

Terms for Special Production Equipments (Tools)

Scope:

Special Production Equipment (hereinafter referred to as "Production Equipment") means any tools, tool elements, molds, gages, templates, models, dies, and other manufacturing equipment required to manufacture specific components for ŠKODA AUTO Volkswagen India Private Limited (formerly known as Volkswagen India Private Limited and herein after referred to as "SAVWIPL").

The commission, manufacture, use, servicing, maintenance, and new acquisition of such Production Equipment, the rights to this Production Equipment, as well as the right of disposition regarding the same, are conducted exclusively, as per the following provisions agreed between the Tools Manufacturer who is listed by SAVWIPL, as its vendor (hereinafter referred to as "Supplier") and SAVWIPL.

SAVWIPL & Supplier shall individually referred as "Party" and collectively "Parties"

1. Ownership and possession of the Production Equipment:

1.1 SAVWIPL is the sole owner of Production Equipment. SAVWIPL loans the Production Equipment to the Supplier. The transfer of the Production Equipment is superseded in this respect by constructive possession. Should the Production Equipment be located with a subcontractor, the Supplier has relinquished its claim for restitution with the creation of Production Equipment to SAVWIPL .

1.2 The Supplier possesses the Production Equipment for SAVWIPL. The duration of the right of possession is the period from SOP to EOP in the parts order separate from this terms & conditions, unless the Parties have arranged otherwise.

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

1.4 Regardless of this condition, SAVWIPL is entitled to exercise its right of ownership at any time as per legal requirements and to reclaim the Production Equipment from the Supplier. If SAVWIPL exercises this right, the Supplier is obliged to surrender the Production Equipment to SAVWIPL in perfect condition.

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

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

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

1.6 The tooling equipment [Production Equipment] loaned to the Supplier is the absolute property of SAVWIPL and under no circumstances the Supplier shall be entitled to withhold the custody of the same if and when demanded to be returned to SAVWIPL immediately at any time after the written demand by SAVWIPL for the same.

1.7 Supplier shall provide a Bank Guarantee or such other security, if demanded by SAVWIPL, before providing any Tooling Equipment to Supplier, on a loaner basis.

2. Marking requirement

The Supplier is obliged to mark the Production Equipment permanently and in an adequately visible manner with the note **"Property of ŠKODA AUTO VOLKSWAGEN INDIA PVT. LTD. "**, the inventory number(s) specified as per the tool order from SAVWIPL, and the part no. / ASSY no. In addition, the specifications in VOLKSWAGEN Standard VW 34022 apply, provided the Production Equipment dimensions allow a corresponding marking. The Supplier must prepare digital photos of the marked Production Equipment in the course of the updated invoicing specification at the latest. The digital photos must be created in such a way that the Production Equipment, all add-on and exchange parts, and the Production Equipment marking are visible.

The costs associated with this requirement shall be considered as paid-for when the order value agreed upon in the Tooling Purchase Order is paid.

3. Production / Operating equipment sheet and Production Equipment specification / "Tools (WÄM)" application

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

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

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

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

4. Servicing, maintenance, insurance

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

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

4.3 SAVWIPL will support the Supplier in an appropriate manner while checking and correcting these deviations.

4.4 The Supplier is obliged to insure the Production Equipment at stated value against fire, theft, and other damages.

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

4.6 SAVWIPL shall be entitled to verify compliance with these obligations at any time over the duration of the loan period during the Supplier's regular business or working hours at the Production Equipment operating site. SAVWIPL is also

entitled to verify the required insurance coverage documents, held by the Supplier. Provided there is no danger of delay or notification does not conflict with the purpose of the inspection, SAVWIPL will announce the inspection in advance.

4.7 New Production Equipment that is required due to wear, damage, and similar phenomena is acquired by the Supplier as the property of SAVWIPL, provided the original Production Equipment was also the property of SAVWIPL. At the time of the new acquisition, the Production Equipment transfers to SAVWIPL ownership. The investment costs required for this new acquisition are included in the parts price, unless a different written arrangement is met in individual cases. The provisions of these terms & condition, particularly section 1, shall also apply to replacement Production Equipment.

5. Right of disposition

5.1 The Production Equipment must be used to fulfill the demands of SAVWIPL or its group companies, both for production and spare parts.

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

5.3 SAVWIPL reserves the right to reclaim the Production Equipment from the Supplier or to commission the Supplier with scrapping it. The Supplier is obliged to provide information required by SAVWIPL in the framework of the scrapping release. The supplier bears the scrapping costs. If the Supplier generates revenue when scrapping the Production Equipment, SAVWIPL must be informed of the magnitude of this revenue. If the revenue generated exceeds the scrapping costs, the parties will reach an agreement about the distribution of the revenue. If the scrapping costs exceed the revenue, the supplier must document the actual scrapping costs and is entitled to establish cost-sharing discussions with SAVWIPL. While scrapping the Production Equipment, Supplier shall ensure that it complies with all applicable environmental laws and regulations.

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

5.5 A pledge, assignment as security, or any other act of disposal of the Supplier regarding the Production Equipment shall not be permitted.

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

6.1 The Supplier may relocate the Production Equipment to a location other than the original production site only after prior written approval by the SAVWIPL'S Procurement Department. The same shall be applicable to Supplier's sub-contractor in the case of Production Equipment located at the facility of a Supplier's sub-contractor.

6.2 If the Supplier uses the Production Equipment or parts of the Production Equipment at one or several of its sub-contractors' facilities, it must ensure with the respective sub-contractors through Corresponding contractual provisions (loan contract), that existing provisions and rights of SAVWIPL shall be guaranteed in relation to the respective sub-contractors.

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

7. Liability

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

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

7.3 SAVWIPL liability is limited to intent and gross negligence:

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

(1) Duty to inform

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

(2) New intellectual property rights

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

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

(3) Pre-existing intellectual property rights

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

(4) Copyrights

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

(5) Technical changes

In the event of technical changes pursuant to section 9, the Supplier is required to conduct appropriate sample testing before the start of production deliveries. This "Terms for Special Production Equipment (Tools)" is applicable to all

design changes / modifications. Any type of design change / modification shall be communicated by SAVWIPL through separate written notice.

8. Sampling

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

9. Changes to Production Equipment

If changes to the Production Equipment are commissioned by SAVWIPL, the conditions apply accordingly

10. Invoicing and payment

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

10.2 Every Supplier / Service Provider, who are located outside India, then Supplier needs to provide tax documents, viz. Tax Residency Certificate, Form 10F, self-declaration confirming no Permanent Establishment in India. These documents need to be provided on an annual basis depending upon the validity of Purchase Order / Agreement in line with provisions of Indian Income-tax Act, 1961. In absence of said documents, SAVWIPL will be forced to withhold tax at 40% plus applicable surcharge and cess (as per local Income-tax provisions of Specific Economic Practice) while releasing the payments.

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

10.4 The payment conditions come from the Tooling Purchase Order.

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

11. Use of Corrupt Practices, Unfair Means

11.1 The Supplier commits itself to take measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage and/or tenure of the Purchase Order/Contract and/or during any pre-agreement or post-agreement stage in order to secure the agreement and/or in furtherance to secure.

11.2 The Supplier shall not use the services of any of the employees of the COMPANY, directly or indirectly or enter into any sort of monetary transaction with the employees of the COMPANY. The Supplier undertakes that it has not given, offered or promised to give directly or indirectly any bribes, commission, gift, consideration, reward, commission, or inducement to any of the employees of the COMPANY or their agent or relatives for showing or agreeing to show favor or disfavor to any person in procuring this Purchase Order/ Contract or for bearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the aforesaid undertaking, by the Supplier or its partners, agent or servant or any one authorized by them or acting on its behalf. The Supplier undertakes that in the event of use of any such corrupt practices by the Supplier, the COMPANY shall be entitled to cancel the Purchase Order/ Contract and recover from the Supplier, the amount of any loss arising from such cancellation. A decision of

the COMPANY or its nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the Supplier.

11.3 Unless agreed otherwise, the most current version of the "Code of Conduct for Business Partners" valid at the time of contract conclusion is part of this contract. In the event that the Code of Conduct for Business Partners is not enclosed with the tender or the contract award, it can be obtained via: www.vwgroupsupply.com or www.volkswagenag.com. The Supplier must comply with the COMPANY'S latest CODE OF CONDUCT policy which is available at COMPANY'S website www.vwgroupsupply.com or www.volkswagenag.com.

12. Miscellaneous

12.1 In other respects, clauses III, IV, V, VIII, IX, XIII, XVI.2 to XVI.7 of the SAVWIPL purchasing terms for production material, version 09/2019 or later, apply accordingly.

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

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

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

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

12.6 If any Supplier is registered as a Micro, Small or Medium Enterprise, it shall provide due notice of such status to the SAVWIPL before initiating supplies. Such Supplier shall make available the invoices (with Red Colour Sticker or Rubber Stamp having letter "MSME") to SAVWIPL in a timely manner so that payment can be made, as per agreed payment terms. SAVWIPL shall not be held liable for any delay in the payment of invoices, if the invoice submission is delayed at Supplier's end.

12.7 It is agreed and understood that neither of the Parties shall be agent of the other. The Parties shall work as an independent contractor and the business activities pursuant to these Terms and Conditions and is solely on principal-to-principal basis. These Terms may not be assigned by Supplier without the prior written consent of the SAVWIPL. SAVWIPL may assign all its rights, titles, benefits under these Terms to any of its affiliates/ third party, such assignment shall apply to and bind any successor or permitted assigns of the Parties hereto.

12.8 Environment-oriented management is one of the main objectives of corporate policy. Therefore, the Volkswagen Group requires all business partners with the relevant risk profiles to have a suitable environmental management system in place. The Group expects those business partners that operate production sites with more than 100

employees to have a certification according to the international standard ISO 14001 or the EMAS Regulation of the European Union

12.9 The laws of India shall govern these Terms and parties submit to the exclusive jurisdiction of courts in Mumbai.

13. Taxes and Duties

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

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