



Logistics Specifications
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1 Purpose, General Rules and Applicability

1.1 Purpose and general rules for cooperation

The purpose of the Logistics Specifications relates to the introduction and sustained implementation of smooth logistics processes between the Rhenus Automotive including all its Subsidiaries and affiliated companies in the meaning of §§ 15 et seq. of the German Stock Corporation Act (Aktiengesetz, AktG) (hereinafter referred to the “**Recipient**”) and its Suppliers, (the Recipient and the Supplier hereinafter also referred to individually as the “**Partner**” or collectively as the “**Partners**”) in order to meet the highly demanding requirements of automotive manufacturers relative to supply capability and on-schedule delivery.

All contents of the Logistics Specifications define the fundamental requirements which suppliers must fulfil in order to maintain a relationship as a supplier of the recipient. The Logistics Specifications therefore set out the binding regulations concerning the development, structure and planning of the logistics and a logistics concept, the planning, procurement and management of packaging as well as the labelling and the delivery of goods to be met by the supplier.

1.2 Applicability

The Logistics Specifications form an integral part of all supply agreements between the Recipient and its Suppliers, applies for all locations of the Recipient and to all deliveries.

Unless otherwise provided for in the contracts or agreements between the Recipient and the Supplier, the contents of the Logistics Specifications shall – within the scope of its contents – supersede any regulations agreed upon with the Supplier.

To the extent possible, the Recipient will inform the Supplier about any amendments or updates to the Logistics Specifications with adequate notice. This does not release the Supplier from its obligation to monitor changes to the Logistics Specifications available in the Supplier Portal and to comply with the current version of the Logistics Specifications available in the Supplier Portal or provided to the Supplier. For the avoidance of doubt, each amendment to the Logistics Specifications and the respective current version is indicated by an adjustment of the version designation on the cover sheet of the Logistics Specifications.

1.3 Designated Parts

If the parts purchased by the Recipient from the Supplier are selected by the Partners’ joint “**End Customer**” (i.e. automotive manufacturer (OEM)) (the “**Designated Parts**”) the logistics regulations of the joint End Customer shall prevail in case of any deviation to the Logistics Specifications. The Supplier shall be obliged to comply with the logistic regulations of the joint End Customer to this extent and is obliged to assist the Recipient in meeting the logistics requirements of the joint End Customer.

2 Communication

The basis for smooth collaboration between the Partners is structured communication. Both Partners will take steps to ensure that they provide the other Partner with the required information concerning all aspects of the delivery relationship on a timely, unsolicited and complete basis.

In the interest of structuring communications in a rational manner, the Recipient will generally favour the use of electronic methods of data exchange (remote data transmission). Accordingly, the Supplier is requested to establish the necessary preconditions for remote data transfer. The Supplier shall be held responsible for any and all damages, costs and other expenses of the Recipient which are based on an insufficient data transmission infrastructure of the Supplier. Any special agreements which may be required must be negotiated with the recipient and coordinated with the respective contact persons in advance.

2.1 Communication via EDI

In general, all communication between the Partners shall be maintained through EDI. The requirements regarding EDI and the transmission of data exchange are set forth in according EDI standard documentation (<https://www.rhenus.group/de/en/automotive-solutions/supplier-portal>).

The Supplier must ensure that it can support at least the following communication content and shall transmit it to the Recipient through EDI:

- Receipt of Orders,
- Incapacity notices,
- Shipping and transport documentation
- Packaging and container data
- Emergency Situation notices,
- Packaging and container data

When aggregated containers are used, all package components of a loading unit corresponding to the packaging agreement must be listed with the correct designations, in the correct sequence and with the correct material quantity assignment.

In the event of transferring expected data to the Recipient in wrong format, content and/or data the Recipient reserves the right to deduct an administrative handling fee from the Supplier or discount it from the outstanding invoice value.

If the Supplier is not able to use the EDI interface, then the Supplier has to use the WebEDI interface.

2.2 Supplier's Contact Persons

The Supplier will designate employees responsible for communication with the Recipient (the "**Contact Persons**") in a sufficient number to ensure that a Contact Person is always available to the Recipient. Each Contact Person must have a sufficient proficiency level (oral and written) in English and/or German and have the decision-making authority necessary to fulfil the Supplier's obligations under this Logistics Specifications.

The Contact Persons must be available during specified times at the delivery location of the Supplier (local time) (the "**Standard Operating Time**"). Standard Operating Times are to be specified with each location regularly.

In the absence of a Contact Person, the supplier must take steps to ensure that suitable substitute arrangements have been established.

All Contact Persons of the Recipient and the Supplier have to be named and updated on regular base. The Supplier will provide the Recipient with the Contact Persons'

- names
- role
- language proficiency
- substitute Contact Person
- contact details (i.e., at least, a telephone number and an e-mail address)

(the "**Contact Persons' List**")

The Supplier is responsible for keeping the Contact Persons' List up to date and inform the Recipient of any changes unsolicited.

Moreover, the Supplier must provide a telephone number under which an Employee of the Supplier meeting the above-mentioned criteria for Contact Persons is available and able to help solve the problems in urgent situations outside the site specific Standard Operating Time.

In order to be able to establish rapid contact with the appropriate Recipient contact person, the contact persons at the recipient are available for the respective specialised departments and the Supplier shall contact the respectively competent contact persons of the Recipient.

2.3 Contact persons of external logistics partners

If, separately agreed upon between the Partners that the Recipient is the freight payer for the goods ordered from the Supplier, the Supplier must report the readiness for shipment depending on the type of shipment and its location (country/region) to the site material planning department.

Any change in responsibility has to be communicated to the Recipient.

3 Delivery Concept, Planning, Scheduling

3.1 Delivery concept

The deliveries by the Supplier to the Recipient will be performed on the basis of call-offs from a supply agreement (the “**Call-Offs**”) or on the basis of separate orders (the “**Separate Order**”); Call-Offs and Separate Orders hereinafter jointly referred to as the “**Orders**”.

The fulfillment of an Order must be indicated by the Supplier informing that the delivery is ready for the pickup according to the regulations in these Logistics Specifications. In so doing, the supplier is responsible for ensuring compliance with the agreed deadlines and quantities. Foreseeable changes must be communicated in writing to the recipient without delay.

3.2 Planning Processes

In order to facilitate the handling of deliveries, Planning Processes will be established between the Partners. However, Planning Processes are for informational purposes only; an obligation to purchase on the part of the Recipient arises solely on the basis of the Orders.

3.2.1 Standard Planning Process

At regular intervals, the Supplier will receive planning figures relative to future demands for the goods which his supplies. In general, but in any way binding, the Recipient will transmit forecasts with a minimum notice period of six (6) months and Call-Offs with a minimum notice period of four (4) weeks. *Requirements regarding leadtime and lot-size are to be taken from the Rhenus Automotive Group specification of service.*

In the event that the joint End Customer sets forth the planning figures, the Recipient will forward them to the Supplier. The Supplier shall adjust its planning accordingly to ensure that the Partners meet the End Customers’ requirements.

3.2.2 Amendments to the Standard Planning Process

Despite all efforts, fluctuations and short time adjustments may be necessary, nonetheless quantity-based and on-time delivery needs to be ensured. The Supplier shall install and maintain all possible measures, structures and procedures which allows the Supplier to adapt in a flexible manner, in particular to adjust call-offs within short time in order to meet the End Customer’s requirements, and, in particular ensuring that delivery of the quantities ordered by the Recipient can be performed at any time. On request of the Recipient, the Supplier undertakes to provide documentary proof of having carried out the required measures to maintain this reserve capacity. Without update of the Order, the previous, existing Order remains valid.

4 Order Check, Order Confirmation and Incapacity

The Supplier shall immediately upon receipt compare the Order quantities of all Orders transmitted by the Recipient against its capacities and plannings regarding amounts and delivery schedules / deadlines, loading and unloading areas (the “**Order Check**”). If the Supplier does not raise any objection to the Order in written form within a two (2) working days

notice after receiving the Order, the Order is deemed to be confirmed by the Supplier and valid (the “**Order Confirmation**”).

If upon the Order Check or based on anticipation by the Supplier (e.g., potential grounds, suspicions, empirical values) it becomes apparent that the requirements indicated by the Recipient cannot be met by the Supplier with his available capacities of the supplier and/or his upstream suppliers (the “**Incapacity**”), the Supplier is obliged to

- (1) communicate the Incapacity and its circumstances within the Order Confirmation notice of two (2) working days;
- (2) justify the Incapacity circumstances, disclosing, inter alia, the cause of the Incapacity, the capacity for parts in areas, possibilities to shorten delivery times through special deliveries and information on the Supplier’s organization and handling of Orders;
- (3) propose possible remedies, solutions and measures to the Recipient

in writing without any delay but at minimum four (4) weeks before delivery date (pick up at Supplier). If the Supplier cannot confirm the Order within the above-mentioned four (4) weeks’ notice, the Supplier must perform an official standard escalation process according to the Recipient’s requirements as set forth under section 9.

The Supplier shall always ensure to meet the Orders and be able to improve the handling and organization at all times or to adjust accordingly. In any event, the Incapacity does not release the Supplier from any obligations and does not justify any delays in or failures of delivery. In any event, the Recipient will inform his customer on the shortage of the supplier in any case.

5 Packaging

The Supplier must ensure that its materials are packed in a way that they can be incorporated into the manufacturing process at the Recipient in the agreed quality.

The Recipient determines the packaging requirements per part number. If the Recipient judges it appropriate, the Recipient will consult the packaging requirements with the Supplier. However, for the avoidance of doubt, the Supplier is obliged to comply with the Recipient’s or the End Customer’s packaging requirements. The Supplier is obliged to check and notify the Recipient if the packaging is defective or risky for the materials throughout transportation and delivery. In case of critical and/or sensitive parts as well as complexity of handling process, the Supplier is obliged to accept a “Packaging Instruction” provided by the recipient, i.e., without any possibility for consultation.

Where no packaging requirements are established by the Recipient or the Recipients’ End Customer, suitable packaging must be used.

5.1 Basic Packaging

In general, the use of reusable packaging shall be favoured for the delivery of goods to the Recipient – as set forth in section 5.1. As an exemption to this rule, if the use of reusable packaging is not cost-effective due to any specific factors, e.g., geographic distance between the Supplier and the Recipient, disposable packaging will be agreed.

Timely communication is needed if special packaging or an increased packaging demand for Supplier processes is required.

The costs and expenses for the handling of packaging is already covered by the piece price negotiated with the Recipient.

The packaging must comply with the state of the art in technology (Stand der Technik). For all packaging, the statutory regulations relative to occupational health and safety and to environmental protection apply along with the relevant applicable national and international law, including dangerous goods provisions.

The Supplier is responsible for the delivery in clean, undamaged packaging. Invalid and/or outdated identification of goods (e.g., tags) must also be removed.

The Supplier has to inform the Recipient about packaging & part number specific requirements during the packaging agreement phase. The completion of provided document ("Packaging Data Sheet") is requested.

If agreed upon by the Partners, the Supplier will carry out a formal packaging acceptance process. Each packaging data sheet applies for a specific part number or its replacing part number. If several part numbers fit in the same packaging, a packaging data sheet can also be agreed for an entire component group / variant. The supplier can object to the packaging procedure only within a time limit of two weeks after receipt and only for good reason. Thereafter the packaging procedure shall be considered as accepted.

In the case of deficient packaging, damaged packaging or packaging which is not clearly labelled, the Recipient is entitled to initiate measurements such as cleaning, repairing or send back such deliveries and/or bill the Supplier for additional costs.

The Supplier is obliged to optimise the packing density of the parts as well as the packing and removal processes in cooperation and coordination with the Recipient.

Without acceptance of the Recipient logistics, no change of packing, packaging density or lot size is allowed.

If the Supplier's own packaging is agreed, then the Recipient will not provide any packaging; unless otherwise expressly agreed upon, the Supplier shall not be entitled to any price reduction due to using his own packaging.

5.2 Alternative packaging

The Supplier has an obligation to deliver even if there is a lack of the Basic Packaging. The Supplier shall therefore keep a supply of alternative packaging readily available. The costs of the alternative packaging including the cost of any additional handling as well as disposal at the Supplier and at the Recipient will be allocated to the Supplier.

For the design and use of the alternative packaging, the following principles apply:

- Alternative packaging is to be developed by the Supplier; however, it may be used after being accepted by the Recipient only;
- Purchasing of alternative packaging must be done by the Supplier.
- The alternative packaging must be sufficiently stable.
- The alternative packaging must be stackable during transport to a height of three (3) meters, so that no additional freight costs are incurred due to the use of the alternative

packaging. The corresponding load-bearing capability and stickability must be visually indicated on the packaging.

- The dimensions of the alternative packaging should always correspond to those of the original shipping container.
- The packaging must be recyclable without mixing (no composite materials).
- For the identification of the alternative packaging, the freight documents must use the coding system according to VDA 4987.
- Disposable packaging and internal packaging which consists of disposable materials will be disposed of by the Recipient.
- If alternative packaging is returnable, the Supplier is responsible for the pick-up and transport
- Specification of alternative packaging needs to be communicated to the Recipient.

5.3 Packaging and Empties management

The Supplier is obliged to order the Basic Packaging from the Recipient in time. The Recipient will provide Basic Packaging according to the agreed delivery schedules / planning and amounts of packaging agreed upon between the Partners.

An orderly supply necessitates a valid Order, and a timely order of the Basic Packaging by the Supplier. It is the Supplier's duty to take into account the respective packaging transport time from the Recipient to the Supplier.

For each supply location of the Supplier, the Recipient provides a "**Recipient Packaging Account Statement**" to the Supplier on a monthly basis. The Recipient Packaging Account Statement includes all recorded movements, receptions of empty containers, and supplies of filled containers to the Recipient.

The Supplier is obliged to establish and maintain an own account which manages the received, used, handled and sent packaging (the "**Supplier Packaging Management System**"). The Supplier shall monthly report a "**Supplier Account Statement**" evidencing all recorded movements, receptions of empty containers, and supplies of filled containers to the Recipient.

The Supplier Packaging Management System shall enable the Supplier to verify the Recipient Packaging Account Statements carefully for any missing or erroneous entries. The Supplier must object to any differences identified between his Supplier Packaging Management System and the Recipient Packaging Account Statement within four (4) weeks after receipt of the respective Recipient Packaging Account Statement. Upon expiration of the four weeks' notice, the Supplier is deemed to have accepted the balances including potential differences listed; all claims by the Supplier shall be deemed to be time-barred.

Loss or damage of returnable packaging owned by the Recipient is paid by the Partner responsible for the loss or damage.

5.4 User Fees

The Recipient shall provide the amount of packaging for the Supplier that is necessary to cover the following shipment according to customer standards.

If the packaging provided by the Recipient is used by the Supplier for internal purposes (e.g. larger production lots, or similar reasons) then such usage must be priorly approved by the Recipient. In such cases, the Recipient is entitled to charge the Supplier a user fee for the scope of the additional use.

The Supplier is obliged to annually stocktake the empties. Annual stocktaking of the empties is expected. The Supplier shall communicate the results.

5.5 Maintenance and repair of returnable Packaging

The Recipient is responsible for all maintenance activities for aged and /or damaged Basic Packaging.

All costs for repair and/or maintenance, e.g., resulting from the maintenance of damaged returnable Basic Packaging and the replacement of missing Basic Packaging will be charged to the Partner who caused the damage.

6 Delivery: Addresses, Shipping and Transportation, Identification

6.1 Delivery addresses

The delivery and invoice addresses are specified in the contractual agreements.

The delivery address must appear on all documents to be issued by the supplier in accordance with these Logistics Specifications.

6.2 Shipping regulations

All internationally and nationally applicable laws, ordinances, regulations and guidelines pertaining to the transportation system and the obligations which derive from them must be followed and complied with at all times by the Supplier as the shipper and by the service providers employed. These obligations include, in particular, obligations concerning transportation safety and regulations applicable to the shipment of dangerous goods.

In general, **FCA INCOTERMS 2020** apply to all deliveries. However, the specification set forth in the Logistic Specification shall prevail. Deviating Incoterms (i.e., other than FCA INCOTERMS 2020) shall only apply if expressly agreed upon between the Partners in writing. In any event, the Incoterms applicable to the delivery must always be listed clearly and in full on all documents throughout the entire transport process.

The notification of readiness for dispatch needs to be conducted following **VDA standard 4933**. In the event that and insofar a different INCOTERM than FCA INCOTERMS 2020 has been agreed upon, the notification requirements of **VDA 4945/IFTSTA** additionally apply.

The on-schedule delivery (if the supplier is responsible for transport) and provision (if the recipient is responsible for transport) falls under the responsibility of the supplier.

In case of delays during the pick-up >1h the resulting costs will be charged to and replaced by the Partner which caused the delay.

The Supplier is, as shipper, responsible for the orderly, complete preparation of all required transport documents according to the respective currently applicable industry standards. For each delivery these documents comprise at least a delivery note and a shipping order/bill of lading (according to CMR requirements), picking list, HS codes, official invoice and certificate of origin.

For each Supplier and each Recipient offloading point, separate copies of the documents must be prepared in duplicate. The exact offloading point according to information provided by the Recipient must always be included on the documents.

The Supplier will take care that the storage and loading of the goods takes place under full protection from the weather in order to ensure that the loaded packages become neither soiled nor wet. The Supplier is obliged to provide the forwarder with the opportunity to attend the loading process.

Used trailer need to be equipped for unloading by forklift.
Side specific loading and unloading is defined separately for each location.

Loading secure incl. inspection of trailer or container prior loading is under responsibility of Supplier.

6.3 Identification

The Supplier must ensure that all packaging units are delivered with tags which comply with the requirements specified below. In order to guarantee clear identification, the Supplier is obliged to remove outdated tags prior to delivery. The identification forms listed below must be observed.

In general, each individual package, e.g., small load carrier (SLC), must be identified with a VDA label according to VDA 4987 by the Supplier (also see notification below chapter 2.1). The labels must be applied in a way that they can be reached with a barcode scanner without the need to restack the packaging unit and be readable. At minimum two labels have to be putted on each material unit to ensure proper scanning during material handling – one the short and one on long side.

Moreover, where multiple packages are consolidated onto one pallet, a master label must be applied to that pallet by the Supplier. If the pallet contains different part numbers, the master label must clearly identify it as a “mixed shipment” incl. reflecting the amount and position of labels on the pallet mentioned above.

The label must be attached to the insert system, label pocket, or similar arrangement intended for that purpose on the respective container. The Supplier must use a suitable method (e.g., an additional point of adhesive) to ensure that the labels remain in the intended position through the entire transport process until arrival at the recipient. The use of adhesive backed labels on reusable transport containers is not permitted.

Addition cost occurring or resulting from unreadable/ failure or defective identification / label (the “**Defective Identification**”) will be charged with a flat fee of 50 (fifty) EUR per label to compensate administrative efforts to the Partner who caused the Defective Identification.

6.4 Missing or wrong ASN

The Supplier has to report the pickup notification of each material by sending an ASN to the Recipient. If no ASN is provided or the ASN is wrong, the recipient will charge the additional administration costs with a lump sum of 200 (two hundred) EUR per wrong or missing ASN per material.

6.5 Transport

6.5.1 Freight paid by the Recipient

6.5.1.1 General provisions

The Supplier is responsible for informing the responsible carrier about the shipment on a timely basis, latest until 12am previous day, so that the carrier can take charge of the shipment at the Supplier on the pick-up date listed in the Order by the Recipient.

Nomination of forwarder, planning and organization of shipments and decision of mode of transport will be done by the Recipient.

Depending on the mode of transport, weight and volume, the shipments must be processed as follows:

Small goods shipments:

Small goods shipments (e.g., packets) will be processed via the CEP service providers (courier, express and package services) used for national and international shipments

Overland freight:

If the delivery takes place within the framework of a tour (e.g., milk run), the separate contractual regulations (e.g., loading concept) must be followed.

Air freight:

- In the event of a transit time-critical shipment, in particular in the event of Emergency Situations, the responsible Recipient contact person must be consulted prior to airfreight shipment.
- The Recipient will be responsible for organization of airfreight transports. The contact of a dedicated airfreight partner will be provided for Emergency Situations.
- As a general rule, air freight cannot be charged to the Recipient without prior approval by the Recipient. Air freight invoices without prior approval will be rejected.
- Costs and expenses for Airfreight incl. all related cost (i.e., Airport Handling charges) will be charged fairly to the Partner causing the necessity for airfreight shipment.

Ocean freight:

- The processing of ocean freight as "Less than Container Load" (LCL) and/or "Full Container Load" (FCL) is to be calculated in each individual case and must be handled according to the variant which provides for optimum cost and transit time. This must be coordinated priorly on a case-by-case with the responsible Recipient contact person.
- In the event of a transit time-critical shipment, in particular in the event of Emergency Situations, the responsible Recipient contact person must be consulted prior to ocean freight shipment.
- If ocean freight shipment is approved by the Recipient, the Recipient specifies the service provider for the respective shipment.

- As a general rule, ocean freight cannot be charged to the Recipient without prior approval by the Recipient. Ocean freight invoices without prior approval will be rejected.
- Costs and expenses for ocean freight incl. all related cost (i. e. ground handling charges) will be charged fairly to the Partner causing the necessity for ocean freight shipment.

Possible demurrage costs for long forwarder waiting times at loading location will be charged to the supplier.

6.5.1.2 Standard shipping documents

The Supplier shall observe and comply with all applicable requirements concerning shipping documentation. Apart from shipping documents required by law, which include the specific regulations and legislation of the respective countries (sender country and recipient country), further documentation may be necessary and is to be provided by the Supplier.

The minimum documentation to be provided (the „**Standard Shipping Documents**“) include, at least:

(1) For domestic transportation (i.e., within Germany) and/or transportation within the European Union:

- Commercial Invoice
- Packing List
- Bill of lading / Collection Reference
- Forwarding Order / Shipping Order / Consignment Note
- Delivery bill
- Label (Global Transport Label, GTL)
- Packaging / Container data
- Dangerous Goods Documentation (where applicable)

(2) For all other transportation (non-EU, dutiable foreign countries):

- Commercial Invoice
- Packing List
- Customs declaration (import / export), Customs documentation
- Bill of lading / Collection Reference
- Forwarding Order / Shipping Order / Consignment Note
- Delivery bill
- Label (Global Transport Label, GTL)
- Packaging / Container data
- Certificate of Origin (where applicable)
- Dangerous Goods Documentation (where applicable)

Delivery Bill: For all deliveries, an automatically generated delivery bill according to DIN 4991 as well as a loading list in the latest current version must be used. The delivery bill should contain, inter alia, the shipping conditions / Incoterms and also show the Supplier's batch.

Forwarding Order / Shipping Order / Consignment Note: shall be provided in accordance with VDA 4922 and shall be handed over with the shipment; the document shall show the Order number.

Non-EU Customs Documentation: The Supplier will provide all of the documents required for customs processing for export and/or import, also including preferential origin documents and any national declarations of origin. In addition, the country and state specific documents and safety regulations must also be taken into account. The Supplier is obliged to provide all documents required for the import customs. The Supplier is responsible for all export documentations.

6.5.2 Freight paid by the Supplier

Only in cases of emergency deliveries, the Supplier is entitled to organize the transport by itself, if and to the extent the Supplier informed the Recipient about the organization of the transport and the Recipient acknowledged the proceeding by the Supplier.

The Supplier must use carriers which guarantee a delivery within the time window for delivery lorries which is established at the Recipient. The Recipient does not accept any demurrage charges with carriers which deliver to the recipient without a prior agreed delivery time window or which arrive outside of the agreed delivery time window. Irrespective of this, the Recipient will carry out the unloading of the delivery lorries as quickly as possible within the framework of the current operational workflow.

6.5.3 Securing freight for transportation

Beside the defined contractual INCOTERM, the Partners agree that the Supplier is responsible to ensure transportation safety for all material. As the Supplier is responsible and in charge of the loading and therefore putting the material on the market, the Supplier shall be also responsible to ensure the freight safety while loading on the means for transportation.

6.6 Exports

The complete execution of the export process is basically the responsibility of the Supplier.

7 Defective deliveries

The Supplier is obliged to meet and comply each and every Order, in particular regarding volumes, delivery times and quality.

In the event that the Supplier does not deliver according to the Recipient's Order (the "**Defective Delivery**"), the Supplier is obliged to perform immediate actions to ensure on time delivery in full. Any costs, (e.g., for storing, administration and capital commitment, transportation) and expenses caused by a Defective Delivery shall be borne by the Supplier only.

7.1 General provisions

The Supplier is obliged to meet and comply each and every Order, in particular regarding volumes, delivery times and quality.

In the event that the Supplier does not deliver according to the Recipient's Order (the "**Defective Delivery**"), the Supplier is obliged to perform immediate actions to ensure on time delivery in full. Any costs, (e.g., for storing, administration and capital commitment, transportation) and expenses caused by a Defective Delivery shall be borne by the Supplier only.

The Recipient is only obliged to carry out a visual inspection of the deliveries, i.e., the Recipient performs, as far as reasonably possible, an inspection for externally visible transport damages, completeness, and correct identity with the Order. The Supplier is hereby warned that not all Defects will be revealed. The Recipient therefore reserves all rights to claim Defects which the Recipient discovers after the inspection.

Any Defective Delivery shall entitle the Recipient to refuse their acceptance. This includes, notwithstanding from the Defective Deliveries set forth in this section (i.e., Volume Deviations, Quality Deviations) any of the following events:

- damaged, wet, dirty or otherwise not properly delivered materials
- damaged palettes or packaging
- impossibility to load and/or unload materials in accordance with the shipping requirements
- untimely deliveries (e.g. outside of operating hours, not according to schedules, time windows)
- incomplete or wrong shipping / transportation documentations
- illegible or non-scannable documentation

7.2 Volume Deviations

7.2.1 Negative Volume Deviation

When the Supplier cannot deliver the entire volume as set forth in the Order via EDI according to the recipients timing (the "**Negative Volume Deviation**"), the Supplier has to ensure immediate follow up delivery to recover the backlog. Express and special transportations have to be paid by the Supplier.

To avoid Negative Volume Deviations, the Supplier has, at his own expense, to ensure a minimum storage rage of 24h or one complete delivery volume if defined in the contractual agreements or in the volume of the previous Order (whichever is higher) in his storage.

If the afore-mentioned storage is empty and negative Volume Deviations will cause or have already caused a production break down of the Recipient or, subsequently, the Recipient's End Customer, the Supplier must compensate break down costs completely.

Pre notifications of expected negative volume deviations until pick up date have to be reported to the recipient immediately. The supplier must provide a full compensation plan within one day after notification on how and until when he will catch up the backlog.

The recipient will invoice to the supplier the unused transportation space including administration fee caused by not being ready with the total shipment volume according to recipient volume planning.

7.2.2 Overshoot of volumes

If supplier is delivering higher volumes than set forth in the Order (the “**Overshoot Volume**”), the Recipient is entitled to charge the Supplier with costs for storing, administration and capital commitment. Deviating from the any agreed INCOTERM or other contractually provision, the transfer of risk for the Overshoot Volume does not take place, unless expressly acknowledged by the Recipient.

7.2.3 Not ordered materials

Deliveries which have not been part of an Order or do not correspond to the Order (the “**Not Ordered Materials**”) are not accepted by the Recipient. The Recipient reserves the right to return Not Ordered Materials to the Supplier and charge the Supplier for handling, transportation and administration costs. Instead of returning Not Ordered Materials, the Recipient may, at its sole discretion, decide to keep the Not Ordered Material for future production; in that event, additional storing, administration and capital commitment costs will be charged to the Supplier.

7.3 Quality Deviations

In the event that the quality of the delivered materials does not correspond the Order and/or the specifications (the “**Quality Deviation**”), the Supplier shall immediately perform counter measures to deliver replacement material which corresponds the specifications. Any costs and expenses arising out of Quality Deviations shall be borne by the Supplier. The scheduling of replacement deliveries is subject to prior consultation with the Recipient.

8 Long term Supplier Declaration

The Supplier is obliged to submit to the Recipient annually, without being requested to do so, a long-term supplier declaration in accordance with the statutory requirements, which in particular must include the article numbers and the associated code number.

9 Emergency Situations and Emergency Plans

The Supplier shall observe any risks that threatens the fulfilment of contractual obligations (the “**Emergency Situation**”). These risks include, in particular, the threat of labour disputes, political disturbances, malfunctions which are expected or have already occurred, technical deficiencies, capacity bottlenecks, quality problems, shortage of containers, and insolvency.

In order to ensure the contractually compliant processing of all deliveries, the Supplier must inform immediately about any potential or already occurred Emergency Situation. The scope of information as set forth in section 4 (Incapacity) applies accordingly.

In the event of a potential or already occurred Emergency Situation, measures and remedies in order to prevent or remedy the Emergency Situation and its consequences (the “**Emergency Plan**”) need to be provided by the Supplier. The Emergency Plan shall include an analysis of the Emergency Situation’s impact on the fulfilment of the contractual obligations as well as proposals for remedies to the Emergency Situation. The Supplier is obliged, within the framework of its planning, to prepare efficient emergency plans to cover such Emergency Situations, and to present them to the Recipient on request.

If an Emergency Situation occurs, the responsible Partner in each case is obliged to notify the respective other Partner of that Emergency Situation immediately and to inform them about envisaged Emergency Plans. As a general rule, the Partner responsible for solving the problem (and which also must bear the costs) is established according to the responsibility for the Emergency Situation or the sphere where the Emergency Situation occurred. In the interest of ensuring smooth supply, however, both Partners undertake to participate actively in solving the Emergency Situation.

10 Performance Measurement

The Recipient will continuously measure the Supplier's Performance with regard to meeting the requirements set forth in the Logistics Specifications. The Recipient will conduct the performance measurement by using KPIs, which, inter alia, will determine the Supplier's performance as to delivery times and volume ("**On Time In Full (OTIF)**") and whether the quality requirements were met ("**Quality Rate**").

The Supplier has to report his material stock level at least once a month to the Recipient. The Recipient may request to report the stock level on daily basis.

11 Breach of Contract

The Recipient reserves all rights to refuse the acceptance of deliveries in the event the Supplier violates the obligations under the Logistics Specification, as set forth under section 7.1.

The Supplier agrees that any violation of or non-compliance with any of the provisions and stipulations under this Logistics Specifications shall constitute a "**Material Breach of Contract**". The Supplier shall be liable for any costs, liabilities, damages and expenses incurred in result of a Supplier's breach of contract, including for investigating, defending, and paying settlements or judgments with respect to claims (including reasonable attorneys' fees).

With regard to the costs for processing a Material Breach of Contract, the Partners agree on an hourly rate of two hundred (200) EUR for issuing the charge.

Furthermore, any repeated Material Breach of Contract shall constitute a "**Severe Material Breach of Contract**". For the purpose of this clause, "**repeated**" shall be understood as either any Material Breach of Contract which occurs on three (3) consecutive Orders or any Material Breach of Contract which occurs five (5) times or more within one (1) calendar year.

Additionally, to the Recipient's rights in the event of a Material Breach of Contract, the Recipient, in the event of a Severe Material Breach of Contract, shall be entitled to

- take appropriate remedial action and to take measures for the elimination of the Supplier's Severe Material Breach of Contract (the "**Self Remedy**"). Any expenses for the Self Remedy shall be borne by the Supplier;
- terminate the Order and/or the contractual agreements without the Supplier being entitled to any claim, expense, cost or additional relief

The Recipient's rights under this section 11 do not supersede but add up – to the extent permitted by law – to any other contractual and/or statutory claims the Recipient may have against the Supplier, of whatever nature. All other claims including contractual penalties shall be reserved by the Recipient without limitation notwithstanding the foregoing rights. Further, the Recipient keeps the right to request every Material Breach of Contract to be explained via

8D-standard process. If 8D reporting is requested, the Supplier has to perform the reporting in all steps in accordance with VDA “Quality Management in the Automotive Industry, Definition of Failure Cause Categories for 8D Reporting” guidelines.