

Information to suppliers about local specifics of the payment process in Brazil

Dear Hitachi ABB Power Grids (ABB Power Grids Brasil Ltda) Supplier,

As part of global standardization of the payment process within Power Grids, find below the country specific information regarding the payment process.

This document contains country specific details. In case no local exception is defined in this document, the global standard applies mandatory.

The latest version of the global Power Grids Procure to Pay Process (P2P) for suppliers is available at the Power Grids supplier portal <https://www.hitachiabb-powergrids.com/about-us/supplying/doing-business-with-pg/invoice-handling>.

How to send invoices to Power Grids (related to chapter 2 of global P2P)

I. Invoices via email:

Local services Invoices through email should be sent to this address:

cpg@hitachi-powergrids.com.

Foreign service invoices through email should be sent directly to the e-mail of your Power Grids representative (Buyer).

For National Invoices related goods (material), DANFE, the XMLs files should be sent to the email address:

recebimento.nf-e@hitachi-powergrids.com.

Instructions for emailing invoices:

- Emailed invoices must be submitted in .pdf format.
- Each email must contain only **one** attachment with **one** invoice along with supporting documentation for that invoice. (Each invoice and all the associated supported documentation must be attached as one complete file. Do not submit invoices and supporting documents as separate files).
- Multiple e-mail attachments (Invoices) can be sent in a single email. Max. 10 PDF's per email (5MB Total).
- The invoices billed are to be emailed only once. Please address any invoice process issues (missing invoice) through our inquiry process.
- This email id should be used for the purpose of sending an invoice only. Please use our inquiry process for reminders, statements and other correspondence.
- Invoice image must be of at least 300 dpi resolution.
- Invoice image should be upright and be on the first page of attachment.
- Any invoices that do not meet the above criteria are subject for rejection.

Note: File name attached should not contain special symbol or characters such as #, \$,* @, , : -, & etc.

Note: Please do not send any emails with attachments that require a password. This feature would not allow the inbound of invoice into the system.

Note: The outlook setting "Delivery request" must be switched off. Otherwise, an automatic reply will be sent, indicating that the e-mail is deleted without reading, although the invoice is inbounded.

Note: Zipped file or email attached in another email are not acceptable.

Note: Please do not include any written message which requires any action in the email as the message included in the email will not be read.

Invoice requirements - deviations from Global Power Grids standard P2P (related to chapter 6 of global P2P)

Listed below are the minimum details that an invoice must carry to ensure faster processing and avoid rejections. Please note any invoice not meeting this minimum requirement list is liable to be rejected by Power Grids.

- Supplier name, number, address, and supplier reference person including contact details (telephone, e-mail etc.)
- Correct delivery (Ship-To) and invoicing address (Bill-To) of Power Grids, including correct legal entity name
- Best practice is to add to the Billing Address the Power Grids ERP Vendor Number.
- Tax/VAT number of supplier and customer
- Invoice date (dd/mm/yyyy format, unless specified otherwise)
- Invoice number (max of 16 characters)
- Payment terms/Incoterms
 - For service invoices ABB Power Grids Brasil Ltda only accepts invoices issued until the 21st of each month
- If Purchase Order invoice, state Power Grids purchase order number in customer "Reference" field– in case not applicable, to be confirmed by Power Grids purchaser. The purchase order number (guidance: one PO, one invoice) should be listed in the invoice header fields (together with invoice date, invoice number etc.).
 - For service invoices, check if the item of complementary law No. 116 of our purchase order is the same with the nature of your billing and inform us the contact name of the person ordering the service in the field of additional information;
 - In purchase orders of materials, it is important to identify whether the NCM used in the purchase order is equal the NCM used in the quote, to avoid blocking the entry of goods and subsequently blocking payment;
 - Always check in the purchases order if all of your registration data, especially the TAX ID is correct
 - On purchases of materials it is extremely important to check if the tax rates of requests for purchases are in line with the one used in our invoice. Any divergence in the rates of taxes, blocks the payment of invoices. Sending the invoice draft to ABB Power Grids Brasil Ltda buyers is strongly recommended;
 - Always check if the value agreed with the ABB Power Grids Brasil Ltda buyer is the same as stated in the purchase order. Differences of values block the invoice record and hence the payment.
 - All invoices must be issued with the purchase order number of ABB Power Grids Brasil Ltda and the respective position of the item, as shown in the example:
4700099999/10.
- If No Purchase Order Invoice, state Power Grids name (=invoice approver) or no-purchase order Power Grids identification number in customer "Reference" field. This should be listed in the invoice header fields (together with invoice date, invoice number etc.). No-purchase order invoices without a reference will be disputed or returned/rejected.
- Please adopt the position number from our purchase order
- Quantity, if applicable
- Date of delivery of Goods or Services
 - It is essential to observe the delivery date agreed with the ABB Power Grids Brasil Ltda buyers, because, in case of delivery outside the provided date, there will be penalty in OTD (On Time Delivery), which will have a negative impact on your business assessment by ABB Power Grids Brasil Ltda;
- Description of goods and/or services (line items and description in the purchase order should match the invoice)
- Currency

- Net amount per position
- Tax rate per position
- Total net amount
- Gross amount (total amount invoiced)
- Bank details your complete address

Invoice Address Bill-To :

ABB Power Grids Brasil Ltda
 Avenida Monteiro Lobato, 3411
 ZIP Code: 07190-904 – Guarulhos, São Paulo
 Brazil
 PG Vendor No: 275194
 VAT No: 61074829000123

Inquiries on your invoices

Please visit our website:

<https://www.hitachiabb-powergrids.com/about-us/supplying/doing-business-with-pg/supplier-inquiries>

Other Considerations

PROCEDURE FOR EXPORTING GOODS TO ABB Power Grids Brasil Ltda

A) Original Documents requirements:

1. Transport document (Bill of lading or Airwaybill)
2. Commercial Invoice
3. Packing list
4. Fumigation Certificate (for packaging material made of wood)
5. Certificate of Origin

B) All shipping documents must be verified and approved by ABB Power Grids Brasil Ltda regardless of the incoterm of the shipment. No cargo is allowed to be shipped without Power Grids Brasil Ltda 's greenlight. Original documents (signed in blue ink and stamped) should be sent to the nominated freight forwarder.

C) The Commercial Invoice MUST contain / mention the following information:

- Exporter full name and address AS PER OUR PURCHASE ORDER
- Consignee (Sold To) and Notify (Ship To) full name and address (+TAX ID) AS PER OUR PURCHASE ORDER
- Emission date
- Sale condition (Incoterm) and named place
- Payment currency and conditions (if free of charge should mention "FREE OF CHARGE")
- Complete description of the goods IN ENGLISH OR PORTUGUESE
- The material code must be the same AS PER OUR PURCHASE ORDER
- Unit and total price PER ITEM
- Country of Origin
- Country of acquisition and provenance;
- Name and complete address of manufacturer of the goods
- Serial number, if printed on the physical material
- Part number, brand, model and year of the goods (if applicable)
- Total Gross and Net weight (real data);
- Brand, number and volume reference, if any;

- Package type and quantity;
- HS Code (first six digits) AS PER OUR PURCHASE ORDER and the measurement unit as our PO
- Transportation costs (same information as on the Airway Bill or Bill of lading) and insurance in case of pre-paid freights;

Do not inform

- No handwritten information is accepted by Brazilian customs
- For free of charge orders value of goods CANNOT be 0. It should consider at least the cost price.

IMPORTANT

- * It must be stamped with the supplier identification and signed in blue ink;
- * Invoice must be issued in English or Portuguese language
- * Brazilian Customs only accept COMMERCIAL INVOICE (PROFORMA or any other name for this document are not acceptable)

D) Packing list MUST contain /mention the following information:

- Exporter full name and address AS PER OUR PURCHASE ORDER
- Emission date
- Consignee (Sold To) and Notify (Ship To) full name and address (+ TAX ID) AS PER OUR PURCHASE ORDER
- Sale condition (Incoterm) and named place
- Description of the goods IN ENGLISH or PORTUGUESE
- Serial number, if printed on the physical material
- Part number, brand, model and year of manufacturing of the goods (if applicable)
- Total Gross and Net weight
- Net weight PER ITEM
- Quantity and type of package (wooden, cardboard, etc)
- Dimensions of the package or pallet (for each package)
- Reference of the package (if applicable)

Do not inform

- Delivery Notes are not accepted by Brazilian Customs
- No handwritten information is accepted by Brazilian customs

IMPORTANT:

- * It must be stamped with the supplier identification and signed in blue ink.

E) The Certificate of Origin is mandatory to be issued for imports related to the MERCOSUR, Colombia or any other country that may have Trade Agreements with Brazil following the rulings criteria established between the parties. It should be issued by qualified Entities (Chamber of Commerce, etc) and approved by Power Grids Brasil Ltda. Original one (signed and stamped) should be delivered accordingly, in order to benefit the importer with the tariff preferences.

F) Transport Documents (AWB or BL)

The full set of Original transport documents (Bill of lading or Airway bill) should be filled in as follows:

- Shipper: "SUPPLIER's NAME (full address) + TAX ID
- Consignee: ACCORDING TO THE PO's NAME AND ADDRESS + TAX ID
- Notify party: ACCORDING TO THE PO's NAME AND ADDRESS + TAX ID
- Brazilian local harmonized code (NCM / tariff code) of the goods # in accordance with Purchase order from ABB Power Grids Brasil Ltda (item by item).

IMPORTANT - SPECIAL INSTRUCTIONS

Please always contact the Import Department BEFORE providing the shipping arrangements.

A) "SPECIAL PRODUCTS - IMPORT LICENSE"

For some special products (such as Battery / Oil, motor, etc.) depending on the NCM/Tariff Code an Import License must be issued prior to the shipment. The shipment will be authorized only after the Consent of the Competent Organizations in Brazil and the proper greenlight from TMC Import Team.

B) "COURIER SHIPMENTS"

Courier shipments are restrict allowed in Brazil and due to this fact, ABB Power Grids Brasil Ltda has forbidden any shipment by Courier Express, since it can result in no formal declaration with customs also affecting its payment to Supplier. Formal Courier shipments are only allowed if shipper follows the adequate instructions to flag as FORMAL IMPORT in the "#Goods Description" field of the Airwaybill.

- All shipping documents must be verified and approved by ABB Power Grids Brasil Ltda regardless of the incoterm PRIOR to its shipment.
- No cargo should be shipped without TMC Brazil's greenlight

C) WOODEN PACKAGES

According to Brazilian legislation (IN32/2015), based on International regulations ISPM 15 (Regulation of wood packaging material in International Trade), a Certificate of Fumigation and the corresponding ISPM15 (IPPC stamps) are mandatory for all shipments delivered in wooden packages to Brazil, as well as any support of wood, dunnage used for conditioning, lashing, separation, etc. Shipments that do not meet the necessary requirements and present any nonconformity to the rules and regulations (i.e, lack or improper certificate of fumigation; lack or improper IPPC stamps on each wooden package, supports, dunnage, etc) will not be authorized by Brazilian Customs delaying all process of customs release. Customs agents can request the return of the full shipment or just the wooden package to the origin.

D) INCOTERM # SPECIAL INSTRUCTION: DDP is forbidden to Brazil

E) USED OR REFURBISHED MATERIAL

It is forbidden to export "#used or refurbished material" to Brazil. Exceptions are allowed by Brazilian Government only for specific types of equipment without local similarity. In this case, a special Import License is needed prior to the shipment date. It is a bureaucratic and slow process and can take around 3-4 months at Brazilian customs authorities to be approved.

F) SPECIAL PROCESSES WITH IMPORT BENEFITS

Depending on the type of importation to Brazil (if there is any special regime / benefits such as temporary import, extarifário, etc) additional operational procedures may vary. In this case, detailed instructions should be requested to TMC Brazil Specialists prior to its shipment, in order not to cause any delay on the operation, lack of the benefit, extra costs, fines or penalties with customs Authorities.

G) DANGEROUS GOODS

MSD Sheet (Material Safety Data Sheet) is required for dangerous goods shipments, as well as its proper marks on the boxes for its correct identification and handling purpose.

Attention: Not following these procedures will incur high penalties and delays in Customs releases for ABB Power Grids Brasil Ltda and Brazil are going to charge these penalties back to shipper.