

The German Railway Industry

Principles of Cooperation



PREAMBLE

“With excellent and economic railway systems for more sustainable rail traffic.”

The railway industry offers customers in national and international rail technology markets innovative and economically competitive top-quality solutions. The member companies of the German Railway Industry Association (VDB) can be particularly successful in this global market if they cooperate fairly along the value-added chain. This type of cooperation is the subject of the following principles of cooperation in the railway industry.

The principles listed below represent non-binding recommended procedures within the railway industry that leave all partners free to pursue their own competitive strategies. The association recommends that its member companies acquaint their purchasing, development, technology and sales staff with the guidelines and ensure their compliance.

1. Increase in competitiveness in the international competitive environment

The member companies shall aim to increase their national and international competitive position via continuous process enhancement, increase in quality and optimisation of their range of services. Via an open exchange of information regarding mutual requirements and services to be rendered, the partners shall support each other in setting up long-term cooperation and achieving a steady increase in competitiveness. The member companies operate in an environment dominated by continuously increasing international competition. In order to share the opportunities for German railway technology on the global markets, the companies shall provide mutual support for the internationalisation and localisation of their businesses, for example via an exchange of experience, joint business delegations and coordinated appearances at trade fairs.

In doing so the VDB and its member companies shall pay regard to the regulations of the relevant applicable cartel law.

2. Cooperation in product development and testing on a partnership basis

The suppliers' expertise shall be brought in as early as at the product development stage and long before the tendering stage in order to minimise product and process costs.

This exchange requires fairness on both sides, especially as regards non-disclosure of internal information regarding the respective partner, acceptance and acknowledgement of the respective intellectual property and unconditional, faithful disclosure of any problems that arise.

Cooperation based on the following principles shall not be limited to one partner. Exclusive rights shall require specific legal verification and agreements. System suppliers undertake to support suppliers in the testing of innovative components or sub-systems permanently to enable suppliers to deliver only tested series components.

3. Guidelines for contractual agreements

The contractual partners undertake to enter into a mutually fair and balanced contractual relationship. The following points are particularly important:

3.1. Product requirements specification and functional specification

The railway industry supports the product requirements specification process and the resulting functional specification. The member companies shall take part in guaranteeing the high quality level required for railway operations using respective product requirements specifications and countersigning the functional specifications prepared by suppliers.

3.2. Drawings, records, documents

Drawings, documents, source programmes, CAD data, product and process expertise, availability calculations and other documents shall remain the intellectual property of the author. The use of these documents and data shall be subject to prior written agreement.

3.3. Project plans and deadlines

Project plans and milestones shall be coordinated in terms of mutual feasibility and shall be agreed in writing.

3.4. Packaging and transport

Packaging and transport shall be subject to individual agreements.

3.5. Terms of payment

Terms of payment shall be subject to individual agreements.

3.6. Quality inspection and homologation costs

The member companies shall support the minimisation of costs associated with quality inspections and homologation procedures. The contractual partners shall agree upon an adequate distribution of costs and shall record this agreement in writing upon the award of a contract.

3.7. Guarantee

The contractual partners shall agree in writing upon individual conditions regarding the extent and term of the guarantee. They undertake to jointly identify the reason of breakdowns and to openly exchange information and act quickly to identify and remove any serial errors in order to minimise possible danger and any damage.

3.8. Liability for default

The supplier shall inform the system supplier without delay of an imminent default in delivery in order to enable both partners to take countermeasures. In principle, a liability for default depends on a fault of the supplier and shall be subject to individual agreements.

A limitation of the liability for default (contractual penalties, default compensation) shall be part of the contractual provisions.

3.9. Termination

Termination regulations shall be subject to individual agreements.

3.10. Liability

Any limitation of liability shall be subject to individual contractual provisions and must be agreed upon by the contractual partners in writing. This agreement shall give adequate consideration to the supplier's economic situation and the order volume of the respective contract.

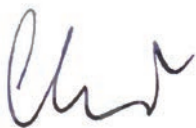
4. Exchange of information

In his own interest, the system supplier shall ensure imparting regular information to interested suppliers regarding the end customers' medium and long-term perceptions, thereby providing the former with the necessary foundations for their own product development. This shall be achieved, for example, during supplier days or workshops. There shall be a general understanding that the supplier shall continuously improve his products. Hence, he shall require consistent information regarding the performance of his products in operation. In this, he shall be supported by the system supplier/end customer, also by providing field data, if applicable.

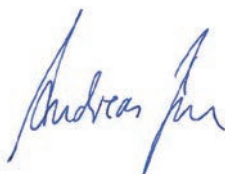
5. Solution of disputes

In the case of dispute, the contractual partners shall aim to settle the matter out of court.

The presiding board in April 2013



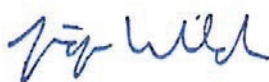
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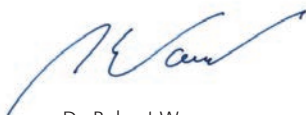
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