

## Origin of goods and preferences

**1** For customs purposes the supplier has to add to the shipping documents a commercial invoice in duplicate and in the English language or the national language of the company of the Schaeffler Group – hereinafter referred to as 'customer'. The latest version of the Incoterms is applicable. In principle the Incoterm DDP is excluded.

The supplier's invoice must contain clearly visible the information on the non-preferential origin. If goods with different origins are delivered in the same invoice an itemized list is required. The country of origin labeled on the goods, the packaging, the transport label, tag or a similar trade symbol has to match with the information on the shipping documents and / or other documents of the respective goods. The goods must be provided to the customer in a form which enables the customer through a simple visual check to verify the origin of the delivered goods at the moment of goods receipt with unequivocal evidence.

If the supplier is not at the same time the producer of the goods then the commercial invoice has to contain the respective producer of the goods.

In case of shipments which are liable for customs the following information has to be stated explicitly in addition to the customs-relevant information which are specified separately on the front page of the invoice:

- Costs which are not included in the price (e.g. commissions, broker fees, license costs, manufacturing equipment costs, free-issue parts of the customer),
- Costs which are already included in the price (e.g. installation costs and freight costs),
- The value of repair services split up between material and wage costs.

For shipments free of charge the statement of value of goods is mandatory as well as the notice "For customs purposes only". The reason for shipping the goods free of charge must also be stated on the invoice (e.g. sample shipment free of charge). This corresponds also for such cases, in which goods are returned to the customer which have been provided by him (e.g. "returned goods" or "reason for return").

In the case of self-billing the supplier must provide a commercial invoice for customs clearance.

**2** The supplier is obliged to issue all documents that are required for importation and exportation, all official documents regarding the usage of goods according to regulations, all proofs of non-preferential, preferential or AALA (American Automobile Labeling Act, No. 49 CFR Part 583) origin at his own charge and to provide the customer with these documents and the goods. This also applies for documents which are required for other purposes with foreign trade-related concerns. The previous statement is valid especially – but not exhaustively – for these cases, in which the possibility for the claim of preferential treatment of goods exists in the exchange of goods between supplier and customer (e.g. preferential origin within a free trade agreement or alternative customs-related possibilities which can be used to reduce or prevent the payment of customs or import duties).

As long as standardized official forms for the proofs of origin exist, these proofs are to be used prior to other proofs. This is particularly the case if special official documents exist with respect to the proof of the preferential origin of goods (e.g. a supplier's declaration conforming to the official sample according to Commission regulation (EU) Nr.2015/2447 or an equivalent legal basis).

The issuance of above mentioned proofs requires the indication of the SAP material number of the Schaeffler Group. The supplier's declaration has to be signed by authorized delegates of the supplier and provided to the customer within 14 days after having received the blank form (which is provided by the purchasing department of the customer).

In the case of an initial supply of one or several goods the relevant documents must be provided at the latest at the arrival time of the first shipment of the goods. The return transfer of the respective documents to the customer have to be sent directly to the contact address provided by the customer. Without prior written approval of the customer (represented by the relevant customs and foreign trade department) the supplier is not allowed to present a supplier's declaration by using his own form. The

supplier is not released from the above mentioned obligations, if documents are provided in the area of responsibility of the supplier (e.g. providing a supplier's declaration in the supplier's web portal).

In general case-related individual supplier's declarations or supplier's declarations with extended validity have to be issued. Examples are a NAFTA Certificate of Origin or a long-term supplier's declaration from a preferential point of view or with approval of an official body like a chamber of industry and commerce. The validity period of issued declarations complies in principle with legal regulations. The supplier is obliged to report every change of status without delay.

At least six weeks before the expiration of the validity period of a supplier's declarations with extended validity the supplier provides the customer, on request or not, with a new declaration. The validity period of this declaration comprehends the maximum validity period which is possible according to legal regulation. However, it ends at the latest on December 31<sup>st</sup> of the last full calendar year for which the declaration is certified. If one of the mentioned time limits cannot be met then the supplier is allowed a period of seven days to reply to the respective request letter.

If the supplier cannot provide proofs of origin for goods which are delivered within the same customs area (e.g. in the case of delivery of goods within the same national borders or within the European Union) and thus cannot provide a case-related individual supplier's declaration or a supplier's declarations with extended validity for goods having preferential origin status on an official form, then the supplier is obliged to present as a replacement a long-term declaration on an official form for the non-preferential origin (e.g. for the delivery of goods within the European Union according to Commission regulation (EC) Nr. 2913/92 and 2454/93).

Irrespective thereof the supplier has to provide the customer on request with additional proofs concerning the non-preferential origin of goods (e.g. in the form of a certificate of origin).

Process-related individual declarations or individual proofs which are enclosed in the delivery of goods cannot be accepted in principle and are only allowed after the customer's approval.

Changes concerning the origin of goods have to be communicated in written form to the customer immediately. A change is only allowed after the customer has sent a written approval. The supplier has to carry the cost which are related to such a change.

The supplier is liable and compensates for all disadvantages which the customer faces in the case of an improper or delayed provision of above mentioned proofs. This is valid also for these cases in which the sent proofs turn out to be inaccurate or deficient in retrospective.

If required the supplier has to prove the statements made with regard to the origin of goods by using an information certificate which has been approved by customs authorities.

**3** The classification of the customs tariff number for delivered goods is done by the customer. In the case of uncertainties concerning the correct classification of the goods the supplier has to support the customer with the provision of additional information (e.g. product specific details). If the supplier provides the customer with customs tariff numbers for the goods delivered then they can be used as an additional information by the customer for the classification of the goods. This applies especially for such customs tariff numbers which are communicated together with other information concerning the origin of goods or which can be associated with excise duties or obligations concerning the reverse charge procedure.

**4** If reporting duties apply for the purchase in connection with European or national statistical laws then the respective obligations and responsibilities apply.

**5** The supplier has to support the customer with all required means which lead to a reduction or minimization of the customer's payment obligations with regard to customs duties.

**6** For all questions and instructions related to customs duties and declarations of origin the supplier has to contact the department communicated by the customer for these topics.

If no other agreements apply then the import processing is performed by the customer. If the supplier performs the import processing without explicit written approval by the customer then the supplier bears all associated costs.

7 Every deviation of above mentioned statements can only be applied after the written approval by the customer.

- The latest German-language version will always be taken as authoritative. -