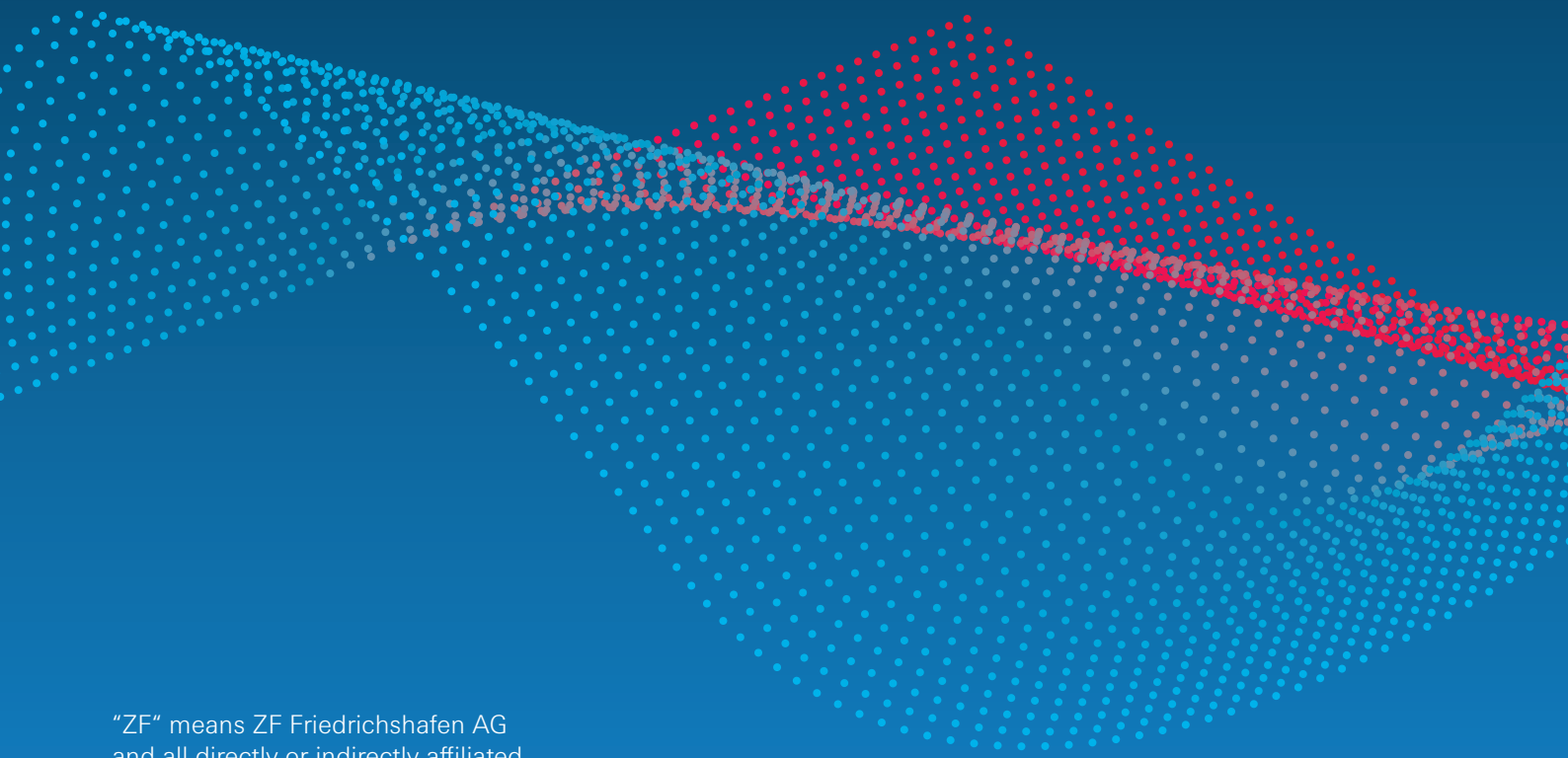
Global Logistics Directive

Version 2022



"ZF" means ZF Friedrichshafen AG and all directly or indirectly affiliated companies according to §§ 15 ff. German Stock Law including but not limited to those companies where ZF Friedrichshafen AG holds a share of at least 50 %.

Content

List of Abbreviations

AEO
Authorized Economic Operator

ASN
Advance Shipping Notice

C-TPAT
Customs Trade Partnership against Terrorism

DAP
Delivered at Place (Incoterms® 2020)

EDI
Electronic Data Interchange

EDIFACT
Electronic Data Interchange for Administration, Commerce and Transport

ENS
Entry Summary Declaration

FCA
Free Carrier (Incoterms® 2020)

GLD
Global Logistics Directive

IATF 16949
Technical Specification issued by International Automotive Task Force

MMOG/LE
Materials Management Operations Guideline/Logistic Evaluation

Incoterms
International Commercial Terms

ISF
Importer Security Filing

JIS
Just in Sequence

JIT
Just in Time

MRP
Material Requirement Planning

MVOS
Material Visibility Overseas Process

RFQ
Request for Quotation

SupplyOn
ZF web-based Supplier Portal

TAPA
Transported Asset Protection Association

TOMS
Transport Order Management System

TTOP
Title & Risk Transfer Our Premises

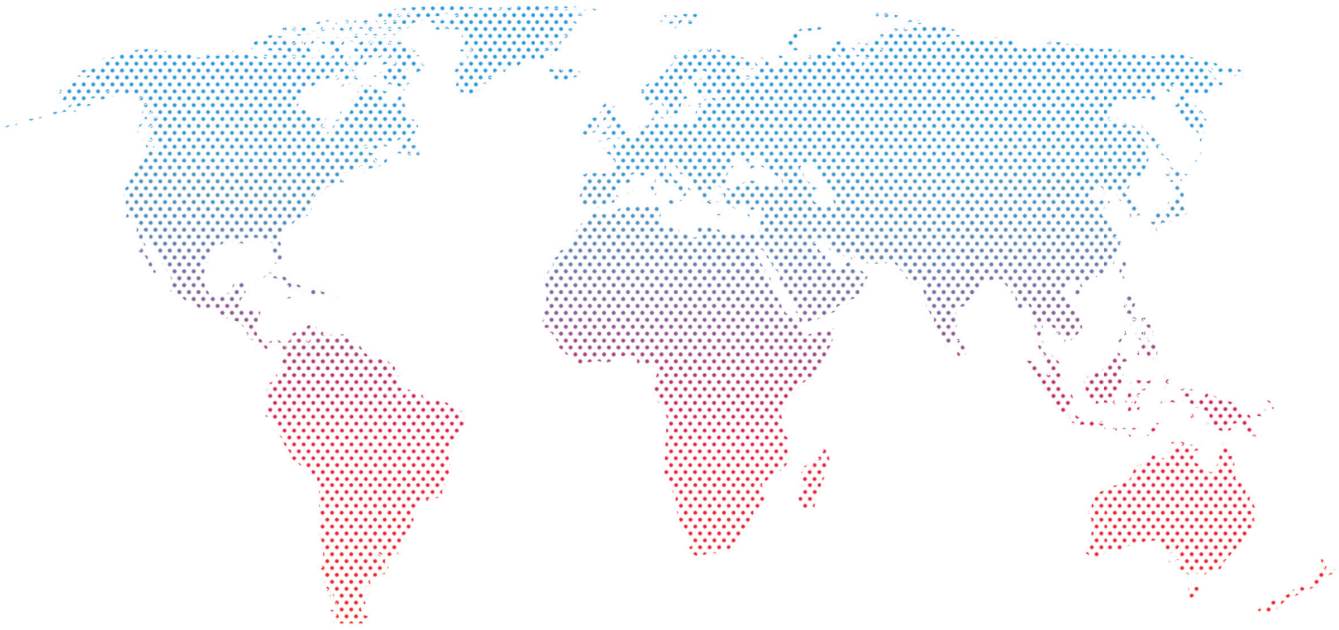
VMI
Vendor Managed Inventory

WORKING DAY
Monday to Friday without bank holidays in the country of the ordering ZF plant

WebEDI
Web-Interface for Electronic Data Interchange

Preface

Motion, Mobility and Safety –
ZF is shaping the future of the mobility



Over the past decade, ZF has grown considerably in size and significantly gained importance in the global automotive and industrial supplier market.

With its comprehensive technology portfolio, ZF offers integrated solutions for established vehicle manufacturers, mobility providers and start-up companies in the fields of transportation and mobility. ZF continually enhances its systems in the areas of digital connectivity and automation to allow vehicles to see, think and act. Today ZF's customer base is global and the markets ZF is operating in are increasingly dynamic. This requires the ability to be agile and respond efficiently to new challenges on the global markets, for ZF as well as for its supplier partners.

Member of the Board of Management

Wilhelm Rehm

Head of Corporate Supply Chain Management

Dr. Steffen Kilimann

1. Scope of Application

The present Global Logistics Directive (GLD) is valid for all production materials and the associated spare parts purchased by the locations of ZF Group worldwide. It applies to all suppliers providing those production materials and associated spare parts to ZF. This directive replaces all prior versions of the GLD and WABCO's Logistics Protocol.

Additional agreements, guidelines, etc. may be appended by ZF, including but not limited to:

- Regional, plant and/or project specific logistics directives or agreements
- Delivery performance target agreement
- Consignment Warehouse Agreement
- Customs Consignment Warehouse Agreement (consignment in a bonded warehouse)

2. Securing the Supply Chain

Supplier acknowledges and agrees to adhere to all necessary trade programs and security procedures required by ZF and any government or customs authorities.

Security procedures required by ZF:

Supplier hereby declares that Goods which are produced, stored, forwarded, or carried by order of ZF and which are delivered to ZF or which are taken for delivery by ZF:

- are produced, stored, prepared, and loaded in secure business premises and secure loading and shipping areas (e.g. site protection, air freight security) and:
- are protected against unauthorized interference during production, storage, preparation, loading and transport.

Furthermore, supplier ensures that:

- reliable staff are employed for the production, storage, preparation, loading and transport of these Goods.
- screening of employees and business partners against all applicable antiterrorism and denied party lists takes place regularly, to guarantee all applicable antiterrorism and denied party regulations are adhered to.
- business partners, who are acting on behalf of supplier, also ensure the supply chain security as mentioned above.

Security procedures required by any government or customs authorities, for example:

- **ISF** (Importer Security Filing) applies to Goods that are shipped in containers to the USA by sea.
- **ENS** (Entry Summary Declaration) is an entry summary declaration, which must be submitted electronically via the Import Control System, containing security relevant data for all Goods entering the customs territory of the European Union from a third country.

Participation in international security initiatives, such as the following, is strongly recommended:

- **C-TPAT** (Customs-Trade Partnership Against Terrorism) is a voluntary US program for supply chain security against terrorism. C-TPAT is an equivalent to the US counterpart to the European Authorized Economic Operator (AEO).
- **AEO-S** (Authorized Economic Operator-Security) is a status for companies established in the European Union to secure international supply chains.
- other equivalent international security initiatives.

At supplier-controlled transports (according to the agreed Incoterms®), supplier shall be responsible to ensu re the security within the supply chain and meet the relevant security standards e.g. Transported Asset Protection Association (TAPA) standards.

The Programs are beneficial for any supply chain (national and international) and offer security. Since there are different security programs in the areas of customs and transport, the supplier should participate in one of the security programs.

3. Information and Communication

The information flow is the basis for a well-functioning supply chain. Supplier ensures that Goods are delivered to ZF in accordance with the transmitted material requirements planning (MRP) data. If for any reason supplier is unable to meet the delivery call-offs and without affecting any other rights and remedies of ZF, supplier will notify ZF by email and by phone proactively and immediately once the issue is known.

3.1 Contacts and Accessibility of Supplier

Supplier shall provide a contact person for daily business as well as for logistics issues and a suitable trained back-up contact (name and contact details). All contact persons can fluently communicate in English, to provide all necessary information and support for ZF. The respective national language is sufficient if the supplier and the affected ZF plant are in the same country (same language area).

Supplier ensures that supplier's contact data in SupplyOn Business Directory are always up to date.

3.2 Supplier's Planned Production Shutdown Time

Supplier ensures the delivery of Goods according to the MRP data also during supplier's planned production shutdown time. Supplier shall provide a listing of planned down times for holidays, vacations, etc. to the affected ZF plant once the planned down times are defined by supplier. When requested by ZF, supplier shall develop and implement plans to maintain and ensure the continuity of supplies.

3.3 Electronic Data Interchange

Data exchange between supplier and ZF takes place either via EDI or WebEDI.

Supplier shall use communication mode and format for the applicable electronic process as shown in the table below. The determination which electronic processes shall be used, will be agreed between the respective ZF plant and supplier. Costs incurred for technical connection of the supplier system shall be borne by supplier.

Electronic Process	Communication mode	VDA-recommendation	EDIFACT format	SupplyOn
Delivery Schedule / Purchase Order	EDI or SupplyOn	VDA 4984	DELFOR D04A	Format description is available on SupplyOn Guidelines
Advanced Shipping Notification (ASN)	EDI or SupplyOn	VDA 4987	DESADV D07A	
Credit Note	EDI or SupplyOn	VDA 4938	INVOIC D07A	
Consignment Stock Information	EDI or SupplyOn		INVRPT D97A	
Performance Monitor	SupplyOn			
Transport Order Management System (TOMS)	SupplyOn			
VMI Monitor	SupplyOn			
Kanban	EDI		DELJITD97A	
JIS / JIT	EDI		DELJITD97A	

WebEDI - SupplyOn

ZF uses the SupplyOn portal to exchange data. The application and use of the SupplyOn portal are mandatory for all suppliers who are connected via WebEDI. Suppliers who use classical EDI are required to use only selected processes via SupplyOn. Information about SupplyOn is available on the ZF homepage www.zf.com, including the contact details of the ZF Onboarding Team. The supplier is accompanied by the ZF Onboarding Team right from the start.

4. Capacity Planning, Flexibility, Monitoring and Scheduling

Capacity Planning

The overall obligation of ZF's suppliers is to secure the delivery of ZF. This requires supplier to make a regular comparison between the MRP data from ZF and supplier's available short-, mid- and long-term capacities. Furthermore, ZF may provide separately additional project horizon demand. Supplier shall take also such additional demand data into consideration for its capacity planning.

ZF receives delivery call-offs and forecasts from its customers. These customer's demands and ZF's estimation of the market situation are the basis for the MRP data to determine the quantities and delivery dates for all goods within the short- mid- and long-term period. ZF's customers are constantly changing delivery schedules and forecast quantities, because the automotive and industrial markets are fast moving and volatile. ZF and ZF's suppliers must follow these fluctuations. For that reason, ZF requires a high flexibility from its suppliers.

ZF transmits the respective MRP data consisting of the quantities and delivery dates to supplier on part number level, pursuant to the agreed call-off procedure described in Chapter 5. Supplier receives MRP data with the current required delivery dates and quantities for each product with up to 24 months forecast depending on the Goods and respective ZF plant. This forecast data is non-binding for ZF, if not otherwise described below. ZF provides on a regular basis (e.g. daily or weekly) updated MRP data and/or provides updates if a change of the delivery dates and/or quantities is necessary. Accordingly, only the respective most recent MRP data is relevant for each product.

Validity of MRP Data

MRP data become binding for supplier if supplier does not object within 2 working days after provision of the respective MRP data.

An objection is excluded, if:

- the quantities are within the flexibility rates as defined in the short-term flexibility below; or
- the quantities do not exceed the capacity that needs to be reserved as defined below.

However, a supplier's objection is only possible regarding volumes exceeding such agreed capacity that needs to be reserved.

Short-Term Flexibility

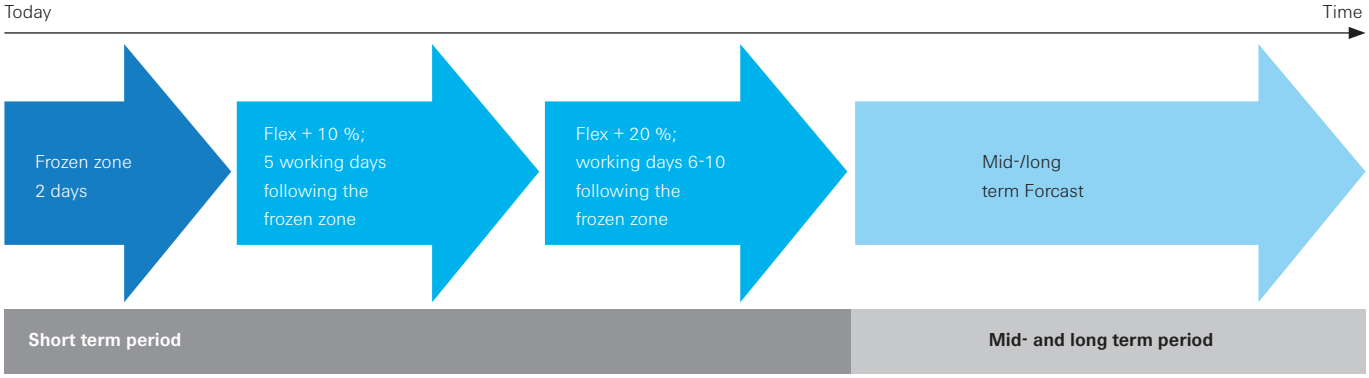
As indicated above, the MRP data consist of information regarding quantities and delivery dates in the short-, mid- and/ or long-term horizon.
The short-term period is divided into a period with fixed dates and quantities (frozen zone) and a period that requires a short-term flexibility as defined below:

- The frozen zone period, which is binding for supplier and ZF, shall be, based on the actual calendar date, the next 2 (two) working days.
- The remainder of the short-term period shall be binding for supplier in this regard that supplier shall only be authorized to object against MRP data by ZF if the quantities within:
  - o the 5 (five) working days following the frozen zone exceed plus 10 (ten) % compared to the latest MRP data.
  - o working days 6 (six) to 10 (ten) following the frozen zone exeed plus 20 (twenty) % compared to the latest MRP data.

However, in case supplier should be authorized to object against MRP data, the objection is only allowed regarding volumes exceeding the aforementioned or agreed flexibility rates.

There is no frozen zone in the Vendor Management Inventory (VMI) process and the short-term flexibility for VMI shall be based on the actual calendar date.

Production View Supplier



Quantities and dates of the Goods that are already in transit will not be changed.

Capacity to be reserved & mid- and long-term flexibility

The capacity to be reserved by supplier shall be based on the latest provided MRP data for the next consecutive 12 months. In case the MRP data show less than 12 months data, supplier shall extrapolate the data to 12 months plus 20% yearly volume flexibility. The capacity to be reserved including yearly volume flexibility shall be based on a capacity of 5 working days per week. Furthermore, any possible ramp up curves during the year need to be considered.

ZF and supplier may agree on dedicated capacity to be reserved by project specific agreement(s) or by using a Supplier Capacity Commitment Sheet.

If required by ZF supplier shall submit a completed and signed Supplier Capacity Commitment Sheet, provided by ZF. The Supplier Capacity Commitment Sheet can be found on www.zf.com.

The Supplier Capacity Commitment Sheet is usually on Part Number Level and defines the volumes in pieces (pcs), bottleneck capacity (pcs), machine Utilization (%) and a volume flexibility. This capacity to be reserved, including volume flexibility, shall be calculated on an annual unit quantity, based on a capacity of 5 working days per week to the extent, that the Supplier Capacity Commitment Sheet does not describe volumes for subsequent calendar years.

Monitoring

In case supplier has any capacity constraints or shortages, supplier shall contact the affected ZF plant immediately, providing a robust recovery plan to ensure deliveries in accordance with the provided MRP data considering the capacity to be reserved and the volume flexibility. Costs incurred by Supplier are to be borne by Supplier if not otherwise agreed. Cost coverage by ZF, require ZF's prior written authorization.

Scheduling

ZF orders Goods either on Pick-up date or on Goods receipt date depending on the respective ZF plant.

- Goods receipt date: Supplier shall consider the planned transport time and method of transportation (e.g. full container load, less than container load, etc.) to notify the freight forwarder in due time for the pickup of the Goods.

- Pick-up date: Supplier shall notify the freight forwarder in due time to pick up the Goods on the shipping date.

The respective ZF plant will inform supplier, if Goods receipt date or Pick-up date will be used, and which freight forwarder shall be used.

5. Call-Off Procedures

The following definitions describe the different types of call-off procedures which are in use at ZF. The applicable call-off procedure may vary for different ZF plants and will be defined between ZF plant and supplier.

5.1 Definitions

Delivery Call-Off procedure

Delivery call-off procedure is a demand-driven scheduling procedure. Delivery call-offs consist of multiple dispositions characterized by quantities and respective due dates, shown in the Short-, Mid- and Long-Term MRP data, which are updated regularly. These dispositions serve as a planning forecast and include all supplier-relevant information. Only the respective most recent delivery calloff is relevant for the delivery of the respective Good.

The following procedures also include the logic of delivery call-off's for planning but have a different trigger for deliveries.Call-off procedures:

Just-in-Time (JIT)

Just-in-Time (JIT) is a more detailed demand-driven call-off procedure, but with an even more limited inventory range of coverage. JIT is to be understood in this context in such a way that the supply from the supplier is close to ZF's production plant. Delivery call-offs are the basis for the supplier's production planning. Detailed JIT call-offs are the trigger for the deliveries to ZF plants.

The details of the short-term horizon for deliveries to ZF in accordance with Chapter 4 must be agreed through regional, plant and/or project specific logistics directives or other agreements.

Just-in-Sequence (JIS)

Just-in-Sequence (JIS) is also a more detailed demand-driven call-off procedure, in which the delivery of Goods follows exactly the customer's assembly sequence and fits completely into the sequence. Delivery call-offs are the basis for the supplier's production planning. Different part numbers are arranged in a pre-determined order onto a carrier. Goods arrive at the assembly line as planned, just in time and in the sequence of the assembly sequence, before they are assembled. This requires a high degree of synchronicity between supplier and ZF.

The details of the short-term horizon for deliveries to ZF in accordance with Chapter 4 must be agreed through regional, plant and/or project specific logistics directives or other agreements.

KANBAN

KANBAN is a consumption driven call-off procedure. Delivery call-offs are the basis for the supplier's production planning. The trigger for replenishment is the consumption of a KANBAN container. Supplier is obligated to supply new container in the defined replenishment time.

The details of the short-term horizon for deliveries to ZF in accordance with Chapter 4 including the replenishment time must be agreed through regional, plant and/or project specific logistics directives or other agreements.

Vendor Managed Inventory (VMI)

With VMI, supplier is responsible for the amount of Goods available at stock at a named ZF plant or service provider warehouse.

For each part number a minimum and maximum stock (absolute number in pieces), or a minimum and maximum range of inventory coverage (sufficient stock quantities for a certain minimum and maximum number of days) must be agreed on.

ZF provides the MRP data for supplier's planning in form of delivery call-off data including short-, mid- and long-term quantities and dates of the respective required demand, as well as the current stock levels at the named ZF plant or service provider warehouse.

Supplier by considering the current stock levels is responsible for the scheduling of Goods in accordance with Chapter 4 above to safeguard that the stock level at ZF is within the agreed minimum and maximum stock limits or within minimum and maximum range of inventory coverage.

The VMI procedure is applied at ZF only in combination with consignment or consignment in a bonded warehouse.

The details of the short-term horizon for deliveries to ZF in accordance with Chapter 4 and/or minimum and maximum stock levels, might be agreed differently through regional, plant and/or project specific logistics directives or other agreements.

5.2 Purchase Order

For sporadic or one time demands, a purchase order (single order) is created. Such single order determines, in addition to the standard agreements such as price and Incoterm®, usually only one delivery quantity and one delivery date.

5.3 Deviations in Deliveries

Compliance with delivery times and quantities is crucial for ZF and ZF customers. Supplier acknowledges that over-, early-, late- or partial-delivery is only permitted with prior approval of the respective ZF plant. If supplier delivers more than the scheduled quantity or if supplier delivers the scheduled quantity early (in both cases an "over-delivery"), ZF may refuse acceptance of the delivery. ZF may return the over-delivered goods back to supplier at the expense of supplier. The unconditional acceptance of late-, partial-, or over-deliveries does not include a waiver of compensation claims due to ZF because of the late-, partial- or over-delivery.

5.4 Minimum Order Quantity

Minimum order quantities requested by the supplier that exceed the smallest packaging unit are not accepted.

5.5 Cancellation of MRP Data

In exceptional cases, a complete cancellation of the amounts set forth in the respective MRP data may become necessary for ZF, even if such quantities are already deemed to be bindingly scheduled (Frozen Zone) in accordance with the respective call-off procedure and this GLD, regional, plant and/or project specific logistics directives or other agreements. Cancellation is affected by ZF setting the quantities set forth in the MRP Data to zero. As consideration, ZF undertakes the following sole obligations.

Upon such cancellation by ZF, ZF will purchase the quantities of the Goods for the respective order price bindingly scheduled within the frozen zone at the issue date of the cancellation.

Furthermore, ZF will pay supplier the following: (i) the order price for all finished Goods scheduled within the remainder of the Short-term Period following the frozen zone for which Supplier has not been paid; (ii) if Goods have not yet been finished, which have been scheduled within the Short-Term Period, Supplier's reasonable actual costs of merchantable and usable work-in-progress and the parts and materials; (iii) Supplier's reasonable actual cost of settling claims regarding its obligation to its subcontractors or sub-suppliers required, to the extend directly caused by the cancellation of the quantities, but limited to raw materials / components necessarily required in order to manufacture the quantities scheduled within the Short-term period and then currently outstanding; and (iv) any additional costs agreed between the parties. Always, provided that Supplier can verify that Supplier cannot cancel or otherwise use or sell the Goods, semi-finished Goods, parts and materials and upon demand of ZF subject to the handover and transfer of title of such Goods, semi-finished Goods, parts and materials.

Regarding consignment or bonded warehouse please refer to the Consignment Warehouse Agreement or to the Customs Consignment Warehouse Agreement.

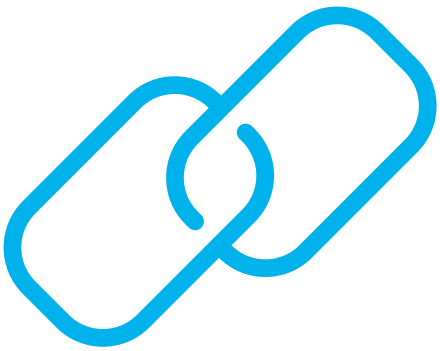
6. Consignment and Customs Consignment Warehouse

6.1 Consignment Warehouse

The implementation of consignment is a binding requirement for suppliers. Deviations are only permitted in exceptional cases. The management of consignment will be described and agreed in detail in a consignment warehouse agreement.

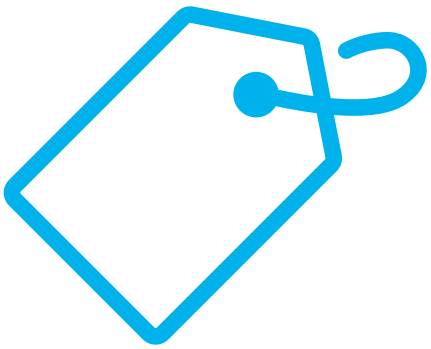
6.2 Customs Consignment Warehouse

For specific supply chains, when supplier and ZF location are not in the same customs territory a customs consignment warehouse might be required to implement consignment. The management of consignment in a customs consignment warehouse will be described and agreed in detail in a customs consignment warehouse agreement.



7. Packaging and Labeling

The ZF Company Standard “General ZF Packaging Specification Logistics, Environmental Protection” ZFN 9004-1 as available on www.zf.com shall be applied.



7.1 Packaging Requirements

The design of the packaging must be agreed in writing with the respective ZF plant prior to start of series production delivery. Any changes in packaging must be mutually agreed in writing by ZF.

Supplier ensures that all deliveries are packaged solely in clean, dry, protected, and non-defective packaging.

Typically, pallets are packed with only one type of material. Only if requested by the respective ZF plant supplier loads pallets with different types of materials.

7.2 Labeling Requirements of Packaging Units

ZF uses the Global Transport Label VDA 4994 as standard. If ZF plants do not yet use this standard, the content and format of the label shall be agreed between supplier and the respective ZF plant. Supplier will label all packages and containers only with correct labels/tags. Containers shall be free of obsolete labels. Self-adhesive labels for reusable packaging are to be used only if requested by the respective ZF plant. The labels shall be electronically readable.

8. Dispatch and Transport

ZF uses the Incoterms® 2020 as the basis for the shipping conditions.
The standard Incoterm for all shipments to ZF is FCA (Incoterms® 2020).

Definition of the Incoterm® FCA:

- FCA free carrier (place of departure)

In addition, the amendment TTOP (Title and Risk Transfer Our Premises) to the Incoterm® FCA is possible, when consignment or customs consignment is not applicable.

Definition of the Incoterm® FCA plus modification Title and Risk Transfer Our Premises:

- FCA free carrier (place of departure) + TTOP.
- Specification of FCA + TTOP: For all shipments, title and risk of loss in the Goods shall pass to Buyer (ZF) when the Goods have been delivered in the condition and to the ultimate consignee address specified in the order, and the Goods are booked in the ZF Enterprise Resource Planning System (ERP). ZF informs the supplier about the goods receipt booking in due course of business. Since the regulations on TTOP can be different in the regions, an individual review and coordination takes place before the implementation.

In exceptional cases the Incoterm® DAP is permitted.

- DAP delivered at place (to named place, delivered duty unpaid).

If there is a risk that the Goods ordered cannot be delivered on time, supplier will initiate a premium transportation at its own expense to meet the originally scheduled delivery date/time window. Premium transportation costs from ZF to ZF's customer due to a delayed delivery attributable to supplier itself must be paid by supplier.

8.1 Transport Ordering and Advance Shipping Notice

For transport paid by ZF, supplier uses only nominated freight forwarders of ZF for all transport modes.

As a standard the supplier is responsible for the on time ordering of the transport at the nominated freight forwarder.

Depending on the receiving ZF plant a ZF nominated Transport Management System needs to be used by the supplier for transport orders, transport updates and the upload of shipping documents.

Globally there are several systems in use at ZF, and it will be communicated by the receiving ZF plant to the supplier which system is to be used. The following systems are currently in use:

- SupplyOn TOMS (Transport Order Management System)
- SupplyOn Process Weaver
- Penske TMS

Training documents and videos can be found on www.zf.com.

If not otherwise agreed with the respective ZF plant, supplier sends Advance Shipping Notice (ASN) electronically via EDI or WebEDI to ZF at the time of the cargo transfer to the freight forwarder.

For deliveries of full containers, ZF uses the Material Visibility Overseas Process (MVOS) for tracking long supply chains and for updating delivery dates in case of any delays or changes during transportation. The main goal is to provide close-to-real-time data to material planners. Upon request of ZF, the supplier shall provide tracking-relevant data for full container load shipments on Incoterm® FCA (Named Place). Such data consists of packing lists naming delivery notes per container number. Depending on the MVOS concept of the specific ZF plant, the supplier shall provide the data in PDF Format or in the ASN.

8.2 Forwarding Instructions

The general ZF forwarding instructions as well as any plant-specific forwarding instructions are available on www.zf.com.

8.3 Delivery and Transportation of Hazardous Materials

For Goods containing hazardous and/or restricted materials, supplier provides ZF safety data sheets together with all other applicable information for safe use.

Supplier agrees to furnish sufficient warning to ZF before shipping the Goods and notice in writing (including appropriate labels on the Goods, containers and packaging) of any hazardous material that is an ingredient or a part of any of the Goods, together with such special handling instructions necessary to advise the involved freight forwarders, ZF, and their respective employees how to exercise that measure of care and precaution, that will best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the Goods, containers and packaging shipped to ZF. Supplier shall comply with all applicable federal, state, local and foreign laws and regulations pertaining to product and warning labels. Supplier shall notify ZF of the classification of the dangerous Goods per Transportation of Dangerous Goods regulatory requirements that are in place in the country of the receiving ZF destination.

The supplier is responsible for any potential environmental or other damage caused by releases of hazardous materials being delivered until the Goods are physically handed over to ZF at the mutually agreed hand over point.

9. Imports and Exports

9.1 Customs

ZF is obliged to make reliable statements to its customers regarding the country of origin as well as to the legally preferential status and the Customs tariff number of the delivered Goods.

The designation of the commercial country of origin as well as the Customs tariff number of the Goods delivered to ZF is required by supplier. Supplier will promptly notify ZF in writing of the origin of material or components used by supplier for Goods which are delivered to ZF. Supplier shall furthermore, at its expense and in a timely manner, provide all written documentation and information relating to the Goods being purchased, that is reasonably necessary for ZF to complete any customs related obligations or other governmental agency requirements applicable to ZF.

At the request of ZF, the commercial origin must be verified with applicable certificates of origin. The legal preferential status of Goods that were delivered to ZF, must be substantiated by the submission of suitable preference documents based on ZF-Templates/via WEB Portals (wherever provided) and on timely manner.

The type of preference document due in each case depends on the preferential agreements in effect.

9.2 Duty Drawback

The rights to and benefits of any duty drawback, to the extent transferable to ZF, are the property of ZF.

9.3 Duties, Import Taxes and Brokerage

The responsibility for customs duties, import taxes, brokerage fees, customs clearance costs and other government fees will be determined in accordance with the Incoterms® 2020 and the shipment and routing instructions stated in the order.

If ZF is responsible for customs duties, it will be responsible for normal rates of duty only. Supplier will be responsible for all other duties, including special duties and government fees, but not limited to e.g. marking, anti-dumping and countervailing duties to the extent permitted under the law of the country of importation. Supplier will be responsible for any document turnover fees or other ancillary charges to ZF from supplier's freight forwarder.

9.4 Import Licenses

Supplier will assist ZF in obtaining any required license where such license, per the terms of the contract or applicable regulatory requirements, is ZF's responsibility to obtain. Supplier will provide to ZF and the appropriate governmental agency the documentation necessary to determine the admissibility and the effect of entry of the Goods into the country, in which the Goods are delivered to ZF. Supplier warrants that the documentation and information regarding the import or export of the Goods supplied to ZF is complete, true and correct in every respect, and that all sales covered by an order will be made at not less than fair value under the anti-dumping laws of the countries to which the Goods are exported. Supplier is responsible for any incorrect or untimely information provided by supplier, supplier's freight forwarder or customs broker, or any noncompliance with government or customs regulations by supplier that results in fines, penalties, damages and/or any additional duties for ZF due to supplier's error or untimely provision of documentation or information.

9.5 Export Licenses

Supplier agrees to adhere to all applicable export control and trade sanctions regulations. Supplier will advise ZF in writing if the exportation of the Goods requires an export license, or if the Goods are subject to any applicable export or re-export controls, including the export classification of the Goods. Should an export license be required to supply the Goods to ZF, the supplier is responsible for obtaining the export license. ZF will provide the supplier with an end use document or certificate if this is required by law to obtain the export license. Should the export license be denied or delayed, disrupting the planned shipment, supplier must notify ZF immediately of the delay.

9.6 Customs Clearance

Customs Clearance lays in the responsibility of the party which is defined in relation to the contracted Incoterms®. However, Export Customs Clearance shall be carried out by Supplier. If ZF is responsible, all dutiable Goods are principally declared by ZF alone or by a representative that is authorized by ZF.

10. Supplier Assessment and Development

In order to control the logistical performance of the supplier and to be able to take measures if necessary, ZF can measure supplier's delivery performance.

On the request of ZF, supplier and the respective ZF plant agree on a target agreement regarding the delivery performance. For materials where it is not possible to comply the exact target delivery quantity (e.g. coils, bulk material) an individual agreement shall be made with the respective ZF plant.

Delivery Performance Calculation formula

Delivery Performance (%)
=
Number of correct individual evaluations (100%)
in the evaluation period

Total number of evaluations in the evaluation period

An individual evaluation can be rated only
0% or 100% per item number:

Delivery Reliability = 100%
Time and quantity have been met

Delivery Reliability = 0%
Time and/or quantity have not been met

The result of the delivery performance will be communicated to supplier on the "SupplyOn Performance Monitor". If there are undesirable developments in the delivery performance, supplier shall define and realize countermeasures.

10.1 Supplier Auditing

For a holistic assessment of suppliers and to develop the supply chain quality, ZF uses a standardized MMOG/LE (Materials Management Operations Guidelines/Logistics Evaluation) audit.

The audit process includes two stages:

- In the first stage, supplier performs a self-assessment and submits the English version of the self-assessment to ZF.
- In the second stage, an on-site audit or a remote audit is performed by ZF, the date of which is mutually agreed between ZF and the supplier.

Suppliers in the new supplier approval process are always subject to a two-stage audit process.

10.2 ZF Escalation Model

If performance problems are detected at the supplier, an escalation process occurs. The ZF Escalation Model includes 3 different escalation levels. Supplier will designate an escalation coordinator who will have the decision-making authority to resolve the performance problems in coordination with ZF to return to normal operation.

Escalation level 1
EL1

Responsible:
- Head of plant quality or Plant SCM

Typical triggers:
- Delivery performance or or quality below target >3 month
- Supplier in task force > 6 month

EXIT criteria:
- EL1 exit criteria are reached

Escalation level 2
EL2

Responsible:
- Head of Divisional Supplier Management or Head of Divisional SCM

Typical triggers:
- In EL1 >6 month
- EL1 exit criteria not reached

EXIT criteria:
- EL2 exit criteria are reached

Escalation level 3
EL3

Responsible:
- Commodity Cluster Head of the main affected commodity

Typical triggers:
- In EL2 >3 month
- EL2 exit criteria not reached

EXIT criteria:
- Fulfill the requirements of Top Management Meeting
- EL3 exit criteria are reached

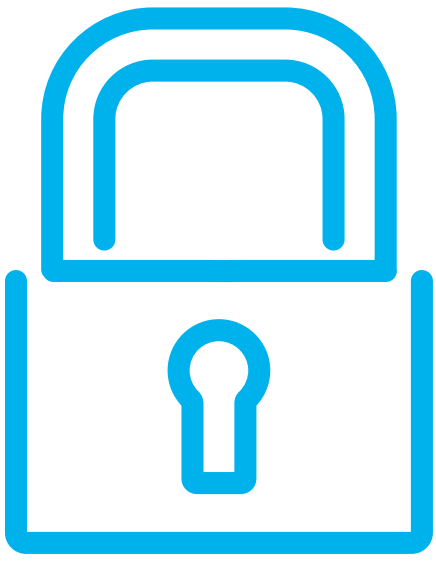
11. Emergency Concept

To ensure the continuity of supply of Goods, ZF requires supplier to have a risk management process in place. The objective is to identify and mitigate risks with material impact on ZF's business, related to the delivery of supplier s Goods to ZF.

Supplier shall carry out a risk assessment to implement a contingency plan in order to secure deliveries of products to ZF. Supplier shall be prepared to present these to ZF if requested. This should follow the IATF 16949 norm.

Supplier regularly reviews and updates the contingency plan for effectiveness.

If interruptions occur within the process chain at supplier or its sub-suppliers that could jeopardize the deadlines planned by ZF, supplier informs ZF immediately. In addition, a competent contact person who is available at all times must be named for every emergency.



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