



Terms for Special Production Equipments (Tools)

Scope:

Special production equipment (production equipment) means any tools, tool elements, molds, gages, templates, models, dies, and other manufacturing equipment required to manufacture specific components for Volkswagen India Pvt. Ltd. (herein after referred as "VOLKSWAGEN") .

The commission, manufacture, use, servicing, maintenance, and new acquisition of such production equipment, the rights to this production equipment, as well as the right of disposition regarding the same, are conducted exclusively as per the following provisions between the Supplier and VWIPL.

1. Ownership and possession of the production equipment:

1.1 VOLKSWAGEN is the sole owner of VOLKSWAGEN specialized production equipment (production equipment). VOLKSWAGEN loans the production equipment to the supplier. The transfer of the production equipment is superseded in this respect by constructive possession. Should the production equipment be located with a subcontractor, the supplier has relinquished its claim for restitution with the creation of production equipment to VOLKSWAGEN.

1.2 The supplier possesses the production equipment for VOLKSWAGEN. The duration of the right of possession is the period from SOP to EOP in the parts order separate from this contract, unless the parties have arranged otherwise.

1.3 The supplier is obliged to send a confirmation of possession regarding the production equipment provided to it on loan by VOLKSWAGEN, once every calendar year by 31st December at the latest, to the respective Buyer at **VOLKSWAGEN INDIA PRIVATE LIMITED, E1, MIDC (Phase III), Village Nigoje, Mhalunge, Kharabwadi, Chakan, Tal. Khed Dist. Pune-410501**. The current production equipment location must be indicated in the confirmation of possession. In addition, the supplier is obliged to provide VOLKSWAGEN, immediately and free of charge, with separate confirmations of possession and all miscellaneous documents such as bills, delivery notes, etc., which are required to reimburse already-paid sales tax, as per particular VOLKSWAGEN requirements in the respective individual case, for fiscal purposes. If the supplier does not comply with this obligation in an individual case, VOLKSWAGEN reserves the right to claim any resulting damages against the supplier. Provided the supplier uses the "Tools Inventory" application at www.VWGroupSupply.com, the confirmation of possession is prepared in the "Tools Inventory" application.

1.4 Regardless of this condition, VOLKSWAGEN is entitled to exercise its right of ownership at any time as per legal requirements and to reclaim the production equipment from the supplier. If VOLKSWAGEN exercises this right, the supplier is obliged to surrender the production equipment to VOLKSWAGEN in perfect condition.

The supplier must not object to the surrender with the following:

- An objection of invalidity to the termination of the delivery relationship,
- A plea of non-amortization in the allocation of costs for subsequent production equipment, maintenance and servicing, etc.

1.5 In the event of authorized production for the independent aftermarket, the supplier is obliged to immediately develop a corresponding strategy for ensuring secure supply sources. The supplier has no right of retention beyond a period reasonable for this condition.

2. Marking requirement

The supplier is obliged to mark the production equipment permanently and in an adequately visible manner with the note "**Property of VOLKSWAGEN INDIA PVT. LTD.** ", the inventory number(s) specified as per the tool order from VOLKSWAGEN, and the VOLKSWAGEN part no./ASSY no. In addition, the specifications in VOLKSWAGEN Standard VW 34022 apply, provided the production equipment dimensions allow a corresponding marking. The supplier must prepare digital photos of the marked production equipment in the course of the updated invoicing

specification at the latest. The digital photos must be created in such a way that the production equipment, all add-on and exchange parts, and the production equipment marking are visible.

The costs associated with this requirement are considered paid-for when the order value agreed upon in the Tooling Purchase Order (AZ order) is paid.

3. Production / Operating equipment sheet and production equipment specification / "Tools Inventory" application

3.1 The supplier is obliged to fill out a production / operating equipment sheet completely for each item in the Tooling Order. If the production equipment or parts of the production equipment from one item are located at different locations, a separate production equipment sheet must be filled out for each location.

3.2 The production equipment specification is the detailed listing of the individual elements of a production equipment item and constitutes the appendix to the production equipment sheet. In particular, the cores, gages, molds, etc., that are required for the purpose of using the production equipment, must be designated.

3.3 The supplier must send the production / operating equipment sheet and specification from sections 3.1 and 3.2 to the responsible Buyer at **VOLKSWAGEN INDIA PRIVATE LIMITED, E1, MIDC (Phase III) Village Nigoje, Mhalunge, Kharabwadi, Chakan, Tal. Khed Dist. Pune-410501**, in the latest version of the invoice.

3.4 Provided the supplier uses the "Tools Inventory" application at www.VWGroupSupply.com, the information from sections 3.1 and 3.2 and the digital photos from section 2 must be set in the "Tools Inventory" application in the framework of the tool / fund request, and updated for invoicing and in the event of changes. When VOLKSWAGEN draws up the Tooling Order, the production / operating equipment sheet appendix for the Tooling Order is prepared by the system from the supplier data entered in the framework of the tool / fund request. For invoicing, the data must be updated in the "Tools Inventory" application and the supplier must print out the current production / operating equipment sheet. The printout must be sent to the responsible Buyer at **VOLKSWAGEN INDIA PRIVATE LIMITED, E-1, MIDC (Phase III), Village –Nigoje, Mhalunge, Kharabwadi, Chakan, Tal. Khed Dist. Pune-410501**.

4. Servicing, maintenance, insurance

4.1 The supplier must treat the production equipment carefully, maintain it over the customary intervals in a timely manner, and always keep it usable as per the agreed latest drawing version during the duration of the loan.

4.2 As the borrower, the supplier is responsible for the dimensional stability of the production equipment, particularly the gages. At the same time, the supplier must evaluate the deviations related to wear and correct them if necessary.

4.3 VOLKSWAGEN will support the supplier in an appropriate manner while checking and correcting these deviations.

4.4 The supplier is obliged to insure the production equipment at stated value against fire, theft, and other damages.

4.5 Any storage costs incurred must be borne by the supplier only.

4.6 VOLKSWAGEN is entitled to verify compliance with these obligations at any time over the duration of the loan period during the supplier's regular business or working hours at the production equipment operating site. VOLKSWAGEN is also entitled to verify the required insurance coverage documents, held by the supplier. Provided there is no danger of delay or notification does not conflict with the purpose of the inspection, VOLKSWAGEN will announce the inspection in advance.

4.7 New production equipment that is required due to wear, damage, and similar phenomena is acquired by the supplier as the property of VOLKSWAGEN, provided the original production equipment was also the property of VOLKSWAGEN. At the time of the new acquisition, the production equipment transfers to VOLKSWAGEN ownership. The investment costs required for this new acquisition are included in the parts price, unless a different written arrangement is met in individual cases. The provisions of this contract, particularly section 1, apply to replacement production equipment.

5. Right of disposition

5.1 The production equipment must be used to fulfill the demands of VOLKSWAGEN, subsidiaries of VOLKSWAGEN, or Volkswagen Group companies, both for production and spare parts.

5.2 If there is no longer a need to use the production equipment to fill orders of VOLKSWAGEN or the companies mentioned in sentence 5.1 at the supplier's facility, the supplier must inform VOLKSWAGEN of the decreased demand in writing; the supplier is not entitled to sell, scrap, or dispose of the production equipment in any other way, unless this is agreed upon with VOLKSWAGEN.

5.3 VOLKSWAGEN reserves the right to reclaim the production equipment from the supplier or to commission the supplier with scrapping it. The supplier is obliged to provide information required by VOLKSWAGEN in the framework of the scrapping release. The supplier bears the scrapping costs. If the supplier generates revenue when scrapping the production equipment, VOLKSWAGEN must be informed of the magnitude of this revenue. If the revenue generated exceeds the scrapping costs, the parties will reach an agreement about the distribution of the revenue. If the scrapping costs exceed the revenue, the supplier must document the actual scrapping costs and is entitled to establish cost-sharing discussions with VOLKSWAGEN.

5.4 Both during the loan period and when demand decreases for VOLKSWAGEN and the companies in sentence 5.1, utilization of the production equipment by the supplier to manufacture parts for third parties requires prior written approval by VOLKSWAGEN in each case where intellectual property is owned by Volkswagen or it is a licensee of the intellectual property, which may not be unreasonably denied. Third parties in this context are companies not connected with VOLKSWAGEN.

5.5 A pledge, assignment as security, or any other act of disposal of the supplier regarding the production equipment is not permitted.

6. Relocation/use of production equipment at sub-contractor's facility/forwarding to third Parties

6.1 The supplier may relocate the production equipment to a location other than the original production site only after prior written approval by the VOLKSWAGEN'S Procurement Department. The same is true in the case of production equipment located at the facility of a supplier's sub-contractor.

6.2 If the supplier uses the production equipment or parts of the production equipment at one or several of its sub-contractors' facilities, it must ensure with the respective sub-contractors through Corresponding contractual provisions (loan contract), that existing provisions and rights of VOLKSWAGEN is also guaranteed in relation to the respective sub-contractors.

6.3 VOLKSWAGEN is entitled to demand disclosure of the corresponding contractual agreements by the supplier, in particular in the case of sub-contractors insolvency. If the supplier cannot present contractual agreements and damage is incurred by VOLKSWAGEN by distribution to the third parties under violation of this obligation, the supplier must fully compensate & indemnify this damage caused to VOLKSWAGEN.

7. Liability

7.1 The supplier is liable for any damages incurred on the production equipment, provided the supplier is at fault. The supplier is responsible for intent and negligence. In this context, the supplier must take responsibility for the conduct of its employees and the further vicarious agents/accomplices employed by it.

7.2 If damages arise to the legally protected interests of third parties and these third parties assert claims against VOLKSWAGEN with regard to the damage to these legally protected interests, the supplier agrees to indemnify VOLKSWAGEN from these claims in this respect and must compensate the costs resulting from a corresponding claim of VOLKSWAGEN. Included among these costs are prosecution/legal costs arising as a result.

7.3 VOLKSWAGEN liability is limited to intent and gross negligence:

Allocation of intellectual property rights, copyrights, and know-how

(1) Duty to inform

The Supplier shall inform VOLKSWAGEN of any and all innovations arising within the Supplier's organization in connection with the performance of the contractual work, including without limitation inventions, suggestions for technical improvements, know-how, and any other individually identifiable intellectual property. It shall furnish all documentation necessary to assess such innovations and provide VOLKSWAGEN with any requested information related thereto.

(2) New intellectual property rights

VOLKSWAGEN shall in general have sole and exclusive entitlement to the results and products of all work performed for this project including without limitation documents or other output. VOLKSWAGEN reserves the right to provide any and all documents to third parties, for instance, for supplier selection purposes.

VOLKSWAGEN shall have the sole and exclusive right of use and exploitation with regard to the results and products of all work, including without limitation any innovations arising in the context of this contract. VOLKSWAGEN is alone entitled to file applications for intellectual property rights. Should VOLKSWAGEN waive any such right of application, it will give the Supplier written notice thereof. The Supplier is then entitled to register the intellectual property right in question at its own expense. Regarding such intellectual property rights, VOLKSWAGEN is entitled free of charge to a non-exclusive and transferable perpetual right of use and exploitation without restrictions as to geographical or material scope.

(3) Pre-existing intellectual property rights

To the extent inventions and related intellectual property rights or copyrights are shown to have been present in the Supplier's organization prior to commencement of the contractual work ("pre-existing intellectual property rights"), the Supplier remains the holder thereof. Regarding any pre-existing intellectual property rights used in the development work, it agrees, however, to grant VOLKSWAGEN on preferential terms a non-exclusive, transferable, perpetual right of use and exploitation without restrictions as to geographical or material scope. The use of pre-existing intellectual property rights is free of charge for the duration of the cooperation. The Supplier shall notify VOLKSWAGEN of any pre-existing intellectual property rights used in the final development result upon acceptance/approval of the final development result or upon project conclusion, whichever occurs first. Where a production vendor part is being developed, the Supplier shall give such notice upon delivery of the first sample parts.

(4) Copyrights

With regard to all copyrights enjoyed by the Supplier regarding its contractual performance or parts thereof, the Supplier grants VOLKSWAGEN free of charge an exclusive, transferable, and perpetual right of use and exploitation without restrictions as to geographical or material scope. VOLKSWAGEN's right of use and exploitation includes the right to rework the work product, the documents, or the drawings, to modify the same, and/or to permit their use by third parties gratuitously or for consideration.

(5) Technical changes

In the event of technical changes pursuant to section 9, the Supplier is required to conduct appropriate sample testing before the start of production deliveries. This "Terms for Special Production Equipment (Tools)" is applicable to all design changes / modifications. Any type of design change / modification shall be communicated by VOLKSWAGEN through separate written notice.

8. Sampling

In the course of sampling the parts manufactured from the production equipment, the supplier is obliged to submit the EU safety data log sheet currently in effect to VOLKSWAGEN, and to meet the requirements specified in VDA Recommendation VDA 260 in the version currently in effect. The EU safety data log sheet is available for download at www.VWGroupSupply.com.

9. Changes to production equipment

If changes to the production equipment are commissioned by VOLKSWAGEN , the conditions apply accordingly

10. Invoicing and payment

10.1 Every Supplier / Service Provider, who are located in India and within the frame of Goods and Service Tax ("GST") has to register itself on Goods and Service Tax Network ("GSTN"), a website / platform provided by Government of India for initiating any transaction in relation to GST. Further that Vendor / Service Provider shall indemnify Volkswagen Group Company / ies for the loss caused in case the tax credit of GST is not passed on to the VOLKSWAGEN for any reason whatsoever.

10.2 Invoices must be delivered to **VOLKSWAGEN INDIA PRIVATE LIMITED, E1, MIDC (Phase III), Village – Nigoje, Mhalunge, Kharabwadi, Chakan, Tal. Khed Dist. Pune-410501** Invoicing is permissible with the settlement date from Prerequisite for the settlement date of the order value is that subsequent documents are filled out completely and in accordance with regulations: (1) Sample report with OK-sampling and (2) receipt of the Tooling Purchase Order, signed without conditions, (3) proper and auditable invoice, and (4) a production / operating equipment sheet updated to the point, at the time of invoicing (section 3.2 or 3.4). The supplier must send all these documents (1), (2), (3) and (4) to **VOLKSWAGEN INDIA PRIVATE LIMITED, E1, MIDC (Phase III), Village – Nigoje, Mhalunge, Kharabwadi, Chakan, Tal. Khed Dist. Pune-410501**.

10.3 The payment conditions come from the Tooling Purchase Order.

10.4 Discount: Any discount given to VOLKSWAGEN before or at the time of supply of goods or services shall be distinctly mentioned in the invoice. In case of discount given after the supply has been effected, the same shall be specifically linked to relevant invoice.

11. Miscellaneous

11.1 In other respects, clauses III, IV, VIII, IX, XIII, XV.2 to XV.6 of the VOLKSWAGEN purchasing terms for production material, version 05/2017 or later, apply accordingly.

11.2 In the event that the supplier transfers its above-mentioned duties to manufacture the abovementioned production equipment, either wholly or in part to third parties, and insolvency proceedings are being applied against its assets, VOLKSWAGEN is entitled in supplement to clause XV.2 of the purchasing terms for production material to enter into the supplier's contracts with third parties and pay the third parties directly. The supplier is obliged to make a corresponding contractual arrangement with the third party ensuring an unobstructed right of VOLKSWAGEN to enter into contracts with third parties.

11.3 If the supplier acquires expectant rights to the production equipment with whose manufacture it has commissioned a third party, the supplier clarifies the surrender of the expectant rights to VOLKSWAGEN by signing the order receipt. However, this surrender takes place under the condition that VOLKSWAGEN pays to the supplier the agreed price for the expectant rights of the production equipment. The expectant rights pass to VOLKSWAGEN with the payment without the need for further clarifications between the parties.

11.4 In the case a supplier is entitled to ownership of the production equipment, clauses 1,2, 3, 5.5 and 6.1 do not apply. Instead of the production equipment sheet and specification from clauses 3.1, 3.2, or the specification in the "Tools Inventory" application as per clause 3.3, the order value is openly detailed. Clause 5.3 applies only to the extent that VOLKSWAGEN is entitled to purchase the production equipment from the supplier. In doing so, the purchase price is oriented to the present value of the production equipment. In the framework of relocations, the non-use of clause 6.1 does not release the supplier from any potentially required releases/audits of the new production site/processes. The remaining clauses apply accordingly, taking into account the fact that the production equipment is owned by the supplier.

11.5 Anti- Profiteering Clause : Any reduction in rate of tax on the supply of goods or services or the benefit of input tax credit or any other benefit accrued in consequence of provisions under Goods and Services Tax or any other applicable laws shall be passed on to the COMPANY by way of commensurate reduction in prices.

12. Taxes and Duties

Till the Equipment is returned to VW in good working order and condition, the Vendor shall bear and pay all imposts, charges and other duties, taxes and/or penalties as may be levied from time to time by the Government or any other authority pertaining to or in respect of the Equipment. In case VW is required to pay any such imposts, charges and other duties, taxes and/or penalties, the Vendor shall reimburse the same to VW within seven (7) days of receipt of notice of demand from VW.

The Supplier confirms acceptance of all these above conditions with the Nomination Agreement Electronically Accepted / Manually Signed or by Accepting the Purchase Order for Special Production Equipment (Tools), as the case may be.