) is required for exports from the United States for items on the Commerce Control List that are outside of EAR99 (products for which no license is required) or controlled under the International Traffic in Arms Regulations (ITAR). A DCS appears on the commercial invoice or airway bill to notify the carrier and all foreign parties that the item can be exported only to certain destinations.

CERTIFICATES OF ORGIN

Generic Certificate of Origin - The Certificate of Origin (CO) is required by some countries for all or only certain products. In many cases, a statement of origin printed on company letterhead will suffice. The exporter should verify whether a CO is required with the buyer and/or an experienced shipper/freight forwarder. .

Date	Change History
Current November 2018	**C014,**

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