



# ZF SERVICES NORTH AMERICA, LLC

## Annex 1: Fines, Penalties, Deductions

**Preamble:** The following fines, penalties, deductions are applicable when Seller’s deliveries fail to meet schedule, quantities, packaging, labeling, and shipping documentation requirements. ZF Services North America, LLC does not limit its other rights or remedies and may debit any excess cost to Seller’s account.

**1.0 Definitions:** As used herein, “Order” means ZF Services North America, LLC Purchase Orders and other associated purchasing documents transmitted to you as Seller in hard copy, via facsimile, or via any other mode of transmission. "Buyer" means ZF Services North America, LLC identified on the face of the Order ordering Seller's Goods (as defined herein); "Seller" means the supplier shown on the face of the Order; and "Goods" means the products of Seller shown on the face of the Order and all raw materials, components, tooling, equipment and supplies to be delivered by and all services to be provided by Seller hereunder.

**1.1 Delivery:** Time is of the essence. Goods are due on the day shipment from “incoterm - named place location” is scheduled as per Purchase Order or Schedule Agreement. Tolerance for deliveries is one day early and up to three days late from requested ship date. Fill rate requirement is 98% with a tolerance of 3%. Following penalties apply to Orders with fill rate and delivery outside of tolerance window:

Delivery Penalty per PO / Schedule agreement			
Days Late	fill rate < 95 % penalty	Days late penalty	Freight penalty
4 - 10	Monthly Charge back 15% value not shipped	+ \$50	+ prepaid expedited
11 - 19	Monthly Charge back 15% value not shipped	+ \$100	+ prepaid expedited
20 - 29	Monthly Charge back 15% value not shipped	+ \$200	+ prepaid expedited
30 - 39	Monthly Charge back 15% value not shipped	+ \$300	+ prepaid expedited
Over 40	Monthly Charge back 15% value not shipped	+ \$1,000	+ prepaid expedited

Early shipment or deliveries, may at Buyer’s option either (A) be returned at Seller’s expense for proper delivery, (B) have payment therefore withheld by Buyer until the date that goods are actually scheduled for delivery, or (C) place goods in storage at Seller’s expense until delivery date specified herein.

**1.2 Quantities:** quantities in excess of purchase orders will be returned at supplier’s expense and charge \$50 per occurrence

**1.3 Quality:** non-conforming administrative fee \$100 per occurrence plus sorting cost charge back.

**1.4 Packaging and labeling requirements:** non conforming fees as follows per occurrence

label/ bar code 1st offense	\$ 100
label/ bar code 2nd offense	\$ 500
label/ bar code 3rd offense	\$ 1,000

**1.5 Shipping documentation**

Every order must contain packing list. Every shipment must have packing slip and ASN (both MOST agree). Each PO on the shipment must have its own ASN. Bill of landing must be complete. Non conforming fees as follows per Order.

Packing list error	\$ 50
Packing slip and ASN (no show, late, error)	\$ 500
Missing Country of Origin (COO)	\$ 50

**1.6 Other charges**

Buyer may charge Seller for any costs and additional penalties incurred by Buyer for delays or non-conformances caused by Seller's failure to meet delivery schedules.