



General Terms and Conditions of Purchase and Contracting of AUDI MÉXICO S.A. de C.V.

Version 02/2016

"This text is a translation from the authoritative Terms and Conditions in the Spanish and German language and for reference purposes only"

I. Preamble

- These Terms and Conditions of Purchase and Contracting (hereinafter **General Conditions**) shall apply to all purchases and contracting of goods and/or services by AUDI MÉXICO S.A. de C.V. (hereinafter **Audi México**), excluding those purchases and contracting of production material, and shall rule any relation between the **Supplier** (hereinafter the **Supplier**) and **Audi México**.
- The **Supplier's** sale and supply conditions shall not be binding on **Audi México**, even when **Audi México** does not expressly reject either such conditions, or the reception or payment of goods or services, except for those agreements expressly and jointly granted in writing between **Audi México** and the **Supplier**. Any change or modification to these **General Conditions** shall be accepted beforehand and in writing by **Audi México**.

II. Purchase Order

- The Purchase Order (hereinafter **Purchase Order**) is the document or order form that shall be printed, signed and sent in original and/or electronically (in accordance with the means and/or systems indicated by **Audi México**), by which an order of goods and/or services is remitted to the **Supplier**.
- Audi México** shall make these **General Conditions** available to the **Supplier** at the moment of remitting the **Purchase Order**, which shall become part of such order, as well as the clauses and provisions contained in the **Purchase Order** and any other document or technical specifications attached thereto for the execution stated in the **Purchase Order**.
- The **Supplier** shall confirm the **Purchase Order** within a maximum period of ten (10) days as from the date of its reception, by means of the form of **Purchase Order** acceptance defined above, and the hand-written and/or electronic signature of the **Supplier's** legal representative or attorney-in-fact. The confirmation by the **Supplier** in the terms provided herein shall imply the express acceptance of the **Purchase Order**, as well as of these **General Conditions** and, as the case may be, of the technical specifications.
- The stipulations contained in the **Purchase Order** shall be legally binding for both parties when accepted by the **Supplier** as indicated in Clause II.3. Should the **Supplier** not confirm the **Purchase Order** acceptance as per terms established herein, **Audi México** reserves the right to cancel the **Purchase Order** without any liability. Should the **Supplier** not duly accept the **Purchase Order** as indicated in this clause, but executes the delivery of the order as stipulated in the **Purchase Order**, the **Purchase Order**, the **General Conditions** and the technical specifications shall be deemed as accepted by the **Supplier**.

III. Delivery-Reception

- The delivery of goods and/or services not covered by a **Purchase Order** in the terms provided in Clause II, shall not be admitted by **Audi México**.
- The delivery of goods and/or provision of services shall match up with features, technical specifications and execution as stipulated in the **Purchase Order**. The **Supplier** shall make sure of having obtained in due course, all the information necessary for the due compliance and execution of the **Purchase Order**, ensuring that the goods and/or services meet all the technical specifications required by **Audi México**.
- Regarding quantities, dimensions and weight of the delivered goods, the figures verified in the inspection performed by the reception of materials department appointed by **Audi México** shall be definite. **Audi México** is not bound to receive shipments larger or minor in quantity, dimension or weight than stipulated in the **Purchase Order**. **Audi México** reserves the right to examine and perform tests to the goods delivered by the **Supplier** in order to verify that these comply with the stipulations of the **Purchase Order**.
- The delivery date requirement shall be deemed as fulfilled if **Audi México** has received the goods and/or services on the date stipulated in the **Purchase Order**.
- The delivery of goods and/or provision of services stipulated in the **Purchase Order** shall be performed by the **Supplier** in the place, on the date and, as the case may be, within the periods established in the **Purchase Order**. The **Supplier** undertakes to make the goods available on time, considering their unloading. If the delivery is scheduled in periods, their calculation shall start as from the initial delivery date indicated in the **Purchase Order**.
- The **Supplier** shall immediately inform **Audi México** in writing about any delay in the delivery date, indicating the reasons of such delay and its expected length. In case of breach of the delivery

date or period, **Audi México** may: (i) rescind the **Purchase Order** and require to a third party the manufacture and production of the goods and/or services or (ii) receive the goods and/or services out of time. In both cases the **Supplier** shall pay the contractual penalty as established in the **Purchase Order**. The foregoing, without prejudice of the legal actions that **Audi México** may have the right to exercise as per terms of the applicable legislation. These same stipulations shall be applicable in case of delay of a partial delivery or provision of service as well. **Audi México** may immediately and without notice terminate the **Purchase Order** if the **Supplier** is unable to pay its debts as they fall due or if an insolvency or conciliation proceeding is applied for or commenced regarding its assets.

- The **Supplier** shall comply with all applicable laws, regulations and security standards in particular with those as regards of hazardous substances and materials, environmental protection and accident prevention. Additionally, the **Supplier** shall comply with the provisions as regards of industrial security and internal regulations of **Audi México**.

IV. Terms for Delivery

- Audi México** shall determine the delivery route, modality of remission, mean of transport and type of packing of the goods.
- All deliveries of goods and/or services must be performed in accordance with the INCOTERMS established in the **Purchase Order** valid on the date of its issuance and in the location determined by **Audi México**. In the absence of an express provision to the contrary, the delivery of goods shall be DDP (Delivered Duty Paid) at the reception site indicated by **Audi**.
- The ownership of the goods remitted in the **Purchase Order** and the risk of their loss or detriment shall correspond to the **Supplier** and shall only be transferred to **Audi México** until such goods are received and accepted of conformity in writing.
- Audi México** reserves the right to request the **Supplier** to contract a transport insurance, at the **Supplier's** own cost and expense.
- The **Supplier** shall deliver the goods in the location indicated by **Audi México** and it shall be an obligation of the **Supplier** the unloading of the said goods to their place of storage.
- The **Supplier** shall be obliged to obtain the access authorizations for **Audi México's** premises, as well as to comply with all security requirements, norms and internal regulations of **Audi México's** premises.
- Every shipment and delivery of goods shall be accompanied by a remission note according to the specifications required by **Audi México** in compliance with its own directives.
- Audi México** will specify the type and method of packaging or package in order to ensure an adequate transportation and storage of the goods. The **Supplier** shall be liable for damages caused to the goods as a consequence of a defective packaging and/or an inadequate transportation or handling.
- When dealing with goods which handling, transportation, use or storage implies extreme care or some danger such as fire, explosion, damage to persons, the **Supplier** shall indicate such circumstance on the package of the said goods, in accordance with the valid and applicable NOM's (Normas Oficiales Mexicanas) and international regulations. Additionally, the **Supplier** shall deliver to **Audi México** the corresponding manuals and instructions for the correct handling, transportation, use and storage of such goods. The **Supplier's** subcontractors shall observe the provided in this clause, being the **Supplier** responsible for their compliance with such provision.

V. Models and prototypes

- Audi México** may request the **Supplier** to elaborate models and prototypes of the goods to be manufactured or produced, for which the former shall provide the latter all the information and technical specifications for their elaboration. **Audi México** shall not be legally bound to issue a **Purchase Order** regarding the goods which a model or prototype had been requested.
- The **Supplier** shall deliver the models and prototypes at the time and within the periods requested by **Audi México** according to the quality requirements and standards stated. When the delivery of models and prototypes had been requested, prior to the delivery of the goods, the latter may only be delivered once that **Audi México** had previously accepted and approved in writing the corresponding models and/or prototypes. Unless otherwise agreed to the contrary, the **Supplier** shall assume the costs for elaboration of samples and prototypes.



VI. Quality and Inspection

1. The **Supplier** shall replace those goods and/or services that do not comply with the quality required by **Audi México**, being obliged the former to keep a registry of them in writing, and to guarantee the quality of their manufacture and fulfillment respectively, free of any defect. The **Supplier's** subcontractors shall have the same obligation.
2. **Audi México** may, at any time and without previous notification or notice, execute quality tests not only to the goods, but also to the means of production used by the **Supplier**, and to visit the **Supplier's** premises by
3. means of its personnel holding duly proof of identity, in order to inspect the manufacture processes, workforce and materials related to the goods. The **Supplier** undertakes to allow free access to **Audi México's** personnel without any limitation and to execute changes and/or implement the measures requested by **Audi México**, derived from such tests or visit.
4. **Audi México** shall inspect the goods at the moment of reception to verify the existence of apparent defects and shall notify the **Supplier** regarding such defects, reserving the right to perform additional inspections to the provided goods and/or services. **Audi México** shall notify the hidden defects of the goods delivered as soon as they were detected in the ordinary course of their use. The **Supplier** shall not allege that such apparent or hidden defects were indicated late or on delay as per Clause IX point 6 of this **General Conditions**.

VII. Modifications

Audi México shall have the right to require from the **Supplier**, modifications in the design and/or construction of the goods and/or in the services provision remitted in the **Purchase Order**. **Audi México** and the **Supplier** shall establish mutually satisfactory agreements regarding the consequences of such modifications. Should **Audi México** and the **Supplier** not reach an agreement regarding the requested modifications within a period of thirty (30) days as from the request of modification, **Audi México** may deem the corresponding **Purchase Order** as cancelled and request a third party for the fulfillment of such order; in such event the **Supplier** shall return to **Audi México** every and all technical information, material or goods in process within a period of three (3) days upon request. The latter notwithstanding the parties shall agree a possible compensation for the incurred expenses.

VIII. Prices, Invoicing and Payment Conditions

1. Prices agreed in the **Purchase Order** are fix and unalterable, except if the Parties agreed otherwise in writing. These include the total of goods and/or services considered in the **Purchase Order**, as well as any additional expense that the **Supplier** must cover in order to provide the goods and/or services. The prices fixed in the **Purchase Order** do not include the Value Added Tax (VAT).
Audi México shall not accept an invoice not covered by a **Purchase Order**. The **Supplier's** invoices shall be issued and sent in accordance with **Audi México's** indications and with the forms that meet all tax requirements current at the date of its issuance. Under no circumstance whatsoever the invoices shall be attached to the shipping or delivery of the goods. Mexican Suppliers shall send its invoices ("CFDI"- Comprobante Fiscal Digital por Internet) within the seventy two (72) hours following the delivery date of goods and/or provision of services in the way established by **Audi México** for such purposes.
2. A requirement for payment will be the delivery of a duly and auditable invoice. Payments of invoices shall be executed on the twenty fifth (25) day of the month following the delivery or service provision. For no Mexican Suppliers, payments of invoices shall be executed (i) on the thirty (30) day after the delivery or service provision, or (ii) thirty (30) days after receiving the invoice, if **Audi México** receives the invoice from the **Supplier** after the delivery of the good or service provision. The delay on the invoice sending and other payment information, as well as errors or omissions in such documents, will be a justifiable cause for **Audi México** to delay the payment of the respective invoice without falling into arrears. **Audi México** shall have the right to choose the payment method at its own discretion.
3. The **Supplier** shall not have under any circumstance, the right to assign to a third party, those rights resulting from the **Purchase Order**. The **Supplier** expressly authorizes **Audi México** to compensate or discount any amount in favor of the **Supplier** and in charge of **Audi Mexico**, in accordance with article 2185 of the Federal Civil Code of México.
4. In case of deliveries and services rendered being executed by third parties, accounts are to be balanced only by the **Supplier**.

IX. Responsibilities and reimbursements

1. The **Supplier** must ensure that every good and service rendered, covered by the **Purchase Order**, have been elaborated and provided in accordance with the drawings, technical data,

applicable function and quality criteria and other technical specifications provided by **Audi México** and adjusted to specifications offered by the **Supplier**.

2. The **Supplier** must ensure that the delivered goods are new and of first quality, which are free of apparent or hidden defects in their material or workforce aspect, these shall be commercial, totally safe and appropriate to accomplish the purpose for which they will be used and specifically indicated by **Audi México**, they comply with the packaging and packing conditions requested by **Audi México**, they are not subject to any encumbrance or lien, they do not violate any Intellectual Property rights or any other third-parties protected rights, in terms of stipulations of Clause XI of these **General Conditions**.
3. The **Supplier** undertakes to deliver only those goods submitted to a final inspection process. Should the **Supplier** deliver defective goods, **Audi México** shall have the right to take any of the following actions: i) it may give the **Supplier** the opportunity to correct the defect, by means of re-manufacturing (re-work) of such goods or services. If Mexican law is applicable to the business relationship with the **Supplier** according to Clause XVII Nr. 3, it shall be at the sole discretion of **Audi México** to determine if the rework has effectively corrected the defect; ii) returning or replacement of such goods; iii) to cancel or rescind the **Purchase Order** also regarding goods not yet provided if, prior notification in writing, the **Supplier** has delivered defective merchandises again. In the last case, **Audi México** shall choose, either execute by itself or require to a third party, the manufacture and production of the goods and/or services, in which case **Audi México** shall have the right to demand from the **Supplier** the payment for damages and losses, direct and indirect expenses and costs resulting from its breach.
4. As far as no special arrangements have been agreed the **Supplier** accepts the warranty for his delivery in accordance with the provisions laid down in law.
5. Provided that **Audi México** had previously given its written consent, the **Supplier** may work with a third party together for the total or partial manufacturing of the goods or provision of a service. The **Supplier** shall be responsible for its actions or omissions as well as for the actions or omissions of the third party involved.
6. **Audi México's** reception of the goods, does not limit its right to demand the compliance of the warranty granted by the **Supplier**. In case of reworks, the period of the warranty shall be extended by the time that has passed from the notification of the defects to the termination of the rework.
7. **Audi México** is not obliged to comply with any due date whatsoever to issue claims on the hidden defects that the goods may have. **Audi México** has the right to demand the replacement of the goods with hidden defects and to the payment of the expenses that this may cause. Therefore, the **Supplier** expressly waives what is provided in Article 383 of the Mexican Commercial Code.
8. In case the delivered goods have any defect, **Audi México** shall have the right (i) to retain the total payment of the corresponding invoice without generating any breach; or (ii) to retain a percentage of the value of the **Purchase Order**, which shall be paid to the **Supplier** until the defective goods are satisfactory corrected and/or replaced and in accordance to that stipulated in the **Purchase Order**.

X. Confidentiality

1. The **Supplier** is obliged to treat any **Purchase Order** and all business and technical details connected with it as confidential.
2. The **Supplier** is allowed to refer to the business relationship with **Audi México** in their advertising material only if it is authorized in writing previously. Requests for information have to be directed to AUDI AG, Abt. I/VM-4, D-85045 Ingolstadt.

XI. Intellectual Property and Third-Party Rights

1. The **Supplier** acknowledges that any right protected by the Industrial Property and/or Federal Copyright Law and derived from the execution of the **Purchase Order**, will be exclusive property of **Audi México**, as well as it will be any intellectual property right, either commercial name, commercial advertisement, brand, domain name for internet, register of works and/or reserve of rights before the Mexican Industrial Property Institute and/or National Copyright Institute, respectively.
2. The **Supplier** is not authorized to use brands, commercial advertisements, logos and designs property of **Audi México**. Only by express instruction of **Audi México**, or if indicated in the models or drawings by **Audi México**, the **Supplier** may use such brands, commercial advertisements, logos and designs to be printed or marked in the goods ordered in the **Purchase Order**. The goods thus marked shall be delivered only to **Audi México**. The defective goods returned to the **Supplier** and marked with brands, logos and designs property of **Audi México**, shall be destroyed.



Upon request **Audi México** has the right to ask for evidence of destruction.

3. The **Supplier** expressly declares that in the execution and elaboration of the goods ordered in the **Purchase Order**, no copyrights, industrial or intellectual property rights, patent rights, trademarks property of a third party duly protected by the Intellectual Property Law and/or the Federal Copyright Law and/or other laws current in the United Mexican States or abroad, are damaged or violated. The **Supplier** shall be responsible for any claim that, due to the elaboration of the goods ordered in the **Purchase Order**, results in the affectation and/or violation of third-party rights. In this sense, the **Supplier** is obliged to indemnify and hold **Audi México** harmless of claims derived from the misuse of third-party rights, being obliged so to cover all damages and losses, costs and expenses that **Audi México** suffered or spent.
4. Point number 3 of this clause shall not apply to the extent that the **Supplier** has manufactured the goods ordered in the **Purchase Order**, according to the drawings, models or similar descriptions provided by **Audi México** and only if the **Supplier** did not know or, regarding the goods developed by the **Supplier**, it might not know that third-party rights were being damaged. To the extent that the **Supplier** is not liable according with this paragraph, **Audi México** shall hold the **Supplier** harmless of any claim filed by any third party.
5. The **Supplier** undertakes to immediately inform **Audi México**, regarding possible risks of affecting third-party rights. The **Supplier** shall inform **Audi México** regarding the use of any third-party right, published or not, related to the goods ordered in the **Purchase Order**, notwithstanding that the **Supplier** has a license of use of these.

XII. Manufacturing Means

1. In case the **Supplier** does not have the materials and/or tools (hereinafter **Manufacturing Means**) for the proper manufacture of the goods and/or services contained in the **Purchase Order**, **Audi México** may provide such **Manufacturing Means** or require from the **Supplier** to elaborate them at cost of **Audi México**, upon previous agreement that shall be recorded in the corresponding **Purchase Order**.
2. The **Manufacturing Means** used by the **Supplier** in the manufacture of the goods such as models, samples, dies for forging, tools, drawings and similar materials made available for the **Supplier** or manufactured by this latter according to specifications of **Audi México**, shall be neither sold, pledged or transferred to third parties, nor used by the **Supplier** for other purposes as indicated in the **Purchase Order**, without the previous and written consent of **Audi México**. The foregoing shall also apply to those goods that had been manufactured with these **Manufacturing Means**.
3. The **Supplier** shall be responsible for duly taking care of any **Manufacturing Mean**, as well as for executing and covering the maintenance, repairing and replacement costs for them required. The **Supplier** shall return with no objection whatsoever such **Manufacturing Means** to **Audi México** once the goods and/or services covered by **Purchase Order** are concluded and delivered, or when it has been cancelled or rescinded, unless **Audi México** authorizes in writing to give other use to such **Manufacturing Means**. Under no circumstance, the **Supplier** shall have the right to retain the **Manufacturing Means** and its obligation to deliver them to **Audi México** shall be enforceable even if the **Supplier** is declared in bankruptcy. Goods developed by **Audi México** or in collaboration with the **Supplier** shall be delivered only and exclusively to **Audi México**.

XIII. Labor relations and security

1. The **Supplier** shall employ its own employees for the manufacture of goods and/or services ordered in the **Purchase Order**.
2. The **Supplier** states that it has its own employees in order to comply with its obligation derived from the **Purchase Order**, so under no circumstance these may be deemed as employees of **Audi México**. The **Supplier** is responsible of its own employees or subcontractors, as the case may be, used in for the fulfillment of its obligation derived from the **Purchase Order**, as well as all corresponding payments to its employees and subcontractors, including salaries, vacations, compensations, bonus, accidents, contributions to social security and housing systems, and any other obligation derived from the Mexican Federal Labor Law. **Audi México** shall not accept any claim regarding any labor obligation originating from **Supplier's** employees and/or subcontractors. The **Supplier** shall indemnify and is obliged to hold **Audi México** harmless of any possible claim that might arise regarding its employees and/or subcontractors and shall reimburse **Audi México** any amount that had to pay related to any action or claim (including attorneys' fees, costs, expenses, etc.).
3. In case that the goods and/or services ordered in the **Purchase Order** should be installed and/or executed in **Audi México's**

domicile, it shall be the exclusive responsibility of the **Supplier** to provide its employees and/or subcontractors with all appropriate equipment, tools and means for protecting them from body harms. In this case, **Audi México** undertakes to inform the employees and/or subcontractors that the **Supplier** appoints for such purpose about all rules, regulations and internal norms of the facilities of **Audi México** regarding security and hygiene of work center, not being the latter deemed as any direction, subordination or labor relation between the employees and/or subcontractors of the **Supplier** and **Audi México**. In these cases, **Audi México** reserves the right to request from the **Supplier** the documentation that supports the inscription of its employees before the social security institutions in México, as well as the payments executed as social security contributions. This faculty shall be extensive to subcontractors that, as the case may be, the **Supplier** hires for the compliance of its obligation derived from the **Purchase Order**.

XIV. Taxes

1. The **Supplier** and **Audi México** shall be responsible respectively for complying with the tax obligations regarding tax payment and withholding stipulated in Mexican tax regulations derived from the **Purchase Order**. Any mandatory payment of tax and withholding tax pursuant to Mexican tax regulations will be retained by the **Supplier** and/or **Audi México** accordingly.
2. The **Supplier** undertakes to provide **Audi México**, if required by the latter, with a tax obligation compliance certificate (or other document/certificate) issued by the Mexican competent tax authorities.
3. In case that the **Supplier** has no tax residence in México, but due to the nature of the manufacturing of the goods and/or services provision established in the **Purchase Order**, the **Supplier** is subject to the fulfillment of tax obligations in México, according to Mexican regulation as well as to those provisions stipulated in the treaties for avoiding double taxation that México has executed with other countries, the **Supplier** undertakes to fully comply those obligations and to provide **Audi México** with the documentation pointed out in number 2 hereinabove. In case of non-compliance by the **Supplier** of the obligations provided herein, the **Supplier** shall indemnify **Audi México** for any possible act that may be issued by Mexican tax authorities against **Audi México** and shall reimburse **Audi México** any amount that this latter had to pay or shall have to pay due to any action or claim by such authorities (including attorneys' fees, tax advisors, any other costs and expenses, etc.).

XV. Force Major

1. If **Audi México** becomes unable to receive the goods and/or services by an unforeseeable event or force major, including but not limited to, natural disasters, labor disputes, work stoppages, strikes, public disturbance, administrative measures, import restrictions, transport interruptions, strikes, commercial stoppages, **Audi México** shall not be obliged to receive the goods and/or services described in the **Purchase Order**, during all the time that impossibility reasons and their effects last. In these cases, any right of the **Supplier** to demand from **Audi México** the compliance of the **Purchase Order** or to claim for indemnization of damages and losses, is excluded. During the period of the impossibility and until the moment **Audi México** is able to receive the goods, the **Supplier** is obliged to store the goods on its own and under its own risk and cost.
2. If any of the mentioned events occurs regarding the **Supplier**, it shall support **Audi México** according to its possibilities, in its efforts to relocate the manufacture of the goods and/or services provided to **Audi México** or to a third party appointed by **Audi México** for that purpose, which shall include the granting of licenses on Intellectual Property rights to the extent that those rights are essential for the manufacture of goods and/or services provision consigned in the **Purchase Order**.
3. Once the event and its effects conclude, **Audi México** will inform it the **Supplier**. In this case, the **Supplier** undertakes to immediately deliver the goods and/or to provide the services established in the **Purchase Order**.

XVI. Requirements regarding Sustainability in Relationships with Business Partners

1. The "Volkswagen Group Requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)" determine the expectations for the business partners's conduct inside its business activity regarding sustainability field. **Audi México** requires its business partners to comply with the same rules.
2. "Volkswagen Group Requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)" in its more current and valid version during the execution of a contract shall be part thereof. The business partner is bound to its compliance. In case the Volkswagen Group



Requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners)" are not attached to the offer or the **Purchase Order**, these are available in www.vwgroupsupply.com

XVII. General Provisions

1. If for any reason, any provision of this **General Conditions** becomes void, it shall not affect the enforceability and validity of the remaining clauses.
2. The **General Conditions** in Spanish and German language are legally binding. In case that additional contractual documents are available in other languages than in Spanish or German, its Spanish and/or German version shall be the legally binding.
3. The contractual relationship derived from the **Purchase Order** between **Audi México** and a **Supplier** with legal domicile in the United Mexican States or in the United States of America, shall be governed by the Commerce Code and any other current laws of the United Mexican States. In case of controversy or dispute on the **Purchase Order**, the parties shall be subject to the competent jurisdiction and courts of the Judicial District of the City of Puebla, State of Puebla.
4. The contractual relationship derived from the **Purchase Order** between **Audi México** and a **Supplier** that has its legal domicile outside the United Mexican States or the United States of America, shall be exclusively governed by the law of the Federal Republic of Germany. The United Nations Convention on Contracts for the International Sales of Goods of 11 April 1980 shall not apply. In case of controversy or dispute concerning the **Purchase Order**, or directly or indirectly derived from it, the parties shall be subject to the competent jurisdiction and courts of Ingolstadt, Germany.

Translation for information purposes only!