



Contractual conditions of AUDI MÉXICO S.A. de C.V. Production Materials with regard to Customs and Foreign Trade Law

This text is a translation from the official version of the authoritative Contractual Conditions and for reference purposes only!

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Hereinafter, it is regulated in which form Customs and Foreign Trade Law related transactions have to be settled and which obligations you have towards Audi México with regard to the Customs Law and Foreign Trade and Payments Law if you sell or deliver goods to Audi México.

Please read these conditions carefully and make preparatory arrangements with your competent customs authorities if necessary.

1. Deliveries to sites within México

a. Deliveries of goods from the free circulation from Mexico

Goods from the free circulation of Mexico have to be transported without any customs formalities within the country.

If primary materials, not originating in México, are used for the production of goods or if the goods come from outside of México, the supplier is obliged to inform Audi México, Customs Department of this prior to the first delivery and to establish and settle DEF (Depósito Fiscal = Bonded Warehouse) arrangements (to reduce import duties) in coordination with the Audi México Customs Department. Mexican suppliers under IMMEX regime will always invoice to Audi México with local VAT and free of custom obligation. "Virtual Pedimentos" will not be accepted by Audi México.

Non-Mexican suppliers with production in México under Maquiladora/IMMEX Program, are obliged to assure that obligations regarding to the IMMEX Program are met in accordance with the applicable law. This includes establishing a production process, delivery and invoicing in México including the current Mexican VAT Rate, which is prescribed by law.

Report of Origin of Contents:

Due to delivered goods are subject to Mexican Free Trade Agreements for granting of tariff advantages, the supplier is obliged to deliver the following documents to Audi México:

- In case of one-time deliveries, a Report of Origin of Contents, indicating the supplier's number,
- For recurrent deliveries of production materials, a Report of Origin of Contents shall be sent in accordance with the applicable legal regulation upon indication of the Audi México parts number as well as the supplier's number respectively prior to the first delivery for the running year, as well as until the 1st December of every year for the following year without further request.

Costs, which might arise in connection with the execution of the Reports of Origin of Contents, shall be borne by the supplier. The supplier shall notify Audi México immediately and without prior written request of Audi México in case of any change of origin.

The supplier shall be liable for any damages and/or expenses (including but not limited to punitive tariffs, costs of bringing an action, etc.), which Audi México incurs because of incomplete and/or incorrect information in the supplier's declaration.

Upon request, the supplier shall render evidence for its information regarding the origin of goods with an information sheet approved by the customs authority.

If additional official documents regarding the intended use of the delivered goods are required for the import or export of goods, the supplier is obliged to immediately obtain and/or provide such documents to Audi México.

b. Deliveries of goods from Out of Mexico:

The deliveries have to be effected with duty unpaid and untaxed, so the effective Customs Program of DEF for automotive industry is developed by Audi México.

In road traffic, and train the goods have to be dispatched for the dispatch procedure at the place of departure through Audi México designated procedure, however at the external borders of México at the latest.

For ship deliveries goods will also be dispatched by the procedure determined by Audi México, and the supplier will proceed in the way that is determined by the Audi México Customs Department by providing all requested documents to be able to release materials from the Custom Border to be able to be sent to the Audi México authorized locations under its Customs control.

Origin of goods and preferences:

If México under the different FTA programs, grants a release from customs or a reduction of customs because of preferential agreements with the agreed country of delivery, the supplier is obliged to deliver goods, which fulfill those requirements/preferential conditions.

For the complete scope of deliveries, the supplier is obliged to provide along with the first delivery of materials, the information that defines the origin of each part number in order to comply with regional content requirements established in the different free trade agreements. The delivery of this information is through different documents such as the "Certificate of Origin" established under the different free trade agreements that México as a country has signed with different nations around the world and the "Report of Origin of Contents" additionally in case of Canadian and US suppliers.

The Certificate of Origin is obligatory for suppliers established in the European Union, Switzerland, Norway, Island, Liechtenstein, Canada, US, Brazil, Argentina, Uruguay, Paraguay, Chile, Bolivia, Colombia, Nicaragua, Costa Rica, Honduras, Guatemala, El Salvador, Israel, Japan and any other country that will sign a free trade agreement with México. Suppliers located in US have to provide the Certificate of Origin under NAFTA; suppliers located in EU have to provide EUR1 or Invoice Declaration. Suppliers located in Brazil have to provide a Certificate of Origin ALADI. Such origin information from our suppliers will be treated as confidential by the Audi México Customs Department.

A movement certificate, if applicable, (EUR 1, ATR, Form A, declaration of origin on the invoice) has to be prepared in each case and submitted to the receiving works together with the goods.

If no movement certificate is submitted for a delivery or a part thereof although the legal conditions for the delivery are fulfilled, Audi México reserves the right to pass arising duties on to the supplier. The same applies if the preference conditions are not fulfilled and therefore, no movement certificate can be prepared.

Entry Declarations and Risk management information:

The supplier is obliged to give any required data (see Mexican Customs Code, and future regulations) for entry declarations or any future adaptation, to the responsible carrier/expeditor or service provider.

ATTENTION: Missing data for entry declarations or possible future requested information from Authority, lead to avoidable delay on loading, penalties are possible. All additional costs arising thereof shall be borne by the supplier.

2. Approvals/export control

By supplying Audi México with goods, which are subject to authorization and/or export control, the supplier is obliged to provide the following information to:

AUDI MÉXICO S.A. de C.V.
Customs Department
Boulevard QS No. 1
San José Chiapa, Puebla
C.P. 75012
México

- the number of the export list (according to the foreign trade regulation) and/or the list number according to the annex of the EC Dual-Use Regulation (in their respectively valid version), if it is required,
- the following questions (or any others which in future might substitute these ones) have to be answered properly and correctly for US goods (according to US laws):
 - a) Are the goods subject to the US re-export provisions? (Subject to the EAR?)
 - b) the ECCN (Export Control Classification Number) according to the US Export Administration Regulations (EAR)
 - c) Was an "Export License" required for the export from the USA? (Conditions?)
 - d) Are these parts requiring any kind of approval?

- e) Does the value of the US shares exceed 10% and/or 25%?

- the commercial origin of the goods and of the components of the goods, including technology and software
- whether the goods have been transported through, produced or stored in the USA or whether they have been produced with US technology or parts
- the statistical goods number (HS code) of the goods as well as information material for the application for approvals
- a contact person within the supplier's company for the clarification of possible questions we might have.

This duty to inform continues to apply for the supplier even after the end of the business relations.

3. International Supply Chain Security

The supplier ensures that goods, which are produced, stored, forwarded or carried by order of Audi México, which are delivered to Audi México or which are taken for delivery from Audi México

- are produced, stored, prepared and loaded in secure business premises and secure loading and shipping areas
- are protected against unauthorized interference during production, storage, preparation, loading and transport
- Reliable staff is employed for the production, storage, preparation, loading and transport of these goods

- The supplier informs business partners, who are acting on behalf of the supplier, that they also need to ensure the supply chain security as mentioned above.
- For C-TPAT and-AEO certification purposes, Audi México must confirm its safe supply chain. For this reason, suppliers shall provide to Customs Department, SVI number (in case of C-TPAT certification), or AEO certification for Mexican suppliers. In case this is not hold, suppliers will provide the security questionnaires and intention letters to the same department.

In case of questions, please contact:

fta@audi.mx