

Please note: In case of inconsistencies or doubts as to meaning, solely the original German text shall be binding.

Supplemental contract conditions of DB AG and its affiliated companies for quality assurance in procurement (SCC quality assurance in procurement)

1 General

- (1) The contractor is responsible for the quality of the delivered goods/services, including all goods/services from subcontractors. In particular, the contractor is responsible for conducting or commissioning the inspections necessary to ensure quality.
- (2) Deutsche Bahn AG (DB AG), being the client, reserves the right to find out about the contractual quality of the goods/services to be provided, at any time and in all junctures of the performance process, and the quality assurance (QA) measures implemented by the contractor and to intervene when necessary. The client may commission a third party for this purpose.
- (3) The verification of the quality of the contractor's goods/services by the client does not relieve the contractor of its liability and warranty obligations for the delivered goods/services. Acceptance of the goods/services shall remain unaffected hereof.

2 Type and scope of quality assurance by DB AG

- (1) The type and scope of QA measures depend both on the complexity and ease of inspection of the product/service and on the quality capabilities of the contractor.

Based on the complexity and ease of inspection, products/services are assigned to inspection levels¹ or inspection categories².

The contractor's quality capabilities are reviewed by the client's quality assurance organization on behalf of DB AG procurement. Based on this, contractors for DB AG are classified in status Q 1, Q 2 or Q 3 (Q status).

Examples of QA measures include quality gates, quality engineering methods, material inspections, model inspections, process and product inspections, production monitoring, final inspections and regular monitoring. The contract or purchase order defines which QA measures are required in the individual case.

The contractor must document the manufacturer-specific product classification for defined products and manufacturing processes.

- (2) The details on type and scope of the QA measures, depending on the product/service and the contractor's Q status, are regulated in the respective lists of products with quality inspection requirements and/or in the contract. The assignment of quality levels or quality categories to the products, as well as further regulations, are also contained in the lists of products with quality inspection requirements by DB AG. The lists of products with quality inspection requirements by DB AG become part of the respective contract. All changes must be made in writing and must be treated according to the rules for performance changes to the contract.

(1) 1 Inspection levels are used in the infrastructure area.

(2) 2 Inspection categories are used in rail vehicle area.

- (3) The contractor's inspections and verification of quality (manufacturing processes, product) for the provided product/service by the client are based on the defined contract terms. Additional documents can be used to verify quality, such as specification sheets, specifications, DB standards, norms, UIC leaflets, drawings and generally accepted rules of engineering and technology. In case of contradictions, the defined contract terms have priority.
- (4) DB AG can apply statistical methods to determine the contractually defined quality.
- (5) Should the contractor not meet the client's requirements for a Q 1 supplier, the contractor may be downgraded to status Q 2 or Q 3.

Being downgraded, the contractor shall bear all expenses arising for additionally required QA measures, including those of the client, and must provide staff and material resources to ensure that the contractual requirements of the product/service are met.

Status Q 3 generally results in non-consideration as a supplier. In exceptional cases, orders may be placed subject to the inclusion of specific QA measures, which must be agreed between the contractor and the client. A similar process applies to contractors without a Q status.

3 Cooperation between contractor and DB AG quality assurance

(1) Access

The client's quality inspector must be granted access, during regular business or operating hours, to the workplaces, workshops, warehouses and inspection rooms where the contractual product/service (or parts thereof) are produced or inspected or where the materials required for these purposes are stored.

(2) Limitations of liability

Any limitation of liability vis-a-vis the client's quality inspector is not permitted during his stay at the contractor's premises and, where applicable, subcontractors' premises.

(3) Occupational health and safety

During the first visit to a site by the client's quality inspector, before the assumption of duties, the quality inspector must be instructed as to the risks to health and safety. This must be documented. This instruction must be repeated regularly, at least annually, and in case of changes to the risk situation or the focus of instruction, as well as after longer work interruptions (greater than three months). If the occupational health and safety measures are deemed insufficient, the quality inspector can refuse to perform the activity, in which case the contractor shall not have the right to enforce claims pursuant to the contract. This is without prejudice to any claims by the client.

(4) Confidentiality

All knowledge of manufacturing or business secrets gained through the inspection, documents and information provided is treated confidential within DB AG and its affiliated companies and will not be disclosed to third parties. This is without prejudice to any disclosure requirements to courts and authorities.

(5) Support

The contractor must provide the necessary labor, documents, premises, machines, devices, inspection and measurement equipment, communication equipment and operating fluids to support the execution of the client's QA measures. Communication will generally take place in German, unless alternative arrangements are contractually agreed.

(6) Differences of opinion/rejection

Should the inspections reveal that objects were not produced as contractually agreed, such objects must be improved or replaced in accordance with the contractual agreements

and then inspected again by the contractor. The contractor must ensure that the products/services that were not produced as contractually agreed and services that were rejected by the client's quality inspector are not used or delivered. In case of disagreement between the contractor and the client's quality inspector, the project manager or client's contact person listed in the contract must become involved.

4 Performing the quality assurance measures

(1) Inspections

The client's quality assurance department carries out the measures for quality assurance depending on the respective product/service and contractual arrangements. These measures may be of a preventive nature, taking place during the development phase and before/during manufacturing, as well as may be performed directly on the lots to be delivered. In addition, unannounced visits may take place, in the form of regular monitoring to verify the contractor's quality capabilities.

(2) Inspection locations and equipment

The verification of the quality of the goods/service provided is generally performed on the premises of the contractor named in the contract. If verification of the manufacturing processes and products/services at the contractor's premises is not possible, it will take place at the premises of the respective subcontractor or at the place of manufacture.

The contractor or subcontractor must provide proof that the inspection and measurement tools applied have been inspected and approved by an independent third party and that the measurement tools have been calibrated.

(3) Notification

The contractor must notify the client's quality assurance department in due time prior to the start of material procurement and manufacturing, and must also communicate the date of the last delivery.

The contractor must notify the client's quality assurance department at least 10 working days (20 working days in case of manufacturing outside of Germany) prior to the requested inspection date.

(4) Frequency of inspection

The frequency and conduct of inspections with regard to deliveries by the client depends on contractor's quality capabilities. If the contractor has proven his ability to effectively comply with all quality features and if the product scheduled for delivery meets all of the client's requirements, the client's quality inspector grants the release for delivery. This release for delivery is limited to a specific space of time.

(5) Release, labeling and shipment

The contractor may not dispatch deliveries until the contractually agreed verification and release for delivery have been granted by the client's quality inspector.

If a delivery requires a release, this release must be attached to the delivery.

For directly inspected and released goods or services, the client's quality inspector labels all objects/packaging and/or certifies the release of the goods/service.

The client's quality inspector and contact persons named in the contract receive a copy of the delivery note or acceptance inspection certificate for the relevant goods/service.

During the period of validity of a temporary delivery release, the contractor must maintain an overview of the deliveries, agreed between the contractor and the client's quality inspector, containing the acceptance inspection certificate 3.1. This overview must be made available to the client's quality inspector.

5 Subcontractors

The contractor is responsible for the quality of all goods and services delivered by subcontractors. For this purpose, he must maintain an effective system for quality assurance that ensures both the necessary quality capabilities of the subcontractors and their ongoing monitoring. These provisions apply equally to subcontractors of the contractor; the contractor shall obtain contractual commitments from his subcontractors correspondingly.

With regard to deliveries made by a subcontractor to the contractor usually DB AG will not carry out inspections Usually a release by DB AG is normally not required. Notwithstanding that the client has to execute or participate in in other required QA measures (such as manufacturer-specific product classification or model inspection).]

If the quality of the goods and/or services delivered is verified by the client on the subcontractor's premises or at the place of manufacture, as described in section 4 (2), delivery releases for the contractor are granted there.

In such cases, the contractor must require the subcontractor to commit to the document "SCC Quality assurance in procurement".

The following text must be included in orders of goods/services from this subcontractor:

"The items ordered will be subjected to inspection at your plant by DB AG Quality Assurance. Such items may not be processed further and/or dispatched until the inspections for verifying the contractor's inspection results have been passed. The "Supplemental contract conditions of DB AG and its Group companies for quality assurance in procurement" (SCC Quality assurance in procurement) are integral part of the contract."

With regard to deliveries of material to the contractor, DB AG Quality Assurance department has the right to satisfy itself that the inspections required have been carried out and documented.

The inspection requests required must be forwarded by the contractor to the client's quality inspector responsible for its plant as early as necessary to ensure that the (on-site) inspection at the subcontractor or, if necessary, at its subcontractor can be conducted on time.

6 Expenses for quality assurance measures

The contract price covers all of the contractor's expenses that are required in order to support the client's quality assurance department in verifying the contractor's inspection results. Items that are rendered unusable as a result of the inspection are not deducted from the quantity of goods/services to be delivered.

The contractor must compensate the client for expenses incurred through inspection if:

- The inspection for a subcontractor must take place in a country outside of Germany and the contractor named in the contract has its registered seat not in that country
- The inspection must be repeated or additional inspections carried out due to reasons for which the contractor is responsible, for example replacements for defects or visit by the client's quality inspector to no avail
- The inspection has to be repeated at a different site due to missing inspection equipment
- The contractor does not meet the client's requirements for a Q 1 seller.

In all other cases, the client shall bear the expenses incurred by its inspections, unless defined otherwise in the contract.