

**Tool Shop Business Unit of Volkswagen Autoeuropa
- Specific Terms and Conditions –
Current as of 23rd May, 2018**

1. Scope

The following Specific Terms and Conditions (“T&C”) apply to current and future business transactions with the suppliers or other contractors (hereinafter referred to as “Contractors”) of the Tool Shop Business Unit of Volkswagen Autoeuropa for metal stamping die’s procurement (“Volkswagen Autoeuropa Tool Shop”).

The content of any previous discussions, notes, correspondence and so forth with the Contractors does not constitute a component of the contract, which is based only upon Volkswagen Autoeuropa Tool Shop Purchaser Order (“PO”) and the Negotiation Protocol. The contract is the sole result of the PO, the Negotiation Protocol, this T&C and all applicable provisions included in the Volkswagen Group Supplier’s B2B Platform: ***www.vwgroupsupply.com***– under the Topic: ***“Cooperation” – “Procurement conditions” – “Volkswagen” – “other Volkswagen locations” – “Volkswagen Autoeuropa”***, in particular the General Purchase Order Conditions. General terms and conditions of business or form sheets of the Contractors will never be recognized, accepted and/or become a part of the contract, whether, or not, Volkswagen Autoeuropa Tool Shop is aware of them, has disputed, or not, their validity, or the same are, or not, in conflict with this T&C.

All modifications and/or additional terms and conditions, in particular the ones included in technical documentation shall be agreed upon in writing and signed by Volkswagen Autoeuropa Tool Shop provided the same do not represent additional costs and/or any alterations to the initial commercial conditions of the Contract. On the contrary, any modifications and/or additional terms and conditions involving alterations with financial impact on the Contract shall be signed by the legal representatives of the Parties.

In addition thereto, all further agreed written documents which expressly refer to the contract with the Contractors and to any addendum, alteration or modification thereof, shall constitute part of the same.

The terms of inspection and the scope of the metal stamping tools manufacturing shall have to comply with the specific requirements established in , Volkswagen Autoeuropa Specifications, in the PO and in their respective annexes.

By sending its quotation/proposal to Volkswagen Autoeuropa Tool Shop, the Contractor is thereby accepting, expressly and without reserves, and for all legal purposes, this T&C and the applicable provisions included in the Volkswagen B2B Platform www.vwgroupsupply.com, in particular the General Purchase Order Conditions.

Any alteration by Volkswagen Autoeuropa Tool Shop on the date of the Start of Production (SOP) does not cause any responsibility, on whatever grounds, for Volkswagen Autoeuropa Tool Shop.

2. Contractor Commitments

2.1. The Contractor warrants that it is:

- i) Capable to fulfill the work, to process the necessary resources according to the Volkswagen Autoeuropa Tool Shop's requirements and to fully comply with this T&C, and with the applicable provisions included in the Volkswagen B2B Platform www.vwgroupsupply.com, in particular the General Purchase Order Conditions;
- ii) Able to perform the tests and necessary inspections to manufacture the components or supply the services;

2.2. The Contractor further agrees that, if and when applicable, the dimensional control will be carried out through the coordinates system (by means of measuring machine).

2.3. In case of doubt regarding the production suitability and/or the correction actions that will have to be taken, the Contractor must address them to the person responsible for the project in Volkswagen Autoeuropa Tool Shop in order to agree on the problem solving possibilities and to implement them after express agreement of Volkswagen Autoeuropa Tool Shop.

3. Construction

The construction shall be carried out in compliance with the construction design and reference data supplied by Volkswagen Autoeuropa Tool Shop and also with the mandatory construction norms from Volkswagen AG.

In case of task acceptance, the Contractor must request to Volkswagen Autoeuropa Tool Shop the information of the current status of the project design and must comply with the construction norms that can be consulted and obtained on the www.vwgroupsupply.com.

The use of standard parts is mandatory due to possible need of their replacement when necessary. See construction handbook 131 Norm **39D 999** www.vwgroupsupply.com.

The main construction documents shall be the designs and references provided by Volkswagen Autoeuropa Tool Shop.

Nevertheless, if the Contractor finds failures and/or inconsistencies on such designs and references it undertakes the obligation of immediately informing Volkswagen Autoeuropa Tool Shop in order to discuss and corrected the same, should that be the case.

The construction draft plan shall determine the functionalities of the components and the Volkswagen Autoeuropa Tool Shop shall provide to the Contractor the inspection and control points to be executed before acceptance, in terms acceptable to the Volkswagen Autoeuropa Tool Shop.

When applicable, the function determinations consist in the following points:

- a) Specification of the resource bodies, skin surfaces and functionality of the components;
- b) The functionality control and inspection will be defined by Volkswagen Autoeuropa Tool Shop.

4. Production

Before starting the production, the Contractor will send to Volkswagen Autoeuropa Tool Shop a detailed timetable construction plan (Timing Plan). The Timing Plan, which will be considered for all legal purposes as an integral part of this Contract being attached to the same, must comply with the time plan previously sent by Volkswagen Autoeuropa Tool Shop.

The Contractor will be solely and entirely responsible for the compliance with the Timing Plan and undertakes to provide Volkswagen Autoeuropa Tool Shop with weekly detailed reports on the construction status. Volkswagen Autoeuropa Tool Shop will supply the report format for such purpose.

The construction criteria acceptance is defined by the Volkswagen Norms. The acceptance protocols shall be signed on the acceptance phase.

The Contractor further undertakes to reserve 15% of its production capacity to perform possible modifications so as to ensure that no type of delays will occur in the main working frame (Timing Plan).

5. Acceptance

The Contractor shall inform Volkswagen Autoeuropa Tool Shop when dies are concluded and shall send detailed and comprehensible report with the control and inspection tests and measurements performed. In the measurement protocol, all the important ranges of the die functions must be massively kept.

The control equipment must be suitable and its control and calibration must be kept.

The “should” and “its” comparison must be included on the report, as well the permissible tolerances. The Volkswagen Autoeuropa Tool Shop will decide on the number of visits to the Contractor’s construction site. Upon the pretests result (OK/Not OK) the delivery can be made.

The errors detected will be immediately corrected and the Contractor will immediately send the corresponding actions to avoid future recurrences (e.g. 8D, Hishikawa, root cause analysis etc...).

One “OK” status does not represent any decrease of responsibility on the part of the Contractor or any, even partial, release from its responsibility. The full acceptance will occur on the Volkswagen Autoeuropa Tool Shop’s facilities by means of a written acceptance of Volkswagen Autoeuropa to be issued when all the open points are 100% closed according to the Specifications and to Volkswagen Autoeuropa’s sole criteria. Between the pre-tests and the delivery, the engineering changes have to be incorporated and tests and reports sent to Volkswagen Autoeuropa. Additional costs, if any, will be agreed between the Parties in writing and signed by the legal representatives of the same. The modifications requested by Volkswagen Autoeuropa Tool Shop on the supplied components must be immediately incorporated.

Any deviation of the planned work and dimensional tolerances has to be immediately communicated to Volkswagen Autoeuropa Tool Shop and approved, in writing, by the same.

6. Warranty and Compensation for Damages

All parts/services delivered by the Contractor (i) shall conform to the technical specifications provided by Volkswagen Autoeuropa Tool Shop and (ii) shall be free from defects in title, materials, workmanship, manufacture and design (to the extent the Contractor, its employees, agents, contractors and/or vendors are responsible for the design) and (iii) shall be fit and sufficient for their intended use and be delivered in the highest possible quality, and in a duly and timely matter.

The Contractor further warrants and fully guarantees fault-free material, fault-free performance as well as complete, flawless and on-schedule performance of the agreed parts and/or services. The Contractor ensures that the parts/services exhibit the normally required and explicitly assured properties.

Title to the parts/goods, the benefits associated with them and the risk of damage to parts/goods are transferred to Volkswagen Autoeuropa Tool Shop at the moment of receipt of parts/goods without prejudice of the liability of the Contractor for any and all defects and/or damages of the parts/goods, pursuant to this T&C, the General Purchase Order Conditions and to the applicable Law.

The warranty period ends 24 (twenty four) months after delivery and full acceptance by VW Autoeuropa Tool Shop. When any defect has been detected, Volkswagen Autoeuropa Tool Shop shall always be entitled to a 90 (ninety) day deadline period for the notification of defects to Contractor. In case of occurrence of a defect, Volkswagen Autoeuropa Tool Shop shall be free to choose between replacement, repair or price reduction. The warranty requirements and the Contractor's obligation to compensate shall neither be limited by treatment and processing nor by the resale of the goods.

7. Liability

The Contractor is fully liable within the scope of the applicable product liability laws. Exclusions of liability of any type as well as limitations of liability of the Contractor - particularly in respect of damage compensation or compliance with the warranty period - will not be accepted. In particular, and without limitation, there is no exclusion of liability for property damage. The Contractor shall further assume responsibility for all faults of its subcontractors and/or of the sub-contractors of the manufacturers just as for its own faults. Regardless of negligence, the Contractor assumes full responsibility for defects of the products pursuant to the terms of the applicable laws. The Contractor and its legal successors shall be obligated to monitor the products and must immediately inform Volkswagen Autoeuropa Tool Shop, if afterwards it is discovered that the products possess dangerous properties. In the event that a claim is raised against Volkswagen Autoeuropa Tool Shop, the Contractor shall be obligated to indemnify the same in full and undertakes to hold Volkswagen Autoeuropa Tool Shop entirely harmless in respect thereto.

The Contractor shall further indemnify (and hold harmless) Volkswagen Autoeuropa Tool Shop against any and all claims, damages, losses, liabilities, suits and/or expenses arising from the defective fulfilment and/or from the non-fulfilment of the PO, the T&C and the General Purchase Order Conditions as well as from the supply of defective goods and/or services.

7.1. Penalties

Any and all delays of the Contractor in breach of the agreed Timing Plan (whether of interim or final deadlines), that are not accepted, in written form, by Volkswagen Autoeuropa Tool Shop, shall entitle the latter to charge the Contractor with a penalty of 0,15% of the total PO for every working day in which the deadline is exceeded or delayed, with the maximum limit of 5% of the total PO, without prejudice of the liquidation of the exceeding damages suffered by Volkswagen Autoeuropa as a result of such delays, according to the Portuguese Civil contractual Law

8. Insurance

The Contractor must have, at its own expense, usual insurance coverage for business with a renowned insurance company (a written certificate of insurance is to be presented to Volkswagen Autoeuropa Tool Shop before acceptance), including a general liability insurance with extended product liability insurance (covering *inter alia*

personal injury, material damage, financial loss and business interruption). The product liability insurance must have insurance coverage, according with the table available in the Volkswagen Autoeuropa B2B Platform “www.vwgroupsupply.com – under the Topic: “**Cooperation**” – “**Procurement conditions**” – “**Volkswagen**” – “**other Volkswagen locations**” - “**Volkswagen Autoeuropa - Insurance**”, of at least € 1.000.000,00 (one million euros) per damage event or of a higher amount if established in the Specification(s), and it must be maintained at least 24 months after fulfillment/termination of the contract. Volkswagen Autoeuropa Tool Shop is entitled to demand to be listed in the certificate of insurance as "Additionally insured". Proof of the continuation of the insurance must also be provided during the contractual term at Volkswagen Autoeuropa Tool Shop’s request. A lack of proof shall entitle Volkswagen Autoeuropa Tool Shop to terminate the contract on the grounds of just cause.

9. Intellectual Property Rights

Volkswagen Autoeuropa Tool Shop reserves the proprietary rights and copyright of all drawings, diagrams, calculations, other documentation, models, samples and so forth, which were made available by Volkswagen Autoeuropa Tool Shop to the Contractor for the performance of the PO. Those documents, as well as the drawings and so forth made by the Contractor in accordance with special instructions of Volkswagen Autoeuropa Tool Shop, may not be used by the Contractor for other purposes, duplicated or be made available to third parties.

The Contractor may only use the intellectual property rights of Volkswagen and Volkswagen Autoeuropa, whether such intellectual property rights are required for the production and supply of any goods or services to Volkswagen Autoeuropa Tool Shop and may not use them for the production and/or supply of any goods or services to any other party.

All drawing, models and so forth and/or any and all intellectual property rights arising from the Contractor’s work under the contract and these T&C shall become property of Volkswagen Autoeuropa Tool Shop.

10. Payment

Payment does not constitute recognition of proper deliveries and/or services, and does not waive claims of any kind to which Volkswagen Autoeuropa Tool Shop may be entitled. Payment conditions are set forth in the General Purchase Order Conditions.

11. Confidentiality

The Contractor shall consider all information provided by Volkswagen Autoeuropa Tool Shop, including drawings, know-how, samples and specifications or other documents, to be confidential and proprietary to Volkswagen Autoeuropa Tool Shop. Volkswagen Autoeuropa Tool Shop shall not disclose such information to any other person, or use them for any other purpose other than for fulfilling and performing the PO unless the Contractor obtains Volkswagen Autoeuropa Tool Shop's prior written authorization for the purpose. The Contractor shall ensure that all its employees, agents, and/or subcontractors, etc. shall respect this obligation of confidentiality. This obligation shall survive the termination of the contract.

12. Subcontracting and Assignment of Contractual Obligations

The Contractor may not subcontract, totally or partially, the execution of the PO/services or assign to third parties, in any form, the fulfilment of its obligations with respect to the PO, without the prior written consent of Volkswagen Autoeuropa Tool Shop.

13. Applicable law, Place of Performance, Venue

All legal relationships between Volkswagen Autoeuropa Tool Shop and the Contractor shall be exclusively governed by the Portuguese Law, excluding *inter alia* the provisions of the Convention on Contracts for the International Sale of Goods (CISG).

Exclusive place of performance for delivery and payment obligations shall be the registered office of Volkswagen Autoeuropa Tool Shop (Quinta da Marqueza, Quinta do Anjo, Palmela).

Exclusive venue for all disputes arising from the business relationship between Volkswagen Autoeuropa Tool Shop and the Contractor shall be Lisbon, Portugal.