



Industrial Technology
Business Unit
Wind Power Technology

ZF Wind Power (Tianjin) Co., Ltd. version 2017

These General Purchasing Conditions (the “**General Conditions**”) apply for all purchasing transactions conducted by ZF Wind Power (Tianjin) Co., Ltd., with registered address No.78 Gaoxin Avenue, Beichen Hi-tech Industrial Park, 300402 Tianjin (the “**Buyer**”), in its capacity of a purchaser of goods and/or services.

I. Purchase order

A purchase order (“**Purchase Order**”) is only validly placed on behalf of the Buyer if it is issued in writing and signed by a duly authorised representative of the Buyer. Electronic Purchase Orders shall only be valid if so provided in a separate contract between the supplying party (the “**Supplier**”) and the Buyer. A Purchase Order transmitted by fax shall be deemed to be a written Purchase Order.

Agreements or Purchase Orders made orally, either directly or by telephone, are only valid if confirmed in writing.

On acceptance of the Purchase Order, these General Conditions are incorporated by reference and form part of the contract to which the Purchase Order relates or which results from the acceptance of the Purchase Order. They shall also apply in respect of all future supply contracts between the Supplier and the Buyer, even if the application of these General Conditions is not expressly agreed in connection with such future supply contracts.

The Buyer expressly rejects the standard or special terms and conditions of sale of the Supplier, regardless of whether these are communicated prior to or after the time of dispatch of the Purchase Order. Such terms and conditions of sale of the Supplier shall never form part of the Purchase Order, unless expressly agreed in writing by the Buyer. For avoidance of doubt, these General Conditions shall apply even if the Buyer accepts delivery from or makes payment to the Supplier without any reservations being expressed, despite being aware of the existence of conditions which conflict with or deviate from these General Conditions.

II. Acceptance of Purchase Order

The Supplier shall give prompt written confirmation (to be duly dated, approved and signed) of every Purchase Order received from the Buyer. In the event the Supplier fails to provide a written confirmation of the Purchase Order within seven (7) calendar days from the delivery of the Purchase Order, the Buyer may – at its sole discretion – cancel the Purchase Order.

Any modification or additions to the Purchase Order shall be separately indicated as such in the Supplier’s written reply to the Buyer and shall be considered as a rejection of the Purchase Order unless validated in writing by the Buyer. Any modification or additions including a new quotation shall be considered as a rejection of the Purchase Order.

The Supplier shall be responsible for verifying the Purchase Order for consistency between the Purchase Order and any drawings, diagrams, Buyer’s Quality Standards or other documents and specifications provided by the Buyer. In case of



discrepancies, the Supplier shall immediately make appropriate inquiries with the Buyer. This applies in particular to the Index specified for the relevant drawing in the Purchase Order. If the Supplier does not accept the Purchase Order, all these documents shall be returned to the Buyer, free of charge and without any delay. In such case, the Supplier shall refrain from making any use of the information disclosed in the documents and, if the Buyer so requests, confirm that all copies have been destroyed and the information is not retained in any form whatsoever.

The Buyer may, at any time before completion of the Purchase Order and in writing, make changes in quantities and specifications, delivery schedules, and methods of shipment and packaging. If such changes cause an increase or decrease in costs or in the time required for performance, the Supplier shall promptly notify the Buyer within five (5) calendar days from the date of receipt by the Supplier of the notification of change and an adjustment shall be made accordingly. Any change or substitution made by the Supplier must be approved in advance by the Buyer.

An offer from the Supplier irrevocably binds the Supplier for a period of sixty (60) calendar days as from the date of its receipt by the Buyer.

III. Prices

Unless otherwise agreed in the Purchase Order, the agreed contract prices are fixed prices in RMB.

Unless otherwise agreed, the prices are DAP Buyer's factory (INCOTERMS 2010), including all necessary packaging and other freight and administration costs. The delivery address shall be specified in the relevant Purchase Order. If FCA Supplier is explicitly agreed upon between the parties, the Supplier has to arrange the transport with a given forwarder nominated by the Buyer.

With respect to the supply of services, the place of performance shall be specified by the Buyer in the Purchase Order.

Unless otherwise agreed in writing, no charge shall be made to the Buyer for the drafting of quotations, project planning documentation or other planning work.

IV. Payment

Payment shall be made in accordance with the terms and conditions specified by the Buyer in the Purchase Order.

Unless otherwise agreed, payment shall be made within sixty (60) calendar days after the end of the month of delivery and acceptance of the goods or services by the Buyer. Such payment shall be made by means of the payment method to be selected by the Buyer. The relevant period for payment shall commence from either the agreed delivery date or the actual delivery date, whichever is the later. The period of payment shall not commence, however, before receipt of an invoice.

Payments governed by discount provisions are subject to performance of the contractual obligations.

All invoices shall be submitted in duplicate, to the address specified in the Purchase Order, immediately after delivery has been carried out. In addition to the order number and order item, the invoices shall contain the order date, the delivery note number, the Buyer's Identification number, the country of origin and the customs tariff number.

The invoices issued by the Supplier shall meet applicable value added or sales tax regulations. The Buyer shall make payments subject to any applicable withholding taxes.



V. Delivery

Time is expressly of the essence in these General Conditions and for any Purchase Order. The agreed delivery time (as per purchase order) commences on the day on which the Purchase Order is placed. For delivery dates specified in terms of calendar weeks, the delivery date is deemed to be the Friday of the week in question. In respect of the supply of goods, the delivery date refers to the date the goods (accompanied by the full documentation, including as the case may be inspection reports and operating and safety instructions) are received by the Buyer at the premises specified in the Purchase Order and the Supplier has to arrange the transport early enough to meet the receiving date. Except otherwise agreed or matter so require, the required information of the readiness of the parts with dimensions and weight as well as number of packages for transport has to be with the forwarder at least 5 working days before the receiving date in the Buyer. For the avoidance of doubt any preparation time required in connection with the Purchase Order, such as the required time for packaging and transportation, shall be included in the delivery time. In respect of services, and unless otherwise agreed, the delivery date refers to the date of completion of the services in the premises designated by the Buyer (including delivery of the full documentation required in connection with the performance of such services).

If delivery was contractually agreed for a specific calendar date and was not made by such date, the delay shall be deemed to have been duly established without any need for the Buyer to give notice of default or grant a period of grace to the Supplier.

If the Supplier defaults on its delivery commitments, the Buyer is entitled at its option (i) to take remedial action, either itself or through third parties, at the Supplier's expense, and/or (ii) to claim compensation from the Supplier for any and all damages suffered by the Buyer as a result of or in connection with such default. In particular, if as a result of the failure of the Supplier to meet the agreed delivery date, the Buyer incurs contractual penalties, the Supplier shall reimburse the full amount of said penalties.

Without prejudice to the foregoing right of the Buyer to claim full compensation for damages, if the Supplier defaults on its delivery commitments, the Supplier shall at the minimum be liable to pay the Buyer a contractual penalty amounting to 0.2% of the total value of the Purchase Order per calendar day of the delay, up to a limit of 10%.

All such remedies shall be without prejudice to any rights and remedies the Buyer has under applicable laws and regulations, equity or contract.

With regard to remediation through the intervention of third parties, if the Supplier is in possession of documents required by the Buyer or the third party concerned for the performance of the contractual obligation, the Supplier shall transfer these promptly to the Buyer free of charge. Insofar as intellectual property rights impede the Buyer or the relevant third party in delivery/performance, the Supplier shall be obliged to promptly procure a release from said rights.

It is hereby clarified that acceptance of delayed delivery or performance without express reservation of rights by the Buyer does not imply a waiver by the Buyer of any rights or remedies under applicable laws and regulations, equity or contract arising from the delayed delivery or performance.

If, for whatever reason, the Supplier has reason to doubt its ability to meet the agreed delivery or performance date, it shall inform the Buyer immediately of these circumstances and the expected duration of the delay in writing. The Buyer may, in its sole discretion and without waiving any other rights available to it under applicable law and regulations, equity or contract, (a) permit delayed delivery or performance; or (b) call upon the Supplier for expedited shipments. In such events, the Supplier shall take all necessary measures, including but not limited to, special shipments, additional personnel, overtime and night-work, multiple shift operation, weekend and public holiday work, in order to meet the original date. The Buyer shall incur no additional costs as a result of these additional measures.



VI. Further delivery modalities

All shipments shall be packed in suitable containers for protection in shipment and storage and shall conform to the specifications, if any, of the Buyer. The Supplier is obliged to use environmentally friendly packaging which can be reused, recycled or disposed of at no cost.

All necessary information regarding the contents, storage and transportation shall be permanently attached to the packaging in an easily visible position. In particular, the contents shall be clearly identified on the outside of the packaging by means of the Buyer's Indent number, order number and order item. The Supplier shall observe all applicable law relating to the shipping of dangerous goods.

Bills of lading and delivery notes shall include the Buyer's order number, line number and Indent number and the customs tariff number of the Supplier and shall accompany the relevant delivery. Insofar as no conflicting dispatch and shipping provisions are stipulated in the Purchase Order, delivery shall be carried out DAP Buyer's factory (INCOTERMS 2010). If Parties agree on delivery EXW or FCA (INCOTERMS 2010), the Supplier shall contact the person in charge at the purchasing department of the Buyer (as identified in the purchase order) to inquire which shipping companies have been designated by the Buyer and shall inform the relevant shipping company in writing (via e-mail or otherwise).

The Supplier shall provide at least the following information:

- number of colli;
- weight per colli and total weight of the shipment;
- measurement of the colli;
- the Buyer's order number and line number;
- place of loading of the goods.

The mail shall be addressed in copy to the person in charge at the Buyer's purchasing department as well as to the Buyer's shipping department of (in each case as identified in the Purchase Order).

The Supplier shall allow sufficient time (with a minimum of five (5) working days) for loading and dispatch when fixing the staging date.

The Buyer shall only take delivery of the quantities or number of units specified in the Purchase Order. Over-deliveries, under-deliveries or early deliveries are only permissible after consultation with and prior written confirmation of the Buyer. In the event of early deliveries, the Buyer may elect to return the goods to the Supplier, at the Supplier's expense. Further, the Buyer is not bound to make payment to the Supplier in case of (a) under deliveries, until the entire quantity or number of units specified in the Purchase Order are delivered; (b) early deliveries, until the date for delivery of the goods is due; and (c) over-deliveries, for the quantities or units delivered in excess of that specified in the Purchase Order.

With respect to supply arrangements based on weight, the weights specified in the Buyer's drawings shall apply. If the Buyer accepts a supply arrangement on the basis of actual weight, the values established by the Buyer during the goods receiving inspection shall determine the quantities, weights and measurements. Any evidence to the contrary must be produced by the Supplier.

The location of the passing of title and risk to the goods supplied by the Supplier shall be the delivery address specified by the Buyer in the Purchase Order.

VII. Insurance

The Supplier shall maintain, at its own cost and expense, from a reputable insurance company, adequate and sufficient insurance for the type of business engaged in by the Supplier in compliance with all applicable regulations and in accordance with the industry standards expected for a company conducting similar activities. Without prejudice to the



foregoing, the Supplier shall maintain, as a minimum, comprehensive, general and product liability insurance. Supplier shall provide the Buyer with certificates of insurance evidencing such coverage, upon the Buyer's written request.

The Party responsible for the transport shall maintain adequate and sufficient transportation insurance with respect to the transportation of the goods.

In the case of transportation by a shipping company, the shipping company shall be informed by the Supplier that the Buyer is a customer exempt from forwarding, logistics and warehousing insurance (CMR insurance).

VIII. Warranty

VIII.1. Warranty provisions

The goods supplied by the Supplier (as well as the parts manufactured or delivered by sub-suppliers and used in such goods) shall be and the Supplier warrants that the delivery items are:

- (i) new and of prime merchantable quality,
- (ii) free of any apparent and/or hidden defects in design, materials and workmanship, and free of damage incurred during the transport and/or delivery operations,
- (iii) strictly in accordance the technical characteristics specified in the Buyer 's Purchase Order, as well as the technical documentation, regulations, the VDE regulations, DIN/ISO Standards, the Buyer Follow-Me quality Standards, paint specifications and drawings, which are all included in the contractual requirements regarding the properties of the delivery items,
- (iv) strictly in conformity with applicable laws and regulations (including equipment safety law and accident prevention regulations) as well as other laws and regulations which are relevant to the transaction (including the laws of the country of the Buyer's customer and the end customer, insofar as this has been disclosed in the purchase order) and orders from the competent authorities, the state of the art, good workmanship, and the relevant state of the art,
- (v) fully meeting the normal requirements as to usability, reliability, life cycle, as well as the purpose and destination of which the Supplier has knowledge or of which it should reasonably have knowledge (it being understood that the Supplier shall be deemed to have made careful inquiries about such purpose and destination of the supplies),
- (vi) fit for the particular purposes intended by the Buyer; and
- (vii) free from asbestos

The regulations in respect of which conformity is required under Supplier's warranty shall include, without limitation, the generally applicable standards and requirements of the industry sector or product category concerned (e.g., with respect to gearboxes for wind turbine applications, the general requirements of the gear manufacturing industry for wind turbine applications).

Without prejudice to the above, all machinery shall meet and be certified to meet all applicable legal requirements, including the requirements of the current Machinery Directive 98/37/EC and, as from its entry into effect, the revised Machinery Directive 2006/42/EC, and any subsequent adaptations thereof.

By accepting the Purchase Order, the Supplier confirms that the delivery items shall fully comply with the requirements of the Buyer and with the warranties set forth above. Neither inspection, testing, acceptance, and/or (incorrectness,



inaccuracy or incompleteness of) the Supplier's instructions, if any, shall apply as an exception to the full and continued application of such warranties or excuse breach of or non-compliance with such warranties.

VIII.2. Warranty Period

The Supplier's warranty hereunder shall expire two (2) years after successful completion of commissioning at the end customer's site, or three (3) years after the date of delivery to the Buyer, or at the end of any warranty period contractually agreed between the Buyer and its customer, whichever is the longer. The date of commencement of the warranty is the date of defect-free receipt of goods by the Buyer or the date of successful commissioning at the end customer's site. If the Supplier offers a standard warranty period which is longer than the period referred to in this clause, such warranty period shall apply. In these General Conditions the term "end customers" refers to the end customers of wind turbines when the goods supplied by the Supplier are intended for wind turbine applications.

For the avoidance of doubt, the warranty shall also cover parts manufactured or delivered by sub-suppliers. Warranties shall also extend to the Buyer's customers and the end customers.

IX. Liability and Remediation

The Supplier shall indemnify, defend and hold harmless the Buyer from and against any and all claims, damages and expenses incurred by the Buyer due to any defect and/or non-conformity of the goods or services with the provisions of these General Conditions as well as due to faulty instructions (each a "Defect").

The Supplier undertakes to remedy, within a short period of time as reasonably determined by the Buyer (which shall under no circumstances exceed fourteen (14) calendar days however), any Defect occurring during the warranty period referred to in Clause VIII.2. At the Buyer's discretion (and without prejudice to any other rights and remedies of the Buyer under applicable laws and regulations, equity or contract), remedial action to be taken by the Supplier may be either the elimination of Defects that have occurred or the delivery of replacement items without Defects within the time specified by the Buyer in this respect.

The costs incurred as a result of any remedial action, including transportation costs, travelling expenses, development costs, disassembly and re-assembly work and other work and material costs, shall be borne solely by the Supplier.

In the event the Supplier fails to meet its contractual obligations, the Buyer is entitled to claim, at its sole discretion, specific performance or damages instead of performance. This does not affect the Buyer's right to discount.

For the avoidance of doubt, if claims are made against the Buyer for breach of local government safety regulations, or for a breach of domestic or foreign product liability regulations on the grounds of a Defect, either actual or presumed, that can be attributed to the goods and services of the Supplier, the Buyer is entitled to claim full compensation from the Supplier for any damages and/or expenses incurred.

X. Discovery of Defects during processing by the Supplier

If, during processing by the Supplier, Defects are discovered, the Buyer must promptly be notified thereof by the Supplier. In such a case, the Buyer shall have the right to decide whether or not the processing of the part should be continued.

The Buyer must be notified immediately of rejects caused by incorrect or improper processing by the Supplier. In such case, the Supplier shall request replacement castings from the Buyer.

XI. Supplier's quality management system and Buyer's goods receiving inspection

The Supplier warrants that it has and maintains a strict and efficient quality management system and agrees that the goods receiving inspection carried out by the Buyer may be limited to a mere check for obvious (i.e., directly visible)



damage and obvious (i.e., directly visible) deviations in terms of identity and quantity (provided that the Buyer reserves the right, to be exercised at his discretion, to conduct a more extensive goods receiving inspection). The conduct of such goods receiving inspection or the absence thereof shall under no circumstances limit the Buyer's rights in relation to Defects.

The Buyer shall as soon as reasonably possible give notice of the detection of Defects in the course of its normal handling processes. Furthermore, the Buyer shall give notice of Defects as soon as these are discovered in the normal course of business. The Supplier waives any objections it may have to the late notice of Defects (or rights which it might be able to derive from such late notice) given by the Buyer.

The Buyer may, at its election, either hold rejected items for Supplier's inspection at Supplier's risk or return such items to Supplier at Supplier's expense.

XII. Proprietary rights

Any Buyer's intellectual property rights (including copyright), know-how, drawings, diagrams, Quality Standards or other documents, patterns, templates, samples and the like pertaining to the Purchase Order or goods remain the Buyer's sole property.

The Supplier shall not communicate any of these intellectual property rights (including copyright), know-how, drawings, diagrams, Quality Standards or other documents, patterns, templates, samples and the like pertaining to the Purchase Order or goods to third parties, without the Buyer's prior written consent and shall only use them for the purpose of supply of goods or services to the Buyer. Such items may only be reproduced within the limits of operating requirements for the supply of goods or services to the Buyer.

In the case of a violation of the rights of third parties such as but not limited to patents, licenses, trade mark rights and other intellectual property rights, the Supplier shall indemnify, defend and hold harmless the Buyer from and against any and all claims, damages and expenses arising from said violations, insofar as the violation is attributable to the Supplier. In such a case, the Buyer may, at its sole discretion, direct the Supplier to procure for the Buyer the right to continue the use of such goods and/or services, or, in a manner acceptable to the Buyer, make a replacement or modification to avoid infringement.

The parties undertake to inform each other immediately of any risk of infringement and alleged infringements of which they become aware.

At the Buyer's request, the Supplier shall inform the Buyer of any use of published or unpublished, owned or licensed proprietary rights and proprietary rights applications relating to the goods.

The Supplier's subcontractors shall be bound by corresponding obligations.

The drawings and patterns remain the property of the Buyer and shall be identified as "*property of ZF WPA*". At the end of every year, a general overview (inventory) of all stored patterns belonging to the Buyer shall be drafted in list form and sent to the Buyer by the 5th December of every year. The Supplier shall not make any use of the information disclosed in the Materials and, upon the Buyer's request, confirm that all copies of the Materials have been destroyed and the information is not retained in any form whatsoever.

Within five (5) calendar days of completion of order processing, all drawings shall be returned. All patterns shall be made available to the Buyer free of charge upon the Buyer's request. In case of use in a foundry, any additional equipment mounted must be removed in such a way that correct use of the patterns in another foundry is not impeded.

The Supplier shall be liable for all damages incurred by the Buyer as a result of the breach of the above obligations.



XIII. No reservation of title

All deliveries shall be free from reservation of proprietary rights and rights of third parties. If, notwithstanding the above, the goods are supplied under a claimed reservation of proprietary rights, the Buyer's acceptance of such goods shall not constitute recognition of said claimed reservation of proprietary or third party rights.

XIV. Spare parts

The Supplier shall ensure that spare and wearing parts will continue to be manufactured and supplied for a period of twenty (20) years in accordance with the most recent price agreements that have been entered into with the Buyer.

XV. Documentation to be provided by Supplier

The documentation required to be supplied by the Supplier shall be printed in duplicate, free of charge, in Dutch, German and English and in the local language of the Buyer's customer. This documentation shall also be provided to the Buyer, free of charge, as an electronic PDF file for use in overall final product documentation.

Insofar as the Buyer has authorized the use of drawings, calculations and other documents, this authorization shall not relieve the Supplier of its sole responsibility. This also applies in the case of suggestions, recommendations and other cooperation on the part of the Buyer.

Furthermore the Buyer assumes that the delivered products have been manufactured within an effective and demonstrable quality system, preferably one confirming to the requirements of the ISO 9000/14000 standards. The Buyer shall be entitled to inspect the production process and verify the quality system, on notice to the Supplier at the Supplier's site.

The Supplier shall not subcontract orders in whole or in part to third parties without the Buyer's prior written consent.

XVI. Secrecy

The Supplier shall treat the Purchase Order and all information pertaining to the Buyer or the goods which it acquires pursuant to the Purchase Order or the business relation with the Buyer as confidential information and to treat the same with strict confidentiality. The Supplier must use at least the same degree of care to prevent disclosure of such the Buyer's confidential information as it employs to avoid unauthorized disclosure, publication or dissemination of its own information of a similar nature. In the event of any disclosure or loss of, or inability to account for, any of the Buyer's confidential information, the Supplier will notify the Buyer immediately.

Any materials, information or documents for which a contribution to the production costs has been agreed or charged to the Buyer shall be handled and stored in an appropriate manner by the Supplier, shall be distinguished from the other materials of the Supplier by storing them separately free of charge and shall be insured by the Supplier against destruction.

XVII. Advertising material

The Supplier may only refer to its business relations with the Buyer in advertising, publicity or similar materials with the express written authorization of the Buyer. Any use of the Buyer name with the Buyer's permission shall comply with the Buyer's instructions issued in this regard. The Supplier undertakes to send the Buyer a courtesy copy free of charge prior to publication.



XVIII. ZF Working Standards

For supply of material, the Supplier shall comply with ZF Directive LR 10, ZF Logistics Directives QR83 and ZF Quality Directives, as amended from time to time (the “ZF Directives”).

By accepting the Purchase Order, the Supplier confirms that it has received such ZF Directives in English version and that those form an essential part of these General Conditions. The ZF Directives are also readily available for downloading on

http://www.zf.com/corporate/en_de/company/company_profile_zf/divisions_business_units/purchasing_logistics/conditions_of_purchase/downloads/downloads.html

If any changes from time to time in the ZF Directives cause an increase or decrease in the cost of, or the time required for the performance of, any work required from the Supplier, the Supplier shall promptly inform the Buyer thereof. Any request for adjustment will be deemed waived unless communicated in writing by the Supplier to the Buyer within thirty (30) calendar days from the change.

XIX. Corporate Social Responsibility

The Supplier shall not utilize child, slave, prisoner or any other form of forced or involuntary labour, or engage in abusive employment or corrupt business practices, in the manufacture, production, supply or delivery of goods or in the performance of services for the Buyer. The Supplier shall cause its subcontractors, to the extent subcontracting is permitted under these General Conditions, to comply, and to require their respective personnel to comply, with the provisions of this Clause XIX.

Without prejudice to the above, the Buyer shall have the right to require the Supplier to demonstrate that it complies with international corporate social responsibility (“CSR”) standards, including by:

- requiring the Supplier to submit a certificate of CSR compliance issued by an internationally accredited body (such as SA8000 certification);
- requiring the Supplier to make a CSR self-assessment report and send a copy thereof to the Buyer; and/or
- conducting or commissioning, upon reasonable notice to Supplier, a compliance audit in the Supplier's premises.

XX. Termination

The Buyer may terminate a Purchase Order, in whole or in part, with or without assigning reasons, by giving thirty (30) calendar days' notice in writing to the Supplier. The Buyer reserves the right to cancel, amend or modify a Purchase Order in any manner and at its sole discretion in the event of default by the Supplier as to any of the terms and conditions hereof. In addition, the Buyer shall have the right to cancel a Purchase Order if the Supplier becomes the subject of a voluntary petition in bankruptcy or any voluntary proceeding relating to insolvency, receivership, liquidation, or composition for the benefit of creditors, in the event of a change in control of the Supplier or in the event of Force Majeure lasting longer sixty (60) consecutive calendar days.

XXI. General Provisions

XXI.1. Force majeure

A failure to perform obligations by either party shall not constitute a default by such party, or give rise to any claim for damages against it, if, and to the extent that, such failure of performance is caused by Force Majeure. If a party is unable to perform its duties under this Agreement due to Force Majeure, the other party shall be discharged from its obligations hereunder.

The party affected by Force Majeure shall give notice thereof to the other party in writing, promptly upon detection of the impediment constituting Force Majeure and its effect.



The Supplier acknowledges that he is affected by Force Majeure, it shall apportion the quantities it is still able to supply by priority to the Buyer and its affiliates.

XXI.2. Assignment

The Supplier shall not assign the Purchase Orders or claims without the prior written approval of the Buyer. The Buyer shall have the right to assign any rights and obligations under any contract with the Supplier to any entity that controls, is controlled by or is under common control with the Buyer.

XXI.3. Set off

The Buyer shall be entitled at any time to set off any and all amounts owed by the Supplier or an affiliate of the Supplier to the Buyer or any of its affiliates on this or any other order.

XXI.4. Governing Law and Disputes

The contractual relationship between the Supplier and the Buyer (including these General Conditions) is governed by the laws of the People's Republic of China, excluding the provisions of the UN Convention on Contracts for the International Sale of Goods (CISG).

Any disputes arising in connection therewith that cannot be amicably settled by the Buyer and the Supplier shall be submitted to the courts of Tianjin, China.

XXI.5. ZF Business Partner Principles

The Supplier is responsible to act in accordance with the current laws and regulations regarding employment, environmental protection, and work safety, and to avoid any criminal offenses, and to that effect, is responsible to follow and comply with the ZF Business Partner Principles.

By accepting the Purchase Order, the Supplier confirms that it has received such Business Partner Principles in English version and that those form an essential part of these General Conditions. The Business Partner Principles are also readily available for downloading on

http://www.zf.com/corporate/media/zf_media_import/document/corporate_2/company_4/organization_2/compliance_2/ZF_Geschaeftpartnerkodex_EN_RZ_22012014.pdf

The Supplier must ensure through its supply chain that its sub-suppliers adhere to the ZF Business Partner Principles. In case of any breach against the ZF Business Partner Principles, the Buyer reserves the right to rescind and accordingly terminate any Purchase Order or contract with the Supplier. Should the Buyer suffer any damages due to the breach, the Supplier shall hold the Buyer harmless.