

Annex 2 of the DRAEXLMAIER Group Terms and Conditions of Purchase

DRAEXLMAIER Group Logistics Requirements for Production Material

Revision 4, dated April 1, 2022

List of abbreviations/definitions

- AIAG Automotive Industry Action Group
- CMR Convention relative au contrat de transport international de marchandises par route, Convention on the Contract for the International Carriage of Goods by Road
- DIN German Industry Norm
- EDI Electronic data interchange
- EU European Union
- IPPC International Plant Protection Convention
- IT Information technology
- JIS Just-In-Sequence
- JIT Just-In-Time
- OEM Original Equipment Manufacturer (Vehicle manufacturer)
- ODETTE Organization for Data Exchange by Teletransmission in Europe
- UIC Union internationale des chemins de fer, International Union of Railways
- VAT ID Value added tax identification number
- VDA German Association of the Automotive Industry
- VMI Vendor (Supplier) Managed Inventory
- e.g. for example

Applicable documents

ISPM 15 / IPPC – Standard International Standards for Phytosanitary Measures (ISPM 15), International Plant Protection Convention

IATF 16949

INCOTERMS 2010 International Commercial Terms, published by International Chamber of Commerce, ICC

International and national regulations on the carriage of dangerous goods (current version)

Applicable for Europe only:

UIC standard 435 International union of railways pallet pool norm
 VDA - Recommendation 4500 Small load carriers (SLC) system
 VDA - Recommendation 4902 Transport label (bar code enabled)
 VDA - Recommendation 4905 Remote data transmission of delivery Release Schedules
 VDA - Recommendation 4912 Remote data transmission of delivery note
 VDA - Recommendation 4922 Contract of carriage
 DIN 4991 Business forms:
 Delivery note

VDA 6.1

QS9000

CMR

Scope as standard and information

These documents are valid worldwide in their then-applicable version, binding for Supplier and serve to inform Supplier of Buyer's logistics requirements.

1. Logistic requirements of Supplier

Any situation that could put specified delivery times, dates, periods or sequences at risk has to be reported to the logistics department of Buyer without undue delay.

Capacities must be planned in the way that the planned quantities of Products can be produced with maximum five working days and in three shifts each day per week.

All communication with Buyer must be carried out in German or English, stating the Buyer material number.

1.1 Organization of logistics

Supplier shall

- name fixed logistics contacts and their representatives who are authorized to make decisions and available at all times during business hours.
- name a competent point of contact and ensure his availability for special operations outside of business hours.

1.2 Notification of changes of logistic variables

Supplier shall immediately notify Buyer of:

- Each change in the location of the production or dispatching plant, and
- IT system changes which are relevant to logistics; and
- Changes to its operational logistics structure; such changes shall be immediately notified to Buyer's logistics department; and
- Changes to Products which influence the packaging or procurement process. Such changes must be approved in writing by the responsible Buyer's contact prior to the introduction of the change.

2. Ordering process and Release Schedule

The entire ordering process shall be carried out preferentially by EDI as far as possible (in particular Release Schedules, delivery notes and credit notes). If EDI is not available, the ordering process shall be conducted via fax or internet. In case of internet an annual service fee to be paid by Supplier might apply.

The Release Schedule alone shall define the delivery quantity and time. No Supplier order confirmation shall be sent for orders on Buyer's Release Schedule.

2.1. Forms of delivery

The following forms of delivery shall be used by Buyer:

Forms of delivery		Standard	Special forms		
Release Schedule type		Weekly forecast delivery schedule	Daily call-off	JIS* Just-in-sequence	VMI* Supplier Managed Inventory
Specification	Visualization of the supply chain*	No	Optional	Optional	Yes
	Consignment warehouse*	Optional	Optional	Optional	Optional
	Direct delivery to Buyer production site*	Optional	Optional	Optional	Optional

*If applicable, process specific individual agreement

The weekly forecast Release Schedule is standard.

If the special forms daily call-off, JIS or VMI are used in addition to the weekly forecast Release Schedule, a process specific individual agreement shall be concluded. These forms apply for Supplier delivering more than one time per week and require Supplier to follow Buyers' business hours and holiday plannings. Message types required to be processed by Supplier will be VDA4915, DELJIT or Internet.

2.1.1. Forecast Release Schedule

Release Schedule standard	Weekly forecast Release Schedule according to VDA 4905, for NAFTA region DELFOR
Transmission frequency	1x per week or more according to a change in demand
Delivery frequency	According to Release Schedule, generally 1x per week
Delivery window	Delivery day according to weekly forecast Release Schedule
Delivery release	Arrears and current delivery date

The delivery date indicated shall always refer to the date of arrival at Buyer's receiving plant. The date of shipping and notification shall be planned with respect to the delivery date and the process times. Determination and compliance shall be ensured by Supplier. Process times according to Buyer's transport requirements shall apply for carriage forward shipments; for carriage paid shipments, responsibility for the duration of transport shall lie with Supplier.

If the delivery date indicated is a public holiday in the country/federal state of Buyer's delivery address, the delivery date shall be the last working day before the public holiday.

2.2. Receiving plant

Shipments must be labeled with the receiving plant and, if necessary, with the unloading point specified in the Release Schedule. The receiving plant is not necessarily also the production site. Under certain circumstances, Products may, in Buyer's sole discretion, only be collected at the receiving plant and then be transported to the production sites.

Products may also be delivered directly to individual plants after special agreement.

2.3. Delivery addresses / invoice addresses

The delivery and invoice addresses have to be taken out of the DRAEXLMAIER Supplier Portal if abbreviated in the Release Schedules as plant numbers.

2.4. Special shipments

If Supplier's actions (e.g. late deliveries or delivery of defective Products) present a risk of shutting down assembly lines of Buyer or of Buyer's Customer, special shipments from third party companies to avert such shutdowns generate claims for damages of Buyer against Supplier. Such special deliveries may be commissioned by Buyer's responsible logistics department to third party companies and are generally notified to Supplier in writing.

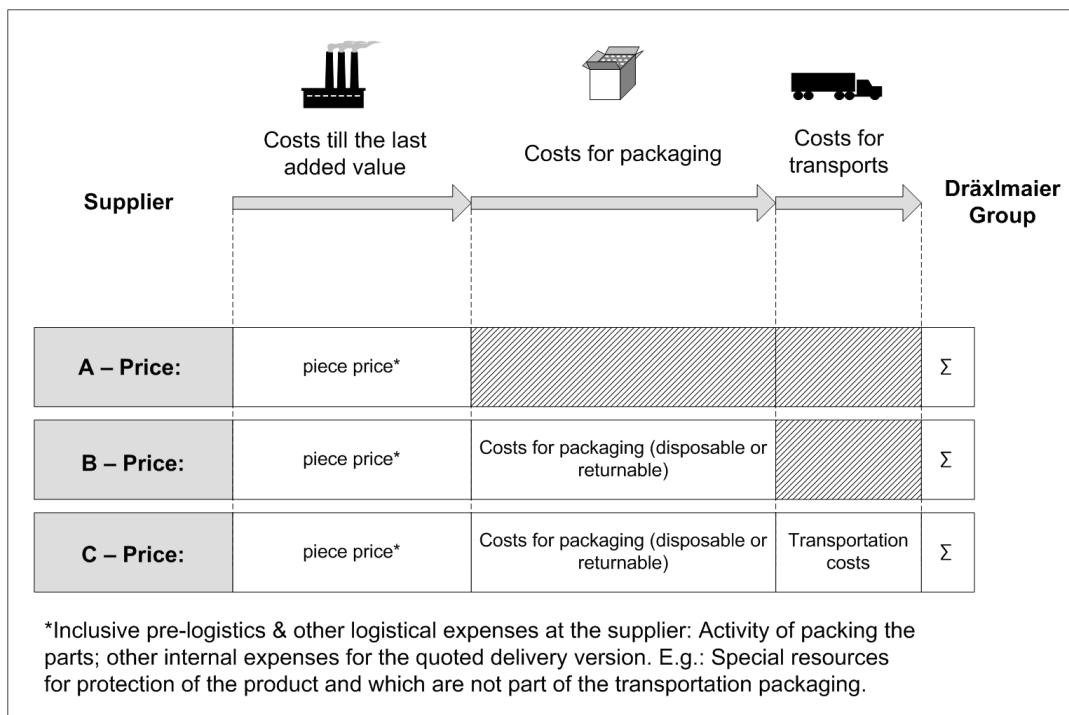
Supplier shall, in accordance with IATF 16949, be required to document all additional freight costs for special deliveries. Supplier must also document the causes for all special deliveries and supply this documentation to Buyer at Buyer's request at any time.

2.5. Delivery frequency

Deliveries in addition to the agreed delivery frequency/time slots need to be approved by Buyer's material planner.

3. Logistics costs

Detailed container and transport costs are to be included in the Supplier's Binding Offer as requested by the Buyer in his Request for Quote (RFQ) and broken down according to the specification below.



4. Containers

All packaging and containers¹ for delivery to Buyer's plants must meet the requirements given below.

Any deviation or discrepancies shall be approved by Buyer via the relevant container planner prior to the shipment. Buyer reserves the right to carry out container changes in agreement with Supplier or for a good cause.

4.1. General

- a) The container shall prevent damage. Aspects to be taken into account are: the type of Product, the method of transport, quality requirements and legal regulations.
- b) The delivered Products must be free from any contamination.
- c) Unnecessary complex containers shall be avoided wherever possible. Filling material shall be reduced to a minimum. The choice of container should be process-oriented and shall meet the requirements of an economical and environment-friendly use of resources.
- d) The container should be without identifiable defects which may affect transport and protection functions. The relevant standards/regulations² are to be respected.
- e) Containers must not extend beyond the sides of the palettes.³
- f) Weights of individual packages must observe health and safety requirements and shall in general not exceed a maximum of 12 kg. In any case, deviations must be indicated on the packaging data sheet.
- g) Access to the container contents must not be possible without leaving visible marks.
- h) It must be possible to completely empty and easily clean reusable containers.
- i) Supplier shall mark containers clearly and visibly with the information required for their proper handling. The fixing of markings (label/tag) shall be ensured with spots of glue-labels or the existing plug-in opening. If necessary, additional symbols for the handling and characteristics of the container shall be attached. A fully labeled surface should be avoided. The empty reusable special container shall only be marked with Buyer's identification label.
- j) Reusable special containers shall be marked with Buyer's identification label as agreed. The preparation of these labels shall be carried out through the relevant Buyer container planner.
- k) Buyer's preferred container can be found at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.
- l) Empty container requests to meet Buyer's demand shall be discharged by Supplier in a timely manner. Five working days shall be calculated from the receipt of the request until the shipping of the container. Deviations may be agreed on in a separate agreement in writing.

¹ Packaging = generally disposable packaging, container = generally reusable containers, in the following, "**container**" refers to both versions.

² Europool Container = UIC Norm, VDA-KLT = VDA Recommendation 4500, oversea packaging = ISPM 15/IPPC regulation.

³ Exceptions shall be agreed with the relevant container planner of Buyer.

- m) Unless otherwise stated in the Purchase Contract, responsibilities and costs for the return of empty containers shall be as follows:
- If Buyer pays for the delivery of the filled container, return of the empty container is paid by Buyer.
 - If Supplier pays for the delivery of the filled container, return of the empty container shall be paid by Supplier.

The return of empty containers shall be carried out either as a direct swap or through separate supply/collection.

- n) Within the European Union⁴:
- The use of standardized containers like Europool containers (according to the recommendation for use under www.gpal.de), small load carriers according to the then-current version of VDA Recommendation 4500 and cartons suitable for the loading unit and/ or palette is the declared goal.
 - Containers and loading units to be used within Europe must not exceed a height of 1.00 m and must be stackable.⁵
 - For appropriate volumes, deliveries shall be carried out on Euro palettes (UIC standard) with the footprint measurement 1200 x 800 mm.
- o) For Products with destination outside the European Union⁶:
- The IPPC standard for wood packaging shall be observed.
 - For export goods from Europe to Asia and NAFTA palette measurements with the measurements 1120 x 720 x 150 mm (which are preferred by DRAEXLMAIER) shall be used.
 - Containers and loading units to be used outside of Europe must be stackable unless agreed to otherwise by Buyer. In this case, 'not stackable' must be marked on the container.
- p) The use of disposable and reusable containers is dependent on the location of the actual production site and the distance between locations.

4.2. Pre-series, series containers and packaging data sheet

- a) Pre-series containers:
Until the agreed series containers are used (see below), Supplier is solely responsible to provide Buyer with an adequate, safe and proper container solution at his (Supplier's) expense. All container solutions must be agreed to by Buyer in advance of their use.
- b) Series containers:
- Series containers (also emergency packaging and Spare Part packaging) shall be approved by Buyer's container planner on a Product specific basis.
 - The series container shall be planned in such a way that the planned order quantities can be met.
 - Tool costs for special containers shall be provided to Buyer separately.
 - Buyer's approval of a standard container is required. After approval, delivery shall be carried out in the agreed standard container. However, the use of a standard container does not release Supplier from his responsibility to supply Products free of defects and undamaged.
 - Buyer may approve the use of a non-standard container in Buyer's sole discretion, e.g. if there is a good cause. Such a container shall be agreed in a timely manner and shall be documented in the packaging data sheet upon consultation with Buyer's container planner.

⁴ Supplier within the EU delivers to one of Buyer's plants in the EU.

⁵ Deviations are to be agreed with the relevant container planner of Buyer.

⁶ Supplier delivers to a Buyer's plant located outside the EU. Relevant is the Buyer's production site not the ship-to address.

- In addition, the use of deviating containers needs to be approved by Buyer as the case arises. Deviations shall be marked on the delivery note (for example: emergency packaging, different container).
- If Products are changed (type, shape of components), Supplier must check the approved series containers, and change or replace them as necessary, provided that such change or replacement requires the approval of Buyer's container planner.

c) Packaging data sheet:

- Upon Buyer's request, the approved standard containers shall additionally be documented in writing in a Buyer packaging data sheet to be signed by Supplier and Buyer's relevant container planner.
- The packaging data sheet template can be found at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.

4.3. Procurement of reusable containers

- a) The number of containers (also emergency packaging) shall be agreed on a Product specific basis between Buyer's container planner and Supplier. The rotation days and procurement of containers shall also be determined on a Product specific basis.
- b) Buyer accepts a maximum container rotation of 9 to 24 days. For further container needs (e.g. for batch production), Supplier shall be entirely responsible (maintenance, cleaning, availability, disposal etc.) and shall remain the owner of this number of containers. A possible allocation of expenses to Buyer or Supplier shall be determined according to the guidelines below. Supplier gives its offer on the basis of these guidelines and, as applicable, on the basis of concrete project specifications:

Cost Distribution	Supplier	DRAEXLMAIER Group
Supplier (incl. subcontractors)	x working days	
Packaging provision at the supplier		1–5 working days
Agreed safety stock at the supplier		1–5 working days
Transports (delivery and empties return transport)		2–4 working days
DRAEXLMAIER Group		5–10 working days 5
Σ	x working days	9–24 working days

- c) Buyer will not provide any additional containers for reasons causing increased demand of containers, such as Supplier's batch production, material buffers and round trips and Supplier's deliveries to and from his refiners or sub-suppliers and other similar, demand-driving, purposes.⁷

⁷ Explicit acceptance by the relevant container planning is an exception. As agreed, additional containers may be hired from Supplier.

4.4. Cleanliness, repairs, loss and scrapping

- a) Buyer's container identification labels must never be removed; however the shipping tags or other possible misleading labels shall be disposed of by Supplier before the next usage. Rough contamination of the containers has to be removed before the next usage. Supplier shall document any non-clean containers and report them to Buyer's responsible container planner.
- b) Buyer's container dispatchers or planners must agree in writing to any repairs conducted on the containers Buyer owns. Repairs and associated expenses shall be paid for by the party which has caused the damage. If no blame can be allocated for the damage, the costs of repairs and associated expenses are divided 50:50 between Buyer and Supplier.
- c) Losses are calculated at 100% of the replacement value. This provision applies to reusable containers which are owned by Buyer, as well as empty containers owned by third parties which cannot be returned to Buyer by Supplier.
- d) Containers owned by Buyer may only be scrapped after written approval by the relevant Buyer's empty container scheduling and container planner.

4.5. Inventory management

- a) Buyer and Supplier shall keep an inventory of all reusable containers.
- b) In general, inventory reconciliation with Supplier shall be carried out on a monthly basis with a monthly report from Buyer. If no inventory activity between Buyer and Supplier's plant takes place for two consecutive months, an inventory report shall be released to Supplier in the third month.
- c) Supplier may object to Buyer's inventory reports within two weeks after their receipt. If no objection is raised within this time period, the inventory listed in Buyer's inventory report is deemed accepted by Supplier. Buyer shall use his inventory reports as a calculation basis for the costs that shall be billed to Supplier for any unreturned balance of the reusable containers.
- d) Both parties shall make an annual container inventory dated December 31st of each year. Supplier shall communicate the inventory status to Buyer as part of the reconciliation.
- e) Only under certain conditions Europool packaging (lattice boxes and euro palettes) can be excluded from account management – the applicable conditions for Europool inventory management can be seen at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.

4.6. Container surplus

- a) Should the Purchase Contract, a project or particular deliveries be discontinued, Supplier must report any overlapping containers belonging to Buyer in writing to Buyer's responsible empty container dispatcher and container planner. Buyer shall be entitled to take over all overlapping containers allocated to the respective Purchase Contract, project or delivery at no charge.
- b) Furthermore, Buyer shall be entitled to claim back the surplus of empty containers (e.g. container stock level exceeds agreed level) belonging to Buyer from Supplier at no charge.

- c) If no inventory amount is agreed, any ongoing negative inventory⁸ in Buyer's account shall indicate a container backlog. If Supplier is unable to balance such container backlog through suitable return deliveries or acquisitions for Buyer, the backlog shall be considered as loss, to be calculated at 100% of the replacement value, which may be invoiced from Buyer to Supplier⁹.

4.7. Delivery notes and EDI for containers

- a) The following information must always be present on the delivery note:
- Buyer container identification number (e.g. 59991-xxxx)
 - Container/loading units designation
 - Number of containers
- b) In order to facilitate container bookings, EDI transmissions are possible. This data shall then be transferred automatically into Buyer's container control system. EDI set-up details are available at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.

4.8. Additional packaging requirements NAFTA (valid for Buyer receiving region NAFTA only)

All Supplier owned containers require two hot stamps or ID plates. These hot stamps/ID plates are to be applied to two adjacent sides of the container and must be visible when palletized. The hot stamps/plates must include the following:

- Supplier name; and
- Return to location

All containers must be identified for tracking purposes on two sides with a 3-digit container code. It is the responsibility of Supplier to print and place Buyer's packaging tracking label on the containers (the label format will be provided by Buyer's logistics department). Buyer's packaging tracking label should remain on the packaging for the life of the program. If the label is damaged or no longer adheres to the container, Supplier must replace the label.

Pallets must follow these general requirements:

- Pallet must be 48x45 (in), 32x30x5 (in) or 1200x800 (mm)
- Pallet must be four way entry
- Block pallets are not permitted, only pallets with stringers

HSC (half slotted container) and RSC (regular slotted container) are strongly recommended styles of cartons.

Board construction must be at least 44 ECT (Edge Crush Test) and 275 burst strength. All cartons must be recyclable.

The standard returnable pallet sizes must be AIAG 48x45 or 1200 mm by 800 mm (Euro pallets) unless otherwise approved by Buyer.

The gross weight of any palletized unit must not exceed 726.4 kgs (1600 lbs.) unless otherwise accepted by Buyer's Logistics.

⁸ Supplier's liability towards Buyer

⁹ Sale/ rental

5. Products labeling

5.1. Products labels

The data given on the transport labels has to coincide with the contents in the containers and the packed Products and has to be clear. The transport label must not stick out and has to be readable directly. Any outdated marking has to be removed.

Supplier shall ensure that all containers are identified with a Products label according to VDA recommendation or ODETTE standard transport label, for Buyer receiving region NAFTA AIAG specification.

Detailed label requirements are available at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.

5.2. Minimum durability

If Product is perishable, the best before date shall be given on each container. Perishable Products must be clearly identified as such in Supplier's offer, stating durability time.

5.3. Dangerous Products

For dangerous Products, the containers shall be labeled according to international and national legal regulations by Supplier.

5.4. Temperature sensitive Products

For temperature sensitive Products, a thermo-logger or thermo-label must be attached to the containers by Supplier for temperature monitoring and documentation, taking into account the nature of the Product.

5.5. Labeling of leather skins

For leather skins the Buyer's "Specification for Labeling Leather Skins" shall apply in its current version. The current version can be found on the Buyer's Supplier portal <http://www.draexlmaier.com/supplier-portal.html>.

6. Transport

The following provisions apply to the means of transport 'road', 'rail', 'air', 'sea' and 'multi-modal transport combinations'.

When Supplier is shipping multiple shipments on the same day to the same physical location but the Products are for different Buyer's ordering plant numbers:

- Freight must be skidded separately according to the ordering plant number.
- Separate packing slips must be generated according to ordering plant numbers.

Freight must be shipped under one transport order / bill of lading.

6.1. Supply conditions/ trade terms/ INCOTERMS 2010 terms

A single INCOTERM 2010 term shall always be agreed for the total scope of supply of Supplier.

6.2. ASN (advance shipping notice) requirements

Supplier must be capable of transmitting an ASN for all series deliveries within 15 minutes after the truck, or, as applicable, other means of transport, has left the origin. The ASN must be transmitted digitally to Buyer prior to the receipt of the delivery. Specifications of ASN formatting will be communicated to Supplier via Buyer's logistics department.

If Supplier is not able to transmit ASNs, Buyer reserves the right to request Supplier to provide ASN via a third party.

6.3. Transportation requirements (valid for Buyer region Europe and Asia only)

In the case of agreed delivery terms for a carriage forward shipment, Supplier receives a routing order/ shipping instruction.

Accompanying documents:

All documents (delivery papers), with the exception of the contract of carriage and the dangerous goods documents, shall be attached to the outside of the container in a delivery note pocket by Supplier, so that they are clearly visible.

a) Contract of carriage/ consignment note

No special contract of carriage/ consignment note is required for transport within Germany, if the number of containers and container weight is included in the delivery note or accompanying document. For all other transport, a CMR consignment note or an appropriate shipping document, respectively, shall be used according to the relevant legal regulations.

b) Delivery note or accompanying document

For every shipment without an EDI delivery note, a paper delivery note is required in accordance with DIN 4991 with the following minimum information:

- Header level: Sender, recipient, point of supply (ordering plant number), delivery note number, if necessary EDI delivery note number, date of delivery note, VAT ID, item level, Buyer material number, Supplier Product number, Product description, amount, unit quantity, revision and construction status, batch number, if necessary expiry date, container volume, number of containers.

If reusable containers are used, Buyer's container designation, Buyer's container number and quantity of containers are additionally necessary.

For every shipment with an EDI delivery note, an accompanying note according to VDA recommendation 4912 is to be enclosed. In this case, a paper delivery note is not necessary.

c) Quality documents

Quality documents must be complete and fulfill the following criteria:

- industry standards (current version) (example: initial sample test report)
- specific Buyer requirements
- if necessary signed agreements

- d) **Dangerous Products**
If the Products include dangerous goods, the relevant dangerous goods sheets (safety data sheet/ accident instruction sheet) must be enclosed.

6.4. **Transportation requirements (valid for Buyer receiving region NAFTA only)**

All deliveries made to Buyer are to be in compliance with the set conditions of a "**Transportation Agreement**" concluded between Buyer and Supplier prior to shipping of any Products. The Transportation Agreement is a document in which Buyer instructs Supplier how, when and where to ship. Once the method of shipment and delivery point is determined, Buyer will provide a Transportation Agreement for signature by Supplier. The transportation agreement will include:

- Applicable delivery term
- Pick-up location and drop off point
- Shipping options (LTL = less than truck load, FTL = full truck load, etc.) according to weight break, gross dimensions and, as applicable, number of units
- Required pick-up / delivery times

Additional provisions can be placed in the Transportation Agreement when found necessary by Buyer. Please note that the pick-up location cannot be changed without a change request submitted to Buyer by Supplier.

The Transportation Agreement must be signed and faxed to Buyer's transportation and customs Department upon acceptance by Supplier. Until the conclusion of the Transportation Agreement between Supplier and Buyer, Supplier must have written approval from Buyer's logistics department prior to shipment of Products.

Buyer reserves the right to adjust Supplier invoices to compensate the difference in delivery charges when Buyer's carrier of choice is not used. If an extra delivery is required, then Supplier must obtain written authorization in the form of a PFA (premium freight authorization). This can be accomplished through coordination of Supplier with Buyer's assigned material planner.

Supplier is prohibited to use a Buyer's shipping account without prior written approval by Buyer's transportation and customs department.

Accompanying documents

Each shipment to Buyer requires 2 forms of documentation: bill of lading and packing slip

The bill of lading should include the following but be not limited to:

- Description of Products, quantity of Products and load units shipped, weight of shipment, NMFC (National Motor Freight Classification) class

The packing slip should include the following but not be limited to:

- Date of shipment, point of origin (name and address), Supplier number (assigned by Buyer), point of delivery (name and address), delivery note number (sequential, non-repeating), net weight of shipment, gross weight of shipment, Buyer's Product number, Supplier Product number (if applicable with Revision Level), Country of origin (per Product number), description of Product, pack count per container, number of containers shipped, quantity of Products shipped (per Product number), lot / batch number (if applicable), special notation if hazardous material is included in shipment

International shipments must also be accompanied by:

- Invoice(s)
- Copy(copies) of the origin certificate(s)

The formatting of Supplier packing slip has to be approved by Buyer's logistics department prior to the first shipment made using said documentation.

6.5. Business hours: Products receiving

The Products receiving times of Buyer's plants are to be taken into consideration. Deliveries necessary outside of office hours in urgent cases have to be coordinated with the responsible Buyer's material planner.

6.6. Time slots at Buyer for carriage paid shipments

Buyer reserves the right, if necessary, to control the delivery of carriage paid shipments with time windows. The time window shall be allocated either by Buyer or through booking by Supplier. If no time window is booked, waiting times for clearance are to be expected.

6.7. Clearance times at Supplier for carriage forward shipments

The Supplier shall meet the following clearance times (unloading/ loading):

For Europe and Asia:

- for Products up to 2.5 load meters maximum 30 minutes.
- for Products above 2.5 load meters maximum 45 minutes.
- for complete loading maximum 120 minutes.

For NAFTA: Supplier shall meet agreed time window.

6.8. Transmission of proof

In exceptional cases and on the request of Buyer, Supplier must provide Buyer with proof of delivery and/ or Buyer transfer document. This proof shall be provided within 24 hours.

7. Customs

7.1. Europe (valid for Buyer receiving region Europe only)

Buyer's association for customs purposes does independent customs clearance. Delivery is generally made duty unpaid and untaxed at the required point of delivery per applicable Incoterms unless any deviating agreements have been made. Buyer's companies partly do subcontracting with foreign partners not belonging to the European Union which does not permit direct delivery by Supplier with Supplier shipping papers. In exceptional cases, an appropriate shipping document exchange may be carried out, in order to deliver an urgent package directly to the relevant production site. This shall be agreed with Buyer's customs partnership on an individual basis before the shipment begins.

Otherwise, these shipments cannot be processed through customs at the receiving point in the foreign country and Products will be returned to Supplier.

7.1.1. Supplier's declarations

Supplier must provide Buyer with Supplier's declaration which meets the current EU customs regulations

- Supplier receives a form 'Supplier's declaration' made available by Buyer. This shall be completed and signed with a legally-binding signature, within 14 days, but at the latest at the start of the first shipment.
- If as an exception Supplier submits the Supplier declaration on his own business paper, the procedure requires prior approval by Buyer.
- Changes in origin shall be conveyed to Buyer in writing immediately.
- On request, Supplier shall provide Buyer with an INF.4 [DVO (EU) 2015/2446 chapter 64] information sheet approved by the customs authorities for the delivered Products.

7.1.2. Third country shipments

All Products delivered to the EU which come from third countries not belonging to the EU (with the exception of Switzerland and Norway) must first be electronically reported to the relevant customs authorities before import/ export as part of the ICS/ECS (Import Control System / Export Control System). This aims to guarantee a risk analysis before crossing the border into/ out of the EU and to ensure the continuous international supply chain. Detailed information on this can be found at the DRAEXLMAIER Supplier Portal <http://www.draexlmaier.com/supplier-portal.html>.

7.1.3. Safeguarding of the supply chain/ Export restrictions

Supplier shall guarantee the safety of the supply chain as well as observe conditions and legal policy, and deliver the necessary proof through certification or reports if requested by Buyer (e.g. "Safety Declaration for Authorized Economic Operator" or conformity declaration concerning the C-TPAT (US Customs-Trade Partnership Against Terrorism) initiative).

Supplier must inform Buyer of all relevant export restrictions in the country of production and dispatch of Products.

If Supplier is located in the EU, he is obliged to inform Buyer about any responsibility to provide export permits regarding civil and military usable goods (dual-use goods) as well as armaments subject to the European export control and the national implementations of export restrictions and national export control laws. For this, Supplier shall inform Buyer of the applying classification numbers (e.g. ECCN – Export Control Classification Number for US products, "AL-Number" for goods listed in the German Export Control List, and so on) and any applicable license exclusions.

Buyer shall be informed of all materials from the USA which are subject to any import or re-import licenses as part of re-export controls according to the US laws and legislation.

The information given above is to be sent directly to Buyer's customs department in Vilsbiburg.

On Supplier's request, Buyer will provide a declaration/notification document for Supplier's convenience.

7.1.4. Official documents

If other official documents on the correct use of the Products being delivered are required for import or export purposes, Supplier has an obligation to immediately obtain or make available these documents for Buyer.

7.1.5. Uncertainties relating to customs issues

If questions or problems relating to customs should arise, Supplier has an obligation to clarify these, as far as possible, with Buyer's customs department at Buyer's receiving plant before the collection of a delivery.

7.2. Asia (valid for Buyer receiving region Asia only)

If official documents on the correct use of the Products being delivered are required for import or export purposes, Supplier has an obligation to immediately and timely obtain or make available these documents for Buyer including but not limited to:

- Pre-alert via email of declaration related documents for buyer check and confirm before shipment pick up (for Buyer import)
- Invoice (qualified)
- Packing list (qualified, including material number, English description, quantity of each article, quantity unit, piece price, total value of each article, net weight, gross weight, media number, HS Code, country of origin, packaging type, contact person, etc)
- Shipping documents such as AWB (Air Waybill), BL (Bill of Lading)
- Corresponding frame agreement for import or export declaration
- Technical documents
- Photo of goods
- Necessary information such as raw material, function, usage, etc.
- Signed Free of charge Statement (template provided by Buyer), if relevant
- CCC Certificate/Statement, if relevant
- C/O (certificate of origin), if relevant
- MSDS (Material Safety Data Sheet), if relevant
- Details of Chinese MSDS label, Chinese Public label, UN No. related information and documents please refer to corresponding request by Buyer, if relevant
- Mentioned documents is necessary to be in English language, except ones must be in Chinese such as Chinese MSDS label
- Other related necessary documents or information

The IPPC standard for wood packaging shall be observed.

7.3. DRX Americas Region

Suppliers shipping from United States of America, Canada and Mexico must complete – as applicable - the following customs forms (together named "Origin Documents") and submit to Buyer's customs department via email:

- D-1 USMCA Certificate of Origin
- D-2 Country of Origin Affidavit

USMCA Certificates of Origin will be provided for products that qualify as originating goods as per United States-Mexico-Canada Agreement (USMCA) rules of origin.

Country of Origin Affidavit will be provided only for non-originating products (that do not meet the USMCA rules of origin).

For non-originating parts produced in United States, Mexico or Canada, the Country of Origin Affidavit will include the Incorporated Originating Values. The "Incorporated Originating Value" is requested in concordance with USMCA Chapter 4 - Art. 4.5.5. and Art. 11, and is the sum of:

1. Value of processing of the non-originating part in the territory of one or more of the Parties (production costs of the part in MX, US or/and Canada)
AND
2. Value of any USMCA originating materials used in the production of the non-originating part undertaken in the territory of one or more of the parties.

Incorporated Originating Values are to be provided in USD per unit of measure of item shipped to Buyer (eg: USD per 1 piece, USD per 1 meter, USD per KG, so)

In a case-by-case basis, Buyer might request origin documentation for different trade agreements that United States of America, Mexico or Nicaragua are a signatory party of, including but not limited to the trade agreements listed below:

- Dominican Republic – Central America – US Free Trade Agreement (DR- CAFTA)
- US – Australia Free Trade Agreement
- US – Chile Free Trade Agreement
- US – Colombia Trade Promotion Agreement
- US – Korea Free Trade Agreement
- US – Peru Trade Promotion Agreement
- MX – European Union TLC
- MX – EFTA TLC
- MX – Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- MX – Costa Rica, El Salvador, Guatemala, Honduras y Nicaragua (Central) TLC
- MX – Regional Preference Agreement No. 4 ALADI TLC
- MX – MERCOSUR Economical Complementation Agreement No. 55 TLC
- MX – Pacific Alliance TLC
- MX – Bolivia TLC
- MX – Chile TLC
- MX – Colombia TLC
- MX – Israel TLC
- MX – Panama TLC

Specific origin requests listing the requested documents and requested parts will be sent by Buyer's customs department as needed.

The Buyer's part numbers must be included in all origin documents provided to Buyer.

If requested by the Customer, Suppliers shipping from USA, Mexico or Canada may also be required to provide the Labor Value Content (LVC) information specifying if parts shipped to are produced in facilities that are "qualifying wage rate production plants" as per USMCA specification (USMCA Appendix, Article 7 and USMCA Uniform Regulations Section 18).

Suppliers from other countries than United States of America, Mexico or Canada will provide a Manufacturer's Affidavit that includes the country of origin and is valid for a calendar year or each shipment's packing slip. The country of origin can also be provided on shipping documents.

If additional origin, import or export documents are required for the legal use of Products delivered, Supplier must obtain these or make them available to Buyer without delay.

If questions or problems occur in the area of “customs”, Supplier is obligated insofar as possible to clarify these with the customs department of Buyer before the shipment is sent.

If a Third Party without previous approval by Buyer performs a customs clearance, Supplier must bear any costs occurring as a result. Special agreements are possible.

8. Emergency strategies

To safeguard the delivery process, Supplier shall develop general emergency strategies for the following issues and provide them immediately if requested:

- Exchange of information/ data processing
- Shipment processing
- Packaging
- Transport
- Missing parts
- Distribution by sub-suppliers
- Other potential risks (Supplier specific)

9. Right to charge costs, additional expenses, futile expenditures

In cases of damage caused culpably by Supplier for the following logistical violations, costs, internal Buyer additional expenses and additional transport costs are to be paid by Supplier to Buyer, including but not limited to:

- Permanent/repeated backlog
- Deviations from agreed packaging
- Faulty Supplier packaging
- Missing reusable packaging (e.g. if not requested promptly)
- Missing or faulty accompanying documents and/ or EDI
- Faulty pre-packaging
- Multiple deliveries outside agreed delivery frequency
- Violation of transport requirements
- Costs resulting from customs handling
- Violation of loading times over-delivery / advance delivery
- False inventory record keeping of reusable containers and/ or violation of the account settlement agreement
- False or missing labels and/ or tags on the packaging units
- Missing handling advice, e.g. 'fragile', 'keep dry' etc.
- Repairs and scrapping of reusable containers not accepted by Buyer
- Missing returns of reusable containers owned by Buyer

10. Supplier management

10.1. Supplier evaluation

Buyer will carry out a regular Supplier evaluation in the purchasing, quality and logistics areas. If the results are not satisfactory, Supplier must improve its performance and provide Buyer with an action plan detailing the measures to be taken to improve his results.

10.2. Supplier development

Suppliers deemed deficient in a service area shall participate in a Buyer Supplier development program and implement all measures mandated by Buyer to improve their performance.

10.3. Sub-supplier management

Supplier shall be responsible for the entire logistics process, including any sub-suppliers or service providers used. Any communication from Buyer shall be carried out exclusively with Supplier.

11. Definitions

Capitalized terms used herein and defined in the Terms and Conditions shall have the meaning as defined in the Terms and Conditions.