DAIMLER TRUCK

Daimler India Special Terms 11/2023

Revision history

Revision number	Purpose	Pages	Revision date	Responsible
1	Initial release	All	April 2012	Procurement/Supplier Management
2	Added process for Asset Identification Tags	5	October 2017	Finance & controlling
3	ISO TS 16949 changed to IATF 16949:2016	9, 13	October 2017	Supplier Management
4	Materials and Process Technology team added	9	October 2017	Supplier Management
5	Identification requirements for samples / series parts are refined	9	October 2017	Supplier Management
6	Blueprint of cut section/radiography requirement added Requirement in case of deviation refined	10	October 2017	Supplier Management
7	Master sample requirement added	11	October 2017	Supplier Management
8	Retention period changed from 15 years to product life cycle including production and service requirements + 1 calendar year	11	October 2017	Supplier Management
9	Test report changed To PSW	11	October 2017	Supplier Management
10	Mode of PPAP element submission changed	12	October 2017	Supplier Management
11	Drawing spec/standard added	12	October 2017	Supplier Management
12	VDA 6.3 audit requirement added	12	October 2017	Supplier Management
13	ISO TS 16949 changed to IATF 16949:2016	12	October 2017	Supplier Management
14	Header changed as Supplier QMS Audit (Second Party Audit)	13	October 2017	Supplier Management
15	Capability examination refined	13	October 2017	Supplier Management
16	Automotive embedded software requirement added	14	October 2017	Supplier Management
17	Returnable packaging changed to approved packaging	19	October 2017	Supplier Management
18	Packaging ownership modified	19	October 2017	Supplier Management
19	Supplier responsibility on packaging loss added	20	October 2017	Supplier Management
20	Shipment weight removed	22	October 2017	Supplier Management
21	PPE requirement added	22	October 2017	Supplier Management
22	Notification time changed	22	October 2017	Supplier Management
23	IMDS & REACH requirements added	28	October 2017	Supplier Management
24	Asset Identification Tags to be accompanied by photographs per worksheet	5	March 2018	Supplier Management
25	Location of DICV Owned Tools added	5	March 2018	Procurement/Supplier Management
26	Relocation of DICV Owned Tools added	5	March 2018	Procurement/Supplier Management
27	Approval from Procurement in case of production relocation causing tool relocation added	10	March 2018	Procurement
28	PoC for indirect material packaging deviations changed from Procurement to NPM - Procurement	20	March 2018	Procurement
29	Adherence to anti-profiteering laws added	28	March 2018	Procurement
30	ISO 14001:2015 certification requirement added	29	March 2018	Procurement
31	Cosmetic changes to the document	All	March 2018	Procurement
32	JIT/JIS based parts delivery	19	February 2019	Supplier Management

Revision number	Purpose	Pages	Revision date	Responsible
33	Inclusion of Technical Compliance Clause	28	March 2020	R & D/Legal
34	Update of Daimler supplier portal link	4,5,7	March 2020	Procurement
35	Chapter M: Sustainability and Environmental protection, Chapter N: working conditions and labour standards, Chapter O: Business Ethics Standards, Chapter P: General Environmental Standards and Environmental Sustainability replaced with Chapter M: Social Responsibility, Environmental Protection and Product Compliance	30 - 36	October 2023	Procurement & Supply Chain Management
36	Update on printing of Asset Identification Tags for DICV owned tools	6	October 2023	Procurement & Supply Chain Management
37	Chapter J, clause 1.6 updated to include freight costs debit to supplier in case of proven delay in deliveries	24	November 2023	Procurement & Supply Chain Management
38	Daimler Truck supplier portal link updated Supplier Management department replaced with Procurement & New Part Development or Supplier Quality & Development	All	November 2023	Procurement & Supply Chain Management

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A. Introduction

1. The **Daimler India Special Terms** (**"DIST"**) are a set of rules governing the supply arrangement (including any communication of technical or other information and processes) between Daimler India Commercial Vehicles Pvt. Ltd. (DICV) and the supplier. The supplier shall further ensure that their sub-suppliers are in compliance with the DIST.

The DIST form an integral part of the contract along with other agreements including but not limited to the General Terms and Conditions of Daimler India Commercial Vehicles Pvt. Ltd. for the Purchase of Production Material and Spare Parts that are specifically mentioned in the purchase contract.

2. Publication

The latest version of the DIST is published on the centrally accessible DICV Supplier Portal at https://supplier.daimlertruck.com/portal/en. In the event of any legal or operational changes/ reforms, individual DIST may be separately revised during the year and the supplier will be informed of this by DICV.

Reproduction is allowed and supported for individual departments within the supplier's enterprise.

3. Communication

English shall be the language of communication between DICV and the supplier.

4. Authoritativeness of the English Version

The DIST are published in English only.

B. Tools for Series Production Part and Spare Part Delivery

1. General

1.1. Within this supply arrangement, tools shall be considered to be original, forming and severing tools in accordance with the definitions of DIN 8580/8582/8588. No other production equipment is to be regarded as tools.

1.2. The provisions relating to tools contained in these DIST shall, in addition to tools in the custody of the supplier, also govern tools located at the premises of sub-suppliers or other third parties. The supplier is obliged to ensure that sub-suppliers or third parties having tools located at their premises comply with these DIST and grant DICV the rights formulated herein, particularly to tools identified as property of DICV.

1.3. In order to ensure uninterrupted supply of parts by the supplier, DICV shall obtain ownership of all existing and subsequent jigs, fixtures and gages by way of security. In the event of an interruption in supply by the supplier, DICV may demand that the jigs, fixtures and gages be surrendered to it promptly and additionally, DICV will reimburse to the supplier the percentage of the jig, fixture and gage costs which have not yet been amortized. On reimbursement of these costs, DICV shall obtain ownership of the jigs, fixtures and gages.

1.4. With regard to tools, a distinction must be made between tools which are or will become the property of DICV (hereinafter "**DICV Owned Tools**") and tools which are not the property of DICV (hereinafter "**Non-DICV Owned Tools**").

To ensure the aforementioned distinction is made appropriately, supplier should affix the Asset Identification Tags in the most appropriate place of **DICV Owned Tools**. The Asset Identification Tags will be either provided by DICV Asset Accounting team or the supplier should print the Asset Identification Tags as per the specifications shared by the buyer. Supplier should communicate confirmation of such tagging within 30 days from receipt of Asset Identification Tags, accompanied by photographic evidence in accordance with the working sheet provided by DICV to the supplier. For any queries in this regard, the supplier shall contact their relevant counterpart at DICV.

As an annual confirmation process, DICV Asset Accounting team will share the list of **DICV Owned Tools** with the supplier. The supplier shall confirm the list on their official letter head.

Regardless of ownership, the supplier must handle all tools and other production equipment's with the degree of care necessary to guarantee that DICV is properly supplied without any interruption.

1.5. DICV is entitled to verify adherence to these DIST at the supplier's premises during its normal hours of operation and following prior coordination with the supplier. The supplier will support DICV in this matter and will in particular ensure that the documents pertaining to the tools are available for inspection.

2. DICV Owned Tools

The following stipulations regulate the supplier's and DICV's rights and obligations with regard to the use of **DICV Owned Tools** by the supplier.

2.1. Authorization to Use Tools

The supplier is hereby authorized and required to use **DICV Owned Tools** within the framework of the supply contract concluded with DICV concerning the part to be manufactured with the tools.

The supplier shall use the tools only for the purpose of fulfilling its manufacturing obligations under the supply contract. Hence the supplier is prohibited from any deviating use of **DICV Owned Tools** in particular the use of tools for production of parts to supply third parties or the transfer of usage to third parties or unauthorized handover of tools to third parties, without the prior written consent of DICV.

2.2. Location of DICV Owned Tools

The supplier shall retain **DICV Owned Tools** at the location as originally agreed between the supplier and DICV. Details of such **DICV Owned Tools** and their location (be it at the supplier's end or at any of their sub-suppliers' end or elsewhere), shall be shared by the supplier with DICV in the format of the **"Tool Location Form"** as prescribed by DICV from time to time (the latest **"Tool Location Form"** will be available on the supplier portal at https://supplier.daimlertruck.com/portal/en along with the final tooling invoice issued to DICV. Should the supplier fail to submit location details of **DICV Owned Tools** along with the final tooling invoice, DICV shall elect to dishonour any such tooling invoice and shall further have the right to recover tool costs that DICV had paid the supplier in total for that particular tool.

2.3. Relocation of DICV Owned Tools

In case, should the supplier reason that **DICV Owned Tools** are required to be moved to a location other than the one mentioned in the **Tool Location Form** (be it at the supplier's end or any of their sub-suppliers' end or elsewhere), the supplier shall take **prior written approval from DICV** by providing details of the proposed relocation in the format of the **"Tool Relocation Form"** as prescribed by DICV from time to time (the latest **"Tool Relocation Form"** will be available on the supplier portal at https://supplier.daimlertruck.com/portal/en. The supplier shall not relocate any of DICV owned tools, without the prior written approval of DICV. Upon receipt of approval in the prescribed format from DICV and upon realization of relocation of such approved DICV owned tools, the supplier shall intimate such relocation to DICV, immediately.

2.4. Servicing and Tool Maintenance

As a consideration for availing the tools from DICV free of charge, the supplier shall abide by the following terms of maintenance. The supplier shall ensure constant defect-free functional capability and readiness of the tools during their use within the framework of the supply contract with DICV for the purpose of uninterrupted delivery to DICV by means of continuous maintenance and repair at its own expense. The maintenance and repairs shall, in particular, encompass all expenditure necessary for preserving the operating condition and removing all defects, damages, modifications (if any) and deterioration as a result of using the tools.[1]

2.5. Tool Changes

In the event where changes in DICV's technical specifications require any modification to the tools, the supplier must submit a prior written offer to DICV to modify the tools with the least possible expenditure.

Modifications to the tools may be carried out by the supplier only after DICV has commissioned the supplier in writing. Any expenditure in excess of these specifications shall not be remunerated by DICV.

No other circumstance shall warrant any modification to the tools.

2.6. Identification and Stock Taking

The supplier must clearly and permanently identify those tools which are **DICV Owned Tools** as the property of DICV. During stock taking at the end of the year, the supplier shall transfer the necessary information and where required, documentation on such **DICV Owned Tools** in its possession to DICV.

2.7. The supplier shall not exchange, lease or license the tools and further agrees not create any charge, interest, lien on the tools. Supplier will declare to its bankers, creditors and auditors about the ownership right of DICV in respect of the tools so as to ensure that the tools are free from any charge, attachment, encumbrance or hindrance for any reason whatsoever. In the event the rights of DICV in such tools are endangered by means of enforcement measures, particularly attachment, seizure or insolvency proceedings, the supplier shall inform DICV thereof without delay. In any case, the enforcement agency shall be informed without delay of DICV's right of ownership. At the same time, the supplier shall forward copies of the enforcement documents to DICV without delay.

2.8 Liability

[1] If a yield volume has been agreed, this applies only to the agreed yield volumes.

The supplier bears liability for all defects, damages, modifications to, or deterioration[2] in, the tools. The supplier is not to be held liable if these tool defects, damages, modifications or deterioration are attributable to Acts of God provided however the supplier shall take all measures necessary and possible to mitigate the extent of such defect, damage, change or deterioration.

The supplier must ensure that no personal injury or property damage is caused by the tools. The supplier shall indemnify, defend and hold harmless DICV from and against any such claims of damage or injury.

2.9. Duty of Return

At the end of delivery or termination of contractual relationship with the supplier, the supplier shall return the tools to DICV in the condition to be expected following proper fulfilment of the supplier's duties arising from these DIST. All liens and rights of retention of the supplier in respect of the tools are excluded.

3. Non-DICV Owned Tools

Insofar as **Non-DICV Owned Tools** are concerned, DICV shall obtain ownership of the existing and subsequent tools by way of security in order to ensure delivery.

DICV reserves its right to demand surrender of tools to DICV in the event of an interruption in delivery. In this case, DICV may reimburse the supplier the percentage of the tool costs which has not yet been amortized. Upon reimbursement of such costs, DICV shall be deemed to have unlimited ownership of the tools.

The supplier is obliged to obtain the written consent of DICV prior to scrapping tools which it uses or has used to manufacture parts for DICV. If DICV does not approve scrapping, a mutual settlement regarding costs must be agreed.

[2] If a yield volume has been agreed, liability for deterioration applies only to the agreed yield volumes.

C. Supply of Spare Parts for DICV Products

1. General

Supply of high-quality spare parts is an important purchasing quotient for DICV customers and thus an essential competitive feature of DICV products. With regard to pricing, quality and deadlines, the supply of spare parts is therefore just as important to DICV as the supply of production parts.

2. Definition of Spare Part

Spare parts are required to meet replacement needs arising from the exchange of parts of the vehicle. They include parts delivered in a condition deviating from the series in respect of finish or packaging. Such deviations are specially noted.

The expression 'spare part' includes aggregates, components, mother part, child part, repair parts, kits, oversize service parts etc.

For products/systems/major units, the particular spare parts are as mutually agreed between DICV and the supplier.

3. Parallel Sales

If DICV develops the product on its own or DICV has paid the supplier for development of the product, or the product is manufactured from **DICV Owned Tools**, the supplier is obliged to supply product including spare parts only to DICV. DICV shall charge the supplier compensation amounting to 10% of the DICV gross list price per part in every case of a violation. Furthermore, the supplier shall be obliged to furnish to DICV all particulars of unit volumes and purchasers of spare parts supplied in parallel.

Moreover, the supplier shall not be entitled to supply to third parties any spare parts branded with a DICV trademark or DICV part number without prior permission in writing by DICV. If the brand is used in an unauthorized or unlawful manner and the supplier is at fault, an additional penalty of 5% of the DICV gross list price shall be payable. Therefore, the total compensation payable is 15% of the DICV gross list price.

In case of supplier proprietary goods, the supplier shall not be entitled to supply to third parties any parts branded with a DICV trademark or DICV part number without prior permission in writing by DICV. Further, in order to avoid damaging the image and reputation of DICV brands, parallel sale of spare parts by suppliers is not permitted where the DICV brand has recognizably been rubbed out, scratched off, removed or otherwise tampered with by an external agent. Covering DICV brands or part numbers with stickers or paint or any other manner is also not permitted.

The aforesaid compensation is in addition to the right of termination of the supplier and other legal remedies available to DICV.

4. Brands

The supplier commits itself to mark the spare part as specified by the drawings. The DICV brand name is to be affixed to all spare parts in accordance with the specifications (MBN 33015, MBN 33036) or any other specifications prescribed by DICV. The supplier's own markings or those attributable to the supplier on the spare parts must not exceed the size of DICV brand names.

5. Period of Supply and Purchase Right

The supplier undertakes to supply DICV with spare parts for the product for a period of at least 15 years after discontinuation of production.

Parts-specific production equipment for the model series or parts may only be scrapped with the written consent of DICV, regardless of ownership status.

6. Pricing

For spare parts delivered during the series production delivery period, the series production price during the current series production period shall apply.

Following the global discontinuation of production (from case to case), the series price for the supply of spare parts to DICV shall be retained further for three calendar years. Within this period, the initial production price (last valid series price) plus the costs for special packaging actually incurred by the supplier remains applicable. After the period of three years, all requests for price adjustments shall be demonstrated in detail and substantiated. This will form the basis for further negotiations.

In the case of supply of individual parts from systems/aggregates or individual replacement parts for series production assemblies during series production runtime, the price is determined with the help of a price analysis or breakdown. The installation costs are deducted from the price. The price of individual replacement parts is to be agreed on this basis even if the individual part has not been created as an independent part number before the start of production.

7. Documentation of Spare Parts

The cost of preparing spare parts documentation (incl. single-part drawings) - including the maintenance of all modification status - forms part of the price of the overall delivery.

The scope of the documentation (CATIA 3D drawings, parts lists etc.) and the deadline for its completion will be agreed between the DICV Spare Parts Engineering department and the supplier.

D. Production Part Approval Process (PPAP)

1. Introduction

In accordance with **IATF 16949:2016**, the supplier must carry out a PPAP process for series production approval. Unless otherwise specified in the following, the requirements made under this process are oriented towards the relevant, current issue of PPAP standard (AIAG guidelines). In individual cases, a different process (only after approval from DICV) may be coordinated with the DICV Procurement and Supply Chain Management department.

2. Application Area

PPAP process shall be applicable to all suppliers unless waived off in writing by DICV. The PPAP process must also be carried out in the case of standard parts (parts whose item number begins with "N"). In case of software, same/similar or any other process as defined by DICV shall be followed.

DICV may request an initial sample inspection report for delivery and for all component parts with DICV item numbers contained therein.

3. Basics of the PPAP

3.1. Series Production Approvals from Other Daimler Plants

If the supplier has already carried out an approval process and has received series production approval from other Daimler plants and no trigger for a new PPAP process is present, same PPAP approval shall be considered by DICV.

3.2. Identification of the Parts

Unless otherwise agreed with DICV, parts for which sampling has not yet been carried out must be identified with a red sticker (Ø approx. 20 mm) specifying the sample status(C/D).

Beginning with the initial sampling of parts from series production tools and the series production process, these parts must be identified with a white sticker.

In cases of any deviation from the above specified requirements, DICV Procurement & New Part Development / **Materials and Process Technology** shall communicate the same to the supplier.

4. Triggers for PPAP Process

DICV Quality/Procurement & New Part Development responsible for series production approval must be notified of all production processes and product modifications. Unless otherwise agreed, proceed according to the following matrix.

Trigger	Execution of PPAP	Information to Purchasing	Information to Logistics
New parts	✓		
Product modification	✓		
Production relocation	✓	✓*	✓
Production process modification	✓		
Test process modification	✓		
Long-term production stoppage, more than 12months	✓		
Use of new, modified or replacement tools (not applicable to metal cutting tools)	✓	✓	✓
Change in DICV tier 2 suppliers. In case of parts with special characteristics (DS, DZ), the above obligation exists up to the supplier responsible for the characteristic.	✓	✓	✓
Modifications in the supplier's purchased parts	✓		
Subsequent sampling	✓		

Re-Qualification	On request		

Note: Execution of PPAP shall be initiated with due information to respective supplier managers of DICV.

* In case this involves movement of tool to a different premise, DICV 's prior written approval shall be taken in accordance with clause B.2.3 of these terms and conditions.

5. Execution of the PPAP

If a PPAP process trigger caused by the supplier arises, the supplier shall provide notification of this trigger at least six months prior to planned implementation. In justified, exceptional cases, deviation to these DIST may be agreed with the DICV Procurement & New Part Development/ Materials and Process Technology responsible for series production approval.

DICV will specify a sampling date to the supplier. The supplier shall deliver sample parts by the specified date unless DICV expressly dispenses with delivery, without a separate purchase order.

For parts in whose tools the surface structure is integrated in a separate production step, the PPAP process is carried out on the basis of "other samples" with a development status as per AIAG. Release for integrating the surface structure will be issued by the DICV Procurement & New Part Development / Materials and Process Technology responsible for series production approval.

If a dimensional test in uncoated condition has been agreed with DICV for coated parts, the supplier shall additionally submit uncoated parts in accordance with the specifications.

In the case of cast and forged parts, the supplier shall produce cross-sections/ **blueprint of cut section/radiography and deliver or retain at supplier location of these samples along with master sample,** in order to verify whether the wall thicknesses, radii, etc. are in compliance with the requirements.

In the event of any deviations, the supplier must obtain written approval ("deviation permit") from the responsible DICV **Procurement & New Part Development / Materials and Process Technology** in advance and submit this for sampling. The corrected status must be presented within the framework of subsequent sampling, prior to expiry of the deviation permit.

The relevant product and process characteristics for which capability studies are to be carried out shall be coordinated with DICV. Until the process capability parameters have been verified, the characteristics shall be checked 100% by the supplier, according to the inspection plan.

In the event of a deviation from these DIST, the following requirements apply to the DS/DZ characteristics specified in the specification documents (e.g. drawings, CAD data records):

- Short-term process capability $Cp_k \geq 1.67$

"Supplier production tests/try outs" shall be carried out in the case of new launches and model refinements, and the **DICV New Part Development/ Materials and Process Technology** are responsible for series production approval must be notified within reasonable time so that effective participation of DICV is possible. Approval will be carried out if full adherence to all part criteria (as prescribed in AIAG PPAP manual (latest edition) – hereinafter referred to as the **"Annex"**) is verified and the process criteria ("**Annex**") are met according to the following table.

Apart from new launches and model refinements, no "supplier production test/try out" shall be carried out without prior coordination with the **DICV New Part Development/ Materials and Process Technology** responsible for series production approval. Approval shall only take place if all part criteria (**"Annex"**) and process criteria (**"Annex"**) are met in full.

Process criteria	**Overall approval with condition**	**Overall approval without condition**
Time point	"Supplier production test 1/try out 1", if several are planned	Final "supplier production test/try out"
Machinery, plant, equipment	OK	OK
Logistics chain	Conditionally OK	OK

Cycle time, quantity	Conditionally OK	OK
Personnel	Conditionally OK	OK
Process capability	Conditionally OK	OK
Test equipment, test benches	Conditionally OK	OK
Manufacturing process, purchased parts	Conditionally OK	OK

For selected scopes, a number of parts which at least corresponds to the yield of one shift and at most the yield of 3 days of production (DICV capacity line under consideration of the special equipment content) must be produced in coordination with DICV in the final "supplier production test/try out". If the supplier buys in complex or critical deliveries from sub-suppliers, the supplier must select a similar procedure, involving DICV wherever necessary. The scopes of work must be coordinated with the DICV Quality/ Procurement & New Part Development.

6. Submission Levels

Unless otherwise agreed between the DICV department responsible for series production approval and the supplier, documents and samples corresponding to submission level 3 shall be made available to DICV. In some special cases DICV may ask for level 4 or level 5 too.

PPAP Submission Levels:

S.L. No.	Requirements	Submission Level				
		1	2	3	4	5
1.	Design Records of Saleable Product	R	S	S	*	R
	for proprietary components / details	R	R	R	*	R
	for all other components / details	R	S	S	*	R
2.	Engineering Change Documents, if any	R	S	S	*	R
3.	Customer Engineering Approval, if required	R	R	S	*	R
4.	Design FMEA	R	R	S	*	R
5.	Process Flow Diagrams	R	R	S	*	R
6.	Process FMEA	R	R	S	*	R
7.	Dimensional Results	R	S	S	*	R
8.	Material, Performance, Test Results	R	S	S	*	R
9.	Initial Process Study	R	R	S	*	R
10.	Measurement System Analysis Studies	R	R	S	*	R
11.	Qualified Laboratory Documentation	R	S	S	*	R
12.	Control Plan	R	R	S	*	R
13.	Part Submission Warrant (PSW)	S	S	S	S	R
14.	Appearance Approval Report (AAR), if applicable	S	S	S	*	R
15.	Bulk Material Requirements Checklist (for bulk material PPAP only)	R	R	R	*	R
16.	Sample Product	R	S	S	*	R
17.	Master Sample*	R	R	R	*	R
18.	Checking Aids	R	R	R	*	R
19.	Records of Compliance with Customer Specific requirements	R	R	S	*	R

*Based on condition of master sample, supplier can reproduce and retain the new master sample duly approved by DICV Procurement & New Part Development / Materials and Process Technology

- S – The supplier shall submit to the designated customer product approval activity and retain a copy of records or documentation items at appropriate locations, including manufacturing

- R – The supplier shall retain at appropriate locations, including manufacturing, and make readily available to the customer representative upon request
- * – The supplier shall retain at appropriate locations, and submit to customer upon request
    - Level 3 as default level
    - For bulk materials, level 1 as default level

Note: In case of any updates in the global standard the pertinent issue of PPAP standard shall be applicable.

7. Retention Period

Following the discontinuation of series production, the PPAP documents must be archived for life **cycle of the product including production and service requirements + 1 calendar year** from the time of such discontinuation by the supplier and submitted to DICV on request

8. Approval Status

The supplier is notified of the overall approval status in the form of approved**/conditionally approved Part Submission Warrant**. For special cases **DICV New Part Development/ Materials and Process Technology will give approval after validating the product at DICV or approved external lab.**

9. PPAP Element Submission

Supplier should submit the PPAP elements for approval through electronic format via DISC portal. In case of non usage of DISC portal, supplier shall provide scanned copy of PPAP elements to DICV along with 2 hard copies of the PSW .1st copy will be duly signed and retained by DICV. 2nd signed PSW copy will be returned to the supplier.

10. Preparatory Activities

Prior to or in the course of the PPAP process, activities such as e.g. design stage workshops or color in-camera meetings are carried out by DICV together with the suppliers for selected, partial scopes. The parts for the color incamera meetings must be manufactured under full series production conditions. In so far as parts with the specified surface structure are not already ordered for the first color in-camera meeting, these must be supplied with the specified surface structure by the following color testing meeting at the very latest.

11. Non-adherence

If the agreed sampling part status does not meet the **drawing requirement/specifications/standards**, then the supplier has to bear all additional costs (Eg; 3rd party laboratory cost) incurred by DICV which are directly related to the sampling process if the supplier is responsible for the negative result.

12. VDA 6.3 Process Audit

The supplier shall at all times cooperate with DICV's Supplier Quality & Development department/Materials and Processes
Technology to conduct VDA 6.3 audit at supplier's end for the below mentioned projects -

(i) all global projects (direct or via Consolidation Center India) (ii) domestic carry over parts for global projects.

Annexes:

To be referred as prescribed in AIAG PPAP manual (latest edition)

E. Quality Assurance: Implementation of a Quality Management System

1. Selection and Application of the QM System

To ensure flawless and consistent product quality, the supplier shall establish a Quality Management System (hereinafter referred to as "QMS"). The QMS is selected and applied in accordance with the prevailing version of **IATF 16949:2016**. The application of any other QMS requires prior written approval of DICV.

The supplier shall oblige its sub-suppliers to adhere to the same QMS requirements and obligations arising from this DIST.

2. Supplier QMS Audit (Second Party Audit)

DICV, at its discretion, may audit and evaluate the supplier's QMS and quality assurance measures or to have these audited and evaluated by a third party nominated by DICV. This may be carried out for example, as part of an audit (supplier technical audit) during the supplier's hours of business upon giving prior notice to supplier. As part of its deliveries, the supplier must also enable its sub-suppliers to be audited by DICV or a third party nominated by DICV. The supplier declares itself committed to support DICV in identifying weaknesses and limitations in the sub supplier structure (e.g. as part of a Structural and Risk Analysis "SRA"). Optimization of the said weaknesses and limitations, as ascertained, shall be the responsibility of the supplier. In its sole discretion, DICV has the right to participate in the optimization carried out by the supplier and, in individual cases, specify quality assurance measures.

3. Scientific and Technical State-of-the-art

The supplier shall ensure that its deliveries and services are in accordance with requirements of applicable law and correspond to the scientific and technical state-of-the-art.

4. Zero Defect Strategy

The supplier shall verify the freedom of product realization from defects. The supplier shall document its quality assurance measures with proof of quality assurance (e.g. test protocols of module, integration and system tests, review protocols of specification, design and code reviews).

The supplier shall inform DICV immediately in writing in the event violations of this zero defects obligation are foreseeable.

The supplier is responsible for determining and properly defining the special characteristics (e.g. safety-, certification-, functionally- and process-relevant) in accordance with the specifications & symbols, requirement specifications or other DICV specifications and for suitable optimization of production systems, processes and test methods. If, a product defect may lead to risk to life or health during use of the product, the supplier undertakes to do everything within its power to eliminate the possibility of defective deliveries.

Process capability are examined and evaluated on the basis of DIST 13/16 i.e. PPAP (5), ensuring quality prior to use in series production. The supplier must ensure production process stability by means of suitable process regulation.

Suppliers of electrical and electronic components shall implement suitable indicators to detect conspicuous trends and anomalies (e.g. anomaly tests such as Parts Average Analysis). No parts with anomalies shall be supplied to DICV.

If the supplier is (jointly) responsible for the development of the products and/or services supplied, the supplier must assess the relevance of the products or services supplied in terms of safety or certification and note the results of such assessments on all technical documentation, drawings and other documentary material and provide the same to DICV on request. In its technical documents, drawings and other documentation, which are made available to DICV, the supplier is obliged to use DICV identification (as mentioned hereunder). This identification must be followed in an adequate and consistent manner in all further documentation. The supplier is obliged to implement the measures to be derived from the identification in current production and store the related verification.

DICV identification requirements:

DS: Documentation of relevance to safety	Components or systems whose malfunction or failure may affect the life and property of other road traffic users in direct risk are safety relevant.
DZ: Documentation of certification relevance (incl. emission relevance)	Components or systems whose data, verifications, construction permits etc. are used in certificates or country-specific registration documents or which are checked on type approval are certification-relevant.

For the purpose of traceability, the supplier, at the request of DICV, shall identify the components including child parts with a unique serial number, the structure of which will be defined or approved by DICV.

Unless otherwise specified by DICV, the supplier shall follow the traceability requirements to provide information for material, batch code, process details etc. to trace back in the event of failure.

Note: Any specific requirements given by DICV shall be treated over and above the general requirements.

The supplier is obliged to ensure that all deliveries meet DICV's specifications (including dimensions, material, reliability, legal specifications, environmental and production steering plan). The supplier shall evaluate document and archive the results. The results must be made available to DICV on request. Any deviation from this must be agreed in writing between the supplier and DICV.

5. Validation by DICV

Considering the checks carried out at the supplier's premises in accordance with these DIST, the checking carried out at DICV is restricted to the comparison of delivery note data with the goods' labels, checking the number of load units and checking external transportation damage which is clearly visible on the packaging.

Insofar as is feasible, DICV will check the bought out parts at incoming, prior to assembly or after assembling to the vehicle but the liability of quality of products and consequences caused due to bad or deficient quality remains the responsibility of the supplier only.

There shall not be any further far-reaching quality examination obligations on the part of DICV.

DICV is entitled to participate in inspections, appraisals, reviews or tests carried out by the supplier and its sub-suppliers and/or to have these observed by third parties authorized by DICV or, following prior coordination, to conduct such inspections itself at the premises of the supplier and its sub-suppliers or to have these carried out by authorized third parties. DICV has the right to peruse all development documents (software inclusive of source code for the purpose of analysis, e.g. ascertainment of metrics) and documentation which accompanies production.

5.1. Supplier who supply automotive products – related software or automotive products with embedded software

Supplier shall establish process for software quality assurance. Supplier shall submit/ retain documented information for software development capability & assessment methodology (Software quality control plan/FMEA)

DICV has the right to peruse all development software development capability & assessment methodology documents at supplier location.

F. Warranty Claims against Suppliers

1. Subject Matter of the Agreement

1.1. Scope

The stipulations contained in these DIST apply to the processing of DICV warranty claims against suppliers which supply production material and spare parts.

1.2. Objective

The objective of this section is to simplify the processing of DICV's warranty claims against suppliers and, in the case of liability for defects of quality, to cut costs for both parties by reducing the number of defective parts being returned (hereinafter referred to as "damaged parts"). This will result in:

- reduced parts handling
- lesser time and expenses spent disposing off parts
- logistics of returning old parts being significantly quicker and thus speedier remedial work
- qualified information related to damages to improve the quality of the inspection report

1.3. Purchasing Terms

This does not affect the applicability of DICV's "General Terms and Conditions" agreed between DICV and the supplier.

2. Procedures Involving Exchange of Parts

2.1. Ascertaining Defects

Defects shall be ascertained by DICV sales organization and then fed into DICV systems for handling quality defects. The damaged parts shall be identified as initially defective by DICV.

2.2. Return of Parts

When a quality defect is discovered, in order to reduce the cost and time involved in the process of returning and analyzing all damaged parts, new defect inspection shall be carried out and the supplier's contribution to the costs shall be determined, by means of a random sample. The size of the random sample shall generally be 10-15% of the damaged parts, but not to exceed 50 parts per year of occurrence or per parts family.

If the parts are not used for the inspection and are not returned to the supplier for technical analysis or overhaul, they shall be scrapped by DICV.

2.3. Inspection and Determination of the Acceptance Quality Rate (AQ)

Based on an inspection of the damaged parts contained in the random sample, DICV and the supplier shall generally agree the acceptance rate on a quarterly basis. This will be calculated from the number of defects accepted from the random sample in relation to the number of defects contained in the random sample within the defect period.

$$AQ = \frac{\text{Number of defects recognized by the supplier from the random sample}}{\text{Damage claims contained in the random sample within the defect period}}$$

The supplier and DICV shall each bear their own costs associated with the inspection, including the costs of returning and making available the parts.

In the event of inspection by the supplier, DICV and the supplier agree that the supplier shall provide feedback on the status with initial test results to DICV within 10 working days of the supplier's receiving the goods. In the case of acceptance, the supplier shall submit an 8D report per defect profile. If after a maximum of 20 working days from receipt of the parts by the supplier, no concluding inspection result is available, the parts pertaining to this test report shall be regarded as accepted. These periods may be extended by mutual agreement, where such extension is justified.

If, following an initial analysis, no faults or causes of failure have been determined, DICV and the supplier agree to an extended analysis, which both parties will actively support, e.g. more extensive analysis methods, introduction of regular communication, special measures in the development phase up to and including on-site support in the event of arising problems.

In the case of product changes, process changes or production relocations which have not been announced or approved by DICV, the acceptance rate shall be 100%, unless the supplier proves that there is no causal connection with the occurrence of the defect. In the case of assemblies or multi-part deliveries, this includes the parts procured by the supplier from sub-suppliers.

2.4. Determination of Costs

The warranty costs comprise the costs of all such parts repaired or replaced including those of consequential failures as well as all such costs of labour, consumables and freight involved in repair/replacement.

The recovery volume is calculated by multiplying the acceptance rate by the sum of warranty costs worldwide.

Recovery volume = AQ x warranty costs of the supplier worldwide

The supplier will receive an invoice - generally once a quarter - stating the accumulated cost of the damage claims logged worldwide in DICV systems and the incidents of damage attributable to the supplier over the warranty period.

3. Rework/Rectification Program

In addition to the rights available to DICV to make claims (whether provided under this supply contract or under applicable laws), the supplier shall, as and when called upon by DICV, initiate proactive steps in identifying defects and resolve the defect at the earliest possible time to avoid any reputation risk or financial risk to DICV.

Frequent meetings will take place between the supplier and DICV in order to monitor, analyze failures so as to make technical improvements and to take corrective actions.

In the event that there occurs any widespread failure or safety critical failure of any of the products which is due to faults arising out of non-conformance to the design, material or workmanship, then, the supplier will at its cost place at the disposal of DICV all such necessary repair or modification to the parts and all such other assistance as DICV may reasonably request in connection with any rectification campaign undertaken by them or on their behalf and supplier will pay to DICV all their reasonable costs (parts + labour + freight costs/handling) incurred in consequence of such widespread failure.

As used in this clause "widespread failure" means the same type of failure occurring in the product supplied by the supplier that affects the performance of the vehicle, safety of the customer, brand image of DICV or causes customer dissatisfaction.

G. Failure Mode and Effects Analysis (FMEA)

1. Procedure

The supplier must draw up and maintain a system FMEA for the product and a process for the system and components which are to be developed/supplied within good time, preferably using suitable software. Current edition of FMEA (prescribed by AIAG) shall be followed for the same.

The analysis contents and limits of the FMEA must be coordinated with the responsible DICV department in advance. The DICV departments will also specify the evaluation of significance of the fault sequences ("significance B").

The documentation scope listed under clause 2 below must be submitted to DICV for perusal. The conclusions drawn from the FMEA must be documented.

DICV may define more far-reaching requirements in the requirement specifications.

2. Scope of Documentation of the System FMEA for the Product and Process

- Full system overview (e.g., system structure, block diagram, installation/attachment/assembly drawings, process flow chart)
- Functional overview (e.g., function network, function tree, effects diagram)
- Full fault network (faults with all causes and effects)
- Evaluation tables (severity, occurrence, and detection)
- Severity, occurrence, and detection rankings shall be strictly in line with FMEA standard
- The FMEA manager (e.g., project manager) must be defined and documented
- FMEA participants
- FMEA form (in line FMEA standard (AIAG)) completed in full with:
- FMEA number, origin date & revision status
- Comprehensible evaluations (S, O, D)
- Preventive measures, discovery measures for high-risk priority numbers (RPN)
- A processing status must be given for each measure. In the event that a measure is aborted, the reason must be documented accordingly
- A responsible person and a deadline must be specified for each measure
- All safety/regulations related part/processes shall be prioritized

3. Approach

The suppliers shall follow the FMEA guidelines religiously with an approach to identify, reduce and eventually eliminate risks from the supply chain. DICV shall be entitled to ask for supporting data for assigning severity, occurrence and detection rankings.

FMEA shall be treated as a living document and hence the suppliers shall develop and maintain a standard procedure for revision of FMEA. Any change to FMEA shall be reported to concerned DICV Quality/ Procurement & New Part Development department. DICV may from time to time audit the supplier's site to review the status of preventive measures decided in FMEA.

H. Delivery Schedules

DICV's parts requirements are calculated using an automated process and are transmitted, per item, using the "Delivery Schedules" form via Electronic Data Interchange **(EDI)**/Vendor Portal Training Manual. The form fields defined in the following correspond to EDI/Vendor Portal Training Manual.

The contents of the following fields of the delivery schedules must always be stated in the delivery notes and invoices:

- Supplier code
- DICV release order reference
- Additional customer data (if transmitted) as applicable
- Unloading location
- Part no. as indicated by DICV
- Part description
- Quantity
- Unit of measurement
- Packaging detail (type and quantity)

The required quantities are to be allocated to precise calendar days over a short-term period in line with the Material Requirement Planning guidelines which will be amended from time to time. The date of delivery at DICV plant shall be the deadline for strict adherence by the supplier. The difference between the cumulative required quantity and cumulative supply quantity shall be specified in each delivery schedules. This makes it possible to see immediately what changes have occurred in comparison to the previous delivery schedules. Required quantities must only be delivered on the basis of the latest delivery schedules.

In the event of full or partial annulment of order quantities, DICV undertakes the purchase commitment as per the latest delivery schedule release, for the ordered product or the feed stock required for this[3] for the periods of time defined in the "production approval" or "material approval" fields. The purchase commitment in no event can exceed the cumulative required quantity in the periods indicated in "production approval" and "materials approval". Delivery is to be coordinated with the respective order scheduler.

The period of production approval and material approval starts when the delivery schedules are issued and the same shall keep rolling to cover the predefined timeframe until a new delivery schedule is issued. Delivery schedule quantity will be the dispatched quantity from the supplier, which will depend upon the delivery frequency as specified by DICV. Firm quantity will be the quantity for which supplier can order the raw material for supplier production and forecast of the material release is for the supplier planning and information (details as per Annex 1).

It is necessary to communicate with DICV the feasibility of meeting the quantity as scheduled in the delivery schedules.

It is required that the parts shipped from supplier end are PPAP approved as per DICV Procurement & New Part Development process. In case if the supplier ships the non-PPAP approved material then the material will be returned at supplier cost and any additional costs that arise out of this will be charged to the supplier.

[3] The quantity designated under Production Approval represents a firm order. Delivery must however be based on the latest delivery schedules. The quantities inserted under material approval entitle material requirement planning, not production. Quantities required beyond these periods are target figures that are for information only. If consignments in addition to the latest deliveries to be indicated are on their way to us, these quantities are to count towards the next delivery instalment to fall due. Changes (replenishment orders or initial orders of new parts and rescheduling or cancellations) that are disclosed to you as a result of changes in release order and delivery plans should be entered under the current delivery schedule, until a new release order is received.

Supplier parts delivery to DICV based on JIT/JIS concepts

Upon DICV's request, Supplier shall deliver parts on "Just In Time (JIT) / Just In Sequence (JIS)" basis. Such part delivery shall be based on the following concepts –

- E-Kanban based delivery
- Sequence number-based delivery.

I. General Packaging Regulation and Handling of Cargo Carriers

1. General Regulations

With regard to selection of packaging required for parts delivery and with regard to handling of packaging, the supplier shall adhere to DICV specifications and seek approval for "packaging" with DICV. If in addition, specific packaging requirements necessitate deviations from DICV specifications, a jointly coordinated solution must be agreed between the supplier and DICV:

- For production material, with DICV Logistics department
- For spare parts, with DICV After Sales department
- For indirect materials, with DICV NPM - Procurement department

The following guidelines shall be made available and serve as specifications for packaging:

- Catalogue for standard packaging
- Design principles for special packaging
- Palletization

The supplier is the owner of packaging and shall bear corresponding responsibility to maintain sufficient stock and ensure proper maintenance.

2. Handling of Packaging

Subject to approval of DICV, the supplier may additionally use standard or special packaging for its deliveries to DICV.

2.1. Packaging Definition

Suppliers shall make a proposal regarding packaging and palletization. It is mandatory to use **approved packaging** for DICV series production part supplies. The proposed packaging and palletization must be approved by DICV. Documentation thereof shall be prepared using a packaging data sheet. If the supplier fails to adhere to the approved packaging specifications, DICV reserves the right to charge to the supplier for the additional costs which are incurred such as repackaging costs, administrative expenses, cost of returning damaged goods, getting replacement material, etc.

2.2. Requirement Planning and Requirement Determination

Determination of returnable quantity requirement is carried out jointly by the supplier and the DICV Logistics department based on the planned production figures, filling capacities and any other factors affecting the returnable quantity either at supplier or DICV's end.

DICV Logistics department must be informed of changes in the delivery or logistics chain, immediately through a new packaging data sheet for DICV approval.

2.3. Procurement of Standard and Special Packaging according to DICV Design

Returnables packaging are procured by suppliers from a fabricator. If copies of packaging based on DICV designs are procured elsewhere and brought into circulation by supplier, those packages are considered as not approved and will be taken out of circulation and returned at supplier's cost. DICV reserves the right to charge the supplier, the additional costs which are incurred such as repackaging costs, administrative expenses, cost of returning damaged goods, getting replacement material, etc.

2.4. Design of Special Packaging

The supplier designs and procures special packaging on its own responsibility in coordination with DICV. The supplier is obliged to identify these special packaging with a unique returnable number, which must be requested from the DICV Logistics department.

Documentation, drawing data and approval data including test results for special packaging must be made available to DICV and becomes the property of DICV at the time of approval. DICV shall be granted right of usage of this data. DICV may also make this data available to other suppliers.

2.5. Empty Packaging

The returnables delivered by suppliers shall be made available as empty goods for return transport upon consumption of the materials.

2.6. Inventory/Stock Taking

DICV shall conduct a yearly inventory of packaging belonging to the suppliers inside its premises as part of annual account closing procedures. Suppliers will then be notified of their returnable stock.

In case of loss in returnable packaging, **where such loss is attributable to supplier,** then the supplier shall take responsibility to add additional packaging to refill the loop quantity**.**

J. Shipment of Goods

1. General

The following regulations concern the shipment of goods, including the requirements pertaining to the creation of delivery notes and goods' labels.

1.1. Declaration of the Origin of Goods

If the supply of material is from an overseas location, then the supplier must follow the relevant regulation as required by the Indian law.

1.2. Deliveries in Accordance with Incoterms 2010/Groups E and F

In the case of deliveries "FCA (...specified location)" or other terms of delivery in accordance with Incoterms 2010/Groups E and F, the supplier shall only transfer the goods to the transportation company nominated by DICV duly adhering to the timelines defined by DICV. The supplier is not permitted to nominate a transportation company. If the supplier fails to adhere to the timelines defined by DICV, the supplier shall at its own cost and risk deliver the goods to DICV.

1.3. Deliveries in Accordance with Incoterms 2010/Group D

If the supplier nominates the transportation company, the supplier shall duly inform the details of the transportation company (including the vehicle configuration to be used) so as to be coordinated with the DICV Logistics departments.

1.4. Deadline Goods

Deadline goods are to be unequivocally declared as such to the transportation company and the receiving department of DICV. The supplier shall clearly specify the date and time of arrival at DICV on the forwarding order (transport documents), which is handed over to the transportation company. Deviations from existing delivery time slot agreements must be agreed in advance with the DICV Logistics department.

1.5. Shipping/Transport Sequence Disturbances

In case of any disturbances in meeting DICV's delivery schedule including disturbances caused by sub-suppliers, the same must be immediately reported by the supplier to both the transportation company and the DICV Logistics department, verbally duly confirmed by email or via fax, precisely specifying the reason for and the type of disturbance. Disturbances must be promptly remedied.

1.6. Excess/Prior Deliveries/Required/Delayed Deliveries

The supplier is entitled to carry out partial deliveries, deliveries prior to the issue of a delivery schedule and additional deliveries only with the prior written approval of DICV. If in violation of this provision, the supplier shall handover the goods to the transportation company, carrier or any other similar agency as nominated by DICV and the supplier shall bear the risk and costs until the goods are accepted at the receiving plant of DICV. Logistical expenses for the storage or return of unauthorized excess/advance deliveries shall be borne by the supplier.

If the required quantities and delivery dates in accordance with DICV's delivery schedule are not complied with by the Supplier then such proven resulting costs including but not limited to air freight costs borne by DICV shall be charged to the Supplier.

1.7. Weight Determination

The supplier is responsible for properly determining the gross weight and tare weight of the shipment. If weights are improperly stated, DICV will pass on the added freight charges, plus processing fee, to the suppliers.

1.8. Information Obligation

Purchasing and the Logistics departments of DICV, must be informed in writing six weeks prior to change in the shipping location due to the relocation of production to any of the supplier's production plants or the establishment of a delivery warehouse which deviates from the previous location.

1.9. Shipment of Hazardous Goods

Consignments supplied by the supplier for transportation must comply with the relevant provisions governing the carriage of hazardous goods as per Indian Law. The obligations and responsibilities borne by the supplier as the sender, packer/filler and loader arise from Indian laws. The supplier shall be responsible for and indemnify DICV of all losses incurred as a result of non-compliance with legal provisions.

1.10. Driving Bans

In the case of delivery conditions in accordance with Incoterms 2010/Group D, the supplier shall make sure that delivery of the goods is ensured even in the event that driving bans are imposed.

1.11. Return Goods

DICV shall effect transportation of returned goods (returned due to the fault of the supplier) unless otherwise previously agreed in writing. In any event the supplier bears all the expenses connected to the return of goods.

2. Types of Shipping

2.1. Package Shipments

In the case of "FCA (... specified location)" shipments and other delivery conditions in accordance with Incoterms 2010/ Groups E and F, must be handed over to the service provider authorized by DICV as per the agreed window timings.

2.2. Truck Shipment

Within the framework of the performance of its services for DICV, the supplier shall ensure that only properly employed driving personnel are engaged **with all necessary Personal Protective Equipment (PPE)**. All vehicles entering DICV premises shall have a valid emission control certificate and other necessary statutory legal documents and that the vehicle shall at all times be driven in compliance with Indian laws. DICV reserves the right to monitor and document supplier's compliance with these obligations within the provisions of the applicable laws. The supplier shall indemnify DICV against the claims of third parties arising from non-compliance with this obligation, so far as the supplier is responsible for such non-compliance.

2.3. Rail Shipment

Rail shipment is only permissible if this has been expressly requested by DICV and the processing modalities, including special packaging to withstand transportation, that have been agreed in writing in advance in individual cases.

3. Shipment Processing

3.1. Notification

The supplier has to make an advance shipment notification (ASN) in supplier portal/EDI for each and every invoice **while** handing over the consignment to the transport service provider. This is a mandatory requirement. If this requirement is not fulfilled by the supplier, the consignment can not be inwarded by DICV and the supplier is responsible for all consequences arising out of breach of this obligation. The procedure and the process of ASN creation in the supplier portal/EDI will be communicated to the supplier by DICV. The supplier has to provide sufficient resources towards fulfillment of this objective.

3.2. Preparation

On the shipping date, shipments that are ready for shipping must be provided for collection at the agreed window timing and they must be provided in line with DICV operating hours for acceptance of such shipments. In order to ensure the above, the supplier and the transportation company shall agree on the modalities of delivery. If the shipments are not provided on time, the costs of any special measures must be borne by the supplier.

3.3. Forwarding Order / Waybill

Shipments may only be surrendered to the transportation company with a fully completed Forwarding Order or with a waybill. Details of the type and number of packaging must be specified as per unloading location.

3.4. Customs Documents

All documents and information relevant to customs as applicable must be supplied to the transportation company.

3.5. Goods Labels

All packaging (individual packaging/small packaging/special packaging and the basic packaging) must be provided with a goods label with barcode in accordance with the DICV packaging specification.

For any new part/ZGS change part submission there should be a special new part label (as per DICV format) for the first three lots. Such parts will require special attention during receiving, storage and linefeeding at DICV.

3.6. Loading

The supplier has to adhere to DICV's requirements related to loading/unloading like space, facilities and window timing etc.

Under the prerequisites of timely loading which are safe for transportation purposes, unloading station-friendly sorting must be ensured.

3.7. Processing Times

The delivery of empties shall be at the same time as collection. On provision of the truck within the agreed time frame, the unloading of empties for the supplier and loading including administrative processing must be carried out within the following time:

□	Package freight:	up to	2.5 t	or	up to 10 cbm	max. 30 minutes
□	Partial loads:	up to	10 t	or	up to 40 cbm	max. 45 minutes
□	Full shipments:					max. 60 minutes

At the request of the transportation company, the supplier is obliged to confirm the start and end of vehicle provision on a docket. Delayed processing plus inappropriate loading and waiting times lead to additional costs and must be borne by the supplier.

3.8. Verification of Delivery

On delivery, if DICV identifies any damages or deviations in the shipments (from the agreed scope of delivery), DICV may demand the supplier to submit a written declaration, within 2 working days, clearly indicating that the shipment was delivered intact to the transportation company nominated by DICV failing which it will be presumed that the damage was caused at the supplier end.

3.9. Special Delivery Schedules

Unscheduled special deliveries at short notice are usually organized by the supplier and processed through the transportation company nominated by DICV. Approval is issued by the logistics department in coordination with the suppliers. DICV will pass on the costs of such special deliveries to the responsible party.

3.10. Production Supply

In the event goods are rejected or disturbances occur en route, the supplier shall ensure that replacement deliveries are made to DICV or its affiliates at the earliest.

K. Communication with DICV via Electronic Data Interchange

1. General Section

1.1. Communication via Electronic Data Interchange

To ensure a continuous, error-free and real-time flow of information, optimization of the exchange of data required in connection with the delivery process is an important objective for the global automotive industry.

Accordingly, EDI messages in accordance with the message standards which have been developed are transmitted in order to communicate with DICV. Data communication may alternatively be conducted via EDI-Web form on the supplier portal. In the case of direct deliveries from abroad, the following regulations must be coordinated in individual cases between the DICV Logistics department and the supplier (for e.g. regarding the message standard to be used).

In view of this, the supplier is obliged to create and use the prerequisites required for communication with DICV via EDI. The costs arising in this respect are covered by the price paid by DICV for the deliveries.

Correspondence between physical scope of the shipment, content of the EDI/web portal message and content of the documents accompanying the goods is vital to safeguard logistical processes. In this regard, the supplier ensures that all of the necessary data and information are transmitted in full, in good time and without EDI errors.

In the event of incorrect or incomplete EDI, the supplier may be charged for any resulting costs.

L. Regulation regarding the Provision, Testing and Exchange of CAD and Electrics/Electronics Data

1. General

DICV develops component parts, systems/modules and complete functions together with the supplier. Close communication and validation on the basis of a digital product description is required to structure the development process in an efficient, reliable and binding manner. To achieve this, continuous use of CAx tools such as Computer Aided Design (CAD), Engineering Data Management (EDM) and Electronic Data Interchange (EDI) and clear regulations for both parties are necessary. In the DICV Production Engineering department, early digital validation particularly involves packaging (digital mock-up of a full vehicle), buildability, calculation, kinematics plus production planning incl. production and ordering logistics. The DICV Aftersales department uses the digital product description to support spare part documentation process and creation of images and workshop literature.

2. Subject Matter

With regard to CAD data, the following stipulations regulate the CAx/EDM process, i.e. project preparation, installation plus generation, testing and exchange; the scope to be provided by the supplier as well as the EDI. With regard to E/E data the following stipulations regulate the EDI.

3. General

The EDI link must basically be used to exchange CAD and E/E data.

3.1. Standard Regulation (Minimum CAx/EDI Standard)

The minimum CAx/EDI standard (so called “standard regulation”) is defined in the CAD handbook, module CS045. This standard regulation is binding on the parties as long as no other specifications are demanded within the framework of component requirement specifications or in data exchange agreements. In each case, the basis of such other regulations is the CAD handbook, which contains all relevant methods and standards.

3.2. Affected Scope - Development

All the following are affected:

- New, process relevant CAD data or E/E data which are to be created and modifications to these.
- Parts integrated from defined predecessor projects plus standard parts and parts similar to standard parts, but with reduced data structure and data quality requirements. The affected predecessor projects are defined in the CAD handbook.

3.3. Affected Scope - Aftersales

All data for spare parts which have been defined in mutual coordination by the Aftersales and Development departments and the supplier are affected.

3.4. Procedure in Case of Non-Compliance

If certain elements of the standard regulation (e.g. data quality requirements, EDI standards) are not met or only partially met, this impacts directly on supplier evaluation. Information regarding the affected elements and the CAx/PDM profiles are published in the engineering portal.

If the CAD 3D and CAD 2D data provided by the supplier don’t meet the agreements or requirements, the recipient’s department which is responsible for design or the department responsible for the process decides on the further procedure:

- Following consultation, generation of the missing scopes or reworking of CAD data by the supplier or by a service provider commissioned by the latter at the expense of the supplier.
- Following consultation, generation of the missing scopes or reworking of CAD data by the supplier or by a service provider commissioned by the DICV at the expense of the supplier.

If DICV incurs damages due to the fact that the supplier fails to meet its specified contractual obligations, or fails to do so within good time, the supplier is liable to DICV for resulting damages insofar as it is responsible for these.

3.5. Reference Sources

The standard regulation refers to the necessary installation environment (“CATIA supplier packages for V4 and V5”, STEP Assembly Manager SAM). The “CATIA supplier package” is available as a free download via the engineering portal.

M. Social Responsibility, Environmental Protection and Product Compliance

The following provisions define the standards and requirements on social responsibility, environmental protection and product compliance of DICV that DICV Supplier must meet:

- Compliance with internationally recognized human and labor rights.
- Prohibition of child labour and forced labour
- Handling of conflict minerals, compliance with environmental standards and guidelines.
- Precautionary environmental protection, as well as compliance with relevant product requirements and animal welfare regulations

The provisions are based on the "Daimler Truck Business Partner Standards" and our company-wide "Declaration of Principles for Social Responsibility and Human Rights".

Further, they are also based on national laws and regulations, in particular the German Supply Chain Due Diligence Act of 16 July 2021 (LkSG), as well as international standards such as the International Bill of Human Rights, the 10 principles of the United Nations Global Compact (http://www.unglobalcompact.org), the United Nations Guiding Principles on Business and Human Rights (hereinafter referred to as "UN Guiding Principles", (OHCHR | Guiding Principles on Business and Human Rights:Implementing the United Nations "Protect, Respect and Remedy" Framework), the OECD Guidelines for Organization for Economic Co-operation and Development (OECD.org) and the core labor standards of the International Labor Organization (ILO, http://www.ILO.org)

1. Standards on Human Rights and Good Working Conditions

1.1 Prevention of child labor

The Supplier is obliged to comply at least with the ILO Convention No. 138 on Minimum Age of Employment and No. 182 on the Prohibition of Worst Forms of Child Labor in its enterprise. In particular, the Supplier warrants for its enterprise that the products to be supplied are or were manufactured and processed without child labor within the meaning of ILO Conventions No. 138 and 182 and without violations of obligations arising from the implementation of these Conventions or any other applicable, national or international regulations combatting child labor.

1.2 Prohibition of forced labor and modern slavery

1.2.1 The Supplier assures for its enterprise that all its employer practices are at least in line with ILO Conventions No. 29 and No. 105. In particular, all employees must have the freedom to terminate the employment relationship subject to a reasonable period of notice. This shall also apply to the use of external workforce.

1.2.2 All forms of forced labor, in particular compulsory labor, debt bondage, human trafficking and any other form of modern slavery, as well as other forms of domination or oppression in the workplace, such as through extreme economic or sexual exploitation and humiliation, must be prohibited.

1.2.3 The Supplier may not restrict the freedom of movement of its employees by retaining ID documents or other measures against the will of the employees. Nor may any financial burden be imposed on employees by illegally withholding wages or imposing fees in the recruitment process.

1.3 Freedom of association, right to collective bargaining and the right to strike

The Supplier has to respect the right of its employees to establish or join organizations of their own choosing, to appoint a representation and be elected for such a representation. Employees must be able to communicate openly and regularly with the company management in employee representations about working conditions without having to fear reprisals in any form. Their organizations are free to operate in accordance with the applicable law of the place of employment. Depending on the law of the place of employment, this includes in particular the right to collective bargaining and the right to strike. In this regard, ILO Conventions No. 87 and No. 98 are relevant. When freedom of association and the right to collective bargaining are restricted by law, the Supplier must seek alternative ways to best respect the principles of ILO Conventions No. 87 and No. 98 in accordance with local laws.

1.4 Non-discrimination clause

Discrimination of employees is prohibited in any form. In particular, unequal treatment in employment on the basis of sex, national and ethnic origin, social origin, disability, trade union membership, political conviction, religion or belief, health status, age, pregnancy or sexual orientation is prohibited, unless it justified by the requirements of employment. The Supplier is at least obliged to take measures to avoid discrimination within the meaning of ILO Conventions No. 111 and No. 100.

1.5 Health and Safety

As an employer, the Supplier shall ensure occupational safety and health at work in accordance with the ILO Conventions applicable at the place of employment, in particular ILO Convention No. 155, as well as the provisions of national law. This includes, in particular, the establishment and application of appropriate management systems for occupational health and safety ("management systems") in order to be able to take the necessary preventive measures against accidents and damage to health arising in connection with the work activity. The Supplier declares its willingness to continuously improve its management systems and to work towards the introduction of a recognized and certified occupational health and safety management system (e.g. ISO 45001) within a reasonable period of time. The Supplier must have health and safety guidelines in place, support the continuous development and improvement of working conditions and provide all employees with relevant training on a regular basis. The Supplier must ensure a safe workplace, the necessary work equipment and appropriate protective equipment as well as protect its employees from excessive physical and mental fatigue. Employees will also be given access to sufficient drinking water and clean sanitary facilities. Where applicable, this also applies to accommodation provided by the Supplier. If necessary, accommodation must also be dimensioned and equipped in such a way that accidents and damage to health are prevented as far as possible and appropriate accommodation is ensured.

1.6 Fair working conditions (remuneration, social benefits and working hours)

1.6.1 The Supplier must ensure appropriate remuneration and must guarantee the social benefits prescribed by applicable law. Remuneration must, at a minimum, be in line with the minimum wage under applicable law. Insofar as the applicable law does not provide for minimum wage regulations, the remuneration shall be calculated in accordance with the law of the place of employment. In any case, remuneration must enable employees to secure at least their livelihood. Thereby, respective local cost of living of the employee and his family members as well as the local social security benefits and remuneration for full-time employment must be taken into account. Wages must be paid out in full and on a regular basis for services rendered and may not be retained illegally. The Supplier must ensure that employees receive clear, detailed and regular information on the composition of their remuneration in an appropriate form.

1.6.2 Working hours must comply with applicable laws or, insofar as these ensure a higher level of protection, with industry standards, but at least with the ILO Conventions applicable at the place of employment, in particular ILO Conventions No. 1 and No. 30. Overtime should only be voluntary, and employees should be granted at least one day off after 6 consecutive working days.

1.7 Use of public and private security forces

In case the Supplier deploys its own security forces to protect its operations or commissions security forces for this purpose, it must ensure that they comply with internationally recognized human rights. The Supplier must, in particular, refrain from commissioning or deploying security forces, if during deployment persons are treated inhumanly or degradingly, suffer damage to life or limb or if their right to organize and the freedom of association is impaired.

1.8 Rights of minorities, local communities and indigenous peoples

1.8.1 The Supplier may not unlawfully engage in forced eviction or unlawfully take land, forests or bodies of water, the use of which secures the livelihoods of a person.

1.8.2 The Supplier must refrain from causing any harmful soil change, water and air pollution, noise emissions or excessive water consumption that is damaging to the health of persons, significantly impairs the natural bases for the preservation and production of food or denies or significantly impedes people’s access to safe and clean drinking water or sanitary facilities.

2. Human Rights Due Diligence

2.1 Implementation of human rights due diligence

The Supplier is obliged to establish processes for human rights due diligence in its company (in particular a risk management system) within a reasonable time, provided that the Supplier supplies products or provides services to DICV that come with a risk of potential negative impacts on human rights in the value chain, and to take, systematic and appropriate due diligence measures in connection with human rights based on this process. Relevant in this regard are the national due diligence laws applicable to the Supplier as well as the provisions of the UN Guiding Principles and relevant OECD Guidelines and Principles. In accordance with the UN Guiding Principles and, where relevant, in accordance with applicable laws, the Supplier shall design the adequacy and scope of these measures according to the size and turnover of its enterprise, the nature and the origin of the product or service as well as the raw materials contained therein, and, in particular, according to the associated risks.

2.2 Transparency, cooperation and participation

2.2.1 As a prerequisite for the implementation of human rights due diligence measures referred to in Section 2.1 above, the Supplier shall establish transparency in its supply chain through internal processes in order to identify human rights risks and, where necessary, to be able to take appropriate counter- and control measures.

2.2.2 Upon request of DICV, the Supplier is obliged to provide information about the processes established in its company for human rights due diligence and, on request, must in particular answer self-assessment questionnaires completely and truthfully by submitting corresponding documents.

2.2.3 Upon request of DICV the Supplier must inform DICV of identified risks and/or mitigating measures and must also provide DICV with respective documentation of its due diligence measures. In particular, the Supplier must identify critical human rights “branch points” (e.g. mines, smelters and refineries) and provide information about this on request (e.g. about the company and production location of the “branch point”). DICV is committed to the UN Guiding Principles and strives to make such human rights-critical “branch points” transparent in the DICV supply chain; the Supplier declares its willingness to support this goal to the best of its ability.

2.2.4 The Supplier allows DICV to use the information obtained in accordance with section M in the context of requests for information addressed to DICV or other self-assessments relating to the processes established at DICV for human rights due diligence, without prejudice to any confidentiality obligations on a need-to-know basis.

2.2.5 If a breach of the standards on human rights and good working conditions listed in Section M.1 cannot be remedied by a Supplier in the foreseeable future, the Supplier must notify DICV of this immediately in writing or in text form and, together with DICV and/or with relevant third parties, draw up a concept with a schedule for ending or minimizing the violation (corrective action plan). The Supplier shall support DICV to the best of its ability.

2.2.6 At the request of DICV, the Supplier undertakes to participate in trainings and further courses on the human rights standards and expectations of DICV and will confirm its participation to DICV upon request by providing appropriate documentation.

2.2.7 The Supplier must pass on information received from DICV on the accessibility, responsibility and on the implementation of a complaints procedure to its employees in a suitable manner. The complaints procedure must be accessible to employees while maintaining confidentiality of identity and effective protection against disadvantage. Unless notified by DICV about a complaints procedure, the Supplier itself is responsible for setting up an effective complaints mechanism at enterprise level for individuals and communities whose human rights may be negatively impacted.

2.3 Inspection and auditing

2.3.1 DICV is entitled to inspect and audit the processes established by the Supplier for human rights due diligence and the creation of transparency, including the due diligence measures taken by the Supplier in connection with human rights, as well as the timely implementation of a corrective action plan, or to have them inspected or audited by a third party commissioned by DICV. The Supplier shall provide DICV or a third party commissioned by DICV with all requested information and documents for inspection and give them the opportunity to conduct discussions or interviews with the managing directors, managers and employees, insofar as this is reasonably necessary for these purposes. The Supplier shall allow DICV or a commissioned third party to make copies and extracts.

2.3.2 As part of supplying the products or the provision of services, the Supplier must also ensure that DICV or a third party commissioned by DICV can also inspect and audit its suppliers and sub-suppliers in the event of a risk-based necessity.

2.3.3 DICV may use the information and findings from these inspections and audits to fulfill legal obligations, such as those arising e.g., from reporting requirements.

2.4 Responsible sourcing of conflict minerals

2.4.1 The Supplier undertakes not to commit or participate in any serious human rights violations such as torture, cruel and degrading treatment, including corporal punishment, sexual violence, war crimes and crimes against humanity. Suppliers of raw materials originating from conflict-affected and high-risk areas or transported through conflict-affected areas and suppliers using such raw materials in their products must effectively meet their due diligence obligations in the supply chain in order to minimize the risks of actual and potential adverse effects along the supply chain. They shall describe in a suitable strategy how they systematically identify, prioritize and initiate countermeasures.

2.4.2 Suppliers of 3TG (tin, tantalum, tungsten and gold) and suppliers who use these raw materials in their products must identify, disclose and evaluate all smelters and refineries within the supply chains and assess whether they have carried out a due diligence process in accordance with the OECD Due Diligence Principles for the Promotion of Responsible Supply Chains for Minerals from Conflict-Affected and High-Risk Areas. For this purpose, the affected suppliers must implement at least established procedures, such as the Responsible Minerals Assurance Process (RMAP). The affected suppliers shall ensure that, at the time of the start of production, these materials are procured exclusively from refineries and smelters that meet the requirements (status: conformant) of the RMAP of the Responsible Minerals Initiative (RMI). The affected suppliers must submit corresponding proof (e.g. a Conflict Minerals Reporting Template – CMRT) to DICV on request. If a smelter or refinery used does not comply with this standard, DICV may require the Supplier to remove refineries and smelters that are not RMAP-compliant from the DICV supply chain in the long term.

3. Environment

3.1. General environmental responsibility, environmentally friendly production and products

3.1.1 The Supplier ensures that its production and products fully comply with the applicable environmental regulations, including permit conditions. The Supplier will act in accordance with the precautionary principle with regard to environmental protection, take initiatives to promote greater environmental responsibility and promote the development and diffusion of environmentally friendly technologies.

3.1.2 Suppliers who supply components and/or production material are obliged to implement a certified environmental management system in accordance with ISO 14001, EMAS or comparable standards no later than two years after conclusion of the supply contract, to operate it for the entire term of the business relationship with DICV and to submit a corresponding certificate. Proof must be provided by means of certification by an accredited certification company. A renewed certificate must be submitted in good time before the expiry of the validity period. Suppliers who do not supply components or production material must submit corresponding proof to DICV on request.

3.2 Climate protection

3.2.1 The Supplier shall strive to develop suitable corporate targets for its Scope 1, 2 and 3 emissions and take measures to work towards achieving the goals of the Paris Agreement. The Supplier shall regularly monitor its progress and report to DICV on request, in particular with regard to its CO2 footprint at product level.

3.2.2 In order to reduce CO2 emissions, the Supplier is supposed to follow the principle of prevention, reduction – and if this is not possible – compensation and neutralization.

3.2.3 The Supplier declares its willingness to support DICV's climate ambitions. The Supplier must commit to the material- and component-specific CO2 targets of DICV, which are agreed as part of the awarding process, and aim to convert to CO2-neutral products in the medium term. To contribute to these goals, these expectations must be passed on to the Supplier's own supply chain.

3.3 Production-related environmental protection

The Supplier shall ensure a high level of environmental protection in all phases of production. Against this background, the Supplier shall ensure the following in particular with regard to its own production facilities and production.

3.3.1 Use and consumption of resources, including water and energy

a) The use and consumption of resources (including water and energy) during production must be reduced or avoided. This is done either directly at the place of origin or through procedures and measures, e.g. by changing production and maintenance processes or operations in the company, by using alternative materials, by savings, by recycling or by reusing materials.

b) Energy consumption must be monitored and documented. Economic solutions need to be found to improve energy efficiency and minimize energy consumption.

c) The Supplier shall typify, monitor, check and, if necessary, treat waste water from operating procedures, manufacturing processes and sanitary facilities prior to discharge or disposal.

3.3.2 Handling of waste/Basel Convention

a) The Supplier is obliged to reduce or avoid the generation of waste of any kind.

b) The Supplier must comply with the prohibitions on the export of hazardous waste and the obligations in or from the Basel Convention as of 22 March 1989 in its current version. Section II. no. 1 to 3 shall apply accordingly.

3.3.3 Air

The Supplier is obliged to find economical solutions to minimise any emissions (air and noise emissions) in production. General emissions from operations (air and noise emissions) as well as greenhouse gas emissions must be typed, routinely monitored, verified and, if necessary, treated by the Supplier before they are released. The Supplier is also obliged to monitor their emission control systems.

3.3.4 Hazardous substance management

Chemicals and other substances, that pose a hazard if released into the environment, must be identified. The Supplier must set up a hazardous substance management system for them so that they can be safely handled, transported, stored, reprocessed or reused and disposed by using suitable procedures.

3.4 Product-related environmental protection

The Supplier shall ensure the following in particular with regard to product-related environmental protection.

3.4.1 Material data sheets

The Supplier must provide correct and complete IMDS (International Material Data System) material data sheets free of charge for all new and modified components or articles as well as for all substructure parts and/or service products contained in the spare parts. Within the course of new and change sampling, the material data sheets must be made available at the latest with the request for sampling. Incorrect material data sheets are rejected and must be corrected as soon as possible. Material data sheets not yet provided within the supplier relationship can be requested. Although sampling is generally not performed for carry-over, standard and so-called small parts organization parts when used in new series, material data sheets must also be provided for these parts or the articles contained therein on request. With regard to the delivery of plastic components, the Supplier is obliged to document the use of recycled materials in IMDS. The exact proportion of recycled material [mass %] must be specified in the “Recycled material” tab.

3.4.2 Prohibitions and restrictions on substances

Substances and mixtures that are subject to legal restrictions or prohibitions may only be contained in the materials or components supplied or in the articles contained therein in accordance with these regulations. DICV assumes that the Supplier is aware of and will fulfil the obligations in accordance with these regulations. The Supplier must comply with the material negative list in accordance with Daimler-Benz Supply Specifications (DBL) 8585.

3.4.3 Labelling

Substances and mixtures, as well as substances and mixtures in articles, components or products must be labelled in accordance with the legal requirements.

3.4.4 Minamata Convention and Stockholm Convention

Mercury must be used by the Supplier in accordance with the provisions of the Minamata Convention of 10 October 2013 and persistent organic pollutants in accordance with the Stockholm Convention of 23 May 2001, as amended. Section 2. no. 2.1 to 2.3 shall apply accordingly.

3.4.5 REACH Regulation

a) The Supplier ensures that substances, substances in preparations and substances in articles that require registration are only delivered to DICV if they are registered in accordance with Art. 5 and Art. 6 or Art. 7 Para. 1 of Regulation 1907/2006/EC (REACh-Regulation) for use at DICV. The Supplier also ensures that notification for substances in articles delivered, that are subject to notification according to Art. 7 Para. 2 REACh-Regulation, is performed by the Supplier or – if the product was not manufactured by the Supplier or imported – by a supplier or sub-supplier or, alternatively, the substance is registered for the intended use (Art. 7 Para. 6 REACh Regulation).

b) In general, when developing a new component and/or article it must be abstained from using substances listed in Annex XIV of the REACH Regulation. If the use of such substances is unavoidable, this is only permitted if it has been approved in writing or in text form by the respective responsible person at DICV – Procurement and Supply Chain Management or R&D, wherever applicable incoordination with the Material Process Technology (MPT) department at DICV in writing or in any other text form. The Supplier must provide evidence to DICV that the Supplier or one of its suppliers or its sub-suppliers has submitted an application for approval for the required use no later than reaching the "latest application date" according to REACH-Regulation (18 months before "sunset date" according to REACH-Regulation). Otherwise, the Supplier must take measures to ensure that the requirements of the REACH Regulation are complied with.

c) As a precautionary measure for new developments it must also be abstained from using substances that the European Chemicals Agency ECHA has put on the list in Annex XIV (so-called "candidate list" in accordance with Art. No. 59 REACH-Regulation) if alternatives exist under technical and economic constraints. In case no alternatives exist, the use of the corresponding substance must be approved by the responsible person at DICV – Procurement & New Part Development or R&D.

d) If substances subject to registration are not registered or substances listed in Annex XIV of the REACH Regulation are not permitted for the contractually intended uses at the time of delivery or a notification pursuant to Art. 7 Para. 2 REACH-Regulation is missing or if a component contains a substance listed in Annex XIV of the REACH- Regulation or on the candidate list, the Supplier is obliged to contact DICV directly: reach-kontakt@daimlertruck.com in order to initiate remedial measures.

e) Insofar as the delivered components, spare parts, attachments, accessories and/or packaging and/or articles contained therein, contain substances of very high concern (so-called SVHCs), which are published in the candidate list, to a proportion of more than 0.1% by weight, the Supplier is obliged to provide all information pursuant to Art. 33 Para. 1 REACH-Regulation. This also applies if such a substance is included on the candidate list during the ongoing supply relationship. The information shall be communicated in written form, preferably via IMDS.

3.4.6 Interior emissions

Interior emissions must be minimized. The limits listed in DBL 5430 must be complied with.

3.4.7 End-of-life vehicles

a) In case the components and/or articles to be supplied by the Supplier are subject to the Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 (the End-of-Life Vehicles Directive) or are intended for vehicles that are subject to the End-of-Life Vehicles Directive, the Supplier undertakes to provide information on disassembly, information on the design and manufacture in a manner suitable for reutilization and recycling, as well as a concept for drying and offloading pollutants. A utilization concept must be provided for selected components in consultation with DICV.

b) The Supplier must also comply with the VDA Labelling Standard 260 and MB-Standard 33035 for materials and components.

3.5 Holistic accounting for continuous improvement of products and production

a) DICV conducts life cycle assessments based on ISO 14040 et seq. to determine and improve the overall environmental profile.

b) The Supplier shall therefore provide DICV with information on the relevant products, materials and processes upon request. DICV guarantees that this information will be treated strictly confidential and will only be used for the purpose of holistic accounting.

c) DICV obliges the Supplier to communicate and disclose its CO2 and environmental footprint of products. DICV uses LCA as a holistic tool and provides a guideline that provides information on standards and methods to be complied with (please refer to the supplier portal).

d) Data must be provided in a defined documentation format (VDA data collection format for life cycle assessments). The period and data quality must be agreed between DICV and the Supplier.

4. Product Compliance

The Supplier shall ensure within its area of responsibility that its scope of performance complies with all product requirements resulting from applicable regulations, policies, directives, laws, technical standards or other comparable applicable provisions. In doing so, the Supplier must take into account the fundamental spirit of the respective provision as well as the scientific and technical state-of-the-art. Further, the Supplier has to establish adequate structures within his organization to ensure the adherence to all these product requirements and the corresponding documentation. The structures should provide orientation

and guidance for the Suppliers' employees and consider aspects such as product conformity, integrity and ethical understanding.

The Supplier shall comply with and implement the requirements of the VDA Volume Produktintegrität (Product Integrity). However, it is left to the Supplier to decide, if the Supplier implements a Product Safety and Conformity Representative (PSCR) or not.

If the Supplier gains knowledge of facts that substantiate suspicions of a violation of above-mentioned product requirements regarding safety, emissions and/or regulatory conformity with implications for DICV, the Supplier must immediately notify DICV in text form and, if the Supplier may be responsible for such a violation, immediately investigate the facts.

5. Animal welfare

The Supplier is obliged to comply with the applicable laws and regulations on animal welfare in the context of its business relationships with DICV.

6. Forwarding of standards in the supply chain

The Supplier will forward the contents of the Chapter M, Section 1,2, 3. no. 3.3.2. and 3. no. 3.4.4 and 4, to its suppliers, placing them under corresponding obligations, and will monitor and check compliance with the standards (cf. Sections 1, 2, 3. no. 3.3.2. and 3. no. 3.4.4. and 4) in the supply chain. In particular, the Supplier is responsible for ensuring and controlling that his suppliers and their sub-suppliers also act in accordance with these standards. In case the Supplier has any suspicions with regard to a violation of these standards in the supply chain, the Supplier is obliged to investigate these and to inform DICV upon request about the identified violations and risks as well as the measures taken.

7. Consequences of a breach by the Supplier

Should DICV determine a violation of the obligations arising from chapter M by the Supplier, DICV will inform the Supplier of this immediately in writing or in text form and set a reasonable grace period for the Supplier to remedy the breach. In the event that a violation can foreseeably not be remedied by the Supplier within the grace period, the Supplier must notify DICV of this immediately in writing or in text form and, together with DICV and/or with relevant third parties, draw up a concept with a schedule for ending or minimizing the violation (corrective action plan). In case of fruitless expiration of the grace period or the implementation of the corrective action plan does not remedy the situation within the agreed schedule and a continuation of the business relationship is unacceptable for DICV and no milder means are available, DICV may terminate all existing legal transactions with the Supplier without further notice and terminate all negotiations. The statutory right to extraordinary termination without a grace period, in particular in the event of very serious violations, remains unaffected, as does the right to compensation for damages.