

# Customs and Foreign Trade Law Conditions of AUDI AG

Date published: July 2024



The following document regulates the process for handling customs and foreign trade law matters and defines the contractual duties of the supplier toward AUDI AG in the field of customs and foreign trade law with regard to the sale or delivery of its products to AUDI AG.

The supplier should read this information carefully and, if necessary, make preparatory arrangements with the responsible customs authority.

The supplier is obliged to establish all legally permissible procedures to facilitate the customs procedure throughout the supply chain, such as inward processing, outward processing, specific use or a bonded warehouse, independently and on its own initiative – the costs incurred are borne by the contractor.

## 1. Import processing

### 1.1 Deliveries of Union goods to AUDI AG

Goods in free circulation within the EU (= Union goods) are to be transported within the EU without customs formalities.

If primary materials are used for the production of the goods that are subject to customs duties, the contractor is obliged to inform AUDI AG, I/FS-4, of this fact before the first delivery and, where possible, to initiate a customs procedure to reduce import duties following consultation with I/FS-4 (e.g. inward processing). The contractor is obliged to cooperate with these procedures without creating additional costs for AUDI AG and in such a way as to attain the optimum benefit from the improvements to customs law (e.g. by initiating its own customs procedures and authorizations).

### 1.2 Deliveries of non-Union goods to AUDI AG

Provisions deviating from 1.2.1 and 1.2.2 in the procurement contract take precedence over this provision.

#### 1.2.1 Material for series production

Deliveries of material for series production (i.e. all deliveries that are subject to the "Conditions of Purchase for Production Material of AUDI AG") must be made duty unpaid and untaxed.

The supplier is obliged to electronically transmit shipping notifications containing the delivery-related data in the form specified by AUDI AG at the time of dispatching the goods to AUDI AG at the latest.

When transporting by road, the goods must be cleared at the point of departure, or upon reaching the EU external border at the latest, using the T 1 dispatch procedure.

#### Exceptions:

For deliveries that are subject to monitoring and approval, the contractor is responsible for clearing customs duties on imports, if this is legally possible. The customs department of AUDI AG (I/FS-41) must be informed in advance by email ([zollanfragen@audi.de](mailto:zollanfragen@audi.de)) about the approval requirement. The supplier bears the costs (fees and customs duties). The supplier must ensure that only those goods are delivered that are in free circulation within the EU. Should the supplier not be able to apply for the necessary import permit for legal reasons, the supplier undertakes to provide AUDI AG with all the documents required to apply for the permit.

For deliveries from EU warehouses with invoicing by an EU-based trading partner, AUDI AG assumes delivery of Union goods in accordance with Section 1.1. In all other cases,

the customs department of AUDI AG (I/FS-41) must be informed in advance by email ([zollanfragen@audi.de](mailto:zollanfragen@audi.de)).

#### 1.2.2 Material not for series production

Deliveries of material not for series production (i.e. all deliveries that are not subject to the "Conditions of Purchase for Production Material of AUDI AG") must be made duty paid and taxed.

#### 1.2.3 Origin of goods and preferences

Insofar as the supplier delivers goods duty unpaid for which preferential treatment is possible under EU customs law, the supplier must ensure compliance with the relevant preferential conditions and issue proof of preference. Deviations from this require mutual agreement.

A movement certificate (EUR 1, ATR, Form A, declaration of origin on the invoice) must be created for the total scope of the deliveries and handed over to the receiving plant along with the goods. A certificate of non-manipulation must be submitted if no proof of direct transport can be issued.

If no movement certificate is presented for a consignment or part of a consignment, even though the legal requirements for issuance are met, AUDI AG reserves the right to pass on the customs duties to you and, if necessary, to take civil action against you. The same applies in the event that the preferential conditions are not met and therefore no movement certificate can be issued.

In the case of regular deliveries, it must be ensured that a EUR.1 is only created in exceptional cases; it is routinely agreed that a declaration of origin should appear on the invoice.

#### 1.2.4 "Entry Summary Declaration" – summary declaration for risk analysis in accordance with Art. 127 UZK (Union Customs Code)

The contractor is obliged to provide the data required for the customs-based risk analysis in accordance with the provisions of the Union Customs Code. This data must be forwarded to the client or a contracted service provider.

CAUTION: Insufficient data for the "Entry Summary Declaration" leads to delays in the loading of the goods and possibly to claims for damages, e.g. in connection with production losses.

## 2. Proof of preferential origin

If the country from which the goods are shipped has concluded a free trade agreement with the country of destination of the delivery, *suppliers based outside the European Union* must state in the quotation for each part number whether the delivered goods are originating goods within the meaning of the respective agreement or, in the case of deliveries from Turkey, are goods for free circulation. Proof of preferential origin as well as proof of non-preferential origin (country of origin in which the most recent significant handling or processing took place) must be provided accordingly. If the supplier does not issue the aforementioned evidence, regardless of whether this has been confirmed, AUDI AG is entitled to pass on the additional costs resulting from the correspondingly higher import duties to the supplier.

*Suppliers based in the European Union* are required to only deliver preferential Union goods to AUDI AG that meet the requirements of the free trade agreement. This also applies to contractual relationships between AUDI AG and tier 2 suppliers. In this case, the long-term supplier declaration must be issued to the tier 1 supplier. The supplier must make a binding statement in the offer. The supplier is obliged to provide AUDI AG and its subsidiaries with evidence of the entire range of goods to be delivered including

the VW/AUDI part number and the supplier number, at the latest at the time of the first delivery, the preferential origin (origin in accordance with the valid FTA), non-preferential origin (country of origin in which the most recent significant handling or processing took place) and optionally the American AALA origin by means of a long-term supplier declaration.

For all goods with a minimum value of EUR 50 or more, at AUDI AG's request, the non-preferential proportion of the primary materials used for the production of the goods must be proven by means of a long-term supplier declaration for goods with non-preferential origin. AUDI AG must be informed immediately in writing of any changes taking place during the year. The declaration is to be renewed by the supplier annually without being prompted and with a period of validity of at least one calendar year. The maximum validity period of two years in accordance with Regulation (EU) 2015/2447 is also permitted and can be issued. If the supplier does not meet the stated obligations or does not meet them in a timely manner, AUDI AG is entitled to charge a contractual penalty of EUR 150.00 for each long-term supplier declaration that has not been issued. The same applies in the event that differences in the country of origin are found between the component, delivery documents and the proof of origin and this leads to disruptions in internal processes or problems with the import/export of goods.

The contractual penalty is imposed after the deadline sent with the last reminder has expired. Further claims for damages by AUDI AG remain unaffected. The contractual penalty does not release the supplier from the general obligation to submit a long-term supplier declaration, but rather represents procedural compensation for AUDI AG. Upon request, the supplier must provide evidence of the information on the origin of the goods by means of a customs-approved information sheet (INF4). The supplier is liable for any damage that AUDI AG incurs as a result of incomplete and/or incorrect information in the long-term supplier declaration.

Contact: [praeferezenanfragen@audi.de](mailto:praeferezenanfragen@audi.de)

## 3. Export controls

The supplier is obliged to inform the AUDI AG of any restrictions and approval requirements resulting from the export controls and foreign trade legislation of the country of production and the country of dispatch with regard to the goods supplied. This also applies to export and transfer licenses that may be required.

Regardless of the country of production and dispatch of the delivered goods, the following applies:

1. All suppliers are obliged to inform the AUDI AG about the applicability of US law, US re-export law including US sanctions and embargoes with respect to the goods delivered
2. Suppliers *based in the EU* are obliged to inform the AUDI AG whether the goods delivered are controlled in accordance with Regulation (EU) No. 2021/821 ("EU Dual Use Regulation") in its currently valid version and in accordance with EU embargoes/sanctions.
3. Suppliers *based in Germany* are obliged to inform the AUDI AG whether the goods delivered are controlled in accordance with the Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung - AWW)

The aforementioned obligations relate to all goods with a dual purpose (dual-use goods), armaments and goods that are controlled due to embargoes/sanctions. The term "goods" includes products, software and technology as well as services.

In order to fulfill its obligations, in the event of delivery of controlled goods, the supplier shall provide the AUDI AG with the following information as a minimum using the AUDI AG export control form in its current version or using any other electronic means specified by AUDI AG:

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Date published: July 2024



- Classification under export control law (goods list position), e.g.:
  - Export Control Classification Number (ECCN) in accordance with US Export Administration Regulation (EAR), including reference to EAR99 goods\*
  - List position according to Annex I and Annex IV of the EU Dual Use Regulation in its currently valid version
  - Export list position in accordance with the Foreign Trade and Payments Ordinance (AWV)
  - List position in accordance with EU and US embargoes/sanctions
- Reference to the applicability of procedural simplifications, e.g.:
  - Possibility of using general export permit (AGG) from the German Federal Office for Economic Affairs and Export Control or in accordance with the EU Dual Use Regulation
  - Position of the license exceptions in accordance with § 740 EAR
- Other relevant information, e.g.:
  - Have the goods been transported through the US, manufactured or stored in the US or are they manufactured by using American technology?
  - Provision of information material that may be relevant to the application for export licenses
  - Statistical goods number (HS code) of the goods
  - Specification of a contact person in the contractor's company to clarify any queries from AUDI AG

In order to fulfill the export control and foreign trade obligations of the AUDI AG, the supplier will provide further information on request.

In addition, the supplier will inform the client of any changes with regard to legal restrictions and license approval requirements for goods that have already been delivered without being requested to do so.

The supplier transmits all of the aforementioned information to [exportkontrolle@audi.de](mailto:exportkontrolle@audi.de) at the latest at the time of the first delivery or immediately in the event of legal changes.

The aforementioned obligations remain in force beyond the end of the business relationship.

## 3.1 Prohibition of reexport or overhanding to/for Russia & Belarus

Insofar as goods and technologies are transferred by AUDI AG to the supplier, the following shall apply:

(1) The supplier shall not provide, export or reexport, directly or indirectly, to the Russian Federation and/or Belarus or for use in the Russian Federation and/or Belarus any goods and technologies supplied under or in connection with this contract.

(2) The supplier shall undertake its best efforts to ensure that the purpose of paragraph (1) is not frustrated by any third parties further down the commercial chain, including by possible resellers and subcontractors.

(3) Any violation of paragraphs (1) or (2) shall constitute a material breach of an essential element of the contractual supply relationship, and AUDI AG shall be entitled to seek appropriate remedies, including, but not limited to:

(i) termination of this contract; and

(ii) AUDI AG's unilateral right to withdraw the performance of its contractual obligations under or in connection with this contract in whole or in part.

(4) The supplier shall immediately inform AUDI AG about any problems in applying paragraphs (1) or (2), including any relevant activities by third parties that could frustrate the purpose of paragraph (1). The supplier shall make available to AUDI AG information concerning compliance with the obligations under paragraph (1) and (2) within two weeks of the simple request of such information.

## 4. International supply chain security and AEO status

The supplier is obliged to:

- ensure that goods which have been produced, stored, transported for, delivered to or received from AUDI AG
  - are produced, stored, treated or processed and loaded at secure business premises and at a safe transshipment point.
  - are protected from unauthorized access during production, storage, treatment or processing, loading and transport
- deploy reliable staff for the production, storage, treatment or processing, carriage and takeover of such goods as defined by the Security Declaration for Authorized Economic Operators (AEO).
- inform the businesses partner acting on behalf of the supplier to implement measures in order to ensure the security of above mentioned supply chain.
- if the supplier has AEO (Authorized Economic Operator) status, the corresponding certificate shall be submitted to AUDI AG on request.
- if the supplier does not have AEO (Authorized Economic Operator) status, a security declaration shall be submitted to AUDI AG on request.

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For further queries, contact: [zollanfrage@audi.de](mailto:zollanfrage@audi.de)

\* If the classification results from exceeding a de minimis level, the controlled US portion must be shown explicitly. A de minimis level of 10% or more must be specified (example: EAR99 (18%)).