

## Q5 Project (AU436) - Contract Award for Mexico Plant Binding Declaration for Originating Products

The origin of parts required for the vehicle's production is very important for the economic efficiency and success of the whole project. Mexico has established trade agreements with several countries and is a member of several free trade areas. Under certain conditions, trade within the free trade area or with the contracting partner is free of customs duty.

In the scope of this request for quotation (RFQ), assuming that you are selected ahead of the competition and are nominated as supplier of AUDI MÉXICO S.A. de C.V. (hereinafter "Audi México") following a positive sourcing committee decision, the parts that you manufacture and supply to San José Chiapa/Mexico will be used for the production of vehicles and for the supply of spare parts. The vehicles and/or its parts will then be exported for sale around the world.

The conditions for free trade are predominantly stated in the applicable free trade agreement based on the harmonized system of customs tariff numbers (based on the respective part/material). Primarily, evidence of a specific added-value depth in the trade agreement area or free trade area must be documented.

In order to comply with the conditions of the new USMCA (USA-México-Canada Free Trade Agreement), the supplier that **produces, invoices and delivers in one country within the North American Region (USA, Mexico, Canada)**<sup>1</sup> must accomplish a confirmed originating added-value depth of a specific percentage ("**Regional Value Content**" /RVC) in the North American Region (materials and production costs) according to the tariff code of the part number.

In addition, value of materials from the North American Region (including non-originating and originating material as well as production costs in a qualifying wage-rate-production) may be accounted for the "**Labour Value Content**" /LVC if certain conditions apply.

The supplier that **produces, invoices and delivers outside Mexican or the North American Region Territory** must comply with the relevant rules of origin of the applicable Free Trade Agreement that Mexico is part of.

### **Relevant Documents we request for the RFQ:**

#### **1) Confirmation of the Local Content Letter (see attachment)**

To help us calculate the added-value depth and the originating status of our vehicles, and to evaluate your suitability for the contract award, we kindly ask you to fill in and sign the following confirmation and send it back via ESL together with your quotation.

<sup>1</sup> No virtual operations are allowed

## 2) “Report of Origin Pre-Series” (Excel file)

Moreover, we kindly ask you to fill in the attached “Report of Origin Pre-Series” (Excel file) and send it directly to our Customs Department at Audi México (email to [rces@audi.mx](mailto:rces@audi.mx)) for further verification. You will receive our calculation results on RVC/LVC (for USMCA) and/or the qualification for the EU-MX-Free Trade Agreement as a report sent to your email.

This information will be used in the decision process for the contract award. As we will need **your final price of quotation** for the respective calculation, please make sure that you send the requested details on **part number level with the final prices** by conclusion of the negotiations.

**Declaration for Originating Products**

**In the case of contract award, we hereby certify** that, in the scope of this RFQ with FS/GS number.....

the products/parts supplied by our company at the time of delivery are originating products as per the following free trade agreements (*please select the one(s) applicable*):

- Mexico/USMCA
- Mexico/EU
- Mexico/Mercosur (Frame agreement with 4 Appendix)

In addition, that we will provide AUDI MÉXICO S.A. de C.V. with the relevant, correct and complete documentary evidence of origin as it is requested via a **“Report of Origin” every year** following the required timeline.

We declare that we can confirm an originating added value for the parts quoted as per definition of the USMCA rules & conditions:

- Regional Value Content (RVC): %  
*(please attach table if quota varies between part numbers)*
- Labour Value Content (LVC): %  
*(please attach table if quota varies between part numbers)*

and / or that we can confirm an originating certificate for the parts quoted as per definition of the EU-MX-Free Trade Agreement.

- Yes  No   
*(please attach table if varies between part numbers)*

Suppliers outside Mexico will deliver the corresponding “Certificate of Origin” as the FTA signed with Mexico establishes and in the periodicity that applies (by shipment or yearly).

Against this background, our quotation necessarily discloses the local content in the requested way (e.g. cost breakdowns at point of time of sourcing, bill of material during the project phase, Reports of Origin after SOP, etc.).

Furthermore, we will notify immediately the responsible procurement agent of any possible changes affecting the parts to be supplied during the project phase (e.g. technical change requests) and the series phase (e.g. cost reduction proposals) which could jeopardize the attainment of the **confirmed originating**

**added-value for USMCA and/or the originating status of the product according to the before mentioned Free Trade Agreements (as stated above).** There will be no change, which could jeopardize the required origin without the prior written approval from Audi México.

We will mandatorily feed the IT System solution, which Audi México will provide for the inclusion of the Report of Origin information, on a regular basis with the above requested information (“Report of Origin” or “Certificate of Origin”). Regular data input of such information will be required from RFQ phase before nomination until EOP (End of Production).

In case of n-Tier supplier relationships, we are responsible for gathering the necessary documents from our sub-suppliers. **In case of directed suppliers** by AUDI AG or the VW Group, **the Tier 1 supplier is responsible for the documentation towards Audi México.** Therefore, the directed supplier accepts to provide the relevant information in the above-mentioned form to the Tier 1 supplier or to Audi México accordingly.

It will be also mandatory to achieve the RVC committed during the sourcing process to comply with the USMCA free trade agreement and provide the correct and complete Report of Origin/Certificate of Origin to International Treaties. If the commitment is not met or the requested documentation is not delivered, Audi México reserves the right to terminate the contract early without further formality and as well as withhold up to 30% of the supplier’s pending invoices. This penalty should continue until the RVC is fulfilled or the certificates are sent to and accepted by Audi México.

In particular, we are aware that the above declaration is of key importance to Audi México, both in terms of project costing and for the award decision, and that any deviations from the above may cause considerable economic damage.

After your selection as supplier according to the process mentioned above, this binding declaration will become part of the contract between your company and Audi México. In the case of contract award, you will be obligated to fulfill all the requirements as stipulated in the declaration for originating products.

....., .....,  
Place            Date

.....  
Company

.....  
Signature

**Supplier's Contact Person in Mexico/NAR Region for Origin Certification**

Name	
Telephone Number	
E-Mail	