

TERMS AND CONDITIONS OF PURCHASE (Version May 2019)

These Terms and Conditions of Purchase apply to Buyer's purchase orders, scheduling agreements, scheduling agreement releases, or when referenced in any of Buyer's other documentation.

This document consist of two parts: Part A contains the terms and conditions that generally apply to all purchases worldwide, subject to the provisions of Part B. Part B contains country-specific sets of terms and conditions which amend Part A and which respectively apply in the relevant Buyer's jurisdiction only. In the case of a conflict between Part A and Part B, the provisions of Part B shall prevail.

PART A: GENERAL PROVISIONS

1. Definitions

As used in these Terms and Conditions of Purchase:

- (a) "Affiliated Entity" means a company which directly or indirectly controls another company or is itself controlled by another company or which is together with another company under a common control. Control always exists if: (i) one company holds the majority of the voting rights of the shareholders of another company; (ii) one company has the right regarding another company to appoint or to dismiss the majority of the members of the administrative, managerial or supervisory organs which determine the financial and business policies, and the former company is at the same time a shareholder; or (iii) one company has the right to determine the financial and business policy on the grounds of a domination agreement concluded with another company or on the grounds of a provision in the articles of association of the other company.
- (b) "Breach" has the meaning defined in Section 27(c).
- (c) "Buyer" means ZF Friedrichshafen AG or the Affiliated Entity of ZF Friedrichshafen AG identified on the Order or, in the absence of such identification, the Affiliated Entity of ZF Friedrichshafen AG issuing the Order.
- (d) "Country-Specific Provisions" means the terms and conditions contained in Part B of this document which amend Part A and which respectively apply in the relevant Buyer's jurisdiction only.
- (e) "Buyer's Property" has the meaning defined in Section 24(a).
- (f) "Delivery Schedules" has the meaning defined in Section 3(a).
- (g) "End of Production" has the meaning defined in Section 16.
- (h) "Force Majeure" has the meaning defined in Section 15(a).
- (i) "Goods" means the products, equipment, raw materials, components, tooling, and/or other supplies to be delivered and all services to be provided by Seller pursuant to the Order.
- (j) "HSE" and "HSE Requirements" have the meaning defined in Section 26(a).
- (k) "Logistic Agreements" means such logistic documents and requirements which are by reference incorporated into and govern each Order.
- (l) "OEM" means Original Equipment Manufacturer.
- (m) "OEM Prices" means the prices of Goods that are used in products that are shipped directly or indirectly to a vehicle (or other end product) assembly plant to support vehicle (or other end product) production.
- (n) "Order" means Buyer's offer to buy Goods from Seller in a purchase order, scheduling agreement, scheduling agreement release, or other applicable agreement.
- (o) "Precautionary Measures" has the meaning defined in Section 11(b).
- (p) "Product Generated Data" has the meaning defined in Section 22(c).
- (q) "Quality Agreements" means such quality documents and requirements which are by reference incorporated into and govern each Order.
- (r) "Seller" means the supplier identified on the Order.
- (s) "Seller's Intellectual Property Rights" has the meaning defined in Section 22(a).
- (t) "Seller's Property" has the meaning defined in Section 25(a).
- (u) "Terms and Conditions of Purchase" mean: (i) Part A and the respectively applicable section of Part B of this document; (ii) any technical documents and specifications issued by Buyer relating to the Goods which are by reference incorporated into and govern each Order; (iii) any applicable Logistic Agreements; (iv) any applicable Quality Agreements; and any other documents which are by reference incorporated into and govern each order.

2. Acceptance of the Order; Applicable Terms

- (a) SELLER SHALL BE DEEMED TO HAVE ACCEPTED THE ORDER AND TO HAVE FORMED A CONTRACT BASED EXCLUSIVELY ON THE ORDER, INCLUDING THESE TERMS AND CONDITIONS OF PURCHASE, WHEN SELLER DOES

ANY OF THE FOLLOWING: (I) BEGINS PERFORMANCE UNDER THE ORDER; (II) ACKNOWLEDGES THE ORDER; OR (III) ENGAGES IN ANY OTHER CONDUCT THAT RECOGNIZES THE EXISTENCE OF A CONTRACT WITH RESPECT TO THE SUBJECT MATTER OF THE ORDER.

- (b) BUYER'S ORDER IS LIMITED TO AND CONDITIONED UPON SELLER'S ACCEPTANCE OF THESE TERMS AND CONDITIONS OF PURCHASE EXCLUSIVELY. BUYER HEREBY OBJECTS TO AND REJECTS ANY PROPOSAL BY SELLER FOR ADDITIONAL OR DIFFERENT TERMS.

3. **Supply and Delivery**

- (a) Unless the Order requires Seller to manufacture, ship and/or provide a specified quantity of Goods, the Order requires Seller to supply Buyer's reasonable requirements for the Goods in such quantities as identified by Buyer in delivery schedules, material authorization releases, manifests, broadcasts or similar releases ("Delivery Schedules") that are transmitted to Seller during the term of the Order, and Seller shall supply all such Goods on such dates and times, at the price and on the other terms specified in the Order. Delivery Schedules are part of the Order and are governed by these Terms and Conditions of Purchase. Seller accepts the risk associated with lead times of required raw materials and/or components if they are beyond those provided in Delivery Schedules.
- (b) Buyer's quantity requirements for the Goods are determined by the needs of Buyer's customers and such needs may change from time to time. Any volumes provided by Buyer to Seller, including, without limitation, volumes identified as projected or estimated or quantities noted as "planning", "forecast" or with words of similar meaning, including forecasted volumes in any requests for quotation, are for planning purposes only and do not represent a commitment or obligation to purchase a specified quantity. Unless otherwise stated in the Order or related Delivery Schedules, Buyer makes no representation, warranty, guaranty or commitment of any kind or nature, whether express or implied, to Seller with respect to Buyer's quantity requirements. Upon reasonable request by Buyer, Seller shall assist Buyer in establishing an appropriate safety stock in accordance with Buyer's requirements, thereby reducing the supply cycle time. For the avoidance of doubt, the supply of the Goods by Seller to Buyer shall not be exclusive, and Buyer may at its discretion at any time engage any third parties to supply it with similar goods.
- (c) Delivery times and quantities are of the essence under the Order. Seller agrees to 100% on-time delivery of the quantities and at the times specified in the Order or related Delivery Schedules.
- (d) Upon Seller determining that it may not be able to meet the required delivery time and quantity, Seller shall: (i) promptly inform Buyer thereof; such notice is without prejudice to Seller's continuing obligation to meet the required delivery time and quantity; and (ii) take all necessary measures at its own expense, including without limitation, special transportation, additional human resource, overtime or night working, shift operation, working on weekends and national holidays, so as to meet the required delivery time and quantity.
- (e) If Seller's deliveries fail to meet the required delivery time and quantity, Buyer may: (i) withhold any payment due under the Order until all delayed quantities have been fully delivered; (ii) direct expedited routing and charge Seller for any excess costs and expenses incurred as a result; (iii) purchase similar goods from other sources and reduce its purchases of Goods from Seller by the delayed quantities, without liability to Seller, or have Seller provide the delayed quantities of the Goods from other sources at the price and on the other terms set forth in the Order; and (iv) charge Seller for any costs and expenses incurred by Buyer and/or Buyer's customers for production delays or stoppages caused by Seller's failure to meet the required delivery time and quantity; such costs and expenses may include, without limitation, inbound and outbound premium freight, excess scrap premium, operational and overtime expenses.
- (f) Unless otherwise stated in the Order or related Delivery Schedules, Seller shall deliver the Goods in accordance with FCA Incoterms 2010 to the place of delivery specified in the Order or related Delivery Schedules, or as otherwise specified by Buyer.
- (g) Seller shall comply with the additional terms and conditions contained in the applicable Logistic Agreements. Buyer reserves the right at its discretion to revise or amend the applicable Logistic Agreements from time to time. Any such revised or amended Logistic Agreements, as applicable, will be made available to Seller, and shall thereafter govern the Order.
- (h) Buyer shall not be liable for Seller's commitments or production arrangements in excess of the quantity or in advance of the time required under the Order or related Delivery Schedules. If Seller delivers Goods in excess of the quantity or in advance of the time required under the Order or related Delivery Schedules, Buyer may either: (i) return such Goods at Seller's expense for proper delivery; or (ii) place such Goods in storage for Seller's account until the scheduled delivery date. In all cases of the preceding sentence, the Goods shall be at Seller's risk and shall be deemed not yet delivered before the scheduled delivery date.
- (i) Unless otherwise agreed in writing between Seller and Buyer, title and risk of loss relating to the Goods shall pass to Buyer when the Goods have been delivered in the condition and to the address specified in the Order or related Delivery Schedules, and an authorized representative of Buyer has signed for delivery of the Goods or accepted the Seller's services, as applicable. All risk of loss relating to the Goods shall remain with Seller prior to such time. No "reservation of title" clause requested by Seller may be invoked or raised against Buyer unless it has been accepted in writing by Buyer. SELLER AGREES NOT TO STIPULATE TO ANY RESERVATION OF TITLE CLAUSE IN FAVOR OF ANY OF ITS SUBCONTRACTORS OR SUPPLIERS OF ANY COMPONENTS OR MATERIALS INCORPORATED INTO GOODS SOLD TO BUYER UNDER THE ORDER.
- (j) In case of delay of delivery, Seller shall, in any case, pay to Buyer liquidated damages equaling to 0.3% the total value of the delayed Goods for each calendar day overdue. If such liquidated damages does not suffice to compensate for the losses that Buyer has suffered from or in connection with such default (including without limitation any liquidated damages or compensations Buyer has to pay to Buyer's customers or any third party), Seller shall further pay to Buyer the difference between the liquidated damages and the foregoing losses, and all such remedies shall not affect the rights and remedies granted to Buyer under these Terms and Conditions of Purchase or applicable laws and regulations.

4. **Packaging**

- (a) Seller shall supply the Goods in packaging so as to appropriately protect the Goods during transportation and storage, which shall at least meet the standards specified in the Order, the applicable Logistic Agreements, or as otherwise specified by Buyer.
- (b) Where the Order expressly permits returnable packaging to be billed separately by Seller: (i) Seller shall not charge more than its actual cost as of the date the Order is issued; (ii) Seller shall invoice for returnable packaging separately; and (iii) each invoice will be credited upon return of the packaging by Buyer to Seller or its carrier.
- (c) Unless otherwise stated in the Order, the price for the Goods shall include the costs of all non-returnable packaging.
- (d) Seller shall mark each individual container with the applicable Order number, Buyer's part and drawing numbers (where applicable), description, quantity, and any other markings specified by Buyer.
- (e) All shipping papers and packing for production and non-production Goods shall comply with all governmental regulations of Buyer's country.

5. **Export and Trade Regulations**

- (a) Seller shall promptly inform Buyer in writing should a permit be required for all or part of the delivery item or should the delivery item be subject to (re-)export controls regulations, and shall provide Buyer with all necessary information and documentation in this regard.
- (b) Seller shall inform Buyer about the preferential origin of Goods and compliance with the origin of Goods rules for preferential trade. Seller shall produce and submit the relevant proof in this regard. Seller shall bear all costs and expenses (e.g. customs duties) arising from the failure to submit preference certificates. Seller shall make reliable statements about the trade origin (according to the ISO-ALPHA-2 code) of the delivered Goods and submit relevant proof in this regard if required. If Seller has its registered office in the European Union or Turkey, Seller shall provide proof of the preferential status of the Goods in the form of a Seller's declaration with the wording laid down by law, if possible by way of a long-term Seller's declaration. Seller's declarations that do not comply with the statutory requirements shall not be accepted. Seller shall promptly inform Buyer in writing should a declaration on preferential status or trade origin cease to apply, in whole or in part, or should the circumstances change.
- (c) Seller shall ensure that the Goods are supplied to Buyer on time by participating in the relevant international security programs (e.g. C-TPAT/AEO/KC Air Cargo Security). Seller shall ensure that Goods that are manufactured, stored or shipped for Buyer, delivered to Buyer or taken over from Buyer: (i) are manufactured, stored, treated or processed and loaded on secure business premises and at secure transshipment sites; (ii) are protected against unauthorized access during manufacture, storage, treatment or processing, loading and shipment; (iii) that the personnel responsible for manufacturing, storing, treating or processing, loading, shipping and taking over such Goods are reliable; and (iv) that business partners who act on behalf of Seller have been informed that they must take measures to secure the aforesaid supply chain.
- (d) In the event Buyer instructs Seller to use Buyer's trademarks in connection with the PRODUCTS, Buyer will not pay a royalty for such trademark use, and Buyer will issue an affidavit acknowledging such lack of royalty at the request of Seller.

6. **Payments; Pricing**

- (a) Buyer will pay the prices stipulated on the Order for Goods delivered and accepted, less deductions, if any, as herein provided, but only: (i) upon submission by Seller of an invoice issued by Seller to Buyer following delivery of the Goods covered by the invoice, and then payment will be made within the payment period defined in the applicable Country-Specific Provisions (Part B); or (ii) pursuant to other mutually agreed-upon written arrangements.
- (b) Unless otherwise stated on the Order, the price of Goods stated on the Order is complete and includes storage, handling, packaging, labelling, transportation and all other expenses and charges of Seller, and no surcharges, premiums or other additional charges of any type shall be added without Buyer's express written consent. Prices are not subject to increase, unless specifically stated in the Order, and Seller assumes the risk of any event or cause affecting prices, including without limitation, foreign exchange rates, increases in raw material costs, inflation, any decreases in Buyer's requirements for Goods under the Order, increases in labor and other production and supply costs, and any other event which impacts the price or availability of materials or supplies.
- (c) Seller's prices shall be exclusive of any taxes levied upon, or measured by, the sale, the sales price, or use of the Goods. Seller shall list separately on its invoice any such tax lawfully applicable to the Goods and payable by Buyer with respect to which Buyer does not furnish to Seller lawful evidence of exemption.
- (d) Seller represents that the price charged for the Goods stated on the Order is the lowest price charged for the Goods to purchasers of a class similar to Buyer, under conditions similar to those of Buyer, and that the price for such Goods complies with all applicable laws and regulations.
- (e) In addition to any right of setoff or recoupment provided by law, all amounts due to Seller shall be considered net of indebtedness of Seller and its Affiliated Entities to Buyer and its Affiliated Entities. Buyer may set off against or recoup from any payment or other obligation owed to Seller, in whole or in part, any amounts due to Buyer or its Affiliated Entities from Seller or its Affiliated Entities.
- (f) In the event that the price of Goods will be updated and negotiated regularly, Seller shall not stop or suspend supply/delivery just because the price of Goods is still under negotiation or discussion, otherwise any nonfulfillment of Seller will be deemed as late delivery. Seller and Buyer will decide the effective date for the new price.

7. **Quality Management**

- (a) Seller shall maintain an inspection and quality system acceptable to Buyer and in conformity with all drawings, specifications and data that are referred to or incorporated into the Order, and with any applicable international automotive quality standards and quality programs of Buyer including, without limitation, the applicable Quality Agreements, and shall comply with all other quality requirements stipulated in the applicable Quality Agreements. Buyer reserves the right at its discretion to revise or amend the applicable Quality Agreement from time to time. Any such revised or amended Quality Agreement, as applicable, will be made available to Seller, and shall thereafter govern the Order.
- (b) Seller shall: (i) maintain adequate authenticated inspection and test reports, affidavits, and certifications relating to the work performed under the Order; (ii) retain such records for a period of fifteen (15) years after completion of the Order or as otherwise specified by Buyer; and (iii) make such records available to Buyer upon request.
- (c) Seller shall provide to Buyer, free of charge, any product documents in relation to the quality, specifications, safe use, and storage conditions of the Goods, as reasonably requested by Buyer, including without limitation relevant inspection reports and certificates of quality.

8. **Inspection and Defects Notification; Acceptance of Goods**

- (a) Buyer may inspect all Goods at all times and places, including during the period of manufacture. Such inspection may at Buyer's option include confirmation of Seller's compliance with required quality control procedures. Seller shall permit Buyer and/or its designees access to Seller's facilities and those of its sub-suppliers or subcontractors at all reasonable times and shall provide all tools, facilities and assistance reasonably necessary for such inspection and/or confirmation at no additional cost to Buyer.
- (b) Upon receipt of the Goods Buyer will only inspect the Goods for obvious transport damage and discrepancies of identity and quantity of the delivery, and Buyer will notify to Seller any such damage or discrepancy without undue delay. Buyer will notify other discovered defects without undue delay upon their discovery. Buyer shall have no further inspection and defects notification obligations.
- (c) Inspection of, use of or payment for delivered Goods shall not constitute acceptance thereof. Buyer may reject any Goods that are defective or do not meet Seller's product warranties, and may claim any rights and remedies available as a result of such defectiveness or non-conformance.
- (d) Buyer's acceptance or inspection does not relieve Seller of any of its obligations or warranties. Nothing in the Order releases Seller from the obligation of testing, inspection and quality control.

9. **Product Warranties and Remedies**

- (a) Seller expressly warrants that the Goods: (i) will be fit and sufficient for the purpose intended; (ii) will be brand-new, intact and genuine products; (iii) will be of merchantable quality and free from all defects, including defects in material and workmanship, and in design even if the design has been approved by Buyer; (iv) will conform with all representations, descriptions, samples, drawings, plans, standards, specifications, and designs furnished to or by Buyer and identified on or incorporated into the Order; (v) will conform with all statements regarding the quality, grade, performance or use of the Goods made by Seller or any of its subcontractors, agents or suppliers in advertisements or promotional materials; (vi) will conform to all applicable laws, orders, regulations and standards in countries where the Goods or products incorporating the Goods are to be sold; (vii) will be free of all liens, claims and encumbrances whatsoever, and will not impair, infringe, violate or misuse any patent right, utility model, industrial design, copyright, trademark, service mark, trade secret, know-how, or other intellectual property rights protected in countries where the Goods or products incorporating the Goods are to be sold; and (viii) at all times during the Term of the Order will remain competitive in terms of price, quality, delivery, technology and service. These warranties are in addition to those available to Buyer by law or in equity.
- (b) Unless otherwise agreed in writing between Seller and Buyer, the warranty period during which the foregoing warranties apply shall be the longest of: (i) three years commencing on the date upon which Buyer accepts the Goods; (ii) the duration of the warranty period extended by Buyer to its customer with respect to the product into which the Goods have been incorporated; (iii) the warranty period provided by applicable law; or (iv) the warranty period offered by the OEM to end-users of products into which the Goods are incorporated, and provided further that if Buyer or Buyer's customer (or OEM, if different than Buyer's customer) voluntarily or pursuant to a governmental mandate, makes an offer to owners of products into which the Goods are incorporated to provide remedial action or to address a defect in products relating to the Goods, Seller's warranty shall continue for such period of time as may be dictated by Buyer's customer (or OEM, if different), or the governmental authority.
- (c) Buyer's specifications and requirements take precedence over industry standards. Seller shall advise Buyer in writing if Buyer's specifications or requirements are not as rigorous or extensive as industry standards.
- (d) In any case of delivery by Seller of defective or non-conforming Goods: (i) Seller shall, at Buyer's election and Seller's expense, promptly repair or replace all defective or non-conforming Goods; or (ii) In urgent cases Buyer itself or a third party directed by Buyer may, at Seller's expense, repair or replace defective or non-conforming Goods; Buyer will use reasonable efforts to inform Seller before such actions are taken; and (iii) Seller shall bear all costs and expenses required in connection with the replacement or repair of defective or non-conforming Goods, including without limitation the costs for inspection, testing storage, transportation, travel, labor, materials as well as the costs for disassembly/removal and reassembly/reinstallation. Seller shall reimburse Buyer for all such costs and expenses incurred by Buyer.
- (e) In the event that repair or replacement of defective or non-conforming Goods fails or is unreasonable, Buyer may demand a reasonable

price reduction or return all defective or non-conforming Goods to Buyer against reimbursement of the full price paid for such Goods.

- (f) In addition to the rights and remedies set forth in the preceding Sections 9(d) and (e), Buyer may have claims, under these Terms and Conditions of Purchase or under applicable laws for indemnification of any further losses, expenses or damages incurred as a result of defective or non-conforming Goods.
- (g) In the case of a serial defect (defects of the same type occurring in at least [5%] of the same type of Goods delivered), Buyer may assert its warranty rights and remedies under these Terms and Conditions of Purchase or under applicable laws in respect of the entire delivery of such Goods.

10. **Product Indemnification; General Indemnification**

- (a) Seller shall indemnify, defend and hold harmless Buyer, its officers, employees, agents, successors, assigns, customers, and users of its products from and against any and all losses, expenses, damages, claims, suits and liabilities (including, without limitation, recall, repair and replacement expenses and other incidental and consequential damages, liquidated damages and contractual penalties, court costs, attorneys' and other professional fees, government imposed actions or liabilities) arising out of or relating to: (i) an actual or alleged breach of any express or implied warranty with respect to the Goods (including, without limitation, serial defects); (ii) an actual or alleged breach of any terms contained in the Order, including these Terms and Conditions of Purchase; (iii) any tort, negligence or other claims premised in whole or in part on either an actual or alleged defect in the Goods, including without limitation to personal injuries or property damages; (iv) an actual or alleged Breach; or (v) an actual or alleged infringement of applicable product liability laws based on such defects in Buyer's products that are reasonably attributable to the Goods.
- (b) At Buyer's request, Seller shall assume promptly full responsibility for the defense of any action described in this Section 10 which may be brought or threatened by a third party against Seller and/or Buyer.
- (c) Seller shall pay to Buyer as liquidated damages 8 % of the net invoice amount of the supplies affected by any culpable illegal conduct of Seller, which constitutes an unlawful restraint of competition according to applicable antitrust laws. Seller has the right to prove that Buyer suffered only less or no damages. Buyer has the right to prove that Buyer suffered higher damages. In such cases, Seller shall indemnify and hold Buyer harmless from any and all actually suffered damages. The foregoing obligations shall not prevent Buyer from any additional contractual or statutory rights, which shall remain unaffected by this provision. The obligation of this provision shall survive even if the Order is fulfilled or terminated.

11. **Precautionary Measures**

- (a) If, based on Buyer's or Buyer's customer's (or OEM's, if different) risk analysis of repeatedly occurring defects of Buyer's products into which the Goods are incorporated, Buyer reasonably determines that the root cause of the defects is attributable to the Goods, and that there is a relevant risk of potential loss or damage as a result of further defects occurring due to the same root cause, Buyer may take appropriate Precautionary Measures.
- (b) "Precautionary Measures" are measures which relate to all Goods that implicate the risk of potential loss or damage as described in the preceding paragraph, whether the individual Goods have actually be found to be defective or not, and which may include, without limitation, recalls or warnings, replacement, remodeling or retrofit, or other product safety measures, serial defect campaigns or other service actions.
- (c) Seller shall reimburse Buyer for all reasonable costs and expenses incurred by Buyer in connection with Precautionary Measures initiated or carried out by Buyer or Buyer's customer (or OEM, if different). This reimbursement shall also include the reasonable costs and expenses incurred in determining the necessity, type and scope of the Precautionary Measure and attorneys' and court fees incurred in connection with the assessment or implementation of the Precautionary Measure.
- (d) Buyer will use reasonable efforts to consult with Seller before Precautionary Measures are taken and to provide Seller the opportunity to comment thereon.

12. **Supplier Risk Management:**

- (a) Seller commits itself to conduct a systematic risk management process with the aim, as far as possible, to identify and mitigate existence-threatening or other major risks with material impact on Buyer's business related to the delivery of the Seller's Goods to Buyer. The risk management process shall be aligned with Buyer. Seller commits itself to carry out this process exercising due care, containing all required preventive actions to avoid the aforementioned risks to Buyer. The process must also include the Seller's sub-suppliers. On request, Seller agrees to give Buyer insight into the risk management process, the applied methods, actions and results and commits itself to support surveys in connection with the risk evaluation and risk safeguarding.
- (b) Any measurements necessary to avoid and mitigate the aforementioned risks, which are standard procedures in the industry, shall be borne by the Seller. Any financial contribution of Buyer to other measurements, which are not standard in the industry, need to be agreed with Buyer in advance. Costs in connection with the risk evaluation and risk safeguarding shall be borne by the respective party.

13. **IP Infringement Indemnification**

- (a) Seller shall indemnify, defend and hold harmless Buyer, its officers, employees, agents, successors, assigns, customers and users of its products from and against any and all losses, expenses, damages, claims, suits and liabilities (including, without limitation, incidental and

consequential damages, liquidated damages and contractual penalties, court costs, attorneys' and other professional fees, government imposed actions or liabilities) arising out of or relating to any claim that the manufacture, use, sale or resale of any Goods infringes any patent, utility model, industrial design, copyright, trademark, service mark, trade secret, know-how, or other intellectual property right in any country. Seller shall, when requested by Buyer, defend any action or claim of such infringement at its own expense. Seller's obligations under this Section 13 apply even though Buyer furnishes all or any portion of the design of or specifies all or any portion of the processing for the Goods. Seller expressly waives any defense or claim against Buyer that any such alleged infringement arose out of compliance with Buyer's specifications.

- (b) If the sale and/or use of the Goods is enjoined or, in Buyer's sole judgment, is likely to be enjoined, Seller shall, at Buyer's election and Seller's expense, either procure for Buyer the right to continue using such Goods, or replace same with equivalent non-infringing goods, or modify such Goods so they become non-infringing, or remove same and refund the purchase price, including transportation, installation, removal and other charges incidental thereto.

14. **Changes**

- (a) Buyer may at any time, by written notice to Seller, make changes, or require Seller to make changes, to drawings, designs, materials, specifications, sub-suppliers, samples or descriptions of Goods, and/or to time and place of delivery, packaging, or method of transportation. Seller shall promptly make any change requested by Buyer.
- (b) In order for Seller to request a reasonable difference in price or time for performance as a result of such a change, Seller must notify Buyer of its request in writing within five (5) working days after receiving notice of the change. If Seller's claim includes any cost for property made obsolete as a result of the change, the claim must be supported by releases (or other forms of authorization) provided by Buyer authorizing Seller to procure or manufacture the property, and Buyer may prescribe the manner in which such property will be disposed. Buyer may request additional documentation from Seller relating to request for adjustments of the price or time for performance. After receiving all requested documentation, Buyer may, in its discretion, equitably adjust the price or time for performance; there shall be no automatic adjustment. Pending the resolution of any dispute regarding any adjustment to price resulting from any change by Buyer hereunder, Seller shall continue performing its obligations under the Order, including making the change by Buyer.
- (c) Seller shall not make any changes relating to the Goods, including without limitation, changes in the material, content, design, specifications, manufacturing processes, packing, marking, shipping, pricing, delivery dates or places, or manufacturing location (including within Seller's site), except with Buyer's prior written approval.

15. **Force Majeure**

- (a) Any delay of either Buyer or Seller to perform its obligations hereunder shall be excused if, and only to the extent that it is caused by, an event or occurrence beyond the reasonable control of the affected party and without its fault or negligence, including, without limitation, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage or court injunction or order ("Force Majeure").
- (b) Seller shall provide Buyer with prompt written notice of any delay due to Force Majeure (including a description of the cause of the event or circumstance, an estimate of the duration of the delay and a statement regarding the remedial steps that are being undertaken to resume performance and Seller's interim allocation plans, if any, for the supply of Goods during the delay). If requested by Buyer, Seller shall, within ten (10) days of the request, provide adequate assurances that such delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days, or if Seller does not provide adequate assurance that the delay will cease within thirty (30) days, Buyer may immediately terminate the Order without liability.
- (c) During the period of delay due to Force Majeure: (i) Buyer, at its option, may purchase similar goods from other sources and reduce its purchases of Goods from Seller by the delayed quantities, without liability to Seller, or have Seller provide the delayed quantities of the Goods from other sources at the price and on the other terms set forth in the Order; and (ii) Seller shall allocate all available quantities of the Goods (if any) by priority to Buyer.
- (d) If, due to forces beyond its control, Buyer determines to alter Buyer's delivery schedule to delay delivery, the provisions of this paragraph (rather than the preceding paragraph) will control. Seller will hold any such delayed Goods at the direction of Buyer and will deliver them when the cause affecting the delay has been removed. Buyer will be responsible only for Seller's direct additional costs (excluding interest on the purchase price) incurred in holding the Goods or delaying performance at Buyer's request.

16. **Term of the Order**

Unless otherwise provided in the Order or in any other written agreement between Buyer and Seller, and without prejudice to any termination rights under these Terms and Conditions of Purchase, the term of the Order commences on the date set forth on the Order and continues until the end of production under the applicable OEM program(s) for which the Goods are supplied, including model refreshes or program extensions, as determined by the applicable OEM customer ("End of Production").

17. **Termination for Convenience**

- (a) Buyer may terminate the Order at any time for its convenience by giving at least ten (10) days written notice to Seller.
- (b) Upon receipt of notice of termination under this Section 17, and unless otherwise directed by Buyer, Seller shall: (i) promptly terminate all work under the Order on the effective date of termination set forth in the notice; (ii) transfer title and deliver to Buyer the finished

Goods, the work in process, and the parts and materials that Seller reasonably produced or acquired according to the quantities firmly ordered by Buyer and that Seller cannot cancel or return without cost or use in producing goods for itself or for others; (iii) promptly stop subcontracting or ordering any material, service or facility under the Order; (iv) verify and settle any claims by Seller's subcontractors or sub-suppliers for actual and reasonable costs incurred directly as a result of the termination and ensure the recovery of materials in subcontractors' or sub-suppliers' possession; (v) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest; and (vi) upon Buyer's request, cooperate with Buyer in any transition of supply of Goods to a different supplier pursuant to Section 19.

- (c) Upon termination by Buyer under this Section 17, Buyer will pay to Seller only the following: (i) the Order price for all finished Goods in the quantities ordered by Buyer that conform to the Order for which Seller has not been paid; (ii) Seller's reasonable actual cost of merchantable and useable work-in-process and the parts and materials transferred to Buyer under Section 17(a)(ii) above; (iii) Seller's reasonable actual costs of settling claims regarding its obligations to its subcontractors or sub-suppliers required under the Order, to the extent directly caused by the termination, but limited to raw materials/components necessarily required in order to manufacture the quantities firmly ordered by Buyer and then currently outstanding; (iv) Seller's reasonable actual cost of carrying out its obligation under Section 15(a)(v) above; and (v) if applicable, amounts due in connection with transition of supply under Section 19.
- (d) Notwithstanding any other provision in these Terms and Conditions of Purchase, Buyer's obligation upon termination under this Section 17 will be limited to the payments set forth in Section 17(b) above, and shall in no event exceed the obligation Buyer would have had to Seller in the absence of termination. In the event of a termination of the Order by Buyer as a result of Buyer ceasing to be a supplier to the customer for the program in respect of which Buyer issued the Order, Buyer shall only be obligated to compensate Seller for any costs under this paragraph if, and to the extent that the customer reimburses Buyer specifically for such costs.
- (e) Seller shall furnish to Buyer, within one month after the date of termination (or such shorter period as may be required by Buyer's customer), any termination claim under this Section 17. Buyer may audit Seller's records before or after payment to verify amounts requested in Seller's termination claim.
- (f) Buyer will have no obligation for payment to Seller under this Section 17 if Buyer terminates the Order for cause under Section 18. Any termination shall be without prejudice to any claims that Buyer may have against Seller.

18. **Termination for Cause**

- (a) Buyer may terminate all or any part of the Order upon written notice to Seller with immediate effect, and without liability to Seller, in the following circumstances: (i) Seller repudiates, breaches or threatens to breach any of the terms of the Order; (ii) Seller fails or threatens not to deliver Goods or perform services in connection with the Order; (iii) Seller's financial situation deteriorates or extrajudicial composition proceedings are initiated with respect to Seller; (iv) Seller files for bankruptcy, liquidates or dissolves; (v) Seller ceases or claims to cease its business; (vi) Seller has a change of control in violation of Section 28(a); (vii) upon the occurrence of any other event which causes reasonable doubt as to Seller's ability to perform under the Order; (viii) Seller fails to remain competitive with respect to quality, technology, delivery, service or pricing of the Goods as warranted under Section 9(a); or (ix) there is a reasonable suspicion that a Breach has occurred or is likely to occur.
- (b) If, after termination pursuant to this Section 18, it is determined that termination was not for cause, the rights and obligations of Buyer and Seller will be the same as if the termination were for convenience pursuant to Section 17.

19. **Transition of Supply**

- (a) The parties acknowledge that the Goods represent components that will be incorporated into motor vehicles, railways, marine equipment, medical equipment, elevator equipment and other electronic equipment, and that any disruption in the supply of Goods would materially and irreparably harm Buyer and Buyer's customers, and that any re-sourcing of the Goods by Buyer to alternative supply sources would require significant time, effort, cost and resources. Accordingly, in the event the Order expires or is terminated, Seller agrees to cooperate in the transition of supply, including without limitation the following: (i) Seller shall continue production and delivery of all Goods as ordered by Buyer, at the prices and other terms stated in the Order as of the date of termination or expiration, without premium or other condition, for a period of twenty-four (24) months from the date of expiration or termination, or such longer period reasonably needed by Buyer to complete the transition to any alternate supplier(s) including, at Buyer's request, providing a sufficient stock of Goods covered by the Order, such that Seller's action or inaction causes no interruption in Buyer's ability to obtain Goods as needed; (ii) at no cost to Buyer, Seller shall promptly provide all requested information and documentation regarding and access to Seller's manufacturing process, including without limitation on-site inspections, bill-of-material data, tooling and process detail and samples of Goods and components; (iii) when requested by Buyer, Seller shall, at no cost to Buyer, return to Buyer all Buyer's Property in as good condition as when received by Seller (reasonable wear and tear excepted); and (iv) Seller shall comply with Seller's obligations relating to Seller's Property in Section 25, and in relation to subcontracts.
- (b) Seller acknowledges that the terms of this Section 19 are reasonable under the circumstances, and that if Seller asserts or claims that Seller may terminate the Order for any reason prior to the expiration of the Term, Seller will nonetheless perform its obligations under this Section 19, including its supply obligations under Section 19(a) above, except in the case where Seller's termination of the Order is based on Buyer's material breach of the Order (as finally determined by a court of competent jurisdiction following notice to Buyer and Buyer's reasonable opportunity to cure).

20. **Service and Replacement Parts**

- (a) Seller shall supply to Buyer Goods necessary for Buyer to fulfill its current model service and replacement parts requirements at the

prices and on the other terms set forth in the Order. When requested by Buyer, Seller shall make service literature and other materials available at no additional charge to support Buyer and Buyer's customer's service part sales activities.

- (b) During the 15-year period after the End of Production, Seller shall continue supplying Goods to Buyer to fulfill Buyer's past model service and replacement part requirements. Unless otherwise agreed to by Buyer in writing, the prices during the first five years of this 15-year period will be the OEM Prices in effect at the End of Production. For the remainder of the period, the prices shall be the OEM Prices in effect at the End of Production plus agreed adjustments to compensate for reduced volumes.
- (c) Seller's obligations with respect to service and replacement parts contained in this Section 20 shall survive the termination or expiration of the Order. If during the 15-year period after the End of Production Seller ceases supplying Goods to fulfill Buyer's service and replacement part requirements, Buyer may claim a transition of supply according to Section 19.

21. **Confidentiality; Advertising**

- (a) Seller shall consider all information furnished by Buyer hereunder (including, without limitation, drawings, specifications, diagrams, standards, or other documents furnished by Buyer or prepared by Seller for Buyer in connection with the Order) to be confidential and shall not disclose any such information to any other person, or use or copy such information itself for any purpose other than performing the Order, unless Seller has obtained Buyer's prior written approval. Seller shall use at least the same degree of care to prevent unauthorized disclosure of such information as for its own information of a similar nature, but in no event less than reasonable care. Seller shall, at Buyer's election, return to Buyer or destroy such information and all copies made or other forms of reproduction once the Order expires, or is rejected, terminated or canceled, or at any time at the request of Buyer; in this case Seller shall permanently delete any such information saved in an electronic format. In the event of any disclosure or loss of such information, Seller will notify Buyer immediately. There is no right for retention. Seller's confidentiality obligations shall survive the termination or expiration of the Order.
- (b) Seller shall not advertise or publish to any third party in any manner the fact that Seller has contracted to furnish Buyer the Goods covered by the Order or any terms of the Order (including prices), or use any trademarks or trade names of Buyer in any press release, advertising or promotional materials, without Buyer's prior written approval.
- (c) Unless otherwise agreed in writing, no information disclosed in any manner or at any time by Seller to Buyer will be deemed secret or confidential, and Seller will have no rights against Buyer with respect thereto except such rights as may exist under patent laws.

22. **Intellectual Property Rights; Product Generated Data**

- (a) Seller retains ownership of any patent, know-how, trade secret, trademark, service mark, copyright, or other intellectual property right that (i) is conceived solely by its employees and (ii) is related to the Goods or is otherwise provided to Buyer in connection with the supply of the Goods ("Seller's Intellectual Property Rights"). The foregoing notwithstanding, Buyer retains ownership of, and Seller's Intellectual Property Rights do not include, specifications or other intellectual property rights (whether embodied in tooling or the Goods) that are created by Seller or its subcontractors pursuant to instructions of the Buyer or as a result of development or tooling costs that are funded by Buyer or are otherwise amortized into the price of the Goods.
- (b) Seller grants to Buyer and its Affiliated Entities a non-exclusive, royalty-free, irrevocable right and license, including the right- to-sublicense, to use Seller's Intellectual Property Rights for any purpose, including the right to: (i) make, have made, sell, offer to sell and distribute products anywhere in the world; (ii) repair, rebuild, reconstruct and relocate the Goods; and (iii) reproduce copyrighted materials related to the Goods, distribute such copyrighted materials to customers and others, publicly display and prepare derivative works based upon such copyrighted materials.
- (c) Buyer retains ownership of and any other proprietary rights it may have in relation to any data that is collected, processed or generated by or in connection with the Goods after the putting into operation of the Goods or the products into which the Goods are incorporated ("Product Generated Data"). Seller shall not access Product Generated Data, unless: (i) the Product Generated Data was furnished to Seller by Buyer or Buyer's customer (or OEM, if different from Buyer's customer); or (ii) Seller has obtained Buyer's prior written approval. Subject to applicable laws, Buyer will have no obligation to grant access to or furnish Product Generated Data to Seller, unless otherwise agreed in writing between Buyer and Seller.

23. **Indemnity; Insurance**

- (a) To the extent Seller's agents, employees or subcontractors enter upon premises occupied by or under the control of Buyer or any of its customers or suppliers in the course of the performance of the Order, Seller shall take reasonable steps to prevent any injury to persons or property arising out of acts or omissions of such agents, employees, or subcontractors. Except to the extent that any such injury or damage is due solely and directly to Buyer's negligence, Seller shall indemnify, defend and hold Buyer, its officers, employees and agents, harmless from and against any and all losses, expenses, damages, claims, suits, or any liability whatsoever (including, without limitation, incidental and consequential damages, court costs, attorneys' and other professional fees) arising out of or relating to any act or omission of Seller, its agents, employees or subcontractors.
- (b) Seller shall maintain and require its subcontractors to maintain the following types of insurance, for the term of the Order, with minimum limits as follows:
 - (i) General liability covering liability arising from premises, operations, independent contractors, products completed operations, personal and advertising injury, recall and blanket contractual liability - US \$5,000,000 or equivalent local currency limit each occurrence.

- (ii) Automobile Liability covering all owned, hired and non-owned vehicles - US \$1,000,000 or equivalent local currency limit each occurrence, including all applicable statutory cover.
- (iii) Workers' compensation and employer's liability insurance covering all employees engaged in the performance of the Order for claims arising under any applicable workers' compensation, occupation disease or health and safety laws and/or regulations.
- (c) All required policies of insurance shall be written as primary policies; not contributing with or in excess of coverage that Buyer may carry. Upon request by Buyer, Seller shall furnish certificates evidencing such insurance which will expressly provide that no expiration, termination or modification will take place without thirty (30) days' prior written notice to Buyer. Any of Buyer's Property used by Seller in the performance of the Order will be deemed to have been under the sole custody and control of Seller during the period of such use by Seller.

24. **Buyer's Property**

- (a) All information and materials, including, without limitation, supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, castings, cavity dies, packaging, documents, standards, specifications, drawings, diagrams, samples, trade secrets, proprietary information and other items furnished by Buyer, either directly or indirectly, to Seller to perform the Order, or for which Seller has been reimbursed by Buyer, or for which Buyer has agreed to reimburse Seller (such reimbursement being by way of specific payment or amortization in the piece price), will be and remain the property of Buyer and held by Seller on a bailment basis ("Buyer's Property"). Buyer's Property will include 3D models and other data used to produce Buyer's Property.
- (b) Buyer's Property shall not, without Buyer's prior written approval: (i) be used by Seller for any purpose other than the performance of the Order; (ii) be commingled with the property of Seller or with that of a third person; and (iii) be moved from Seller's premises or altered.
- (c) Buyer's Property shall be marked or tagged by Seller as such. Seller shall keep adequate records of Buyer's Property, which records shall be made available to Buyer upon request, and shall store, protect, preserve, repair and maintain Buyer's Property in accordance with sound industrial practice, all at Seller's expense. Any Buyer's Property repaired, rebuilt, modified or replaced by Seller will remain Buyer's Property. Buyer may enter Seller's premises at reasonable times to inspect or take possession of Buyer's Property. To the extent permitted by law, Seller waives any lien or other rights that Seller might otherwise have on any of Buyer's Property for work performed on such property or otherwise.
- (d) Seller shall bear the risk of loss of and damage to Buyer's Property. If Buyer's Property becomes lost or damaged while in Seller's possession, Seller shall indemnify Buyer or replace such property at Seller's expense, in accordance with Buyer's request.
- (e) Buyer may take immediate possession of Buyer's Property at any time without payment of any kind. To the extent that Buyer's Property is in the possession or control of a subcontractor or supplier to Seller, Seller will cause such party to immediately release such property to Buyer upon Buyer's request.

25. **Seller's Property**

- (a) Unless otherwise specified in the Order, Seller, at its expense, shall furnish, keep in good working condition capable of producing Goods in quantities ordered by Buyer and meeting all applicable specifications, and replace when necessary, all materials, machinery, equipment, tools, jigs, dies, gauges, fixtures, molds, patterns, blueprints, designs, specifications, drawings, photographic negatives and positives, art work copy layout and other items that are not Buyer's Property and that are necessary for the production of Goods under the Order ("Seller's Property"). Seller shall insure Seller's Property with full fire and extended coverage insurance for its replacement value. If Seller uses Seller's Property to produce goods or services similar to Goods for other customers, including aftermarket customers, such goods or services shall not incorporate any of Buyer's Property, Buyer's logos, trademarks, tradenames or part numbers. Seller shall not disclose or imply in its marketing efforts that such goods or services are equivalent to those purchased by, or configured for, Buyer.
- (b) Seller grants to Buyer an irrevocable option to take possession of and title to Seller's Property that is used for production of Goods under the Order (including, without limitation, Seller's Property specially designed or configured for the manufacture or assembly or other processing of Goods), upon payment to Seller of its net book value less any amounts that Buyer has previously paid to Seller for the cost of such items, or (if applicable) any such other amount as may be required by applicable law. This option does not apply if Seller's Property is used to produce goods that are the standard stock of Seller or if a substantial quantity of like goods is being sold by Seller to others.

26. **Health, Safety and Environment/Sustainability/Corporate Responsibility**

- (a) Seller shall maintain a system designed and implemented to achieve compliance with all applicable law and other recognized standards relating to the protection of health, safety and environment ("HSE"), sustainability, and corporate responsibility ("HSE Requirements") and aiming for continuous improvement. Seller shall periodically assess such system and implement continuous improvement opportunities. Upon written request, Seller shall provide Buyer with documentation of such system.
- (b) All Goods provided by Seller under the Order shall be formulated, designed, constructed, finished, packaged and labeled as to comply with all applicable HSE Requirements Seller shall fully disclose to Buyer all materials and substances contained in the Goods using the International Material Data System (IMDS) (www.mdssystem.com), as soon as possible after the award of business; Seller shall provide Buyer with Safety Data Sheets (SDS) for materials and mixtures, including hazard information and safe use practices, in accordance with the United Nation's Globally Harmonized System (GHS) of Classification and Labeling of Chemicals and the European

Classification, Labeling & Packaging (CLP) regulation.

- (c) Seller shall economically use raw materials, energy, water and other natural resources and to seek continuous improvement in the environmental sustainability of the Goods throughout their life-cycle (production, use and disposal).
- (d) Seller shall supply information requested by Buyer to satisfy Buyer's own HSE Requirements, including without limitation responding to regulatory and/or customer requests regarding the composition and environmental sustainability of the Goods, including energy use.

27. **Compliance with Laws; Government Contracts**

- (a) In the performance of the Order, Seller shall fully comply with all applicable laws and regulations, as well as with the ZF Business Partner Principles (as available at www.zf.com in its current version). When acting on behalf of Buyer in any way, Seller is familiar with, is in compliance with, and shall continue to: (i) comply with all applicable anti-bribery and anti-corruption laws, including, but not limited to the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, as such acts may be amended from time to time; (ii) not make, directly or indirectly, any payments or give anything of value to (A) any government official (including employees of government departments, agencies, or instrumentalities; employees or agents of wholly or partially government-owned businesses; political parties; candidates for political office; and, employees or agents of public international organizations), political party or party candidate, for the purpose of either influencing such person in his or her official capacity or securing an improper advantage in order to obtain or retain business or an advantage in conducting such business, or (B) any other person in order to induce or reward such person for the corrupt or improper performance of a function or activity in the course of such person's employment or when acceptance of the offer would itself constitute such corrupt or improper performance; (iii) comply with all applicable laws and regulations regarding the treatment of employees, environmental protection and health and safety; and (iv) comply with all applicable laws and regulations related to product compliance, including but not limited to applicable product safety and environmental standards.
- (b) Without prejudice to any other section of this agreement, Seller shall select its sub-contractors with care. Seller shall commit its sub-contractors accordingly and ensure that all applicable laws and regulations as well as the ZF Business Partner Principles are enforced within the supply chain.
- (c) Seller shall immediately notify Buyer of any indication, in relation to Buyer business, of unlawful conduct or conduct resulting in Goods failing to comply with any laws or regulations referenced in this section or violation of the ZF Business Partner Principles by any of Seller's executives, employees, agents or sub-contractors ("Breach"). In the event of a Breach, Buyer may rescind any existing Order and may assert its rights under the section "Product Indemnification." Other sections of this agreement shall remain unaffected.
- (d) If all or any portion of the Order is for Goods that are intended for use, directly or indirectly, in support of a U.S. government contract, if applicable the terms and conditions on Form GC-1, as updated from time to time shall apply to and govern the Order and are incorporated herein by reference. Further, each reference to Buyer shall be deemed to include a reference to the United States Government.

28. **Assignments and Subcontracting**

- (a) Seller may not, without Buyer's prior written approval assign or delegate (including, without limitation, by subcontract) its rights or obligations under the Order, or enter or offer to enter into a transaction that includes a sale of its assets used for the production of the Goods for Buyer or a merger, sale or exchange of stock or other equity interests that would result in a change of control of Seller. In the event of any approved assignment (including, without limitation, subcontract), sale or delegation, Seller retains all responsibility for the Goods, including all related warranties and claims.
- (b) Buyer may assign or delegate (including, without limitation, by subcontract) its rights or obligations under the Order, or enter or offer to enter into a transaction that includes a sale of its assets used in connection with the purchase of Goods under the Order, or any merger, sale or exchange of stock or other equity interests, in any case to any Affiliated Entity or other third party without the need for approval of Seller.

29. **Governing Law and Jurisdiction**

- (a) The Order, including these Terms and Conditions of Purchase, shall be governed exclusively by the laws of the state or country / region shown in Buyer's address on the Order, and the Convention on Contracts for the International Sale of Goods (CISG) shall not apply.
- (b) Buyer and Seller agree irrevocably to submit to the exclusive personal jurisdiction of the courts of the above-referenced location and waive all challenges to the personal jurisdiction of such courts for any and all claims arising out of or relating to the subject matter of the Order.

30. **Data Protection**

- (a) The parties shall obey applicable data protection legislation.
- (b) As a general rule, the parties assume that neither party will process personal data on behalf of the other party in connection with the agreement. In the event that either party anticipates that a party will process personal data on behalf of the other party in connection with the agreement, that party shall inform the other party without undue delay. In this case, a data protection agreement shall be concluded as an attachment to the agreement where necessary according to applicable data protection laws. Without such data protection agreement

neither party shall process personal data on behalf of the other.

- (c) If and to the extent that applicable data protection laws include transparency obligations that either party may have towards employees and individuals representing the other party, this other party shall reasonably cooperate upon request of the obliged party and by mutual agreement.

31. **Other Provisions**

- (a) The rights and remedies provided to Buyer herein shall be cumulative of and in addition to any other rights or remedies provided at law or in equity.
- (b) Seller acknowledges that a material breach of its obligation to supply Goods in accordance with the Order or to transfer Buyer's Property or other bailed property to Buyer in accordance with the Order, including any Breach, would cause irreparable damage to Buyer, including without limitation damage to Buyer's relationships with its customers, suppliers, labor unions, lenders, and prospective future customers, the exact amount of which would be difficult to ascertain, and that the remedies at law and monetary damages for any such breach would be inadequate. Accordingly, in the event of any action taken or threatened by Seller hereunder that, if taken, would constitute a material breach of Seller's obligations under the Order, including any Breach, Buyer and its successors and assigns are entitled to injunctive or other equitable relief and/or a decree for specific performance, without the posting of any bond or other security, in addition to any other remedies it may have for damages or otherwise. Seller may not take any action or position inconsistent with this acknowledgement, and Buyer shall be entitled to recover its costs and expenses (including, without limitation, incidental and consequential damages, court costs, and attorneys' and other professional fees) arising out of or relating to the enforcement of this paragraph.
- (c) Buyer may inspect and audit Seller's facilities, books and records and check all molds, tools, tooling, dies, jigs, fixtures, other capital equipment, processes, quality system, parts, documentations, costs and all other items related to any Order in such detail or manner as Buyer in its sole discretion shall determine. Seller shall retain all appropriate records for inspection or audit during the term of the Order and for a period of not less than two (2) years after the termination or expiration of an Order.
- (d) The Order, including these Terms and Conditions of Purchase, shall not be construed as establishing any agency, partnership, joint venture, or other similar legal relations between Seller and Buyer, and neither party may claim to be the agent, partner or joint venture party of the other party. Both parties are and shall be independent contracting parties. Neither party shall have the authority to create any obligations on behalf of the other party, unless otherwise provided in writing.
- (e) The parties acknowledge that it is their wish that these Terms and Conditions of Purchase and all documents relating thereto be in the English language only. If these Terms and Conditions of Purchase are available in any language other than English, these are for information purposes only, and the parties acknowledge and agree that the English language version shall prevail unless otherwise agreed by Buyer and Seller in writing. The headings of the sections and paragraphs of these Terms and Conditions of Purchase are for reference only and shall not define or limit any of the terms or provisions hereof.
- (f) The failure of either party at any time to require performance by the other party of any provision of the Order will not affect the right to require performance at any later time, nor will the waiver of either party of a breach of any provision of the Order constitute a waiver of any later breach of the same or other provision of the Order.
- (g) The Order, together with the attachments, exhibits, supplements or other terms of Buyer specifically referenced therein, constitutes the entire agreement between Seller and Buyer with respect to the matters contained in the Order. The Order may only be modified: (i) by a written amendment executed by authorized representatives of each party; or (ii) for changes within the scope of Section 14, by a purchase order amendment issued by Buyer.
- (h) Buyer may modify these Terms and Conditions of Purchase from time to time by making such modified Terms and Conditions of Purchase available to Seller prior to the date when any modified terms and conditions become effective. Such revised purchase order terms and conditions shall apply to all purchase order revisions/amendments and new Orders issued on or after the effective date thereof.
- (i) All notices, requests, demands and other communications between Seller and Buyer that require written form under the Order ("Notices") shall be made in writing, and may be delivered personally, sent by facsimile or mailed by registered or certified mail, postage prepaid, to the address indicated in the business license or certificate of incorporation of either party, or other address designated by either party. All Notices shall be deemed delivered when actually received if personally delivered, or on the next business day following the day that they are sent by facsimile, or on the fifth (5th) working day after having been placed in the mail, addressed in accordance with this paragraph, in all cases unless actual receipt takes place earlier.
- (j) If one or more provisions of the Order, including these Terms and Conditions of Purchase should be or become invalid or unenforceable, the remaining provisions shall not be affected thereby and the balance of the agreement shall remain in full force and effect. In this event, the parties shall substitute the invalid or unenforceable provision by a valid one which as closely as possible achieves the economic purpose of the invalid or unenforceable provision.

PART B: COUNTRY-SPECIFIC PROVISIONS

B.1 Country-Specific Provisions Applicable to [U.S.] Law Contracts

If the Order is governed by [U.S.] law, pursuant to Section 29(a) of Part A or if otherwise agreed, the provisions of Part A of these Terms and Conditions of Purchase shall be amended as follows:

1. **Definitions (Section 1 of Part A)**

Section 1 (s) of these Terms and Conditions of Purchase shall be deleted and replaced by the following new paragraph:

"Terms and Conditions of Purchase" mean: (i) Part A and the respectively applicable section of Part B of this document; (ii) any technical documents and specifications issued by Buyer relating to the Goods which are by reference incorporated into and govern each Order; (iii) any applicable Logistic Agreements; (iv) any applicable Quality Agreements; (v) any other documents which are by reference incorporated into and govern each order, and (vi) the terms and conditions of Buyer's OEM end customer, to the extent that such OEM terms are not inconsistent with these Terms and Conditions of Purchase.

2. **Acceptance of the Order; Applicable Terms (Section 2 of Part A)**

Section 2(a) of these Terms and Conditions of Purchase shall read as follows:

ACCEPTANCE: (A) SELLER SHALL BE DEEMED TO HAVE ACCEPTED THE ORDER AND TO HAVE FORMED A CONTRACT BASED EXCLUSIVELY ON THE ORDER, INCLUDING THESE TERMS AND CONDITIONS OF PURCHASE, WHEN SELLER DOES ANY OF THE FOLLOWING: (I) BEGINS PERFORMANCE UNDER THE ORDER; (II) ACKNOWLEDGES THE ORDER; OR (III) ENGAGES IN ANY OTHER CONDUCT THAT RECOGNIZES THE EXISTENCE OF A CONTRACT WITH RESPECT TO THE SUBJECT MATTER OF THE ORDER. SELLER'S ACCEPTANCE OF THE ORDER IS LIMITED TO AND CONDITIONED UPON SELLER'S ACCEPTANCE OF THESE TERMS AND CONDITIONS OF PURCHASE EXCLUSIVELY. BUYER HEREBY OBJECTS TO AND REJECTS ANY PROPOSAL BY SELLER FOR ADDITIONAL OR DIFFERENT TERMS. IF SELLER PROPOSES ADDITIONAL OR DIFFERENT TERMS, SELLER'S PROPOSAL WILL BE DEEMED A MATERIAL ALTERATION OF BUYER'S TERMS AND CONDITIONS OF PURCHASE, AND BUYER'S TERMS AND CONDITIONS OF PURCHASE WILL BE DEEMED ACCEPTED BY SELLER WITHOUT SELLER'S ADDITIONAL OR DIFFERENT TERMS. IF THE ORDER IS DEEMED AN ACCEPTANCE OF SELLER'S PRIOR OFFER, BUYER'S ACCEPTANCE IS EXPRESSLY CONDITIONED UPON AND LIMITED TO SELLER'S ASSENT TO BUYER'S TERMS AND CONDITIONS OF PURCHASE EXCLUSIVELY AND ANY TERMS SET FORTH BY SELLER SHALL BE DEEMED MATERIAL AND ARE SPECIFICALLY REJECTED IN WHOLE.

3. **Export and Trade Regulations (Section 5 of Part A)**

Section 5 shall be supplemented by the following new paragraph:

Customs: (a) Seller will promptly provide to Buyer a list of parts or components used by Seller in fulfilling its obligations under the applicable Order which Seller purchases in a country other than the U.S. Seller will furnish Buyer with any documentation and information necessary to establish the country of origin or to comply with the applicable country's rules of origin requirements as well as any documentation and information necessary to comply with any special trade programs and content reporting, such as Free Trade Agreement content reporting. Seller will promptly advise Buyer of any material or components imported into the country of origin and any duty included in the piece prices of the Goods. (b) Seller will comply with Buyer's customs requirements. The rights to and benefits of any duty drawback, including rights developed by substitution and rights which may be acquired from Seller's sub-suppliers and export credits, to the extent transferable to Buyer, are the property of Buyer. Seller will provide all documentation and information and take any necessary steps to drawback any duty, taxes or fees paid to, and to receive export credits from, the government of the country of origin upon exportation of the Goods from such country. (c) The responsibility for customs duty and customs brokers' fees will be determined in accordance with the FCA delivery point and transportation code stated in the applicable Order. If Buyer is responsible for customs duties, it will be responsible for normal duties only. Seller will be responsible for any anti-dumping and countervailing duties, to the extent permitted under the law of the country of importation. Seller will provide Buyer or the appropriate governmental authority all documentation and information required by law or regulation or otherwise necessary to determine the proper minimum duty to be paid upon the importation of the Goods into any country or to obtain any refunds or drawbacks of duties paid. (d) Buyer and Seller recognize that export control regulations may limit or prohibit the transfer of items to foreign nationals, including foreign nationals in the United States. The Goods and/or services delivered under an Order may be subject to U.S., foreign and other applicable export control laws and regulations (collectively "Export Control Laws"), including, but not limited to, the International Traffic in Arms Regulations or the Export Administration Regulations (collectively "U.S. Export Laws" and/or Export Control List(s)). Seller will comply with all U.S. and other country's applicable Export Control Laws and shall not export, re-export or transfer items without first obtaining all required licenses and approvals. Any penalty, fine, expense (including reasonable attorneys' fees) or liability incurred by Purchaser as a result of violation(s) of U.S. or foreign export control laws and regulations, or this clause, by the Seller, will be promptly reimbursed by Seller. Compliance with these laws and regulations includes, but is not limited to, abiding by U.S. sanctions, embargoes and prohibitions on transactions with restricted parties. This includes, but is not limited to, the prohibition on the transfer of commodities, materials, software and technology (i.e., all Items) subject to this agreement, to U.S. sanctioned countries (e.g., Iran, Syria, North Korea,

Sudan, and Cuba).

4. **Payments; Pricing (Section 6 of Part A)**

Section 6 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

Any billing or invoice inquiries or disputes must be presented to Buyer within one hundred and eight (180) days of receipt of invoice by Buyer.

If Goods are imported from outside the U.S., Seller will provide to Buyer a properly executed Internal Revenue Service (IRS) Form W8-BEN-E and a documented Affirmation of Foreign Residency as the appropriate and required documentation to substantiate this exemption.

5. **Product Warranties and Remedies (Section 9 of Part A)**

Section 9 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Buyer's review or approval of any samples, drawings, specifications or other data developed by Seller in connection with the Order will not limit Seller's responsibility under the warranties contained herein or alter the cost, rate of output or delivery requirements of the Order.

6. **Product Indemnification; General Indemnification (Section 10 of Part A)**

Section 10(b) of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Seller's obligations under this paragraph shall apply even though the warranty period expires.

7. **Force Majeure (Section 15 of Part A)**

Section 15(c) of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Seller will notify Buyer immediately of any actual or potential labor dispute affecting Seller or its suppliers that delays or threatens to delay performance of the Order. Seller will also notify Buyer in writing six (6) months in advance of the expiration of any current labor union contracts of Seller. At least ten days prior to the expiration of any labor union contract of Seller, Seller at its expense will establish at least a thirty (30) working day supply of Goods in a neutral warehouse at a location reasonably acceptable to Buyer. If requested by Buyer, Seller shall, within ten (10) days of the request, provide adequate assurances that any delay shall not exceed thirty (30) days. If the delay lasts more than thirty (30) days or Seller does not provide adequate assurance that the delay will cease within thirty (30) days, Buyer may immediately cancel the Order without liability.

8. **Buyer's Property (Section 24 of Part A)**

Section 24 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Seller agrees to cooperate with Buyer if Buyer elects to take possession of Buyer's Property. Effective immediately upon written notice to Seller, without further notice or legal action, Buyer has the right to enter the premises of Seller and take possession of all of Buyer's Property. Seller expressly waives any right to additional notice or process and agrees to provide Buyer or its nominee(s) with immediate access to Buyer's Property. Seller grants to Buyer a limited and irrevocable power of attorney, coupled with an interest, to execute and record on Seller's behalf any notice financing statements with respect to Buyer's Property that Buyer determines are reasonably necessary to reflect Buyer's interest in Buyer's Property. Upon the request of Buyer, Buyer's Property will be immediately released to Buyer or delivered to Buyer by Seller either (i) FCA (Incoterms® 2010) properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or (ii) to any location designated by Buyer, in which event Buyer will pay to Seller the reasonable costs of delivering such property to such location. Seller's obligations to release or deliver Buyer's Property shall not be subject to any set off or counterclaim arising from this or any other transaction with Seller except that if Buyer agreed to amortize the purchase price of Buyer's Property in a written amortization schedule, Buyer will pay the unamortized balance of such purchase price contemporaneously with the release or delivery of such item of Buyer's Property.

9. **Compliance with Laws; Government Contracts (Section 27 of Part A)**

Section 27 shall be supplemented by the following paragraphs:

Equal Opportunity; Government Contracts: The provisions of the Equal Opportunity Clauses pursuant to Section 202 of Executive Order 11246, as amended; 41 CFR Section 60-1.40; for workers with disabilities as set forth in 41 CFR Sections 741.4 and 60-741.5;

for special disabled veterans and veterans of the Vietnam Era as set forth in 41 CFR Section 60-250.4; as well as 29 C.F.R. Part 471, Appendix A to Subpart A. are herein incorporated by reference. Further, if Seller (1) is not otherwise exempt as provided by 41 CFR 60-1.5, (2) has 50 or more employees and, (3) has a contract, subcontract or purchase order amounting to \$50,000 that is necessary to the completion of a covered federal contract or subcontract, Seller is hereby notified of its obligations to file EEO Standard Form 100 and to prepare an affirmative action plan(s) as required under the regulations set forth above.

Fair Labor Standards: Seller warrants that, in making the Goods, it will act at all times in compliance with the Fair Labor Standards Act of 1938, as amended.

B.2 Country-Specific Provisions Applicable to Chinese Law Contracts

If the Order is governed by Chinese law, pursuant to Section 29(a) of Part A or if otherwise agreed, the provisions of Part A of these Terms and Conditions of Purchase shall be amended as follows:

1. Acceptance of the Order; Applicable Terms (Section 2 of Part A)

Section 2 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

Only a written Order issued by Buyer with Buyer's company chop will be considered and deemed valid. A scanned copy thereof with the company chop or signature of the duly authorized representative sent via e-mail or by fax/post shall be deemed as a written Order. Electronic Order is valid if and to the extent that it is used and executed for performing other separate agreement concluded between Buyer and Seller. Oral agreement made directly or by telephone is valid conditional upon and subject to subsequent confirmation and issuance of relevant written Order.

Any amendments, modifications or supplements of the agreed Order, including these Terms and Conditions of Purchase, shall be in writing and affixed Buyer's company chop.

2. Packaging (Section 4 of Part A)

Section 4 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Seller shall guarantee that the Goods it sells to Buyer are produced, stored, prepared, transported and loaded/unloaded at a safe business place or at a safe loading/unloading and transportation area, and that such Goods are properly protected during production, storage, preparation, transportation and loading/unloading and are not subject to any improper intervention. Meanwhile, Seller undertakes that the persons involved in the production, storage, mechanical processing, treatment, loading/unloading, transportation and receipt of the Goods own the qualifications as required by laws and regulations (if any) and can be trusted.

3. Export and Trade Regulations (Section 5 of Part A)

Section 5 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

Seller undertakes that it will optimize and consummate its trade security management according to the certification standards as specified in Customs Certification Enterprise Standard-Advanced Certification, and agrees to observe the specifications relating to Seller's business in applicable global supply chain security projects. If Seller obtains any certificate relating to international trade security (including without limitation AEO certificate and C-TPAT certificate), it shall give a prompt notice thereof to Buyer and provide a copy of such certificate to Buyer. If such certificate ceases to be effective or is revoked, a prompt notice thereof to Buyer is also required.

Seller shall provide Buyer with the Certificate of Origin of the goods. In case of deliveries from EU countries, Seller is obliged to provide preferential certificates as well as Certificates of Origin.

Seller declaration which serves as evidence of entitlement to preference must be furnished by Seller on the invoice relating to the consignment concerned. Other forms of seller declaration must be agreed with Buyer. If specific products provided by the Seller to Buyer are expected to remain unchanged with regard to preferential origin for a longer period of time, Seller shall issue a long-term seller declaration to Buyer in relation to such Goods. Seller must fill in, sign and return to Buyer the long term seller declaration within two weeks of receipt thereof from Buyer. If Seller furnishes a long-term seller declaration for a first delivery, this must be made available to Buyer before the first delivery is executed.

In case of deliveries from countries outside the People's Republic of China, the name of the country of origin must be specified. To specify the country of origin, the national code conforming to ISO 3166-1 Alpha 2 standard must be furnished on the invoice relating to the consignment concerned.

If Seller has any question or instruction regarding customs duty or certificate of origin, Seller shall contact Buyer's relevant department in a timely manner.

If Buyer agrees in writing that the Goods can be produced or delivered by any subcontractor, the provisions under this Article "Export and Trade Regulations" shall apply to the Goods produced or delivered by such subcontractor.

4. Payments; Pricing (Section 6 of Part A)

Section 6 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

The actual payment term shall be subject to the provisions of the Order.

Seller shall send the corresponding invoice only after receiving instruction of Buyer for issuance of invoice and send to the address as specified in the Order within the period designated by Buyer. The invoice shall correspond to the Order, and unless otherwise agreed, it is not allowed to issue one invoice for multiple purchase orders. The invoice shall indicate Buyer's Order number, Buyer's part number and other details as determined by Buyer from time to time. The invoice issued by Seller shall meet the applicable requirements in respect of value-added tax ("VAT") or business tax.

Except as otherwise agreed by Buyer and Seller, if Seller is qualified to issue VAT Special Invoice, Seller shall issue VAT Special Invoice. If there is any tax issues raised attributable to Seller (including without limitation the VAT Special Invoice issued by Seller is non-conforming, illegal, false, or the information stated on the VAT Special Invoice is inaccurate, or Seller fails to issue VAT Special Invoice timely), Seller shall re-issue Value-added Tax Special Invoice (if applicable) and shall indemnify, defend and hold harmless Buyer any and all losses, expenses, damages, claims, suits, and liabilities (including without limitation taxes, overdue payment fines, penalty imposed by governmental authorities) arising out of or relating to.

If Seller fails to provide to Buyer the qualified invoice within sixty (60) calendar days after expiration of the foregoing period designated by Buyer, it shall be deemed that Seller has waived its creditor's right under the Order.

5. **Governing Law and Jurisdiction (Section 29 of Part A)**

Section 29 of Part A shall be deleted and replaced by the following paragraph:

In the event that the Buyer is located in mainland China, the Order, including these Terms and Conditions of Purchase, shall be governed exclusively by the laws of P.R.C., and the Convention on Contracts for the International Sale of Goods (CISG) shall not apply. The Parties will use their best efforts to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within thirty (30) days from the date one Party notifies the other in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this clause, then any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration by the China International Economic and Trade Arbitration Commission ("CIETAC") in accordance with the procedural rules of CIETAC. The place of arbitration will be in Beijing. The arbitration proceedings will be conducted in English and Chinese.

In the event that the Buyer is located in Hong Kong, Macao or Taiwan, the Order, including these Terms and Conditions of Purchase, shall be governed exclusively by the laws of Hong Kong, Macao or Taiwan respectively, and the Convention on Contracts for the International Sale of Goods (CISG) shall not apply. The Parties will use their best efforts to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within thirty (30) days from the date one Party notifies the other in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this clause, then any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration by the Singapore International Arbitration Center according to its rules. The place of arbitration will be in Singapore. The arbitration proceedings will be conducted in English.

B.3 Country-Specific Provisions Applicable to Australian, Indonesian, Iranian, Japanese, Korean, Kuwaiti, Malaysian, Philippine, Qatari, Singaporean, Thai and UAE Law Contracts

If the Order is governed by Australian, Indonesian, Iranian, Japanese, Korean, Kuwaiti, Malaysian, Philippine, Qatari, Singaporean, Thai and UAE law, pursuant to Section 29 (a) of Part A or if otherwise agreed, the provisions of Part A of these Terms and Conditions of Purchase shall be amended as follows:

1. **Governing Law and Jurisdiction (Section 29 of Part A)**

Section 29(b) of Part A shall be deleted and replaced by the following paragraph:

The Parties will use their best efforts to resolve any dispute, controversy or claim arising out of or in connection with this Agreement through friendly consultations between the Parties. But, if no settlement is reached within thirty (30) days from the date one Party notifies the other in writing of its intention to submit the dispute, controversy or claim to arbitration in accordance with this clause, then any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration by the Singapore International Arbitration Center according to its rules. The place of arbitration will be in Singapore. The arbitration proceedings will be conducted in English.

B.4 Country-Specific Provisions Applicable to Brazilian and Colombian Law Contracts

If the Order is governed by Brazilian or Colombian law, pursuant to Section 28(a) of Part A or if otherwise agreed, the provisions of Part A of these Terms and Conditions of Purchase shall be amended as follows:

1. **Definitions (Section 1 of Part A)**

Section 1 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

“Registry Form” contains the Seller’s registry information and the set of contractual clauses and/or annexes included the Terms and Conditions of Purchase, if applicable,

“Parties” means Buyer and Seller.

2. **Acceptance of the Order; Applicable Terms (Section 2 of Part A)**

Section 2 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraph:

Should there be a specific agreement signed (“Specific Agreement”) between the Parties, whose object is identical to the provision describe in the Order, these provision shall prevail over this Terms of Purchase. Should there not be a specific agreement signed, this Terms and Conditions of Purchase constitutes the entire agreement of the Parties, and, expressly revokes and supersedes any negotiations between the Parties, concerning the purpose of Terms of Purchase.

3. **Payments; Pricing (Section 6 of Part A)**

(a) Section 6 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

The Seller shall promote continuous improvement in its production processes in order to ensure the reduction of defects, waste and rework in the Goods, as well as maintain its prices competitively with the market.

The Seller targets regarding its performance increase ("Competitiveness Target") shall be periodically informed by the Buyer through its Purchasing Policy.

If the invoice of sale is irregular or contains errors, the Buyer, at no cost, shall retain the payment to the Seller until such documents are properly delivered. In this case, the payment term shall be counted from the date on which the Seller delivers the documents duly regularized to the Buyer.

Payments shall only be made through deposit in current account held by the Seller. The issuance of bank payment slip is forbidden. The deposit slip is the proof of payment receipt of the amounts due by the Buyer to the Seller.

If the payment day is a public holiday or a day when there is no banking hours, or in an event of bank strike, the day of payment will be extended to the first working day with banking hours, without arrears or any penalty to the Buyer.

Except for ZF Services Bogota, in the event of payment delay, the Buyer shall be subject to a fine of two percent (2%) and moratorium interests of half percent (0.5%) per month or fraction calculated on a pro rata basis.

If the Seller fails to comply with any provision contained herein, the Buyer may, without any charges, suspend the payment of the Invoices of Sales, the payment remaining suspended until the performance of the obligation by the Seller.

(b) The payment period referred to in Section 6(a)(i) of Part A shall be as follows:

(a) Invoices issued to ZF do Brasil Ltda: the first Wednesday after sixty (60) days of invoice issuance, unless otherwise provided in the Order and/or Registry Form. The Seller shall issue invoice of sale indicating the Corporate Taxpayer’s Registry (CNPJ) number of the Buyer provided in the Order, under penalty of not proceeding payment until regularization; or

(b) Invoices issued to TRW Automotive Ltda: on the due date, as payment term provided in the Order and/or Registry For, or

(c) Invoice issued to ZF Services Bogota: the first Wednesday after seventy-five (75) days of invoice issuance, unless otherwise provided in the Order and/or Registry Form. The Seller shall issue invoice of sale indicating the Buyer information provided in the Order, under penalty of not proceeding payment until regularization

(d) The invoice of sale shall be issued on the same day of the Goods shipment, under penalty of extension of the payment term by the Buyer in proportion to the delay time.

4. **Product Indemnification; General Indemnification (Section 10 of Part A)**

Section 10 of these Terms and Conditions of Purchase shall be supplemented by the following new paragraphs:

The Seller shall reimburse the Buyer for damages resulting from the latter's conviction in judicial actions filed by third parties against the Buyer concerning the performance of this Order, including, but not limited to: labor claims filed by its employees and subcontractors or tax lawsuit of direct responsibility of the Seller.

The reimbursement due by the Seller to the Buyer includes, but is not limited to, all amount that the Buyer disbursed as payment of the principal obligation, monetary adjustment, moratorium and/or compensatory interests, fines, guarantee or appeal deposits, expert fees, court costs, traveling expenses, telecommunication and document preparation, legal fees, etc.

The reimbursement due by the Seller shall be paid within thirty (30) days as of the written notice by the Buyer.

Minimum Parameters for Indemnification – ZF do Brasil Ltda:

If the Seller does not comply with any of its obligations set forth in this Order, it shall indemnify Buyer observing the following values:

Nature	Standard Amount
ZF Downtime	4,600.00 BRL/ downtime hour, the minimum charged will be 1 hour
ZF's Clients Downtime	10,000.00 BRL /downtime hour, the minimum charged will be 1 hour
Labor for inspection	30.00 BRL /hour, minimum charged 400.00 BRL
Labor for rework	35.00 BRL /hour, minimum charged 400.00 BRL
Extra hours made by ZF's employees	3,500.00 BRL/hour
Extra freight hired by ZF	1,500.00 (domestic highway) 55.00/kg (air)
Noncompliance with quantity or delivery schedule	400.00 BRL /case
Others not specified above	According to the occurrence
Administrative fee (levied on the entire amount due by the Seller)	10%

The above established amounts will be adjusted every 12 months, according to the adjustments reported by Buyer, which will take effect after thirty (30) days of notice. The new list will be informed to the Seller, which will form an integral part hereof for all legal purposes.

The Seller shall provide response to the non-compliances identified by Buyer through ("ANC") within up to: (i) 24 hours to answer the containment actions; (ii) 7 working days for root cause analysis and definition of corrective and preventive actions.

Minimum Parameters for Indemnification – TRW Automotive Ltda:

If the Seller does not comply with any of its obligations set forth in this Agreement, it shall indemnify TRW Automotive Ltda observing the following values:

Fines per event	
Nature	Standard Amount
Selection and Rework	2,500.00 BRL
Concern A	2,500.00 BRL
Concern B	1,000.00 BRL
Concern C	500.00 BRL
Deviation detected by the supplier and previously noticed to TRW Automotive Ltda.	Without cost
Deviation detected at TRW Automotive Ltda	1,500.00 BRL

Costs Transference	
Nature	Standard Amount
TRW Automotive Ltda's Client Downtime	Transferring of 100% of charged amount by TRW's Client
Downtime hour	150.00 BRL hour/man
Support Hour to Quality Auditor	46.00 BRL hour
Support Hour to Engineer / Quality Analyst	62.00 BRL hour
Support Hour to Quality Supervisor	62.00 BRL hour
Selection and Rework (collection by use of area)	21.00 BRL hour
Selection and Rework (labor for review)	Cost transferring charged by service provider
Notice of Non registered receipt (ASN)	100.00 by invoice
Quantity and Price divergence in the Invoice	150.00 BRL by item

5. **Termination for Convenience (Section 17 of Part A)**

Section 17(a) of Part A shall be deleted and replaced by the following paragraph:

The Order may be terminated by either Parties, upon a written notice to the other party, at least one hundred and eighty (180) days in advance.

During the notice period, the Parties shall continue to fulfill their obligations, the claimant being entitled to exempt the respondent from the compliance with any obligation.

6. **Termination for Cause (Section 18 of Part A)**

Section 18 of Part A shall be deleted and replaced by the following paragraph:

The Order may be rescinded, regardless of prior notice, in or out of court summons, as follow:

- (i) default of any obligation and, upon written notice by the innocent party, the other party does not remedy it within the period specified in the notice; or
- (ii) if the other party files a petition for bankruptcy, has its bankruptcy required or declared, as well as requires its court or non-court supervised reorganization; or
- (iii) changes in the Seller economic and financial situation, that, at Buyer's criteria, may affect its financial capacity and/or imply risks of non-execution of the purpose of the Order;
- (iv) if the Seller does not communicate, in writing, at least thirty (30) days in advance, any change in its shareholding structure, directly or indirectly, or if the Buyer, even if previously noticed, does not approve this shareholding structure change.

7. **Transition of Supply (Section 19 of Part A)**

Section 19 of Part A shall be deleted and replaced by the following paragraph:

- (a) The parties acknowledge that the Goods represent components that will be incorporated into products of Buyer's Customer or used by Buyer in your own activities, and that any disruption in the supply of Goods would materially and irreparably harm Buyer and Buyer's customers, and that any re-sourcing of the Goods by Buyer to alternative supply sources would require significant time, effort, cost and resources. Accordingly, in the event the Order expires or is terminated, Seller agrees to cooperate in the transition of supply, including without limitation the following: (i) Seller will continue production and delivery of all Goods as ordered by Buyer, at the prices and other terms stated in the Order as of the date of termination or expiration, without premium or other condition, during the notice period, or such longer period reasonably needed by Buyer to complete the transition to any alternate supplier(s) including, at Buyer's request, providing a sufficient bank of Goods covered by the Order, such that Seller's action or inaction causes no interruption in Buyer's ability to obtain Goods as needed; (ii) at no cost to Buyer, Seller (A) will promptly provide all requested information and documentation regarding and access to Seller's manufacturing process, including on-site inspections, bill-of-material data, tooling and process detail and samples of Goods and components, (B) when requested by Buyer, will return to Buyer all Buyer's Property in as good condition as when received by Seller (reasonable wear and tear excepted); and (C) will comply with Seller's obligations relating to Seller's Property in Section 24, and in relation to subcontracts.
- (b) Seller acknowledges that the terms of this Section 19 are reasonable under the circumstances, and that if Seller asserts or claims that Seller may terminate the Order for any reason prior to the expiration of the Term, Seller will nonetheless perform its obligations under this Section 19, including its supply obligations in subparagraph (a) above, except in the case where Seller's termination of the Order is based on Buyer's material breach of the Order (as finally determined by a court of competent jurisdiction following notice to Buyer and Buyer's reasonable opportunity to cure).

8. **Indemnity; Insurance (Section 23 of Part A)**

Section 23(b) of Part A shall be deleted and replaced by the following paragraph:

- (b) The Seller shall maintain during the term of this Order the insurance policies described in the Order, if applicable.

9. **Other Provisions (Section 31 of Part A)**

Section 31(i) of Part A shall be deleted and replaced by the following paragraph:

All notices between the Parties, relating to this Order shall be in writing as follows:

- (a) To the Buyer: addressed to the Purchasing Manager;
- (b) To the Seller: addressed to the legal representative.

The notices shall be deemed received if: (i) sent by mail or courier, exclusively at the address in the preamble of this Order; or (ii) sent by e-mail.