



TERMS AND CONDITIONS FOR DELIVERY OF GOODS AND PROVISION OF LOGISTICS SERVICES OF AUDI, S.A. DE C.V.

These terms and conditions (hereinafter "Terms and Conditions") will be applicable to everything related to the delivery of Goods operations and the provision of Logistics Services requested by **AUDI MÉXICO, S.A. de C.V.** (hereinafter "AUDI"), to Supplier (hereinafter "Supplier") through the Purchase Order.

The Terms and Conditions will govern any relationship between the supplier selling, supplying or in any other way delivering raw materials, components and/or goods (jointly referred to as the "Goods") and AUDI (jointly referred to as the "Parties"), therefore Supplier must abide by them, as well as by the formalities and obligations that must be observed in accordance with the Customs and Foreign Trade Law.

AUDI reserves the right to make any change or modification to these Terms and Conditions without prior notice being necessary.

1. DEFINITIONS

For the purposes of these Terms and Conditions, the following terms will have the meanings established below:

Audi: The legal entity called AUDI MÉXICO, S.A. de C.V.

Day: A calendar day.

Documentation: Any document made in addition to the Purchase Order and these Terms and Conditions, either by physical or electronic means, which may be, without limitation, any of the following:

- i. List of requests (hereinafter Lastenheft).
- ii. Delivery programs.
- iii. Operational Letters.
- iv. Tenders.
- v. Quotations.
- vi. Technical quality standard for the distribution and handling of VW group vehicles (TQS).
- vii. Requirements for the award of services in the area of high voltage vehicle technology (personnel training).
- viii. Requirements established in the Supplier Portal published at www.vwgroupsupply.com, <http://www.vwgroupsupply.com>, including those related to registration on said platform or others of the AUDI Group, regarding anything not opposing to the provisions of the Purchase Order and any additional exhibits determined by AUDI.
- ix. Requirements for supplier quotation via Electronic Supplier Link (ESL) (when applicable).
- x. Any additional exhibit determined by AUDI, particularly at: http://www.vwgroupsupply.com/one-kbpub/es/kbp_public/information/procurement_conditions_new/AUDI_ag.html and <http://ldb1-vwm.vw.com.mx/>
- xi. In general, any other information, contained in electronic or printed media, received by Supplier or agreed by the involved departments of both parties, for the purposes of carrying out the negotiation or operation of the Purchase Order, always with prior approval in writing from AUDI's Legal Affairs Director.

Invoice: Document detailing the Goods or the Service provided and their price, which is delivered as proof of the payment made by AUDI, in accordance with the applicable legislation in Supplier's jurisdiction and that allows tax deductibility.

Audi Group: Group of subsidiary and/or affiliated entities of AUDI AG worldwide.

Goods: The raw material, components and/or goods that Supplier sells, supplies or delivers to AUDI.

Supplier: Individual or legal entity selling, supplying or in any other way delivering the Goods to AUDI, and who is identified as such in the Purchase Order. As well as any individual



or legal entity who has contact, manipulates and transports finished vehicles within the plant or to and from AUDI.

Purchase Order: The document entered into electronically (through the systems and/or means indicated by AUDI) or in writing in a physical document, in which the order for Goods and/or Services (with or without cost) agreed upon is established with Supplier, under the terms and conditions contained in said document established by AUDI and with the specifications and/or modifications contained in the related Documentation.

Parties: AUDI and Supplier.

Terms and Conditions: These general and mandatory rules established between the parties that are an integral part of the Purchase Order.

2. STATEMENTS OF SUPPLIER

Supplier hereby states the choice to be bound and accept the terms and conditions established in this document in their entirety.

Once this document has been read and signed, Supplier undertakes to carry out each of the necessary proceedings before the competent authorities so that the delivery of the Goods or the provision of the Service requested in the Purchase Order by AUDI complies with the provisions of this document.

Likewise, Supplier undertakes to carry out all the procedures stated by the applicable laws, under Supplier's own charge and responsibility in order to optimize customs duties, including without limitation: inward processing, outward processing, specific use or warehouse deposit.

Likewise, Supplier states that Supplier's conditions of sale or supply or any other conditions are not applicable, except for agreements expressly granted in writing between the parties.

3. PURCHASE ORDER

The official language of the Purchase Order will be Spanish, any version in English or German, where appropriate, will be for informational purposes only.

The Purchase Order will be legally binding for both parties and will be considered accepted, as well as these Terms and Conditions when:

- i) Supplier confirms through the electronic systems designated by AUDI, and autograph signature on the Purchase Order granted in writing.
- ii) Supplier executes the service and/or the delivery of the Goods purpose thereof, totally or partially, said fulfillment being understood as the tacit acceptance of Supplier, even if Supplier has not been accepted (or, where appropriate, signed) the Purchase Order through Supplier's legal representatives and/or attorneys-in-fact legally empowered or persons authorized by Supplier for such purposes.
- iii) AUDI makes a payment to Supplier and if not returned within the following 72 (seventy-two) hours, it will be understood as the tacit acceptance of Supplier of the Purchase Order and these Terms and Conditions.

Notwithstanding the foregoing, if the Goods do not satisfy AUDI in accordance with the conditions agreed between the Parties and the characteristics specified in the Purchase Order, AUDI reserves the right to cancel the order placed, without any liability or cost, in which case, if applicable, Supplier must reimburse AUDI for the payments made. Likewise, the provisions of AUDI in the Lastenheft must be followed, regarding the costs generated by said cancellation.

4. PAYMENT CONDITIONS AND INVOICING

4.1. Delivery of Goods

The Parties agree that AUDI may pay Supplier a percentage of the total amount of the Goods as an advance payment that must be established in the Purchase Order as result of the corresponding negotiation with the Purchasing department, which will be invoiced once Supplier delivers to AUDI a Bond Policy guaranteeing compliance with the delivery of Goods and with the good use of the advance payment, otherwise, the reimburse of the advance payment; Supplier undertakes to keep the aforementioned Bond Policy in force until the day



on which the amortization of the advance payment is proven and maintaining a Bond for Compliance in accordance with section 14 of these Terms and Conditions.

4.2. Shipping Services

1. AUDI will pay Supplier for the provision of Services in accordance with the Scheduled Rates Exhibit. Supplier acknowledges that the rates in the Scheduled Rates Exhibit are remunerative and will allow Supplier to operate at a profit.
2. The payments scheduled in the Scheduled Rates Exhibit will be applicable to all the Services that Supplier provides to AUDI, who will not accept any extra charges except if the Parties previously agree so in writing.
3. Supplier's invoices will be paid on the 25th (twenty-fifth) day of the month after the date of receipt of the invoice, which must comply with all applicable legal and fiscal requirements. Supplier must always comply with the billing and validation requirements of the services provided by AUDI.
4. Payments can only be made between Supplier and AUDI, Supplier's subcontractors will not invoice AUDI directly. If AUDI chooses to pay the subcontractor directly to avoid any interruption of services or to mitigate its damages, AUDI may offset such payment against any other amount owed to the Contractor.
5. If Supplier has any debt with AUDI regarding the Services provided, AUDI will have the right to compensate, any amount owed to Supplier.
6. Supplier must always comply with the issuance of the CFDI of income with Consignment Note and/or, the CFDI with Consignment Note for the transfer of Goods of import or export.
7. AUDI may occasionally implement and update automatic billing/payment processes for all Suppliers. In this case, AUDI must give written notice to Supplier at least 1 (one) month in advance, so that the latter, at Supplier's expense, purchases, installs and maintains the technological information, software and connectivity system required to issue invoices and receive payment through AUDI's automated process.
8. The Parties agree that any claim that Supplier may have regarding the collection of any invoice must be made within a term of 6 (six) months after the delivery of the shipped Goods.

5. MEXICO-BASED SUPPLIER

5.1. Deliveries within Mexico

Any acquisition of AUDI of Goods within the Mexican Republic will be delivered by Supplier without the need to carry out any prior customs procedure. In this case, as it is an internal operation, Supplier will issue the invoice corresponding to the acquisition of AUDI, which will include the Value Added Tax (VAT).

If materials subject to any customs duty are used for the production of the Goods acquired by AUDI, Supplier is obliged to inform the Customs, Treaties and International Regulations (M/FZ) area of AUDI ten (10) days prior to the delivery thereof.

5.2. Statements of Occasional and Long-Term Suppliers:

Supplier is obliged to provide AUDI with a proof of origin of the Goods delivered, through the format that the Department of Customs, Treaties and International Regulations of AUDI (M/FZ) designates for these purposes to validate the compliance during the nomination of the Goods.

If the Goods are the object of a preferential agreement, understanding as preferential the one that has been produced and complies with the rules of origin according to any Treaty or Commercial Agreement to which Mexico is a party and Supplier, despite being based in Mexico, supplies the operation with Goods outside the national territory, Supplier undertakes to provide AUDI with the following documents:

- (i) Regarding occasional Suppliers, meaning suppliers that deliver Goods in a single event, they must provide a valid Certificate of Origin in accordance with



- the applicable Commercial Agreement, 7 (seven) days prior to the shipment of the current year, indicating the part number of the Goods and Supplier's details.
- (ii) Regarding long-term Suppliers, meaning suppliers that deliver Goods for mass production and supply the material from a source outside of Mexican territory, they must provide a statement 30 (thirty) days prior to the first shipment of the current year, as well as every December 1st for subsequent years without the need to be previously required in writing, indicating the part number of the Goods and Supplier number. The Format of the Certificate of Origin must be the one established by the corresponding Trade Agreement or Treaty or, where appropriate, the one suggested by AUDI.

The statements of Supplier must comply with all legal requirements, as well as be made in the format designated for that purpose. Any cost generated from said statements will be borne by Supplier.

If Supplier undergoes a change in materials and/or origin, Supplier must immediately notify AUDI.

Supplier's statement, as well as any modification, should be sent to the following email address:

Email: *fta@audi.mx*

Supplier is responsible to AUDI for any damage and/or any cost generated as result from incomplete and/or incorrect information in the statements provided by Supplier, including without limitation, claims, customs penalties, legal costs, among other.

If necessary, at the request of AUDI, Supplier must deliver all the supporting documentation for the certificates of origin or declarations of origin to corroborate the information on the country of origin and preferential treatment of the Goods. Supplier must send said documentation 3 (three) days after receiving written request from AUDI. Supplier must meet the requirements applicable to the information related to the certificates of origin established in point 7 of these Terms and Conditions.

Likewise, if AUDI requires additional official documents from Supplier for the export of the Goods, Supplier is obliged to provide them immediately.

Supplier is also obliged to cooperate with AUDI, without any additional cost, to establish internal processes to reduce import tariffs whenever possible, so that these can be optimized to the maximum, including without limitation, the establishment of customs procedures and authorizations.

6. IMMEX SUPPLIER

The provisions of this section will apply to Suppliers belonging to the program of *Industria Manufacturera, Maquiladora y de Servicio de Exportación* (IMMEX).

The IMMEX program is designed for suppliers that import raw materials, components and/or goods so that they can be transformed in Mexico. Goods imported by the IMMEX Suppliers for this purpose are free from the payment of Value Added Tax (VAT) and other customs taxes, since these taxes will be payable when said Goods have been transformed and the final product is exported.

Regarding the automotive industry, Goods are used to manufacture parts that are later incorporated into automobiles, and these are exported as a finished product.

IMMEX Suppliers will be responsible for requesting and processing all the necessary documents for the import of Goods to Mexico.

Once the Goods are transformed and meet the specifications and quality required by Mexican legislation, by AUDI and/or by the Documents, AUDI may proceed to acquire the finished products. The foregoing will be carried out through an internal commercial operation in Mexico. For the sale of the finished product, IMMEX Suppliers will carry out a local sale between AUDI and IMMEX Suppliers, in which AUDI must cover the amount of VAT stated in the commercial invoice and in turn, AUDI will deliver to IMMEX Suppliers requesting it, a Certificate of Merchandise Transfers (CTM) in accordance with the provisions of the General Foreign Trade Rules published by the Tax Administration Service (SAT), as well as the corresponding notices related to the operation through CTM.

IMMEX Suppliers must bill AUDI, including only local VAT, without the collection of any customs obligation. Virtual customs declarations will not be accepted by AUDI.



If the local sale between AUDI and IMMEX Suppliers does not occur, meaning, if the Goods continue to be the property of IMMEX Suppliers, AUDI will not make the payment of taxes, these being the responsibility of Supplier.

7. SUPPLIERS BASED OUTSIDE MEXICO.

7.1. Deliveries of Imported Goods to AUDI

All deliveries to AUDI of Goods originating from abroad must be made under bonded storage. This allows postponing the choice of the specific import regime and allows individuals to keep the Goods stored for as long as they need, provided AUDI has the authorization for bonded storage for automotive industry, which will be in charge of AUDI. The Goods under bonded storage will be owned by AUDI.

While the Goods are in bonded storage for automotive industry, AUDI will not be obliged to pay tariffs and/or any import taxes and must observe the General Rules of Foreign Trade at all times.

Transactions between AUDI and Supplier may be an import or commercial operation, for which Supplier must issue the corresponding Invoice, be it proforma, commercial, or whatever is required in accordance with current provisions.

To take advantage of the benefits of the aforementioned bonded storage, the pro forma invoice issued by Supplier must be accompanied with the Goods, this document is provisional and provides information on the conditions of sale, and must always contain the Purchase Order number.

Regarding the transfer of ownership, Supplier will send AUDI the commercial or proforma invoice. This invoice must contain the number of the Purchase Order, which must coincide with the number of the commercial or proforma invoice, for the accreditation of the relationship between the import operation and the commercial operation.

AUDI will allow the use of partial commercial invoices to store imported Goods, even if a definitive commercial invoice has not been issued, until the deferred payment is made.

In accordance with the foregoing, the imports made for AUDI must be under bonded storage, however, the modality and/or regime of the exports will be determined by AUDI.

8. ORIGIN OF THE GOODS

Supplier is obliged to deliver to AUDI, upon request, the Certificate of Origin of the Goods, which must comply with the requirements and formalities of the applicable legislation at the time of delivery of the Goods, to make effective the tariff benefits granted in the Free Trade Agreements of Mexico.

Supplier must accompany the Goods with the corresponding certificate (EUR 1, ATR, Form A, declaration of origin in the Invoice and/or free replication certificates) and must always comply with the requirements detailed in sections 5, 6 and 7. All certificates of origin delivered to AUDI will be treated as confidential information by the area in charge.

The Certificate of Origin is mandatory for suppliers based in the European Union, Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, El Salvador, United States, Guatemala, Honduras, Iceland, Israel, Japan, Liechtenstein, Nicaragua, Norway, Paraguay, Switzerland, Uruguay and any other country with a free trade agreement sight with Mexico.

Goods from Europe must have the EUR1 certificate or the respective wording on the invoice (commercial, consular customs, proforma). Countries participating in the Agreement between Mexico, the United States and Canada (TMEC), the Southern Common Market (Mercosur), as well as any other country that has signed a free trade agreement with Mexico must have certificates of origin. Suppliers based in Brazil must present a Certificate of Origin from the Latin American Integration Association (ALADI).

All expenses generated by the issuance of Certificates of Origin will be borne by Supplier. If there is a change of origin of the Goods, Supplier undertakes to immediately notify AUDI of said change, as well as to process the updated certificate of origin.

AUDI reserves the right to collect any fees if Supplier does not present the certificate together with the Goods, even if the other legal conditions for delivery are met. Likewise,



AUDI will charge Supplier if the Goods are not subject to the tariff reduction due to lack of the certificate.

If Mexico grants a customs clearance or a tariff reduction, under the agreements and programs of the Free Trade Agreement, Supplier is obliged to process and display the necessary documents for the Goods to receive preferential treatment.

Likewise, prior to the material delivery of the Goods, Supplier undertakes to provide AUDI with information specifying the origin and the percentage thereof, the foregoing to comply with the regional content requirements established in the free trade agreements, otherwise, the Goods will not be deemed to have been duly delivered. This information can be accredited through the aforementioned "Certificate of Origin".

Upon request from AUDI, Supplier must present proof of the origin of the Goods through the information sheet approved by the customs authority.

If additional official documents related to the imported or exported Goods are required, Supplier is obliged to obtain and/or provide them immediately to AUDI.

The Supplier is responsible for all damages caused to AUDI from incorrect or incomplete statements, including claims, sanctions, legal actions, among others, forcing Supplier to cover legal costs and other expenses that AUDI incurs in regard to defense.

Supplier and/or Supplier's customs agent are obliged to provide the competent authorities with the entry statements and/or customs documents, transport and/or any documentation or certification in accordance with the provisions of the Customs Law and other applicable provisions in force.

Delays in the delivery of the Goods generated by lack of data regarding Supplier's statements, or the documentation requested by the authority, will make Supplier creditor to a penalty equivalent to 100% (one hundred percent) of the amount of the Goods delayed.

9. FREIGHT TRANSPORT

The Transport Service Supplier must observe and comply with the specific provisions established in this document, in accordance with the type of transport contracted by AUDI. However, the specific obligations for each Transport Service Supplier will be detailed by AUDI in the Lastenheft or any other Document used to carry out the bidding and contracting of the services in particular.

The Transport Service Supplier must at all times comply with the provisions of the Document entitled "Technical Quality Standard (TQS) Distribution of Volkswagen Group vehicles", which has been made available to Supplier.

Supplier's commercial activity will be the loading, transportation management, shipping and/or storage of equipment, parts and other goods used in the manufacture of vehicles and products related to them, and must maintain valid all licenses, insurance, bonds, permits, Consignment Note and records necessary to operate said business activities.

The Parties agree that the liability of Supplier, regarding this clause, will be limited to the amounts established for each mode of transport, which will be effective for the total time of the validity of the Services.

The Transport Service Supplier or contractor must always observe, and according to the type of service provided to AUDI, the following:

9.1. LAND TRANSPORT:

Supplier may provide transport services either within national territory or outside national territory in any other country designated by AUDI in the Documents used and shared during the negotiation and contracting process of the Services, specifically in accordance with that indicated in the Lastenheft.

The transport services requested from Supplier may include the specific services and characteristics described below:

9.1.1 Land Freight Transport:

Services of land freight transport will cover, among others, the reception, delivery, loading, unloading, securing of cargo during the transport, providing and placing seals on transport doors, cross-docking, unlash, direct transportation from or to the suppliers of materials of Audi MEXICO (FTL), transport from XDs (LTL), and transport with milkrun scheme of



productive serial material, CKD, pre-series and returnable packaging, transportation management and follow-up 24 x 7 x 365 according to AUDI's needs, inspection and storage of Goods in the different transport clusters, in accordance with the Lastenheft, under the Incoterms EXW and FCA as defined and agreed in each specific case by AUDI.

The types of inland transport may be (depending on the weight and dimensions of the cargo):

- Truck 3.5 tons
- Bobtail truck
- Trailer 40" / 2X40" Trailer
- Trailer 48"
- Trailer 53"

Supplier shall be liable to AUDI for the fulfillment of the obligations arising from the provision of the services, limited to the amount of USD\$ 2,000,000.00 (Two million US dollars) for the total term of this document.

9.1.2 Land Transport with Car Carrier Trailer:

Specialized transport of non-road vehicles for export and domestic distribution. Reception, inspection, loading, lashing, unlash, unloading, delivery on board of vehicles previously assigned by AUDI.

The specialized transport of non-road vehicles must be with a fifth axle truck with conditioned structure and fully hydraulic gondola, or car carrier trailers, not older than 5 years (tractor and trailer), ensuring the necessary dimensions according to the measures provided as a reference of the vehicle to be transported.

The length and inclination of the ramps must allow the access of the vehicles to the car carrier without exposing them to damage to the chassis and bodywork.

The ends of the ramps must fit perfectly with each other and their design must guarantee that the tires or rims are not damaged when passing over them. The reinforcements or profiles should preferably face downwards and in no case should they have sharp edges.

The surface of the car carriers must be used exclusively for the vehicles to be shipped and must be free of obstacles such as spare tires, boxes, rods, ramps, tools, etc., to avoid damage to the vehicles. The loading spaces must be free of chains or other auxiliary materials representing a risk.

Vehicles must be secured with ratchet-type nylon belts fastened to the four tires of the vehicles and there must always be four per car. Each tractor and car carrier must have all the belts, and these must be manufactured in such a way that they do not cause damage to any part of the transported vehicles. In no case shall chain belts be used on the chassis of the vehicles, the belts must be in good condition and Supplier must have a minimum inventory of 20 belts within AUDI.

Supplier is obliged to comply with the latest applicable legal provisions regarding weights and dimensions of the Communications and Transport Secretariat (SCT) and any other provision affecting the service offered. AUDI is hereby released from any economic or criminal civil liability in case of violation of the laws in force, reserving the right to reject shipment equipment that does not comply with these legal provisions.

Supplier undertakes to acquire and use the necessary devices to protect the doors and in general to keep the vehicle in good condition when loaded and transported. These may be made of polyurethane foam or soft rubber and must invariably be used in all loading and unloading maneuvers. Contact between the structure of the flatbed truck and the driver's door must be avoided. Supplier is obliged to cover the metallic structures that may be in contact with the doors with polyurethane foam or soft rubber protections to the extent possible, in addition to the cushion.

Car carrier and/or trailer transport equipment must have protective netting or side tarpaulins on the platform, as well as anti-skidding on the floor, and Supplier will be responsible for the adequate maintenance of these requirements, which effectively protect the vehicles on board from stones, loose gravel, and possible acts of vandalism.

Supplier must have a satellite tracking system, preferably GPS, allowing to consult from the Internet the vehicle transportation operation and to know its location within the national territory while transporting vehicles for AUDI. In addition to serving as a security measure in case of accidents and/or theft.



Supplier must ensure the proper training of drivers and all personnel working directly or indirectly in the vehicle transportation process.

The training provided to the operators must include the handling of the different vehicles to be transported (Combustion, hybrid and electric, right- and left-hand drive). They should be provided with the necessary courses to avoid accidents (at least the official courses given by authorities such as SCT/transit).

The main routes for sending vehicles in car carrier trailers are:

- San José Chiapa – Veracruz (and viceversa)
- San José Chiapa – Lázaro Cárdenas (and viceversa)
- San José Chiapa – Central Yard VWdM.
- San José Chiapa – VPS (and viceversa)

9.1.3 Breach and Sanctions:

If Supplier does not position the equipment at the indicated time, Supplier shall be granted an extension of 2 hours from the promised time of arrival.

Failure to position the equipment will strongly affect the operation, therefore, if after the above mentioned term, Supplier does not position the indicated equipment, AUDI will have the exclusive right to contract such service with any third party, according to the commercially established process. The expenses, damages and losses caused to AUDI in this regard will be charged to Supplier and may be offset against outstanding amounts of AUDI. Once the car carrier trailers have been positioned inside the loading yards, they must leave AUDI's facilities within 2 hours after the vehicles have been delivered to Supplier by AUDI's authorized personnel.

AUDI reserves the right to sanction using the total amount of the shipment in case Supplier does not comply with the agreed deadlines in the delivery of the vehicles to the destinations. The delivery time will start from the time of departure from the yards assigned by AUDI for the storage of vehicles; therefore, Supplier must consider the schedule of delivery times.

The above sanctions do not restrict AUDI's right to terminate this contract for breach and/or to exercise any other rights corresponding to AUDI.

If Supplier experiences a loss or total or partial theft and does not report it to AUDI and/or the consignee within 2 (two) hours after being aware of such event, Supplier shall be sanctioned by absorbing 100% of the cost of the damage.

In addition to the cost of damages and appraisal, Supplier shall cover the amount resulting from the analysis of said damages throughout the logistics process.

Items included in charges for each damaged vehicle					
Place where the damage originated	Damage	Damage cost *(Example)	Appraisal *(Estimated prices, 2019)	Additional cost per damaged vehicle	Total
Puebla	Impact to front fascia greater than twelve inches plus damage to headlight.	\$14,000.00	\$650.00	\$ 1,900.00	\$16,550
Veracruz	Impact to front fascia greater than twelve inches plus damage to headlight.	\$14,000.00	\$650.00	\$ 4,750.00	\$19,400
Lázaro Cardenas	Impact to front fascia greater than twelve inches plus damage to headlight.	\$14,000.00	\$650.00	\$ 9,150.00	\$23,800
Tuxpan	Impact to front fascia greater than twelve inches plus damage to headlight.	\$14,000.00	\$650.00	\$ 4,980.00	\$19,630

The descriptions of damages and costs are an example, it does not represent an actual cost. The cost of the appraisal is subject to change according to the appraisal center.

Additional costs per damaged vehicle is an estimated cost and applies for 2019, this will be updated year by year.



Depending on the damage caused, the additional cost may be integrated by (additional maneuvers, return transport to port (leaving the facilities designated by AUDI), additional quality personnel, travel expenses, storage, customs broker, port representatives or any other cost incurred as a result of the damage caused).

The commercial relationship between AUDI and Supplier may be terminated in advance in any of the following cases:

- Immediately by written agreement signed by both parties.
- Written notice by AUDI at least 90 (ninety) days in advance without justification of cause, without liability.
- Written notice by Supplier at least 90 (ninety) days in advance, justifying the cause, in case of not complying with this term, Supplier shall compensate AUDI with the excess amount resulting from contracting the services with a different carrier.

9.1.4 Sanctions due to loss of value:

If Supplier damages a vehicle intended for sale in the Mexican market and it cannot be sold as new due to said damage, Supplier shall be penalized with 7% (seven percent) of the commercial value of the vehicle for the financial loss caused to AUDI.

If Supplier damages an export vehicle and it cannot be marketed as new in its original destination due to said damage, the criteria for applying the sanction to Supplier for loss of commercial value shall be the following:

- Regarding a vehicle that due to its characteristics can be sold in Mexico, a sanction of 7% (seven percent) of the commercial value of the vehicle will be charged.
- Regarding a vehicle that due to its characteristics cannot be sold in Mexico because it does not have after-sales support or due to homologation issues or non-compliance with the Legislation for transit in the Mexican Republic, Supplier will be sanctioned with 30% (thirty percent) of the commercial value of the vehicle.

Penalties referred to herein shall apply to those units with damages in any of the following criteria and that due to their characteristics cannot be sold as New Units either in the domestic or export market:

- Those whose damages require for their repair the replacement of parts and their placement implies welding. Including, without limitation, crossbeams (engine and transmission support), awning, cross members (awning support), sides (side part of the unit other than the doors and dashboards), side of the dashboard fastening, posts (a and/or b and/or c), firewall (separation of the passenger compartment from the engine compartment), running boards, rear cover closing plate (base where the rear cover counter rests), etc.
- Damage requiring straightening by means of stretching equipment.
- Damage requiring repainting of more than 40% (forty percent) of the entire unit.
- Damage to the lower part (floor) of the vehicle (frame) and/or any other part of the unit, which causes breakage, dents or deformations and which for its repair it is required to be subjected to high temperatures.
- Damages in imported units whose repair (even without requiring welding), replacement (parts and/or spare parts and/or accessories) implies a stay of more than 30 (thirty) days in the workshop due to the unavailability of parts in the National Territory.

These criteria are based on the vehicle units that AUDI commercializes in national territory, imports or exports, however, if in the future the vehicle units are different, the criteria will still apply and will be applied following the sense of the indicated ones.

The parties agree to appoint the personnel of the Service Center San Jose Chiapa, Technical Center and/or AUDI Quality to be in charge of the evaluation and qualification of damaged Units according to the described criteria. Both parties agree that, in case of disagreement with the evaluation and qualification of any damaged unit, they will try to conciliate based on the indicated criteria and in case of not reaching an agreement, the opinion of the Technical Center and/or Quality will be the one to be followed.

This penalty will be independent of Supplier's obligation to pay other penalties established in these terms and conditions, the Purchase Order and its exhibits.



Any amount payable by Supplier, including any of the penalties agreed upon in these terms and conditions, Purchase Order and exhibits thereof, may be offset against any amount owed by AUDI to Supplier.

Supplier undertakes to pay the amount of the aforementioned penalty no later than 30 (thirty) calendar days from the date on which the loss occurred.

9.2. RAIL TRANSPORT:

Supplier must confirm wagon availability at least 24 hours after receipt of written request (4-week shipment forecast). Supplier must send the list of wagons available for loading the finished vehicles to AUDI at least by 2:00 p.m. on the day prior to the loading of vehicles.

It is mandatory for Supplier to ensure that the wagons are in optimal condition. All wagons must be delivered by Supplier to the "Set out yard" at AUDI (Ferrosur S-Line 192).

Supplier must ensure the availability of GPS in 100% of the fleet. Supplier must have the C-TPAT (Customs - Trade Partnership Against Terrorism) certification.

Supplier shall ensure that all in-plant personnel used for the performance of the activities stated herein will have the necessary equipment to ensure their safety, such as uniform, gloves, safety shoes and all personal protective equipment required by AUDI's rules and policies.

Supplier shall be responsible for receiving and performing a preliminary inspection of the vehicles to be transported and/or upon delivery, unloading them at the destination.

Supplier shall deliver the vehicles to the destination place mentioned in the notification and provide AUDI with the documents supporting such deliveries.

It is the Supplier's responsibility to keep the vehicles safe during transit and unloading at delivery points and at railcar interchange points. The equipment to be placed will be Automax and Binivel railcars which will be used for the following routes:

- San Jose Chiapa – Veracruz
- San Jose Chiapa – Piedras Negras
- San Jose Chiapa – Ciudad Juarez
- San Jose Chiapa – Lechería
- Lechería- Lázaro Cárdenas
- Lechería – Laredo

Supplier shall pay the repairing costs of vehicles damaged in transit beyond the scope of the insurance company.

All permits, tolls and insurance of wagons shall be paid by Supplier. AUDI shall not be responsible for non-compliance or any liability arising from said non-compliance.

9.3. AIR TRANSPORT:

Depending on the conditions, it refers to all air freight/transport both national and international of Goods owned and/or consigned to AUDI.

The Charter and Hand carrier service may be included or considered according to AUDI's needs, which may be handled as a particular case and according to the scope agreed with Supplier.

9.3.1 Air Freight Transport:

Supplier must be certified as an Authorized Economic Operator (AEO).

Depending on the agreed Incoterm, Supplier shall provide the following services both domestically and internationally for AUDI's Goods:

- Pre-carriage (ground transfer prior to transportation).
- Cargo securing within the transport
- Freight / Air transportation
- On-carriage (land transfer after transportation)
- Other tasks inherent to the operation detailed in annex.

Considering the transfers from/to the AUDI plant in San Jose Chiapa, considering covering all costs generated at the airport for maneuvers, cargo transfer and all the steps required for the above mentioned process to be carried out, i.e. any cost other than customs fees (being more representative the requests for import, but that applicable in Export should also be considered); according to particular cases, cargo safeguard, cargo repacking may be requested under the terms and conditions stated herein, as described in Lastenheft and exhibits for FCA incoterm.

According to AUDI's needs, the Charter and Hand carrier service may be considered as a particular case and according to the scope agreed with Supplier.



The following conditions shall be considered for the provision of this service:

- a) For the due provision of the Services, the Parties agree to be subject to the procedures expressed in the Lastenheft.
- b) The services and maneuvers not described in the Lastenheft shall also have preferential conditions for AUDI.

Air freight transport include:

- Dangerous Goods
 - o According to IATA Dangerous Goods Regulations
- Non-hazardous material
- Confidential Material
- Materials requiring temperature/humidity control
- Tooling
- Machinery

Air service is aimed at any AUDI user with a need to send or receive cargo related to our business, either directly (e.g. automotive parts, etc.) or indirectly (e.g. spare parts for robots, etc.);

The types of transportation can be (depending on the weight and dimensions of the cargo):

- Van 1 Ton
- Truck 3.5 Tons
- Bobtail truck
- 48" trailer
- 53" Trailer
- Flatbed

Any type of transport mentioned may be required for the following classifications of cargo:

- Dry
- Refrigerated
- Hazardous Material

INCOTERMS that may be required and/or negotiated by the parties:

From Rest of the World to Mexico (M-Import):

Air:

- FCA/EXW Supplier:

o **Supplier Location:** Supplier is responsible for having the goods and documentation available for delivery at their facility. Requester is responsible for contacting the contracted air services supplier. Import/Customs clearance process by AUDI.

- FCA Airport of Origin:

o **Airport of origin:** Requester is responsible for contacting the air services supplier and freight forwarder to receive the goods from their supplier at the agreed airport, as well as completing subsequent processes until delivery in San José Chiapa. Import/Customs clearance process by AUDI.

- CPT Airport Destination:

o **Airport at destination:** Supplier is responsible for the logistics from Supplier's facilities to the destination airport, subsequently, Requester is responsible for contacting the freight forwarder for the recovery of the goods once unloaded by the airline, as well as completing subsequent processes until delivery in San José Chiapa. Import Process by AUDI.

- DAP:

o **AUDI Location:** Supplier is responsible for the logistics of the goods from Supplier's facilities to San José Chiapa, as well as the logistics costs generated at the destination airport; Requester is responsible for tracking the shipment until Supplier provides access to the plant and unloading. Import process / customs clearance by AUDI.

Transfers from Mexico to the Rest of the World (X-Export):

Air:

- DAP:

o **Supplier's Location:** AUDI is responsible for the logistics from the plant in San José Chiapa to Supplier's facilities. Import process / customs clearance at destination by Supplier.

- FCA Airport Origin:



o **CDMX Airport:** AUDI is responsible for the logistics until the delivery of the goods at CDMX international airport with the carrier indicated by Supplier. Import process / customs clearance at destination by Supplier.

- CPT Airport Destination:

o **Airport at destination:** AUDI is responsible for the logistics from San José Chiapa plant until the goods have been reported at destination by the airline, then Supplier must complete the recovery process. Import process / customs clearance at destination by Supplier.

Note: **Regarding global shipments, it is not allowed to use DDP** (DAP only under the responsibility of Requester).

Regarding Import cargo, Supplier or third parties shall do it through the AICM - CDMX International Airport (or others as agreed). The customs process will be the responsibility of the customs broker assigned under contract according to the tender in that regard.

Regarding Export cargo, AUDI will provide the necessary documentation; full collaboration between Supplier and the customs broker assigned under contract according to the tender in that regard, will be required; respecting at all times transit times, processes, and other matters agreed upon in the exhibits.

Supplier shall be liable for all damages caused, by Supplier's fault or negligence, to the goods, excluding Force Majeure or Acts of God. Supplier's liability for damage or loss caused to goods set forth herein is limited to the following amounts:

- €27.00 (twenty-seven Euros) per kilogram and up to €1,000,000.00 (one million Euros), per event.

- 4,000,000.00 (Four million Euros) per year.

Supplier acknowledges and understands that deadlines for the Services are carefully set to ensure that there is no disruption to AUDI's manufacturing operations. In case of any delay in the provision of Services, Supplier shall be liable to AUDI according to: (i) an amount equal to 5 (five) times the value of the shipment; or (ii) the maximum amount set forth in the Montreal Convention for international air transport. The foregoing in accordance with the limits of liability set forth in the preceding paragraph.

At AUDI's request, Supplier shall implement security measures in accordance as deemed necessary by AUDI in view of the scope of the Services to be provided by Supplier.

Similarly, Supplier shall be liable for shipments even if AUDI has not made a declaration of value thereof. The determination of the value of the Goods shall be at the experts' discretion, such value to be taken based on the commercial value of the Goods at the time the damage occurs. Regarding events in which the insurance policies do not cover the damage or loss caused to the Goods due to causes directly attributable to Supplier, the latter shall be liable for the total value of the Goods lost or damaged.

Notwithstanding anything to the contrary elsewhere in this agreement, under no circumstances, regardless of cause, shall either party be liable for any indirect, special or consequential damages, including without limitation, loss of profits, fines and/or conventional penalties, loss of business, loss of income, etc.

9.3.2 Parcel Freight (KEP)

The parcel service (KEP) is aimed to any AUDI user who has a need to send or receive parcels both nationally and internationally related to our business, either directly (e.g. automotive parts, etc.) or indirectly (e.g. spare parts for robots, etc.); the postal and/or documentation service is the scope of another AUDI department.

Supplier's main service shall consider an "All in" concept, where Supplier's own network of units makes the pick-up of the cargo at origin with delivery to destination. It is required to include all the concepts that apply to complete the service, for any additional cost that is generated at the airport and can be paid later through regular invoicing.

Note: Cash payment of items is regularly requested at the airport counter or at delivery, and AUDI can directly perform such financial transactions.

Supplier shall be liable for all damages caused by Supplier's fault or negligence to the goods, excluding Force Majeure or Acts of God. The liability of Supplier for damages caused to goods set forth herein is limited to the following amounts:

- €27.00 (twenty-seven Euros) per kilogram and up to €1,000,000.00 (one million Euros) per event.

- 4,000,000.00 (Four million Euros) per year.



Supplier acknowledges and understands that deadlines for the Services are carefully set to ensure that there is no disruption to AUDI's manufacturing operations. In case of any delay in the provision of Services, Supplier shall be liable to AUDI according to: (i) an amount equal to 5 (five) times the value of the shipment; or (ii) the maximum amount set forth in the Montreal Convention for international air transport. The foregoing in accordance with the limits of liability set forth in the preceding paragraph.

9.4. MARITIME SHIPPING

9.4.1 Maritime Shipping of Goods:

AUDI represents that the Maritime Freight Service Supplier shall be the one directly appointed by AUDI AG or Volkswagen AG, as the case may be and according to the specific needs of the Volkswagen Group worldwide and shall apply the terms and conditions or agreements set forth in the framework contract to be concluded worldwide.

9.4.2 Maritime Port Handling for Containers and Goods:

The Supplier shall provide the following services to AUDI:

- i. Planning the unloading from vessel of Containers with import cargo, as well as their treatment and delivery to Transportation, according to their Priorities.
- ii. All the maneuvers and port services within the Terminal as Port Operator, necessary for the entry or exit, loading and unloading of Goods and containers, including maneuvers of filling/emptying of Containers as bonded warehouse in foreign trade when providing storage service (which includes the handling and custody) for the import or export of the Goods, and/or AUDI Containers; maneuvers and services that will be performed according to the provisions of these Terms and Conditions, Purchase Order or, in absence thereof, according to the provisions of the Application Rules.

Subject to the following conditions:

(a) Regarding the due provision of the Services by Supplier, the Parties agree to be subject to the procedures expressed in the Lastenheft.

b) Services and maneuvers not described in the Lastenheft shall also have preferential conditions for AUDI.

Containers are stored in the Yard, in the open air. Supplier is not liable for damage to Containers or Cargo either by rain, cyclone, flood, storm, thunderstorm, fire or any other weather event (e.g. cyclones, hurricanes, sea level variations, etc.) arising from Act of God and/or Force Majeure.

All damages to containers and/or goods contained therein during the loading and/or unloading of vessels, as well as maneuvers and port services of Supplier, as well as those caused during the loading and/or unloading maneuvers of the transports within the Terminal, shall be Supplier's responsibility and shall prove Supplier's NON-fault, in accordance with the process previously established by the Parties.

9.4.3 Standard Freight Container Shipping:

Standard container shipping services include:

- To and from seaports within the Mexican Republic (Manzanillo, Lazaro, Veracruz and Altamira).
- From dry ports within the Mexican Republic.
- Pick up or delivery of empty containers.
- Containers with:
 - o Dangerous goods
 - o Non-hazardous goods
 - o Confidential goods
 - o Materials requiring temperature/humidity control.
 - o Personal property
 - o Tools
 - o Machinery
- Regarding container sizes and types:
 - o 20'
 - o 40'
 - o Standard
 - o High-Cube
 - o Open-Top



- o Hard-Top
- o Refrigerated
- o Isolated
- o Consolidated
- o With tanks
- o Ventilated

Types of equipment used will be:

Platform type	Capacity
Full	Max. 2 x 40' Containers
	Max. 4 x 20' Containers
	1 x 40' Container, max. + 2 x 20' Containers
	1 x 40' Container 2 x 20' Containers
Single	1 x 40' Container
	Max. 2 x 20' Container
	1 x 20' Container

This also includes transportation management and follow-up 24 x 7 x 365 according to AUDI's needs and in accordance with the Lastenheft under the following import Incoterms: EXW, FOB, CIF, DAT and the following Incoterms on export: FOB, CIF, DAP, as defined and agreed in each specific case by AUDI.

The Parties agree that Supplier's liability for breach of obligations related to the provision of the Service, as well as for damages or shortages caused to AUDI, shall be limited to the amount of USD\$ 2,000,000.00 (Two million US dollars) for the total term of the Services.

9.4.4 Shipping of oversized cargo:

Oversized container shipping services include:

- To and from seaports within the Mexican Republic (Manzanillo, Lazaro, Veracruz and Altamira).
- Pick up or delivery of empty containers.
- Containers with:
 - o Dangerous goods
 - o Non-hazardous goods
 - o Tools
 - o Machinery
 - o Oversized cargo
- Regarding container sizes and types:
 - o 20'
 - o 40'
 - o Flatrack

It also includes transportation management and 24 x 7 x 365 follow-up according to AUDI's needs as indicated in the Lastenheft under the following import Incoterms: EXW, FCA, FOB, CIF, DAT and the following Incoterms at export: FOB, CIF, DAP as defined and agreed in each specific case by AUDI.

Supplier shall comply with the rules for the transport of oversized cargo, always having a security vehicle accompanying the entire shipment. Depending on the dimensions of the oversized cargo in the flatrack, the transportation that complies with the regulations based on the Mexican Official Standards and the following categories, will be assigned:

Category	Depth (Mts)	Width (Mts)	Height (Mts)	Weigth (Tons)
Category 1	Up to 12.19	Up to 2.60	Up to 3.25	Up to 30
Category 2	Up to 12.19	Up to 3.10	Up to 4.00	Up to 30
Category 3	Up to 13.00	Up to 3.50	Up to 4.20	Up to 40
Category 4	Up to 16.00	Up to 3.70	Up to 4.50	Up to 50
Category 5.1	Up to 15.00	Up to 3.80	Up to 4.50	Up to 55
Category 5.2	Up to 15.00	Up to 4.60	Up to 4.50	Up to 60
Category 5.3	Up to 15.00	Up to 4.60	Up to 4.60	Up to 65



The Parties agree that the liability of Supplier for breach of obligations related to the provision of the service, as well as for damages or shortages caused to AUDI, shall be limited to the amount of USD\$ 2,000,000.00 (Two million U.S. dollars) for the total time of the term of the Services.

9.4.5. Shipping of loose cargo from/to containerized maritime ports:

The inland shipping services of Goods shall include, among others, lashing/unlashing at the seaport, loading, unloading, securing of the cargo within the transport, temporary storage within the port area, unlashing, direct transportation to and from the seaports of Veracruz, Manzanillo and Lázaro Cárdenas. It also includes transportation management and follow-up 24 x 7 x 365 according to AUDI's needs, inspection and storage of goods as indicated in the Lastenheft.

The types of vehicles for land transport can be:

1tn, 3.5 tons, Bobtail truck, 48' trailer and 53' trailer.

Incoterms applicable to import: EXW, FCA, FOB, CIF, DAT and the following Incoterms to export: FOB, CIF, DAP as defined and agreed in each specific case by AUDI.

The Parties agree that the liability of Supplier for breach of obligations related to the provision of the service, as well as for damages or shortages caused to AUDI, shall be limited to the amount of USD\$ 1,000,000.00 (one million US dollars) for the total time of the duration of the Services.

9.4.6 Pick-up and lashing of Goods in Asia:

The services of pick-up and lashing of Goods, shall cover, among others, the reception, delivery, loading, unloading, securing of the cargo within the transport, providing and placing seals on transport doors, temporary storage, unlashing, transshipment to a full maritime container, possible repacking AUDI's material suppliers and then transfer of containers to the port of shipment in Asia, same which includes expenses regarding port, administration, and taxes in country of origin, in accordance with specifications in Lastenheft.

It also includes transportation management and follow-up 24 x 7 x 365 according to AUDI's needs as indicated in the Lastenheft under the import Incoterms: EXW, FCA and FOB as defined and agreed in each specific case by AUDI.

The Parties agree that the liability of the Supplier for breach of obligations related to the provision of the service, as well as for damages or shortages caused to AUDI, shall be limited to the amount of USD\$ 1,000,000.00 (one million US dollars) for the total term of the provision of Services.

10. LOGISTICS AND PORT ADMINISTRATION SERVICES

10.1. Port Administration/Representation Services:

Supplier's responsibilities in the ports of Veracruz and Lázaro Cárdenas, in general, will be to represent, protect and defend the interests of AUDI and Volkswagen de México (when applicable) among the different port entities and service suppliers, to attend operational meetings for the assignment of docking positions and/or assignment of lanes. Providing and maintaining fluid communication, by radio, cellular phone or via email reports on a daily basis, at the beginning and end of each shift and timely during the day between AUDI, and the ports assigned to the operation ensuring the proper implementation of instructions and avoiding errors, delays, setbacks and disruptions to the operational process.

Supplier or Supplier's representative in port shall coordinate and supervise that the activities of the port maneuvering suppliers, customs services, maritime agencies, carriers, railroads and in general any service supplier whose activity is related to the maritime and land transportation of export vehicles are carried out under the quality guidelines of the TQS and its exhibits.

Verify that the processes and particular activities with the coordinators, both the AUDI representative and each of the suppliers, comply with daily schedules, in a timely manner and with quality.

- Representative in Veracruz port
- Representative in Lázaro Cárdenas port



If Supplier or Supplier's representative does not comply with the two improvement proposals with economic impact per year, an annual penalty of 108,000 MXP will be applied according to AUDI's current debit/collection process.

The debit/collection will be made by the responsible area of AUDI for the mismanagement of the Cargo Sheets process and/or for the lack of support thereof with the UNICAR and REV report.

Supplier shall be responsible for paying damages resulting from the activity to be performed for AUDI.

To pay for "physical damages" that could be caused to AUDI's property or to third parties, the supplier must have a "Civil Liability Activities" insurance, with a minimum Insured Amount of \$5,000,000 MXP.

Regarding the risk that could derive from decision making, Supplier must have an "Errors or Omissions" insurance covering any economic risk derived from committing an error or omission that affects AUDI's interests.

10.2. MANEUVERING SERVICES

10.2.1. Maneuvering services at AUDI facilities

In the regular process the Service Supplier shall take responsibility for the vehicles in the "pre-delivery" area (building A60 and A62) at AUDI's facilities. The responsibility including the risk for the vehicles shall be transferred to Supplier at these points.

The liability and risk of the service Supplier ends:

- Regarding car carriers, after accommodation of the vehicles at the FBU yard (AUDI reserves the right to take over the corresponding transfer of responsibility protocol).

- Regarding rail transport, after loading and lashing the vehicles into the wagons (AUDI reserves the right to take over the corresponding transfer of responsibility protocol).

Supplier is responsible for performing the following operational activities before and after CP8 (finished and quality released vehicles) including all supporting activities:

- Reviewing, inspecting and picking up vehicles provided by production.
- Accommodating vehicles at the point of rest (FBU yard) for subsequent loading to the car carrier trailers and train.
- Operation and administration for loading vehicles to the train.
- Vehicle care program (TQS).
- Reviewing, inspecting and picking up vehicles provided by production with quality blockages or homologation issues.
- Picking up and revision of vehicles for loading in wet nurses.
- Shunting of wagons.
- Additional services.

Supplier's purpose should be to maintain inventory accuracy within the plant while minimizing lead time and handling costs per vehicle through the flexibility of confirming personnel for the operation.

10.2.2. Maneuvering services in port yards and terminals:

- **Car Carrier Trailers:**

Regarding unloading of car carrier trailers, train and vessels, AUDI, through the port representative, notifies the port operator of the number of car carrier trailers to be received and the port representative must request the necessary personnel for said operation from the port operator.

The Carrier positions the car carrier trailers on the unloading lines in the areas designated for AUDI within the port premises.

The Carrier positions the trailers on the unloading lines in the areas designated for AUDI and Volkswagen de Mexico (as the case may be) within the port premises.

The port operator will register the arrival of the trailers in the vehicle management system (which must interface with AUDI's systems). The units are officially accepted by the port operator.

Vehicles damaged after inspection must be stored in the area assigned for damaged vehicles.

The port operator will move the units to the rest point and records the final arrival position of the unit.

- **Railroad transport:**



Regarding unloading maneuvers of car carrier trailers, train and vessels, AUDI, through the port representative, notifies the port operator the amount of Biniveles / Amax to be received and the port representative must request the necessary personnel for said operations to the port operator.

The railway company appointed by AUDI, shall position the loaded Biniveles/Amax inside the port premises on the assigned tracks making sure not to delay the start of the unloading operation of the port operator at the beginning of each work at the port.

The inspection company designated by the railway company shall conduct an inspection of the Bilevel/Amax seals in conjunction with AUDI's designated port operator to ensure that they have not been breached during transit. In case of any seal violation the inspecting company shall identify and document the platform number in order to proceed with the opening of doors.

The inspecting company shall perform an inspection of the vehicles inside the platforms to identify any fastening failures, distances between vehicles and vandalism during transit.

The port operator will perform the following activities before starting the unloading process:

- Record the location of the platforms
- Place the bridging plates

The port operator will perform a joint inspection on top of the railcars with the inspection company in charge of the Railroad company (one on one), in order to identify any damage and/or partial or total loss to the vehicles prior to the unloading maneuvers of the Binivel / Amax. The units are officially accepted by the port operator. Damages found in the inspection report signed by the port operator and the inspection company will be the basis for determining the responsibilities of the participants of the logistics chain on any claim of damage and/or total or partial loss to the vehicles.

- The port operator will proceed with the unslashing of the vehicles.
- The port operator will start unloading the vehicles.

Once the vehicles are on the ground, the port operator must perform a second inspection to make sure that the units did not suffer any damage during the unloading maneuvers.

- The port operator will proceed with the unslashing of the vehicles.
- The port operator will start unloading the vehicles.

Once the vehicles are on the ground, the port operator must perform a second inspection to ensure that the units did not suffer any damage during the unloading maneuvers.

The port operator will start unloading the vehicles.

The port operator will place the vehicles in the assigned area prior to their unloading at the port, registering them in the system. If the units are dirty, they will be washed and recorded as an event in the system.

The port operator performs a second scan adding the following data:

1. Driver number.
2. Movement order.

The port operator shall transfer the units to the resting point within the assigned yard and shall register in the vehicle management system the final position of the unit by means of a third scan.

The port operator shall perform random audits of all processes performed to ensure the quality of service contracted by AUDI and Volkswagen de Mexico (as the case may be). The port operator shall provide the railroad company through its website with the platform numbers that have been unloaded, in order to perform the release of the empty equipment. The port operator will have a period of 24 (twenty-four) hours from the time the railroad company positions the equipment within the port premises to perform the unloading maneuver of the Vehicles and release the empty platforms.

- **Vessel:**

The port operator registers the vessel in the vehicle management system.

The port operator plans the units to be loaded following the FIFO process and priority vehicles to be loaded, according to the guidelines and instructions established by AUDI.

The port operator moves the units from the point of rest (yard designated to AUDI within the port premises) to the foot of the ramp, and/or to the point of delivery to the stevedoring company. If any rearrangement is required, this will be recorded in the vehicle management system, through the H.H., as well as the final position of the rearranged unit.



The inspection company of the shipping company and the port operator will carry out an inspection of the vehicles at the foot of the ramp to determine liabilities.

If it is determined that the vehicle is dirty, according to AUDI's specific instructions, it will be moved to be washed and it will be recorded as an event in the vehicle management system; upon washing, the vehicle will continue the normal process returning the unit at the foot of the ramp.

If CNA (Commercially Not Acceptable) damages are detected AUDI will confirm if the vehicle continues its loading process or any special action will be taken regarding the return of the unit, all damages of the vehicle will be registered through a detailed report.

The port operator must place the respective damage sheet inside each vehicle. The port operator starts the loading by scanning the vehicle at the foot of the ramp, registering each vehicle in the "port operator's" system, at which time all liabilities between AUDI and VWK-L (Volkswagen Konzern Logistik) will be clarified. Once everything is on the vessel has been completed, the port operator will proceed to send AUDI's port representative the report of the end of operations and confirmation of the cargo volume.

The AUDI port representative will send AUDI, at the SJC plant, the electronic files of the shipment closure, with the list of the vehicles being shipped, so that they can be processed and sent to AUDI personnel for invoicing.

Regarding vehicles that were not shipped either due to damage or plant instructions, the AUDI representative at the port will inform the customs broker to proceed with the elaboration of the export waiver.

Place of services:

- Port of Veracruz.
- Port of Lazaro Cardenas.

The Parties agree that, if by any of the reasons mentioned below the vehicles are damaged, such damages will be quantified by AUDI; the Parties expressly agree that the amount resulting from such quantification will be compensated to AUDI, being under the responsibility of "the port operator". The following are considered non-compliance by of "the port operator":

- Failure to register damages in the vehicle management system, which must have an interface with the management system owned by AUDI.
- Misclassification of damages, for which the criteria agreed with AUDI's Vehicle Logistics (M/PL-12) shall be applied.
- Failure to use the tools authorized and granted by AUDI's quality areas.
- Lack of training to the personnel assigned to perform the damage detection operation (inspection).

Regarding the compensation referred to in the immediately preceding point, AUDI will determine the value of the losses generated, taking into account the physical condition of the vehicle when the person responsible for the previous operation delivered it to "the port operator" at the respective point of exchange of responsibilities.

Regarding the classification of damages and the omission of the damage record, "the port operator" will be responsible for the corresponding damage, for which a cargo sheet will be prepared.

10.3 Coordination and Management of Maritime Containers with Goods.

Supplier must guarantee the follow-up and coordination of export shipments:

- From Audi San José Chiapa to the different customers of CKD parts (China/India), OT (original parts) (Germany) and international shipments (Europe/Asia) via sea.

Supplier's responsibilities are the following (without limitation) according to Lastenheft:

- Reporting documentary and physical vessel closures.
- Booking of space with assigned shipping line.
- Coordinating transportation from plant to port with AUDI's assigned carrier.
- Coordinating transportation from port of arrival to agreed place of delivery with AUDI's assigned carrier.
- Container weighing transmission to authorities and shipping company.
- Interface between all operational parties involved.
- Consolidating documents.



- Tracking of containers at the different control points according to Lastenheft.
- Ensuring the process as established and notifying any deviation.

Also includes transportation management and, 24 x 7 x 365 follow up according to AUDI's needs and/or according to Lastenheft.

10.4 Packing and Unpacking for International Moves:

Inland freight transport services are divided into two general types: door-to-port / port-to-door and door-to-door.

If AUDI requests the door-to-port / port-to-door service, Supplier undertakes to carry out the loading of the goods, coordinate with the carrier designated by AUDI (point of origin) to the port of embarkation (port of departure) and from the port of disembarkation (port of arrival) to the second location indicated by the CLIENT (point of destination), as well as the unloading of the goods and unpacking.

Supplier shall provide AUDI with door-to-door services that include the totality of the Services established in the Lastenheft, in addition to the maritime freight, port maneuvers, insurance, THC, transfers, dispatches, maneuvers and blasting at origin and destination, in addition to any charge that may be generated, as well as terms included in the Lastenheft. The responsibility and risk of Supplier shall begin with the reception, packing and loading of the goods at the Point of Origin / Point of Destination, loading of the container at the Port of Departure and disembarkation at the Port of Arrival, customs formalities, the subsequent delivery, unloading and unpacking of the goods at the Point of Origin / Point of Destination, which are located both in the Mexican Republic and in any other part of the world as requested by AUDI.

In this regard, the responsibility and risk for the goods in charge of Supplier shall begin with the reception and loading of the goods from the Point of Origin / Port of Arrival and shall end with the unloading and delivery of the goods at the Port of Departure / Point of Destination.

The types of vehicles for inland freight transport can be:

Platform with 20' or 40' maritime container and, if the roads do not allow it, 1tn, 3.5 tons truck, bobtail truck, 48' trailer and 53' trailer.

Incoterms applicable to import: FOB, EXW and the following Incoterms to export: CIF, DAP as defined and agreed in each specific case by AUDI.

The Parties agree that the liability of Supplier, regarding breach of obligations related to the provision of the service, as well as for damages or shortages caused to AUDI, shall be limited to the amount of USD\$ 2,000,000.00 (two million US dollars) for the total term of the Services.

11. EXPORT PERMIT / EXPORT CONTROL

Supplier is obliged to comply with all applicable national and international laws and other legal provisions, especially regarding customs, foreign trade and export control matters.

If Supplier supplies AUDI with Goods subject to export authorization and/or export control, Supplier is obliged to provide the following information to AUDI:

1. Serial number of the Goods or part number.
2. Detailed description of the Goods.
3. Tariff fraction of the material, in accordance with the Harmonized Tariff Classification System.
4. List number according to the European Community legislation, the Foreign Trade Regulation, and/or the List number, according to the Annex to the European Community Dual-Use Regulation, in accordance with the provisions in force.
5. Answer correctly and completely the following questions about U.S. Goods, as well as any others that may subsequently be substituted or added, in accordance with the laws of the United States of America:
 - a. Are the Goods subject to U.S. re-export provisions? (Subject to the EAR or ITAR?).
 - b. Does the Export Control Classification Number (ECCN) match the U.S. Export Administration Regulations (EAR)? (EAR).
 - c. Was an "Export License" required for export from the U.S.? (Conditions?).



- d. Do these parts require approval?
 - e. Does the value of integration of U.S. sourced materials exceed 10% and/or 25%?
6. Indicate the commercial origin of the Goods, including the commercial origin of the technology and/or software.
 7. State, if applicable, whether the Goods have been transported, produced or stored in the United States, or have been produced with U.S. technology or parts.
 8. Comply with the provisions issued by the Secretary of Economy regarding dual-use goods and export control.
 9. Designate a contact person of Supplier for any clarification.
- Supplier's obligation to provide AUDI with the information referred to in this paragraph shall be in force and shall apply even after the Goods have been delivered.

12. SUPPLY CHAIN SECURITY

Supplier is obliged to ensure that the Goods are protected from any unauthorized access during production, storage, treatment or processing, as well as that they are secure during loading, transport and unloading.

Pursuant to the foregoing, Supplier undertakes to employ qualified and reliable personnel for the production, storage, treatment or processing, transport and delivery of the Goods. If Supplier has a business partner, acting on Supplier's behalf and representation, Supplier undertakes to inform said partner of the security measures to be implemented to ensure security in the supply chain in accordance with the provisions of this section.

For C-TPAT and AEO certification purposes, regarding Mexican suppliers, the secure supply chain must be accredited, for which Supplier undertakes to provide the Customs and FTA department with the SVI number (Verification Status Interface), the AEO Certification number and the corresponding effective dates thereof.

In case the above stated is not applicable, Supplier shall provide the security questionnaires and letters of intent to the same department.

13. INSURANCES AND SURETY BONDS

13.1. SURETY BONDS

Supplier agrees to contract and maintain in force, at Supplier's own cost and expense, the following Bonds in favor of AUDI:

- a) Bond to guarantee the proper use of the advance payment equivalent to 30% (thirty percent) of the Services.
- b) Performance Bond equivalent to 10% (ten percent) of the total Services.
- c) Defects Bond equivalent to 10% (ten percent) of the Services.
- d) Advance Payment Bond, which guarantees 100% (one hundred percent) of the advance payment(s) granted by VWM/AUDI to Supplier, which are issued with an open term.
- e) Compliance Bond, which guarantees up to the equivalent of 10% (ten percent) of the total amount of the Purchase Order and/or contract, including value added tax, the compliance of each of the Supplier's obligations, and in favor of VWM/AUDI, the bond is issued with open term.
- f) Good Quality Bond, which guarantees up to the equivalent of 10% (Ten percent) of the total amount of the contract, the good quality, defects and/or hidden defects that may arise regarding the work to be performed and the equipment or goods to be supplied, so that they are in optimum operating and/or functioning conditions, which shall be valid for 12 or 24 months, as requested by the Purchasing area, after the date on which the work, goods and equipment have been installed and put into operation.



Once the work has been completed, the cancellation of the bonds indicated in subsection a) and b) will be requested and the request for the warranty and hidden defects bond will be made in accordance with item c).

The bonds foreseen in items a) and b) of the previous section must be delivered to AUDI within the following 5 (five) days following the date of issuance of the Purchase Order.

Supplier undertakes to keep the policy indicated in item a) above in force until the day on which the repayment of the advance payment is evidenced. If the provision of Services with justified cause and accepted by AUDI are extended beyond the time of completion, Supplier shall renew or extend the validity of the bond policy without this generating a cost for AUDI. The Parties agree that during the provision of Services; and if variations have been requested and accepted, the price of the Services shall be updated, and Supplier shall submit the Bond established in paragraph c) above.

The bond for hidden defects shall be delivered at the end of the provision of the Services, once the bonds mentioned in the previous paragraph have been cancelled.

Supplier shall provide AUDI with proof that any required policies are in force and duly paid, sending a copy of said policies to AUDI.

If Supplier fails to comply with this obligation, AUDI shall have the right to withhold, during the term of Supplier's default, an amount equivalent to 10% (ten percent) of each payment to be made in favor of Supplier, which shall be used to guarantee compliance with the obligations arising from the Purchase Order and these Terms and Conditions.

If Supplier fails to obtain and/or maintain in full force and effect the surety bonds, AUDI shall have the right (but not the obligation) to take out the corresponding policies and such expense shall be deducted from the provision of Services.

Supplier shall provide AUDI with evidence that any required policies are in force and that premiums are paid, forwarding copies of such policies to AUDI.

AUDI reserves the right to suspend the provision of Services while Supplier regularizes any of its insurance policies and bonds without this representing a justified cause for AUDI to delay the time of completion, for which the conventional penalties indicated in section 9.1.3 of the Terms and Conditions may be applied.

AUDI's Insurance and Surety Bonds Department is empowered to request Supplier to submit sufficient documentation in order to verify the coverage, amount and validity of Supplier's policies.

Whatever the bond granted, these may only be cancelled provided the cancellation thereof is received in writing by AUDI.

The bonds originated by the Purchase Order may be claimed up to 180 (one hundred and eighty) calendar days after the end of the term of the Purchase Order and must contain at least the following statements:

- 1) AUDI is designated as the sole beneficiary.
- 2) They are granted in compliance with all the stipulations contained in the Purchase Order.
- 3) They may be adjusted to changes that the Purchase Order may undergo.
- 4) They will continue in force if an extension is granted to the fulfillment of the Purchase Order (even when these have been authorized extemporaneously).
- 5) They shall be cancelled when Supplier has complied with all the obligations guaranteed by such bonds.

Any insurance policy and/or bond that insures or guarantees the obligations of the Purchase Order must be issued by a surety institution authorized by the Secretariat of Finance and Public Credit, the same institution must have a long-term international investment grade rating (issuer and/or debt category) and must comply with the parameters issued by the K-FT (Consortium Treasury). All insurance (regardless of its nature) and/or advance payment



and/or performance and/or good quality bonds must be issued with the wording indicated by AUDI's Insurance and Surety Bonds Management and through its authorized agent.

The entire process of requesting and issuing bonds required by AUDI's Suppliers must be done through AUDI's Insurance and Surety Bonds Management and processed through its sole authorized bonding agent:

INTERTEC, Agente de Seguros y de Fianzas, S.A. de C.V. (hereinafter "Intertec") will be the intermediary with the authorized surety companies.

Bonds to be Issued (payment terms):

a) Bond to guarantee the proper use of the advance payment equivalent to 30% (thirty percent).

b) Performance Bond equivalent to 10% (ten percent).

c) Defects Bond equivalent to 10% (ten percent).

This condition is not negotiable.

This instruction is of immediate application and compliance.

14. INSURANCES

Depending on the incoterm of the shipped Goods, the insurance thereof will be covered by AUDI, being effective from the moment Supplier takes any responsibility on the Goods to be shipped.

The insurance coverage contracted by AUDI covers damages that may be suffered by the shipped Goods due to any ordinary transit risk to which they may be exposed; however, it does NOT cover Supplier's civil liability for damages to third parties or even to the transported Goods due to Supplier's own activity; therefore, Supplier must contract, pay and enforce a Civil Liability policy protecting Supplier and Supplier's operations and activities.

14.1 Transport Insurance Policy

AUDI informs Supplier about the contracted international transport policy, which covers any damage caused to the Goods, arising during the provision of services, which is described below.

14.2 Damage to Goods and Policy Coverage

In case of damage to Goods due to any loss during the shipping thereof, Supplier undertakes to:

- Immediately inform, via telephone and via email with acknowledgment of receipt, AUDI's Disposition, Logistics and Insurance areas.
- Inform AUDI's Disposition, Logistics and Insurance areas in writing, using the forms provided by them, no later than 3 hours after any damage or loss has occurred.
- Immediately carry out at Supplier's own expense the release/recovery or transfer of the Goods, as well as to obtain the document supporting such release, either in original or certified copy by the competent authority.
- Avoid the retention of Goods by the authorities.
- Deliver the documents mentioned in item 11.6 to AUDI's Insurance Department immediately, and at the latest within the following 24 (twenty-four) hours, in order not to delay the recovery of the damages to the Goods.

In any case, the Goods must be kept safe at the place of the accident, in order to avoid further damage and/or theft of the Goods, as well as to carry out the release of the Goods in case of being detained by the authorities.

14.3. Deductibles and Other Fees:

In case of damage to the shipped Goods, the following shall apply:

- If the damage admits rework, Supplier shall pay the cost of selection and rework.
- If the damage does not admit rework and Supplier does not prove that the loss is not attributable to Supplier, Supplier shall pay the full value of the Goods. In this case, Supplier grants AUDI the right to destroy it, therefore the damaged Goods will not be delivered as salvage.

14.4. Procedure in case of total or partial theft or robbery:

Supplier shall inform AUDI's Logistics area and the competent authorities when the shipped Goods units deviate from the scheduled route and/or when they stop without prior notice



to Supplier's tracking area; regardless of their location using coordinates programmed by the company, Supplier shall document the report filed to the authorities with the report number.

In case of total or partial theft of the transport or of the Goods or of robbery during the shipping of the Goods, Supplier shall:

- a) Immediately give notice to the competent authorities closest to the place of the theft or assault.
- b) Immediately inform AUDI's Logistics and Insurance areas and confirm the loss by means of a written notice within the following 3 (three) hours.
- c) File a theft or robbery report with the authorities of the locality corresponding to the place of the incident, obtaining a certified copy of such report, which must contain, in addition to the report of the facts, the data of the stolen Goods.
- d) Deliver these documents to AUDI's Insurance area immediately, in order not to delay the recovery of the damages to the Goods.
- e) In case of recovery of the stolen transportation and/or Goods, Supplier shall notify AUDI's Disposition, Logistics and Insurance areas in writing in order to jointly manage the release of the transportation and/or Goods if so required.
- f) In all cases of total theft, Supplier shall demonstrate the use of the panic button.

In case of partial theft, Supplier is obliged to cover in full the amount determined by AUDI's logistics area for stolen or missing Goods during the transportation thereof as indicated in the delivery reports.

14.5. Additional Supplier Obligations:

Supplier undertakes during the term of the Purchase Order to:

- Comply with the specifications set forth in **NOM-012-SCT-2-2017, NOM-035-SCT-2-2000, NOM-068-SCT-2-2014 and NOM-044-SEMARNAT-2017.**
- Comply with the specifications established in **NOM-087-SCT-2-2017.** AUDI may randomly request a service hours logbook from each supplier, in case of non-compliance it will be analyzed with the areas of M/GG Insurance and Logistics.
- Make use of and comply with the requirements of the Insurance Company contracted by AUDI in order for the latter and/or the beneficiaries thereof to receive payment for damages or losses incurred.

Consequently, Supplier shall also be liable for:

Any action or omission attributable to Supplier, including but not limited to the following cases:

- 1) If it is proven that Supplier or Supplier's representatives conceal or inaccurately declare facts that exclude or may restrict such obligations.
- 2) If there is fraud or bad faith on the part of Supplier or Supplier's representatives in the claim.
- 3) If it is proven that Supplier or Supplier's representatives do not provide in a timely manner the information requested by AUDI on the facts related to the claim and by which the circumstances of its occurrence and the consequences thereof can be determined.
- 4) If Supplier's driver lacks a valid federal driver's license.
- 5) Damages caused by failures or flaws of the tractor-trailer and/or dry boxes used for the transportation of the Goods.

Likewise, including without limitation, Supplier shall implement the following preventive measures:

- Transiting on monitored and traveled toll roads.
- Operators must be rested to avoid stops in risk areas and accidents on the road.
- Carrying out efficient monitoring of their units to provide physical safety to their operator.
- Do not abandon the load unless there is a force majeure cause where the physical integrity of the operator is at risk.
- Before going out on the road, operators must verify the physical and mechanical condition of the unit, as well as having loaded enough fuel, to avoid stops in unsafe areas.
- In the event of a rollover, request immediate assistance from the nearest authorities and protect the load.



- All route deviations must be authorized, in writing, by AUDI's logistics department and Supplier's tracking booth personnel.
- Operators shall report to the tracking booth personnel and/or their supervisors, locations that represent (or may represent) risks to the units, e.g. bridges and tree branches that may cause damage, etc.
- Instruct Supplier's operators not to make unauthorized stops by their monitoring cab.
- In case of stopping for reasons of force majeure, physiological needs, breakdowns, mechanical failures, etc., they must notify their monitoring cabin when stopping and resuming their march during the route.
- Training Supplier's drivers on "What to do in the event of a claim?"
- Instructing Supplier's operators not to drive while intoxicated or consume noxious and/or prohibited substances that alter the operator's state of consciousness and/or ability.
- Permanently carrying out Checkups (medical examinations) to operators.
- Conducting permanent drug testing of operators.
- Complying with preventive maintenance program to avoid failures or damage to tractor-trailers and/or trailers.
- Carrying 3 fire extinguishers: 1 dry chemical powder ABC of 12 kg. (Contains 75% of Monoammonium Phosphate) ANZUL brand and 2 water (H2O) with a capacity of 10 liters.

14.6. Documentation in case of Claim:

Supplier shall submit the following documentation to AUDI's Insurance Department in the event of a claim:

- Claim report in official AUDI format.
- Written report detailing the manner in which the loss occurred by the operator.
- Tractor and/or trailer registration card.
- Report from the authorities who took knowledge of the accident.
- Satellite Tracking Report
- Report filed with the Public Prosecutor's Office (in case of theft)
- Bill of Lading and Report of Delivery of Goods (REV)
- Driver's documentation (Official ID, License, IMSS registration)
- The deadline for delivery of the above information should be no more than 3 (three) business days.

AUDI reserves the right to request from Supplier any other document deemed necessary to clarify the causes of the accident, accident, assault or theft (maintenance log, personnel records, etc.).

In case of doubt as to the steps to be taken in the event of a claim, it shall be necessary to contact the responsible AUDI Departments.

If Supplier is responsible for the damage caused to the cargo, Supplier has 10 (ten) days after having been notified by means of a letter of claim to make the deposit in AUDI's accounts; in case of not making the respective payment, Supplier authorizes AUDI to deduct the resulting amount from future payments.

14.7. It is hereby informed that if any extraordinary or unforeseen charge or expense is generated by AUDI, resulting from causes attributable to Supplier due to lack of quality, replacement of Supplier, repairs, rework, travel, and/or any other damage generated to the detriment of AUDI, among others, in the Goods or Services, Supplier expressly authorizes AUDI to charge Supplier for such expense or charge, for which a simple notification from AUDI to Supplier shall be sufficient, indicating the amounts of said expenses or charges generated, which shall be debited from the Supplier's invoices pending payment.

14.8 Provided that a different liability has not been regulated elsewhere herein, Supplier shall be obliged to indemnify AUDI for damages caused by Supplier and/or third parties related to Supplier due to defective delivery, improper or inappropriate use, error, negligence or breach of the safety regulations of the authorities or any other cause attributable to Supplier and/or third parties related to Supplier, as described below:

1. The obligation to pay damages arises when Supplier and/or Supplier's subcontractors cause damage to AUDI.



2. If, irrespective of the damage, AUDI faces liability claims and such liability cannot be excluded with respect to third parties, Supplier will indemnify AUDI as if Supplier were directly liable.
3. Liability for damages will be excluded if AUDI has effectively limited the respective liability regarding AUDI's customer.
4. If AUDI intends to make claims against Supplier in accordance with the above provisions, AUDI must inform Supplier to provide the opportunity to examine the causes of the damage(s). The parties shall agree on the measures to be applied, especially regarding conciliatory negotiations.

In addition to the aforementioned, AUDI shall have the right to claim the indemnities and actions to which AUDI is legally entitled in order to compensate for damages caused by Supplier's breach and that have not been contemplated in the contractual documents.

14.9 AUDI has the right to claim the replacement of goods and/or services with hidden defects and the payment of expenses that this may cause. Therefore, Supplier expressly waives the provisions of article 383 of the Code of Commerce in force in Mexico.

15. WARRANTY

All quality specifications and other conditions required by AUDI through the Purchase Order constitute characteristics to be guaranteed by Supplier. The Quality Warranty Period shall be counted from the delivery of the Goods, in accordance with the current and applicable legislation, unless a different period has been agreed in writing between the Parties. These conditions and terms are equally applicable to deliveries made by Supplier for replacement of the Goods due to elimination of defects, in which case the warranty period shall be deemed to commence upon receipt of the replacements. Regarding any rework, the warranty period shall be extended by the time elapsing between the removal of defects and the completion of the rework.

15.1 Any economic consequences arising from the situations described above must be previously agreed between AUDI and Supplier. If AUDI claims against Supplier for defective Goods, the amounts demanded from Supplier shall include all costs both in labor and materials, packaging and transportation, etc., that have been used to remedy said claim. Supplier may submit the allegations deemed pertinent, only within 30 (thirty) calendar days following receipt of such notice.

15.2 It is agreed by the Parties that AUDI's acceptance or reception of the Goods shall in no way affect AUDI's right to demand the warranty granted by Supplier.

15.3 AUDI may at any time enter into specific warranty agreements with Supplier, which shall be deemed as documents related to the Purchase Order with respect to such specific warranty agreement.

15.4 Supplier shall be liable to AUDI for the Goods supplied, regardless of whether Supplier has acquired goods from and/or subcontracted to third parties for their manufacture and/or execution. Consequently, Supplier shall enter into contracts or purchase orders with such third parties, establishing the terms and conditions that guarantee compliance with the various premises that under the Purchase Order are required of the Supplier, particularly with regard to warranty and quality terms.

16. INDEPENDENCE OF THE PARTIES

The Parties acknowledge and accept that the only legal relationships between them are those resulting from the Purchase Order and these Terms and Conditions, therefore, Supplier undertakes to supply the Goods with duly trained Supplier's own personnel and workers.

Supplier undertakes to contract and keep under Supplier's exclusive direction and dependence the personnel involved in providing the Services and/or Specialized Services, when applicable in accordance with these Terms and Conditions, (hereinafter the "personnel"). Supplier expressly undertakes to sign contracts in which the personnel expressly acknowledge that there is NO employment relationship between them and AUDI or to whoever Supplier offers Services or Specialized Services, when applicable.



In the terms of the Federal Labor Law, the parties acknowledge and accept that the only legal relationships between them are those derived from the commercial relationship that the Parties entered into, which is why Supplier will be the sole person responsible for the personnel used for the provision of Services or Specialized Services (when applicable), which is under Supplier's immediate direction and dependence, and therefore Supplier is also solely responsible for the payment of ordinary and extraordinary salaries, vacations, Christmas bonus, seniority premiums, accidents, layoffs, contributions to the Mexican Institute of Social Security (IMSS) and the Institute of the National Fund for Workers' Housing (INFONAVIT), as well as any obligation derived from the existing employment relationship between Supplier and Supplier's personnel; therefore, AUDI will not be responsible for conflicts that may arise from the aforementioned concepts; Supplier is obliged to keep AUDI harmless from any claim filed against AUDI. Supplier undertakes to take the legal defense before the authorities and the necessary judicial and/or administrative instances at no cost to AUDI and to keep AUDI harmless from any claim, demand from third parties or against any type of request from judicial and/or administrative authority; the foregoing regardless of the actions of a civil, criminal, administrative and/or any other nature that AUDI may exercise against the Supplier. Supplier will be solely responsible for attending and paying all expenses arising from occupational accidents or risks incurred by the employees used to carry out the Services or Specialized Services (when applicable), releasing AUDI México from this moment on from any responsibility in that regard.

AUDI reserves the right to request Supplier to withdraw for the provision of Services or Specialized Services (when applicable), elements that acting in ways that endanger AUDI's facilities, AUDI's personnel and/or third parties, as well as if Supplier's personnel do not keep due composure, respect and the greatest order, attention and courtesy in their relations with AUDI and with third parties, or, in case of not complying with the rules of conduct, policies, codes and other provisions that apply to the interior of the AUDI facilities.

17. SPECIALIZED SERVICES

17.1. Supplier undertakes to deliver to AUDI all documentation proving that Supplier follows each of the provisions on outsourcing of specialized services issued by the IMSS and INFONAVIT, including, without limitation, the following:

1. Registration of services in the Registry of Suppliers of Specialized Services or Specialized Works in the Secretariat of Labor and Social Welfare, as well as to maintain said registry during the validity of the commercial relationship that the Parties enter into for this purpose.
2. Registration within the Tax Administration Service.
3. Documentation showing that Supplier is providing the following information to the IMSS about the contracts signed, every four months:
 - a) Parties of the contract: name, denomination or corporate name; Federal Taxpayers Registry, registered or conventional address in case it is different from the fiscal, email and contact telephone number.
 - b) Each contract: purpose, term, list of workers or others who will provide the services, indicating their name, Unique Population Registry Code, social security number and base contribution salary, as well as name and Federal Taxpayers Registry of AUDI.
 - c) Copy of the registration certificate issued by the Secretariat of Labor and Social Security for the provision of specialized services or works.
4. Documentation showing that Supplier complies with the provisions on subcontracting issued by INFONAVIT, delivering documents proving that Supplier is providing the following information on contracts signed, every four months:
 - a) General Data
 - b) Service contracts
 - c) The amounts of the Contributions and Amortizations
 - d) Employee information
 - e) Determination of the base salary of each contribution



f) Copy of the registration certificate issued by the Secretariat of Labor and Social Security for the provision of specialized services or the execution of specialized works

5. Evidence that the personnel used to provide specialized services is duly registered in the IMSS, as well as to deliver a copy of the provisional payment made to said institute.

6. If applicable, the Employment Contracts of the personnel that Supplier designates for the provision of specialized services and that must contain at least the fundamental working conditions, such as salary, hours, positions, and functions.

7. The payroll receipts of the workers that Supplier designates for the provision of specialized services, must contain at least the position they perform, the working day, the salary they receive and the deductions to which they are subject.

8. Registration of workers in the IMSS (position or function and salary).

9. If applicable, the Union Contract, in order to verify if the category of workers is contained in the salary tabulator.

10. Registration of workers to the Union.

Supplier must deliver to AUDI the aforementioned documentation during the course of the 30 (thirty) calendar days after the payment of the consideration agreed by the Parties or on the deadline to comply with the reporting obligations with the IMSS and the INFONAVIT.

Likewise, Supplier expressly accepts that, if the aforementioned documentation is not delivered, within the stipulated period, as well as any other proving compliance with all the provisions on specialized services issued by the IMSS and INFONAVIT, as well as those provisions applicable to Value Added Tax (VAT) and Income Tax (ISR), AUDI will be entitled to suspend the payment of the consideration agreed by the Parties, until Supplier complies with the delivery of said information or, AUDI may terminate the commercial relationship in advance, without the foregoing being interpreted as a breach by AUDI.

17.2. AUDI may sanction Supplier, with a penalty of up to an amount equal to the total amount of the Specialized Services contracted, for any of the following reasons:

a) If Supplier does not register in the IMSS all the workforce intervening directly in the activities and work related to the provision of Specialized Services.

b) If Supplier does not have or cancels the registration certificate issued by the Secretariat of Labor and Social Welfare for the provision of specialized services or the execution of specialized works.

c) If Supplier does not provide AUDI with all the information proving compliance with the provisions on outsourcing of specialized services to the IMSS and INFONAVIT, as well as those provisions applicable to Value Added Tax (VAT) and Tax on the Income (ISR).

d) If personnel involved in the provision of Specialized Services are not properly identified and do not wear the appropriate protective equipment.

e) If Supplier does not submit the respective reports to the competent authorities in labor matters every four months.

f) If the quality, safety, hygiene and image during the validity of the commercial relationship does not meet the full satisfaction of AUDI.

The foregoing does not in any way exempt Supplier from complying with the provisions of the Federal Labor Law, Official Mexican Standards, International Treaties and circulars on safety and hygiene.

18. SUBCONTRACTORS

Supplier may not subcontract the services directly ordered by AUDI in the Purchase Order to a third party.

If, exceptionally, Supplier needs to subcontract services to a third party, Supplier shall immediately notify AUDI, as well as state in writing the reasons for said subcontracting. AUDI reserves the right to approve or not such subcontracting, on the understanding that the authorization must be granted in writing. In any case, Supplier shall be prohibited from making subcontracted personnel available to AUDI.

The obligations of data protection and confidentiality of AUDI's information set forth in these Terms and Conditions shall be applicable to all Subcontractors; if Supplier finds it necessary to share AUDI's information, Supplier is obliged to sign the respective confidentiality agreement with the Subcontractor and submit it to AUDI.



In case of non-compliance by the Subcontractor regarding data protection and confidentiality obligations, Supplier shall be liable to AUDI for any damages caused by such non-compliance.

19. CONFIDENTIALITY / THIRD-PARTY RIGHTS AND PERSONAL DATA PROTECTION

Supplier undertakes to consider the Purchase Order, as well as technical drawings, know-how, designs, samples, prototypes, brands, plans and in general any information received from AUDI (regardless of how it is printed, recorded, stored or the device on which it is located) as confidential information and trade secret property of AUDI.

19.1 Supplier will only use this information if such use is necessary for the proper performance of the Services. Supplier undertakes to prevent any third party from gaining unauthorized access to such information and documents without AUDI's prior written consent in relation to such disclosure. Such consent will be given at AUDI's discretion. Where appropriate, Supplier will ensure that Supplier's employees and subcontractors only obtain access to such information at the time and to the extent that such access is necessary and will impose the obligation to keep confidentiality on Supplier's employees and subcontractors therein, or a similar confidentiality obligation in regard to the Purchase Order and other applicable documents. Supplier, where appropriate, will enforce the confidentiality obligations in relation to Supplier's employees and subcontractors, and will inform AUDI immediately in the event of any violation of the duty of confidentiality.

19.2 The confidentiality obligation agreed upon in this section will remain in force for five years following the termination of the contractual relationship.

19.3 Obligations under this section shall not apply in the following cases:

- a. Supplier was already aware of the information before it was communicated by AUDI and Supplier was not obliged in any way to maintain confidentiality regarding this information.
- b. The information was duly transmitted to Supplier by a third party authorized by AUDI.
- c. The information was not public knowledge at the time it was communicated by AUDI.
- d. The information was not public knowledge after being communicated by AUDI without this being due to a violation of the confidentiality obligation established in the Purchase Order or a violation of other confidentiality obligations.

19.4 The *AUDI MÉXICO, S.A. de C.V.* corporate name, as well as the trademarks, logos, designs and other protected rights of the companies that make up the AUDI Group. Supplier and AUDI may only make their business relationship public for advertising purposes upon prior written authorization from AUDI. In this same sense, it is understood that Supplier is not authorized to use AUDI's trademarks and/or company name and/or logos without written authorization from AUDI.

19.5 Supplier guarantees AUDI that by executing the contracted activities, no patent rights, registered trademarks, copyrights, industrial or intellectual property rights, or any other rights of third parties protected by law in the United Mexican States or abroad will be infringed. If for any reason AUDI were to be held liable for the infringement of third-party rights, Supplier shall take such claim at its own expense, and shall cover all damages, expenses and costs that AUDI may suffer or incur directly or indirectly as a result of the claims derived from the infringement of legally protected third party rights incurred by Supplier.

19.6 In accordance with the Federal Law for the Protection of Personal Data Held by Private Parties (LFPDPPP) and its Regulations, if the contractual and/or commercial relationship involves the processing of personal data, the Parties agree to sign separately a Data Processing or Data Transfer agreement establishing the obligations that each of them must observe during all stages of the processing, same which shall comply with the rights, principles and obligations, established in the LFPDPPP, its Regulations and other applicable guidelines issued by the National Institute of Transparency, Access to Information and Protection of Personal Data (IANI), as well as the provisions of the General Data Protection



Regulation of the European Parliament and Council (Regulation 2016/679 known as GDPR or RGPD).

19.7 In any of the cases referred to in this section, Supplier undertakes to pay and/or reimburse AUDI and/or any of the companies of the AUDI Group, their officers and/or personnel, any amount that they may have to pay for the attention of such actions, fines, claims, requirements and procedures in general, including attorneys' fees, expenses and associated costs, as well as any amount to be paid as a sentence as a result of a resolution of a judicial and/or administrative authority or as a result of agreements or settlements that tend to end the controversy.

20. COPYRIGHTS

If Supplier holds copyrights or other rights regarding the Goods, Supplier shall grant AUDI free of charge exclusive, irrevocable, transferable, temporary, related and unrestricted rights in terms of the provisions of the Federal Copyright Act in any possible form, in whole or in part, authorizing their reproduction as often as desired, in unaltered or redesigned form.

In particular, the granting of rights includes, without limitation, the right to publish, multiply, distribute, reproduce, edit, exploit, as well as any other legal position regarding ideas, concepts, solutions, drafts and design of the Goods or services granted in any form. If employees or other agents of Supplier own or have acquired copyrights or other rights in the Goods or services to be provided to AUDI, Supplier undertakes to acquire such rights and to transfer them free of charge to AUDI in the same manner as set forth in this provision.

Supplier warrants that the Goods received by AUDI are not subject to any rights, in particular copyrights of third parties. However, if AUDI is held liable to third parties for infringement of the rights of such third parties in connection with the Goods supplied by Supplier, Supplier shall indemnify AUDI for such claims and shall guarantee AUDI the continued use of the contractual services by means of appropriate measures.

21. FORCE MAJEURE

None of the Parties shall be liable or shall be deemed to be in breach of any of its obligations under the Purchase Order, if such breach results, directly or indirectly, from an Act of God or FORCE MAJEURE.

By Act of God or Force Majeure shall be understood any external circumstance, beyond the control of the Parties, reasonably unforeseeable and unavoidable, which makes the fulfillment of the Purchase Order absolutely impossible, provided that there is no fraud, negligence or bad faith attributable to any of the Parties.

Likewise, the Parties accept that, regarding the Purchase Order, the following shall not be considered Act of God or Force Majeure: events attributable to the obligated party or events that being unforeseeable are avoidable by the obligated party. Neither shall be considered an Act of God or Force Majeure with respect to Supplier's temporary or definitive absence, the seizure or intervention of bank accounts, bankruptcy, insolvency, or liquidation.

If any of the Parties is affected by an Act of God or Force Majeure, the affected party shall notify the other party within 24 (twenty-four) hours after becoming aware of said event indicating the effects of such circumstance with respect to compliance with the respective obligations under the Purchase Order, as well as the estimated duration thereof. If necessary, AUDI shall instruct Supplier to suspend the performance of the Goods. The party affected by the Act of God or force Majeure shall notify within 24 (twenty-four) hours to the counterparty the moment when such circumstance ceases. If the event continues for a period of 90 (ninety) Days, either Party may give written notice of termination, which shall take effect 3 (three) Days after its notification.

22. TERMINATION

The Purchase Order may be terminated by AUDI at any time and immediately without any liability at its expense and without the need for prior judicial declaration, only by giving



written notice to Supplier of said decision in any of the following cases, and in accordance with the process set forth in this clause:

- a) In case of Supplier's bankruptcy or dissolution and liquidation, whether judicial or extrajudicial, is required, ordered or approved.
- b) In case of assignment of the Purchase Order by Supplier to a third party without authorization from AUDI.
- c) Due to technical and/or commercial incapacity and/or fraud, negligence, bad faith of Supplier.
- d) When, in AUDI's opinion, there is a delay in the performance or partial or total noncompliance by Supplier in the execution and/or delivery of the Goods.
- e) If Supplier and Supplier's personnel act in an irregular, deficient, imprudent, negligent and/or irresponsible manner.
- f) If Supplier abandons the Goods or omits or refuses to comply with a request from AUDI.
- g) Breach of the provisions of the Purchase Order and the Terms and Conditions.

Prior to termination, AUDI will request in writing to Supplier to remedy the non-compliance within 5 (five) days after the notification and if there is no response that satisfies AUDI, the Purchase Order will be terminated.

If AUDI wishes to terminate the Purchase Order, AUDI shall notify Supplier in writing 5 (five) Days prior to the date on which AUDI wishes to terminate the Purchase Order. Such notice shall be given at the address indicated in the Purchase Order.

Termination of the Purchase Order by AUDI shall be without prejudice to any other rights AUDI may have against Supplier that relate directly to the Purchase Order and these Terms and Conditions, such as claims for damages.

23. NOTICES

The Parties state as their addresses to receive notices and being served, the addresses set forth in the Purchase Order. The Parties agree that any notice or communication shall be in writing and with acknowledgment of receipt. Any contravention of this section shall render any notice or communication null and void.

24. MISCELLANEOUS

The Parties agree that no oral agreements or additional agreements have been entered into and the provisions of the Purchase Order, the Documents and these Terms and Conditions are the governing provisions of the relationship between AUDI and Supplier. Modifications and supplements to the Purchase Order must be made in writing and expressly consented to by the parties in order to be legally effective.

All obligations arising from the Purchase Order must be fulfilled in the manner, place and terms and/or conditions agreed upon. The ownership and risk of the Goods shall be for the account of Supplier and shall pass to AUDI only until they are received and accepted by AUDI in conformity.

24.1 Supplier shall keep in force all governmental permits, licenses, orders, applications and approvals required for the supply of the Goods.

Supplier is also obliged to comply with all applicable provisions established by AUDI, related to regulations for suppliers, environmental measures, safety measures, processes, and logistics systems and/or any others in force, and therefore is obliged to take into account the content thereof for the execution of the Purchase Order. The same shall be applicable regarding Mexican Official Standards and/or any other legal regulation related to the object of the Purchase Order, being the responsibility of Supplier, any damages caused to AUDI, AUDI's goods, persons or visitors, or clients derived from the non-compliance of any of these provisions.

24.2 Upon entering AUDI's facilities, Supplier is obliged to comply with the legal regulations and AUDI's provisions in force at the time of entry.

Regarding Safety and Industrial Hygiene, the Industrial Safety area is empowered to request Supplier to submit the relevant documentation, in order to verify that Supplier complies



with the laws in force and AUDI's provisions at the time of the review and according to Supplier's activity within AUDI.

24.3 AUDI may modify at any time the quantities established in the Purchase Order, the indications on the mode of transport of the Goods, covered by the Purchase Order, being at its expense any additional expense.

Modifications to the Purchase Order shall be made and agreed upon through electronic means and/or systems designated by AUDI (or otherwise in a written document signed by both parties), and AUDI shall be released from any modification not made under such terms. Each party shall act as an independent supplier with respect to the other, and neither party shall have the authority to act, bind or commit on behalf of the other party.

24.4 Regardless of that indicated in these Terms and Conditions, or in the Purchase Order, it shall be considered a cause for termination of this Purchase Order if Supplier does not comply with the obligations acquired from the conditions agreed upon in writing with AUDI, Supplier acknowledges AUDI's right to terminate the Purchase Order without the need for prior judicial proceedings and/or resolution, and therefore Supplier expressly acknowledges the validity of the agreement entered into herein and waives the right to invoke any thesis or provision seeking to render such agreement null and void.

If any provision of these Terms and Conditions and the Purchase Order is invalid, this shall not affect the validity of the remaining provisions. The parties shall replace the invalid provisions within the scope of reasonableness and in good faith with a provision that comes as close as possible to the legal and economic success of the invalid provision.

Whenever there is a request from AUDI's specialized departments, Supplier undertakes to contact the specialized department no later than twenty-four (24) twenty-four hours after the request.

25. ANTI-CORRUPTION

The Parties state that they have not paid, offered payment, caused payment, offered or agreed to be paid directly or indirectly, regarding the Purchase Order and accessory agreements, any contribution, fee or political commission, they also state that they will not offer, pay, promise payment or authorize payment of money, or offer, grant or promise to grant or authorize the delivery of any asset to any authority or employees of any company or third parties.

25.1 Supplier states, for all legal purposes that may arise, that in the acceptance of the Purchase Order there is no conflict of interest, since, otherwise, the Purchase Order could be terminated immediately without any liability on AUDI.

25.2 Supplier undertakes to perform Supplier's obligations ethically and in accordance with the applicable and current laws and Regulations, including without limitation, laws that prohibit bribery and money laundering, laws that require compliance with tax legislation, regulations related to import and export and with the payment of fees and applicable government fees and human rights laws, regulations which Supplier states to know, being bound to guarantee that Supplier's directors, officers, employees, agents, subcontractors and representatives comply with these Terms and Conditions.

26. LANGUAGE, JURISDICTION AND VENUE

26.1 The official language of these Terms and Conditions shall be Spanish; if a German or English versions exist, they shall be for informational purposes only and in the event of inconsistencies, the Spanish version shall always prevail.

26.2 Regarding the interpretation, execution and fulfillment of the Purchase Order and this Terms and Conditions, the Parties expressly agree to submit to the applicable Federal Mercantile and Civil Legislation, as well as to the jurisdiction of the courts of the State of Puebla, waiving any other jurisdiction that may correspond to them due to their present or future domiciles.

In case of questions regarding the content of this document, please contact:

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27. ACCEPTANCE

Company name:

Date: Haga clic aquí o pulse para escribir una fecha.

Legal Representative name and signature: