

**ORDERING AND PURCHASING CONDITIONS
OF BAHNTECHNIK BRAND-ERBISDORF GMBH
– applicable as of June 8th, 2017 –**

I. Conclusion of Contract

1. Orders placed by Bahntechnik Brand-Erbisdorf GmbH (hereinafter: BTBED) shall be based exclusively on the present Ordering and Purchasing Conditions, which BTBED will make available at any time upon request, and can be viewed on the website and downloaded at www.bt-be.de. Conflicting or additional terms and conditions of the Supplier shall not form any element of the contract, even if no further objection to them is expressed.

The Ordering and Purchasing Conditions shall also apply to all future purchasing transactions, irrespective of whether or not reference is made to them when the transactions are concluded.

2. Any amendments or additional agreements to these conditions shall be subject to written confirmation by BTBED to become effective. The same shall apply to any waiver of the requirement for written form. The current version of these Ordering and Purchasing Conditions, which BTBED will forward at any time upon request, shall be applicable in each case.

3. Purchase orders shall be in written form (including telefax or email). Verbal orders, amendments or additions to orders shall become binding only after written confirmation by BTBED. If the Supplier should fail to accept the purchase order within 14 days by written confirmation, BTBED shall be entitled to revoke the order. No costs shall be incurred to BTBED through such a revocation.

4. Until the delivery or service has been performed, BTBED may amend a purchase order at any time within reasonable limits common within the industry. The delivery dates and the prices will be suitably adjusted in keeping with the amendment(s).

5. Unless otherwise explicitly agreed, the Supplier shall carry out the purchase order himself and not be entitled to pass on the purchase order or documentation received.

II. Export Control

1. The Supplier undertakes toward BTBED to adhere to all applicable national, European and US American export control regulations, including all European or US American sanction lists and other embargos against particular individuals (together referred to hereinafter as "export control regulations").

2. The Supplier undertakes toward BTBED to provide information of its own accord, stating the actual export list or Export Control Classification Number, in case goods or their components that are to be delivered are included on the export list, in Appendices I and IV, or the Commerce Control List.

3. The Supplier is obligated to give immediate written notification to BTBED concerning any circumstances becoming known to him after conclusion of the contract which give reasons to assume a possible or actual infringement of export control regulations. In the event of BTBED establishing circumstances after conclusion of the contract which substantiate a possible or actual infringement of export control regulations, BTBED shall notify the Supplier of this in writing.

4. In any event in which circumstances become known which give reasons to assume a possible or actual infringement of export control regulations, any delay in acceptance by BTBED for a reasonable period of time, in order to give BTBED the opportunity for verification, shall be excluded.

5. If actual infringements of export control regulations should be established or there be no possibility to exclude them, BTBED may, at its discretion, withdraw from the contract or demand the cancellation of those part-deliveries that give reasons to assume an infringement. The Supplier undertakes to indemnify BTBED against any damages incurred due to a deficiency or failure on the part of the Supplier to fulfil his undertaking under this paragraph and sub-paragraphs. The scope of the damages to be indemnified shall also include reimbursement of all necessary and reasonable expenses incurred to BTBED, in particular the costs and expenses of any legal defence, as well as any fines imposed by the authorities.

III. Delivery

1. Deliveries shall be made to the address of BTBED, or to the address specified by BTBED, on workdays from Monday to Friday, during the hours from 06.00 to 13.00 hrs. The receipt of the goods at that location shall be definitive with regard to compliance with delivery dates. Unless delivery free place of destination is expressly agreed in deviation from para. 1, the Supplier shall make the goods available in due time, taking into account the time usual for loading and shipment. International business transactions shall be based on DDP - Duty Delivery Paid - as terms of delivery (Incoterms 2000).

2. Transportation shall take place exclusively for the account and at the risk of the Supplier, unless otherwise agreed. The goods shall be properly packaged and marked. Every delivery shall be accompanied by 2 delivery notes stating the content, order no., and order code(s), if any. Failure to enclose the required papers with a delivery will entitle BTBED to place the goods in storage at the expense and risk of the Supplier until the shipping documents arrive. Shipment shall be confirmed to BTBED without delay.

3. Part- or advance deliveries are permissible only with the written consent of BTBED.

4. Unless otherwise demonstrated, the values established by BTBED during the incoming goods inspection shall be definitive with regard to quantities, weights and dimensions.

5. The Supplier shall furnish all documentary proof necessary for customs clearance and for obtaining tariff reductions or other state concessions.

IV. Delayed Delivery

1. Agreed dates and deadlines shall be binding. Failure by the Supplier to adhere to them for any reason for which he is responsible shall entitle BTBED, pursuant to section 280 et seq. BGB (German Civil Code), to claim damages for the loss thereby incurred. Irrespective of the delay, the Supplier shall remain obliged to perform, unless BTBED declares its withdrawal from the contract.

2. BTBED may demand compensation from the Supplier for the expenditure which BTBED has incurred in anticipation of the proper performance of the delivery or services concerned.

3. If the Supplier should foresee difficulties in manufacturing or in obtaining the primary material, or if circumstances arise which he is powerless to affect and will probably prevent him from making delivery punctually in the quality agreed upon, he shall at once inform BTBED accordingly in writing.

V. Force Majeure

Serious, unforeseeable and unavoidable events, such as force majeure, war or warlike conditions, official orders, unrest, and strikes will, once confirmed, release the contracting parties from the contractual obligations for the duration of the disruption and to the extent of its effects, even if they arise at a point in time when the contracting party concerned is in default. If the disruptive events should last longer than three months, BTBED shall be entitled to withdraw partly or completely from the contract. The Supplier is obligated to notify BTBED at once of the occurrence of any such disruptions and, in good faith, to reasonably adapt his efforts to the altered circumstances in order to fulfil the contract.

VI. Prices and Payment

1. The prices shall include packaging, transport and cargo insurance costs, value added tax, customs duties, and other fees and freight charges, as may arise. The Supplier is obligated to reimburse any expenditure incurred in this connection to BTBED.

2. Invoices shall be sent separately for each complete delivery to the address of BTBED, or to the location specified by BTBED, in duplicate, stating the EDP order number, tax number and value added tax identification number. The statutory value added tax shall be shown separately. Incomplete invoice details shall give entitlement to refuse the invoice and preclude the period of payment from commencing.

3. If a delivery is faulty, BTBED shall be entitled to withhold payment proportionally until proper performance is effected.

4. Payment shall be made within 14 days after receipt of a proper invoice (para. 2.), less a 3% discount, or without deduction by the 25th day of the month following the issuance of a proper invoice.

5. Where services are accepted earlier (II 3.), the date of payment shall depend on the originally agreed date of delivery.

6. Payment does not indicate acceptance of the delivery as being in accordance with the contract.

7. BTBED does not, as a matter of principle, recognise rights of retention of title and any other security rights, no matter the form, content, effect and scope, and expressly rejects them. BTBED recognises simple reservation of title, provided BTBED can use and sell the delivered goods in the ordinary course of business without any restrictions. The assignment or pledging of any claims that the Supplier may have and the issuance of a direct debit authorisation to third parties are effective only with the written consent of BTBED.

VII. Set-Off Clause

1. BTBED shall be entitled to offset any receivables owed to it by the Supplier against any receivables owed to the Supplier, for whatever the cause in law, by companies in which BVV Bahntechnik GmbH has a direct or indirect majority interest.

2. The current number of companies within the meaning of the previous paragraph in which BVV Bahntechnik GmbH has a direct or indirect majority interest will readily receive information upon request.

VIII. Quality

1. With regard to his deliveries, the Supplier shall conform to the state of the art and latest technologies and scientific methods, safety regulations, requirements of the International Union of Railways (UIC Codex), other relevant standards and agreed technical data. Any changes in the delivery item as well as any changes in its method of manufacture that may affect its condition, suitability or any other quality, shall be permissible only with the written consent of BTBED.

2. For agreement on a first article inspection, reference should be made to the generally accepted technical inspection rules of a pertinent association.

3. The Supplier shall compile the documentation required to assess the quality standard described in paragraph 1 and submit it to BTBED upon request. If a factory visit is necessary to assess the quality standard of the Supplier, the Supplier shall permit BTBED such a visit after due notice in advance.

4. The Supplier shall inform BTBED of any possible unsuitability of the delivery items for the intended uses notified or known to him, and of any improvement possibilities in as far as they are discernible to him without any greater effort or expense.

IX. Liability for Defects

1. The acceptance of a delivery shall be subject to an inspection for completeness, correctness and suitability. The incoming goods inspection shall take place in the ordinary course of business, at the latest within two weeks after delivery. Obvious defects shall be notified to the Supplier immediately after this period has expired, and non-obvious ("hidden") defects immediately after their discovery. The Supplier waives any formal complaint in this respect.

2. Liability for defects (in this respect the warranty period) pursuant to the requirements of the International Union of Railways (UIC Codex) shall end 60 months after the product manufactured by BTBED has been delivered to its customer, at the latest however 72 months after initial use in newly built vehicles. This period shall be suspended for as long as the Supplier verifies the existence of a reported defect or carries out subsequent improvement. If subsequent improvement is effected by means of replacement delivery, the liability for defects regarding the item in question shall begin anew.

3. If defective goods are delivered, the Supplier shall be obligated to carry out subsequent improvement without delay. Any cost incurred as a result shall be at his expense.

In urgent cases BTBED itself may, after notifying the Supplier, remedy the defect at the latter's expense or have it done by third parties. If the Supplier should fail to promptly comply with the request of BTBED for subsequent improvement, or if such subsequent improvements fail or, further, if a defect does not become known until after the start of production, BTBED shall be entitled, at its discretion, to demand a reduction in payment or declare its withdrawal from the contract and claim compensation for the resulting loss or damage.

X. Liability

1. The Supplier shall be liable toward BTBED for any loss or damage for which he or his vicarious agents are responsible.

2. If BTBED and the Supplier should be liable, singularly or jointly and severally, toward third parties, then internally between BTBED and the Supplier the latter alone shall be responsible (i.e. be obligated to pay compensation or to provide indemnification) if the liability has been caused by defective performance on the part of the Supplier.

3. The cost of any loss prevention measures (e.g. product recalls) required to avert or reduce the product liability risk shall be borne by the Supplier insofar as these are necessary and occasioned by his delivered goods.

XI. Secrecy and Means of Production

1. The contracting parties undertake to treat all commercial and technical details that are not common knowledge, and become known to them through the business relations, as trade secrets. This shall not affect a possible sharing of information among the companies of the BVV Bahntechnik GmbH.

2. Drawings, models, templates, samples, moulds, dies, tools, and similar items handed over or passed by BTBED to the Supplier may not be left or otherwise made accessible by the latter to third parties without written consent. The duplication or fabrication of identical items is permissible only within the scope of operational and legal requirements.

3. All items shall remain the property of BTBED and be returned or handed over completely, including any copies, to BTBED without delay upon completion of the order. If the Supplier should fabricate or duplicate the items stated in paragraph 2 sentence 1 at the expense of BTBED, he shall already transfer ownership of them to BTBED at the present time and keep them until they are returned after completion of the relevant deliveries. The Supplier may not transfer ownership of, or pledge, such items belonging to BTBED to third parties.

4. The Supplier may use the business relationship for advertising purposes only with the prior written consent of BTBED.

5. The Supplier shall place any subcontractors under a corresponding obligation.

XII. Property Rights

1. The Supplier shall be liable for any claims arising during contractual use of the delivery items due to the infringement of property rights and property right applications of third parties in the Federal Republic of Germany or worldwide, and shall indemnify BTBED and its customers against any claims arising from the use of such property rights and property right applications.

2. This shall not apply if the Supplier manufactures the delivery items according to drawings or models handed over by BTBED, or according to matching descriptions or data from BTBED, and does not know, or does not have to know in connection with the products he has developed, that property rights or property right applications are thereby infringed. In this respect BTBED shall indemnify the Supplier against claims by third parties.

3. The Supplier undertakes to notify BTBED at once of any risks of infringement that become known and of any alleged cases of infringement, and to give BTBED the opportunity to oppose such claims.

4. Upon request the Supplier shall inform BTBED of the use of its own published and non-published as well as licensed property rights and property right applications relating to the delivery items.

XIII. Spare Parts

The Supplier is obligated to keep all necessary spare parts available for the average period of use of the items purchased by BTBED and to deliver them to BTBED upon request.

XIV. Deterioration of Financial Position

If the Supplier should cease payment or fulfilment of other contractual obligations, or if proceedings in bankruptcy or court-supervised or out-of-court composition proceedings against him are applied for, BTBED shall be entitled to withdraw from the contract with respect to the part not yet fulfilled.

XV. Severability Clause

Should any one of the provisions of these Ordering and Purchasing Conditions be or become invalid, this shall not affect the validity of the remaining contract. The contracting parties undertake to replace the ineffective provision with a provision that comes as close as to it as possible in terms of commercial success.

XVI. Applicable Law

The law of the Federal Republic of Germany shall apply, to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

XVII. Place of Performance and Jurisdiction

1. The place of performance shall be the place of delivery specified by BTBED.
2. The exclusive place of jurisdiction for any disputes shall be Chemnitz. BTBED shall, however, be entitled to initiate legal proceedings against the Supplier also at any other legal venue.