

MASTER TERMS DIRECT PURCHASING

Mercedes-Benz U.S. International, Inc.

Mercedes-Benz ExTra LLC

Buyer Warranty Process

Revision History

Revision Level	Change Date
1.0	9/14/2018
2.0	1/3/2023
3.0	4/03/2025

IMPORTANT: *Check with your Buyer for any late-breaking changes to this specification.*



Mercedes-Benz
U.S. International, Inc.

SECTION 1: GENERAL OUTLINE

1.1. Scope. This BWP sets forth the warranty process and procedures of Buyer in the event that defective Products or defective Service Parts (sometimes collectively referred to herein as "parts") are discovered or identified after the Vehicles leave the respective production plant or the Service Parts have been fitted or sold to customers. Capitalized terms herein have the same definition given to them in the MTDP or as defined herein in Section 7 below.

1.2. Presumptive Obligation. The warranty process will involve a presumptive obligation on Supplier to pay Warranty Costs related to a defect in the Supplier's part.

1.3. Exceptions to Presumptive Obligation. Various exceptions to this presumptive obligation may be applied, including preexisting Acceptance Rates/AR (i.e. GALA Agreements) and compliance with the warranty process (refer to Section 2).

1.4. Withholding and Final True-Up. On a monthly basis, Buyer will withhold the applicable amount of Warranty Costs from payments owed to Supplier. In addition, analysis on reclaimed parts may be conducted in parallel (refer to Section 2). Then, on a yearly basis, a one-time True-Up will be conducted to determine Supplier's actual warranty responsibility and conduct any necessary reimbursements or additional withholdings.

1.5. Other Rights Unaffected. The MTDP and any purchase agreement(s), purchase contract(s) and PO(s) in effect between the Supplier and Buyer (collectively with the MTDP, the "Supply Agreement") shall remain unaffected by this BWP. All claims under the MTDP including but not limited to recalls, series damages or damages to other components shall remain unaffected by this BWP. Additionally, other statutory or contractual rights of Buyer shall remain unaffected by this BWP.

1.6. Warranty Period. The warranty periods applicable to the parts shall be as specified in the Supply Agreement. Additionally, the warranty period for any HV Product is ninety-six (96) months from the date (i) a Vehicle in which a HV Product is used is first sold to the end customer or (ii) replacement parts for an HV Product are first installed in a Vehicle after the Vehicle is assembled and shipped from Buyer, regardless of its sale or registration date to Vehicle purchasers or users.

1.7. Warranty Coverage Start Date. Warranty coverage for the customer begins at the time the customer purchases the vehicle, providing the customer with protection against defects in material or workmanship from that moment onward. Extended warranties may also be available, offering additional coverage beyond the standard warranty period.

SECTION 2: ANALYSIS OF WARRANTY CLAIMS

2.1. Warranty Claims. The following process applies to defective parts; provided that additional or different procedures may also be applicable if such defective parts lead to a recall campaign, series production damage, or any damage to other components.

2.2. Identification of Defect. In the event a customer brings a Vehicle to a Mercedes-Benz Dealership with a defect in a part, and the dealer replaces such part under an applicable warranty, the QEC may request the dealer to send the reclaimed part(s) to the QEC facility. It is at the QEC's discretion to determine whether or not to require the dealers to return defective parts to QEC for further evaluation; provided Supplier shall have the right to request future reclaimed parts from the dealer as set forth below.

2.3. Supplier Request for Return. In the event the QEC does not request the dealer to return certain defective parts of Supplier, as set forth above, the Supplier may request that the QEC require the dealer to return future parts which are found to be defective. In such event, the Supplier must notify the QEC of such request. The Supplier can also request to stop receiving parts from QEC. These requests will be referred to as "routing requests," and any changes to routing or routing parameters will apply only to future claims from the time of request.

2.4. Data. Data underlying the costs and warranty claims of Buyer will be made available to Supplier through Buyer's standard warranty systems including, but not limited to, SRS and the QEC-Tool. Supplier shall not be entitled to any further warranty claim or cost data from Buyer, unless otherwise agreed by Buyer.

2.5. QEC-Tool. Supplier shall use QEC-Tool to upload all documentation and analysis results related to each reclaimed part.

2.6. Notice of Receipt of Reclaimed Parts. Supplier shall have two (2) Business Days from the date the reclaimed part(s) are delivered at the Supplier's facility to notify Buyer of such receipt. The two-day period starts upon delivery of such parts, and the confirmation shall be recorded in the QEC-Tool.

2.7. Analysis of Parts. After the receipt of parts is confirmed in the QEC-Tool, unless QEC deems an Inspection Report a priority as set forth below, Supplier shall have twenty-eight (28) Calendar Days from the date of delivery to perform the full analysis, upload analysis results, and complete the Inspection Report in the QEC-Tool. All parts testing and documentation must comply with Buyer's MBN 10448 Field Failure Analysis and VDA Volume: Field Failure Analysis & Audit Standard.

2.8. Priority Analysis. Notwithstanding the twenty-eight (28) Calendar Day time period set forth above, in the event that QEC deems an Inspection Report a priority, the Supplier shall have ten (10) Calendar Days to perform the full analysis, upload analysis results, and complete the Inspection Report in the QEC-Tool. Reasons for priority include but not are limited to: new model launch, breakdown parts, immobility cases, parts labeled "S" in the component drawing, etc.

2.9. Due Date. The applicable twenty-eighth (28th) and tenth (10th) Calendar Days of the time periods referenced above for the performance of the full analysis, uploading of analysis results, and completion of the Inspection Report are referred to herein as the "Due Date".

(a) Due Date Extension. The Due Date may be extended by mutual agreement of the parties, provided there is justifiable reasoning for the delay. Any request for an extension must be requested by Supplier at least two (2) Business Days prior to the Due Date. The extension must be authorized in writing by the QEC via the QEC-Tool before an extension can be granted.

2.10. Parts Routed in from the Reference Market (US Dealers). The default reference market for defective parts is the United States market.

2.11. Parts Routed in from Other Markets (Dealers Outside of US). If parts are failing in markets other than the U.S., QEC can independently or upon the Supplier’s request, facilitate collection of parts from Germany or other Buyer markets. If this type of part is requested for inspection by Supplier, QEC will ship such parts to Supplier; provided that Supplier shall reimburse Buyer for the costs related to such shipment, including the costs of transport and any duties or fees. In addition, for any parts requested outside of the standard US reference market, QEC’s approval is required. Supplier shall be responsible for monitoring the Supplier Recovery System (“SRS”) or any successor system for data related to global claims, and requesting parts they deem of interest.

2.12. Supporting Documentation: Once the full analysis is completed by Supplier, the Supplier must attach the supporting documentation and categorize the part in the QEC-Tool.

2.13. Categorization of Part: Based on the results of Supplier’s analysis, the Supplier shall assign one of the following categories to the applicable part:

Category	Definition	Minimum Documentation
Accepted	Defect due to fault of Supplier (“technical responsibility”)	<ul style="list-style-type: none"> • VDA Field Failure Analysis Standard Checklist • 8D Report
NTF	The part complies with the warranties set forth in the Supply Agreement (including being free from defects and in compliance with the Specification) and could be reinstalled to a vehicle with no issues or concerns.	<ul style="list-style-type: none"> • VDA Field Failure Analysis Standard Checklist and Under-Load-Testing • If applicable, NTF Project*
CAF	The part is faulty and the fault is not the technical responsibility of the Supplier. The “customer” is from the Supplier’s perspective (i.e. Tuscaloosa plant, dealer, end customer, etc.) at fault for the defect.	<ul style="list-style-type: none"> • VDA Field Failure Analysis Checklist and Under-Load-Testing • If applicable, CAF Project*

*See Section 4 for NTF and CAF Projects

2.14. Inspection Report Guidelines. All Inspection Reports will clearly specify the Due Date to ensure there is no ambiguity regarding the duration of the analysis period.

(a) The Supplier should verify whether the "Vendor Return Required" checkbox is selected in the relevant Inspection Report.

- i. **If selected**, this indicates that Supplier is required to return the applicable part(s) to QEC. In such event, the Supplier has fourteen (14) Calendar Days to ship the part(s) back to the QEC, and ensure delivery occurs within the same (14) fourteen days. The fourteen-day period starts as soon as the Inspection Report is completed and uploaded, and the tracking number should be recorded by Supplier in the QEC-Tool. The Supplier shall bear the costs of returning the parts to the QEC. The parts will be sent to the following address:

Quality Engineering Center
13470 International Parkway (Unit 3)
Jacksonville, FL 32218

- ii. **If not selected**, this indicates that Supplier is not required to return the part(s) (except as provided in Section 2.13(b) below).

(b) It is important to note that if a part is "Accepted," the requirement that the Supplier return the part is not applicable. However, the "Accepted" and other part(s) should be stored at the Supplier's facility for ten (10) weeks from the Due Date. Buyer shall have the right to require the return of such part(s) within such ten (10) week period. In the event that Buyer does not request such return in such period, the Supplier shall scrap or dispose of the part properly.

(c) Only upon completion of the above may an Inspection Report be marked "completed."

(d) If one of the following delays is noted in the QEC-Tool, the part(s) applicable to the delay will be considered "Accepted" in the AR calculation, which will negatively impact the Supplier's AR:

- i. Analysis delay – this occurs if the Supplier does not perform analysis, upload analysis, and complete the Inspection Report by the Due Date.
- ii. Logistical delay – this occurs if the Supplier returns NTF or CAF part(s) to the QEC more than fourteen (14) days after closing of Inspection Report.

(e) After Completion of Inspection Report. The QEC retains the right to overrule Supplier's analysis results and categorization of the parts upon review of the completed Inspection Report. For example, the QEC may classify a part as "Accepted" even if the Supplier's analysis categorizes it as NTF or CAF. This may be done if the QEC determines Supplier has failed to adequately support its testing and analysis with the necessary documentation, the Supplier performed insufficient testing and analysis, or Supplier failed to conduct the testing and analysis in accordance with Section 2.6 above.

(f) Monitoring of QEC-Tool Exports. The Supplier will receive monthly QEC-Tool exports (detailing the amount of reclaimed parts analyzed, amount of “Accepted” parts, amount of analysis delays, amount of logistic delays, and amount of overruled parts).

(g) Disagreement with QEC. The Supplier should actively monitor the QEC's responses, especially overruled parts. In the event the Supplier disagrees with QEC's determination of the categorization or QEC's determination of an analysis or logistical delay, Supplier shall notify QEC in writing no later than fourteen (14) Calendar Days after QEC's determination is posted on the QEC-Tool. In the event that Supplier does not notify QEC within such time period, Buyer shall close out the analysis of the applicable parts and QEC's determination shall be final and binding.

SECTION 3: WARRANTY COST RECOVERY

3.1. Financial Recovery. Financial recovery is fundamentally based on the information provided via Buyer's SRS (or any successor system) which is located on the Supplier portal. SRS serves as an interface between the QEC and suppliers. SRS supplies warranty data including costs associated with field claims. Supplier is responsible for maintaining access to SRS.

3.2. Warranty Claim Cost Elements. The Buyer warranty claim consists of the five (5) basic cost elements set forth in the MTDP (labor, part, parts handling, sublet/outsourced, and indirect costs). Together, these cost elements represent the total expense to the Buyer or Buyer Affiliate resulting from the warranty service performed on the Vehicle (the “Warranty Cost”). The calculation is as follows:

Warranty claim cost elements = labor + part + parts handling + sublet (or outsourced) + indirect cost

(a) Labor: The standard retailer repair time to replace or repair a failed part, based on the Vehicle Time Guide, multiplied by the average retailer labor rate.

(b) Parts: Replacement parts provided to the retailer from the Parts Distribution Center or Mercedes Global Logistics Center, calculated at landed cost.

(c) Parts Handling: The mandatory parts handling charge for administration and handling of defective parts as paid to the retailer and as may be dictated by applicable state or local laws. Parts handling is also referred to as Dealer Handling Charge (DHC) (the “Dealer Handling Charge”).

(d) Sublet/Outsource: Repairs or services not provided by the retailer (e.g., machine shop, paint shop, etc.) but required for fulfilling the warranty service.

(e) Indirect Cost: Consequential damages, e.g., damage caused to other components as result of the defective part (e.g., heater core leak damages the interior), mobility/loaner car costs, and other costs or damages incurred as a result of the failure of a part.

3.3. Monthly Preliminary Withholding Process. The Supplier will participate in a preliminary warranty withholding process, which will take place on a monthly basis, where the withheld amount will be based on the determination set forth below. Buyer will deduct the applicable amount from the amounts payable to the Supplier. These deductions will be calculated using a preliminary withholding rate (see Section 3.3(c), (d)) and processed automatically on a monthly basis. The calculation is as follows:

$\text{Monthly Preliminary Withholding (per PF)} = \text{withholding rate} \times \text{Supplier's worldwide warranty claims}$
--

(a) Insufficient Funds. If there are insufficient funds in the Supplier's payables account, the following options may apply:

- i. Buyer may automatically withhold the funds of Supplier or an affiliate (if authorized by affiliate);
- ii. The withheld funds may be deferred to the following month(s) or until sufficient payables are available; or
- iii. An invoice will be issued, and the Supplier must pay all invoices within 30 days of receipt, unless otherwise agreed. Invoices may be issued via email to Supplier at the address provided to Buyer.

(b) Preliminary Withholding Amount Determination (Compliance Standards). Supplier's compliance standards (the "Compliance Standards") will be assessed every six months. The Compliance Standards include:

- i. Average analysis time (per the QEC-Tool) is less than or equal to twenty-eight (28) Calendar Days;
- ii. Technically overruled parts (per the QEC-Tool) are the less than 20%;
- iii. Logistically delayed parts (per the QEC-Tool) are less than 10%;
- iv. No Q-H:ELP classification;
- v. Supplier shall maintain an analysis concept for every PF compliant with MBN 10448 Field Failure Analysis and the VDA Volume: Field Failure Analysis & Audit Standard. Refer to "Supplier Business Card" contained in Supplement 2 of MBN 10448; and
- vi. Supplier shall also collect the "required KPIs" specified in MBN 10448 Field Failure Analysis and VDA Field Failure Analysis & Audit Standard and submit them to the QEC each month or alternative agreement. Refer to "Quality Report Field Supplier" contained in Supplement 3 of MBN 10448.

(c) In Compliance. If the Supplier meets all the above Compliance Standards, the following withholding rates will apply until the next assessment is performed:

- i. A preliminary withholding rate of 50% will be withheld unless the AR from the previous warranty bill is higher than 50% for a particular PF;
 - ii. If the Annual AR from the previous year is higher than 50%, the Annual AR from the previous year will apply as the withholding rate for a particular PF.
- (d) Out of Compliance. If the Supplier fails to meet the above Compliance Standards, Buyer will withhold 100% of worldwide Warranty Costs. The withholding is based on worldwide Warranty Costs, incurred by the actual warranty claims made by customers at Mercedes-Benz Dealerships.
- (e) GALA Agreement. Notwithstanding the foregoing, if a GALA Agreement exists between the QEC and Supplier, the AR for the specified production ranges in such GALA Agreement will be applicable and always take precedence over the otherwise described chargeback percentages described above.
- (f) Parts not Assigned to PFs. Claims of parts not assigned to PFs will be withheld at 100%, independent of the supplier's achievement of the Compliance Standards (see Section 3.6 for how supplier can handle unassigned parts).
- (g) Parts Not Analyzed. If the Supplier has not analyzed any parts, and therefore there are no Compliance Standards to assess, a preliminary withholding rate of 50% will be applied.

3.4. Annual Recovery Volume. The Annual Recovery Volume is equal to the annual AR multiplied by the Supplier's worldwide Warranty Costs (as shown below).

$$\text{Annual Recovery Volume (per PF)} = \text{Annual AR} \times (\text{Supplier's worldwide Warranty Costs} + \text{shipping costs})$$

- (a) The above shall represent actual end of year total cost responsibility of Supplier for the respective Repair Year beginning January 1st and ending December 31st.
- (b) PNAK costs will also be included in worldwide Warranty Costs. PNAK claims refer to vehicles with no registration and fewer than 1,500 km. These may include, but are not limited to, the following:
- i. Campaigns at VPC;
 - ii. Rework at VPC;
 - iii. Rework at Dealer.
- (c) In addition, to the costs above, Supplier shall also pay Buyer its share of the shipping costs incurred by QEC as a result of shipping the parts to Supplier during the respective Repair Year (the "Annual Shipping Costs"). The amount owed by Supplier shall be equal to the Annual AR multiplied by Annual Shipping Costs for the respective year for each PF.

(d) Annual AR Calculation after Parts Analysis. All parts sent to the Supplier and identified in the QEC-Tool as “part relevant for acceptance rate” are taken into account when establishing the AR. Annual AR is calculated as follows:

$\text{Annual AR (PF Based)} = \frac{\text{amount of defects Accepted} + (\sum[\text{NTF part} * \text{NTF share rate of cluster}]) + (\sum[\text{CAF part} * \text{CAF share rate of cluster}])}{\text{number of parts analyzed}}$

- i. For Parts that have been Accepted: The AR is derived from the QEC-Tool results and is specific for each PF (refer to Section 3.6). It is determined by adding up the number of analyzed parts marked as "Accepted" by the QEC (see Section 2.13 for overruling and delays) and dividing that total by the number of parts analyzed.
- ii. For Parts that have been Categorized as NTF or CAF: The AR is determined by the following criteria:
 - If a part is deemed “NTF” or “CAF” and the trigger is not reached (refer to Section 4.1(b)), the Buyer and Supplier will have a 50:50 pain share. The Supplier’s AR will be 50% for all related parts in that cluster. For CAF topics, where the Supplier can provide clear proof that root cause was solely due to the fault of the end-customer or Buyer, the Supplier's responsibility will decrease to 0%.
 - If a part is deemed “NTF” or “CAF” and the trigger is reached (refer to Section 4.1(b)), and the part did not undergo a NTF or CAF project, then the Supplier’s AR will be 100% for all related parts in that cluster that has reached the trigger criteria. For CAF topics, where the Supplier can provide clear proof that root cause was solely due to the fault of the end-customer or Buyer, the Supplier's responsibility will decrease to 0%. This Section shall supersede that of the 50% MBN statement.
 - If a part is deemed “NTF” or “CAF” and did undergo a NTF or CAF Project, then the Supplier’s AR will be determined by the outcome of the analysis and can go down to 0% for all related parts in that cluster, if it was sufficiently proven that the Supplier is not at fault for the failure of the parts. If the result remains “NTF” without any indication if Supplier or customer or Buyer is in focus of the fault, then the responsibility between Supplier and Buyer will be split 50:50.
 - If a part is deemed “NTF” or “CAF” and is still undergoing a NTF or CAF Project, the QEC reserves the right to postpone / defer the AR determination of the affected PFs to the following Repair Year’s True-Up process. A CAF / NTF project-specific True-Up can be performed upon completion of the project.

iii. Parts Not Analyzed. If the Supplier has not analyzed any parts during the Repair Year, then an Annual AR of 50% will be applied to all Warranty Costs.

(e) AR Validity Period. The Annual AR is valid for all warranty claims during respective Repair Year (January 1st – December 31st). This rate may build the foundation for the monthly withholding rates of the following months (refer to Section 3.4 (c), (d)).

(f) Discrepancies. Any discrepancies between preliminary monthly withholding rate and annual AR will be compensated in the annual True-Up.

3.5. ARs Applied to PFs. All withholding rates and ARs, for the monthly withholdings as well as for the annual True-Up process, always apply to specific part families.

(a) A PF is a set of part numbers representing similar parts from one Supplier. Part families are defined and maintained in the SRS System. If defective parts with new part numbers are presented during the year or new spare part numbers arise within the warranty system (“SRS”), part families may be expanded or modified during the year. The Supplier shall be responsible for determining the PF assignments; however, the Buyer retains the right to require that a different assignment be used. The final assignment itself can only be implemented by the QEC in the SRS-System. The Supplier needs to notify the QEC about any request for a new or changed assignments so the QEC can review and, if approved, execute in SRS.

i. Examples of PF assignments include, but are not limited to:

- Parts with the same production part number and service part number;
- Special (country) versions of a part, if there are no significant technical variations;
- New improved versions replacing an older version of a part;
- Parts that can be substituted interchangeably in a workshop repair; and
- Parts across model series for similar and technically comparable components.

(b) Parts not assigned to a PF, also referred to as Einzelteile, will be withheld with a rate of 100%. Once the Supplier determines the appropriate PF assignments and notifies the QEC, the withholding rate will be adjusted according to the PF for future withholdings.

(c) If parts are assigned after the True-Up bill is issued, the AR cannot be retrospectively adjusted for previously unassigned parts.

3.6. Audits (Additional Considerations for Annual AR). The QEC can audit the Supplier's compliance, test procedures, and execution of the MBN 10448 Field Failure Analysis and the VDA Volume: Field Failure Analysis & Audit Standard at any time. If it is discovered during such audit that Supplier failed to comply with such procedures and standards, the AR for all related part families will be adjusted as outlined below:

(a) Audit results and degree of compliance with procedures and standards and change to AR:

- i. 100% - 85% compliance will lead to no change in the AR
- ii. 84% - 80% compliance will lead to a three percentage points increase in the AR
- iii. 79%-70% compliance will lead to a ten percentage points increase in the AR
- iv. <70% compliance will lead to an AR of 100%

(b) The increases to the AR set forth above will be applied to the Annual AR. In addition, the increased AR rate for such parts will remain in place until the Supplier complies with the required procedures and standards. This determination will be made by QEC after conducting a secondary (follow-up) audit.

3.7. True-Up Process. After the Repair Year has concluded, the Annual Recovery Volume will be calculated. Based on the total amount withheld via the monthly preliminary withholding, a corresponding end-of-year True-Up will be made (the "True-Up").

(a) Above Annual Recovery Volume. If the monthly preliminary withholding exceeds the Annual Recovery Volume, then the Buyer will provide a release of the applicable funds (e.g. by issuing a reimbursement).

(b) Below Annual Recovery Volume. If the monthly preliminary withholding is less than the Annual Recovery Volume, then an additional withholding will be made. (Refer to Section 3.4 on how withholdings will be processed.)

(c) Execution Time Period. The QEC will determine the Annual Recovery Volume and provide the calculation to the Supplier prior to executing the True-Up. The QEC will execute the True-Up fourteen (14) days after Supplier's notification. If Supplier does not dispute such True-Up within fourteen (14) days, the True-Up bill will be executed by the QEC as provided.

3.8. Exchange Rates and Interest Rates. Warranty costs are recorded in EUR through SRS. Withholdings and invoice payments are processed in USD. To convert from EUR to USD, the following exchange rate will be applied:

(a) Monthly Preliminary Withholding. For the monthly preliminary withholding, the exchange rates will be based on the monthly average of the repair month.

(b) Year-End True-Up. For the year-end True-Up, the exchange rates will be based on the yearly average of the Repair Year.

(c) Interest. No interest shall be applicable to any amounts withheld by Buyer or owed to Buyer for the Warranty Costs set forth in this Buyer Warranty Process, and the parties hereby waives any right to claim or receive interest on such amounts.

3.9. Changes and Relocations. In the event of product changes, process changes or production relocations that were not approved by Buyer in accordance with the MTDP, the AR shall be deemed to be 100%, unless the Supplier proves that there is no causal connection with the occurrence of the defect and such changes or relocations. This provision shall apply to parts procured by the Supplier from Lower Tier suppliers in the case of assemblies or multi-part deliveries.

3.10. Claims Despite Acceptance. Neither Buyer's use and/or approval of submitted samples, nor Supplier's compliance with test provisions shall affect Buyer claims. Buyer claims also shall remain unaffected if the defective goods or defective parts are manufactured or supplied by a Lower Tier suppliers.

3.11. Software-Related Failure. The costs related to defects in software provided by Supplier and the labor costs for updating software in the field will be expensed to the Supplier. An estimated labor cost will be calculated for all affected Vehicles and this will be used to invoice the Supplier.

(a) If improved software is not available in the market via standard Buyer after sales tools, the Supplier will be responsible for the full cost of a claim where parts are exchanged to remedy defective software failures/symptoms.

SECTION 4. NTF AND CAF PROJECTS

4.1. NTF and CAF Projects. A NTF or CAF Project is used to find the root cause of a problem that could not be identified during the part analysis. It begins once the NTF Triggering Criteria, set forth below, are met (the "NTF Project") or the CAF Triggering Criteria, set forth below, are met (the "CAF Project"). These projects are a collaborative effort between Buyer and Supplier with the goal of identifying the cause of the problem and properly addressing of the issue. These projects will shift the focus from the individual part to a broader investigation through data analysis, system testing, and/or process evaluation. The depth and magnitude of the projects will vary based upon the difficulty of determining the root cause. In instances where the root cause is quickly identified, the project will be very limited.

(a) The Supplier shall perform an NTF or CAF Project, pursuant to VDA Volume "Field Failure Analysis & Audit Standard". The Supplier is also required to consider Mercedes-specific additions that are further detailed in MBN 10448 "Field Failure Analysis."

(b) NTF and CAF Triggering Criteria. In accordance with MBN 10448, the following criteria shall trigger an NTF process:

- i. If, after performing the damaged part analysis, no defect corresponding to the customer complaint has been identified in the case of 10 or more analyzed parts with the same customer complaint cluster within a PF and within a six-month period (designation e.g. "OK as per inspection"); or
- ii. In the case of every one priority part, whereas priority is defined as parts marked as launch, safety relevant or breakdown, or for cases of topics that potentially justify or can justify a statutory product liability claim against Buyer or the Supplier, the counter).

(c) The NTF process shall be used analogously for CAF clusters with the same above-mentioned triggering criteria.

(d) In justified cases, a high NTF percentage and non-adherence to the NTF process can lead to a change in Supplier classification from a quality point of view (i.e., a classification within Q-H:ELP).

(e) If Supplier does not perform an NTF process, or CAF process, despite the triggering criteria being reached, all of the parts applicable to such process will be deemed "Accepted". Therefore, this will result in a negative impact to the AR (refer to Section 3.5(d)(ii)).

(f) Communication/Documentation of the NTF or CAF Process. To ensure a mutual understanding of when an NTF or CAF trigger has been reached, the Supplier will receive automatic reports of the "customer complaint clusters" (considering the nature of technician findings and customer complaints) which will be sent to Supplier from the QEC-Tool. These reports will be issued as soon as an Inspection Report is closed.

(g) Supplier shall continually monitor the reports sent by the QEC-Tool which shall be used by Supplier to determine if the NTF or CAF triggering criteria has been met for any cluster of parts. Once the triggering criteria has been met for an applicable part or cluster, Supplier must initiate and notify QEC as soon as a NTF or CAF Project has commenced. The report of the "customer complaint clusters" may serve as a baseline for notification/commenting on NTF or CAF Projects and sending it back to the QEC team for information.

(h) Supplier shall initiate such project in accordance with MBN 10448 Field Failure Analysis and VDA Volume: Field Failure Analysis & Audit Standard. Supplier has the option to start a NTF or CAF Project prior to triggering criteria being met to prove the defect is not the responsibility of Supplier. Part of the NTF and CAF processes shall include Supplier's completion of the NTF Checklist.

(i) Supplier and Buyer will work together transparently, sharing insights and data to resolve issues efficiently. To support this effort, the QEC may also conduct in-car testing of certain models and commodities, if available. This cooperative approach is designed to bring clarity and mutual understanding to the process.

(j) It is understood that it is Supplier's responsibility to determine if the triggering criteria is met and to perform the necessary requirements for the NTF or CAF Project. While the QEC will assist with the project, the QEC is not obligated to lead any projects initiated by Supplier.

(k) Conclusion of Project. The outcome of the NTF or CAF Project will be documented by QEC in the QEC-Tool.

(l) Discontinuation. Buyer and Supplier can jointly decide on the discontinuation of an already started NTF or CAF process due to the lack of prospects of success.

SECTION 5. HIGH VOLTAGE BATTERY COMPONENTS

5.1. This Section applies to Suppliers of Product and/or Service Parts consisting of high-voltage (“HV”) battery components and any associated warranty claims for the high-voltage battery components by Buyer to Supplier.

5.2. This Section supersedes any other warranty processes or requirements described in the Buyer Warranty Process above or in the Master Terms Direct Purchasing (the “Warranty Requirements”) solely to the extent the contents herein specifically contradict such Warranty Requirements. Notwithstanding the forgoing, in all cases where possible, this Section should be interpreted to complement, rather than replace, the Warranty Requirements.

5.3. HV Products out of compliance with Specifications and Requirements. Supplier acknowledges that the delivery of HV Products which do not meet Buyer’s specifications and requirements may result in the need to remove, transport, repair, remanufacture, and/or recycle vehicle batteries and incur costs related thereto.

(a) Costs and Damages. In accordance with the above, Supplier is responsible for all such costs, including any special, indirect, or consequential damages.

(b) To the extent Buyer, Buyer Affiliate, Mercedes, or a Mercedes subsidiary operate or Mercedes contracts with a provider of a remanufacturing/recycling program for HV batteries, Buyer may place HV Products which do not meet Buyer’s specification and requirements in such remanufacturing/recycling program in an attempt to minimize replacement cost for HV batteries, and therefore cost to Supplier, but is not obligated to do so. Whether Buyer places an HV Product in the remanufacturing/recycling program is in Buyer’s sole discretion, and Supplier shall have no right to approve, object, or otherwise participate in Buyer’s decision.

5.4. Warranty Claim Cost Elements. If the entire HV battery needs to be replaced due to Supplier's defective HV Product(s), the following battery material costs apply:

- (a) if a remanufactured/recycled HV battery is available at the retailer's repair facility: the retail landed cost of the remanufactured HV battery; or
- (b) if no remanufactured/recycled HV battery is available at the retailer's repair facility: the difference in value between a new HV battery and the residual value of the defective HV battery.

SECTION 6. DEFECTS

6.1. Evaluation of Defect. Buyer shall not be obligated to conduct any pre-inspection of the part(s) before shipping them to the Supplier. Furthermore, any inspection conducted or failure to inspect by Buyer shall not lessen the Supplier's obligations.

6.2. Notification of Discovered Defects. Supplier shall notify Buyer within 48 hours of discovering any defect or non-conformity in any Product or Service Parts, including a preliminary identification of the root cause. The Supplier must subsequently provide a notice detailing the actual root cause and indicating whether and when the issue can be resolved.

SECTION 7. DEFINITIONS

7.1 Each term defined above or below has the same meaning in this Agreement whether it is used in its plural, singular, or possessive form. As used herein, unless expressly provided otherwise, the following terms shall have the meanings given below:

- 7.2 "8D Report" means 8 Disciplines Analysis Report.
- 7.3 "AR" means Acceptance Rate.
- 7.4 "Annual Recovery Volume" shall have the meaning set forth in Section 3.5 of this Agreement.
- 7.5 "Annual Shipping Costs" shall have the meaning set forth in Section 3.5(c) of this Agreement.
- 7.6 "Buyer" shall have the meaning set forth in the MTDP.
- 7.7 "BWP" means this Buyer Warranty Process.
- 7.8 "Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks located in the State of Alabama are authorized or required by law to be closed.
- 7.9 "CAF" means Customer at Fault.
- 7.10 "CAF Project" shall have the meaning set forth in Section 4.1 of this Agreement.
- 7.11 "Calendar Day" means any day including, but not limited to, weekends and holidays.

7.12 “Compliance Standards” shall have the meaning set forth in Section 3.4(b) of this Agreement.

7.13 “Dealer Handling Charge” shall have the meaning set forth in Section 3.3(c) of this Agreement.

7.14 “Due Date” shall have the meaning set forth in Section 2.8 of this Agreement.

7.15 “GALA Agreement” means, as to any party, an acceptance rate agreement for a specific part or PF, which has been agreed upon and signed by both the Buyer and the Supplier, covering specific models (car lines) and production ranges of warranty claims.

7.16 “HV Product” means any Product, or portion thereof, supplied by Supplier to Buyer, which includes high-voltage battery components.

7.17 “Inspection Report” means, as to any party, a group of reclaimed part(s) the QEC has shipped to the Supplier as one cluster.

7.18 “MBN” means Mercedes-Benz Norm. Documents can be accessed through the DocMaster application in the Supplier Portal.

7.19 “Mercedes-Benz Dealership” means any retail location of any authorized Mercedes-Benz Dealer.

7.20 “MTDP” means Buyer’s Master Terms Direct Purchasing. Documents can be accessed through the DocMaster application in the Supplier Portal.

7.21 “NTF” means No Trouble Found.

7.22 “NTF Project” shall have the meaning set forth in Section 4.1 of this Agreement.

7.23 “NTF Checklist” means No Trouble Found Checklist and is Supplement 1 of MBN 10448 and shall have the same meaning as set forth therein. Documents can be accessed through the DocMaster application in the Supplier Portal. The NTF Checklist shall be applicable to both NTF and CAF processes.

7.24 “PF” means Part Family.

7.25 “PO” means Purchase Order.

7.26 “PNAK” means Production Rework Costs.

7.27 “QEC” means Quality Engineering Center.

7.28 “QEC-Tool” means the system used by both the QEC and the Supplier for communication, tracking and data sharing related to field failure analysis. The system can be accessed through the Supplier Portal.

7.29 “Q-H:ELP” means the concept for Quality challenges: Detection, solution and prevention.

7.30 “Quality Report Field Supplier” is Supplement 3 of MBN 10448 and shall have the same meaning as set forth therein. Documents can be accessed through the DocMaster application in the Supplier Portal.

7.31 “Repair Year” means the calendar year during which repairs are completed.

7.32 “SRS” means Supplier Recovery System. The system can be accessed through the Supplier Portal.

7.33 “Supplier Business Card” is Supplement 2 of MBN 10448. Documents can be accessed through the DocMaster application in the Supplier Portal.

7.34 “Supply Agreement” shall have the meaning set forth in Section 1.5 of this Agreement.

7.35 “True-Up” shall have the meaning set forth in Section 3.8.

7.36 “VDA” means German Association of the Automotive Industry.

7.37 “Warranty Cost” shall have the meaning set forth in Section 3.3 of this Agreement.

7.38 “Warranty Requirements” shall have the meaning set forth in Section 5.2 of this Agreement.