

Pandrol (Vortok) Ltd.

STANDARD TERMS AND CONDITIONS OF PURCHASE

These conditions shall apply to any Contract between Pandrol (Vortok) Ltd, Vortok House, 3 Western Wood Way, Langage Science Park, Plymouth, Devon, PL7 5BG ("The Company") and any person, firm or company ("The Supplier") on whom the Company places an Order for the manufacture and/or supply of goods and/or services ("The Goods").

1. CONDITIONS - APPLICABILITY OF

- These conditions shall form the basis of the Contract between the Company and the Supplier. Alternative conditions contained in the Supplier's quote, invoices, acknowledgements etc. shall be of no effect unless otherwise agreed by the Company in writing.
- Supplier's acknowledgement, acceptance of payment or commencement of performance shall constitute Supplier's unqualified acceptance of this Contract.
- The Standard Terms and Conditions shall be supplemented by such additional terms and conditions as the Company may specify on the face of the Order or in any appendix thereto.

2. GENERAL

- The Supplier's Order acknowledgement shall be posted in time to reach the Company within ten (10) days of the date of the Order.
- The Company shall not be liable for any Goods delivered or work carried out by the Supplier on verbal instructions only.
- Without the Company's prior consent in writing no maker's name nor marks are to appear on Good's supplied.

3. DOCUMENTATION

- All correspondence must quote the Company's Order Number.
- Invoices and Statements shall show separately the V.A.T. rate, the amount charged and the Supplier's Registration Number and is sent to the Accounts Department, Pandrol (Vortok) Ltd, Vortok House, 3 Western Wood Way, Langage Science Park, Plymouth, Devon, PL7 5BG. The advice notes shall accompany the Goods, unless otherwise instructed on the Order. Each advice note should state clearly our Order Number, the nature and the quantity of the Goods and how and when they were dispatched.
- All consignments shall include a packing note and, where appropriate, a Certificate of Conformity, each of which shall show the Order Number, a full description of contents and part number(s) as shown on the face of the Order.

4. SPECIFICATION

- The Supplier shall give the Company written notice of any proposed change in the specification of the Goods ("the Specification"). The Company shall be free to reject any such change and insist on supply to the original Specification.
- The Company reserves the right, by written notice, to require changes in the Specification subject to agreement on the fair and reasonable effect on price and delivery.

5. COMPANY PROPERTY ISSUED TO THE SUPPLIER

- All patterns, dies, moulds, tools, drawings, models, materials and other items supplied by the Company or manufactured or bought by the Supplier at the expense of the Company for the purpose of the Contract, shall be and remain the property of the Company. The items shall at all times be clearly labeled and identified as such but shall be at the risk of the Supplier until delivered or returned to the Company.
- Except with the prior written consent of the Company, the Supplier shall not loan, bail, or otherwise remove any Company property from its custody, nor allow it to be seized, sequestered or used other than for the purpose of fulfilling the Contract.
- The Supplier shall insure the Company's property as aforesaid at its value at date of issue and shall give evidence of such insurance to the Company if required to do so by the Company.
- The conditions of this Clause shall apply to all part-finished Goods, which the Supplier may issue to processors.

6. TIME

- Time shall be of the essence of the Contract.

7. DELIVERY

- The Delivery Date shown on the face of the Order is defined as the date at which the Goods shall be delivered to the Company's nominated address.
- In the event that the Supplier shall fail to meet the delivery requirement, he shall adopt, at his own expense, such special delivery arrangements as the Company may direct. Any such special arrangements shall be without prejudice to the Company's rights under the Contract.
- Goods shall be packaged in such a way as to survive transit to destination, avoid pilferage, distortion, contamination or other damage. The Supplier shall effect such insurance as shall be necessary, to ensure compliance with this requirement. If Company supplied packaging is provided labeling and packing instructions will be provided.
- Deliveries may be requested directly to customer's premises, which will be specified on the face of the order. Delivery documentation will be supplied by the company to the supplier.

8. DELAYS IN DELIVERY

- If any delay in delivery due to causes other than Force Majeure exceeds twelve (12) weeks, the Company may, in addition and without prejudice to any rights of termination available to the Company, claim fair and reasonable damages in accordance with its rights at Law.
- Notwithstanding the above, the Company shall be entitled to claim reimbursement from the Supplier for all losses and expenses incurred as a result of late delivery. These shall include but not be limited to claims made by the Company's own customer as a result of such late delivery.

9. FORCE MAJEURE

- If, by reason of Force Majeure (including without limitation, an act of God, natural disasters, fire, flood, explosions or earthquakes, any act of the Government of the Company or Supplier, war, insurrection or riots, strikes and lockouts), the Supplier is delayed in performing any obligation pursuant to the terms of the Order, it shall immediately give written notice to the Company of any claim it wishes to make for an extension of time for completion of the relevant obligation.
- The written notice shall include details of:
 - the cause and extent of the delay;
 - those Contractual obligations that have been affected by the delay; and
 - proposals for minimizing the delay, including alternative arrangements. The Company shall allow the Supplier a reasonable extension of time for completion of the relevant obligation, if satisfied that the delay has been caused by a Force Majeure event and accepts it would be unreasonable to expect the Supplier to perform within the time required by the Order.
- The Supplier shall not be entitled to any extension of time:
 - where the Supplier has failed to use all reasonable endeavors to prevent or minimize any delay arising from the Force Majeure event; and
 - in the case of strikes and fire, where the Supplier or its sub-contractor has failed to use all reasonable endeavors to prevent the occurrence of the event itself; and
- In the event that the performance of the Order by the Supplier should be delayed for a period in excess of three (3) calendar months for reasons beyond the Supplier's control, the Company shall be entitled to terminate the Order forthwith. The Company, on payment of costs reasonably and properly incurred by the Supplier, shall be entitled to take over all stocks, work in progress and finished Goods not yet delivered, which may be in the possession of the Supplier and which may have been acquired or manufactured in the performance of the Order.

10. PRICES

- All quotations whether written or verbal shall be fixed and firm, inclusive of all tax and duties and shall remain open for acceptance for ninety (90) days or such other period as the Company may specify.
- All prices shall include the cost of packaging and delivery to the Company's nominated address.
- The Company shall not be liable for any costs incurred by the Supplier not included in the Supplier's tender or quotation.
- In the event that Goods returned to the Supplier, in accordance with Clauses 14 or 18, are made the subject of a credit note by the Supplier, the replacement Goods shall be charged at the original price shown on the face of the Order.

11. PAYMENT

- The Company shall pay for the Goods on net thirty (30) days account, unless otherwise stipulated on the face of the Order.
- Payment by the Company, in accordance with such terms, shall not constitute any admission by the Company as to satisfactory performance by the Supplier of his obligations hereunder.
- Where the method of payment between the supplier and The Company is by cheque via the postal system:
 - Save where the method of payment is otherwise agreed between the supplier and The Company, The Company will make payment for any goods or services supplied by the supplier by cheque or BACS. The risk of the cheque will pass upon delivery by The Company to a postal authority and the supplier shall upon such delivery be deemed to have received payment.

12. PACKAGES

- Unless otherwise provided for in the Order, all containers (including packing cases, boxes, tins, drums and wrappings) supplied by the Supplier shall be considered as non-returnable and their cost having been included in the Contract Price.

13. PASSING OF PROPERTY, RISK AND TITLE

- Title and Risk in the Goods shall pass to the Company on delivery, but without prejudice to the Company's right of rejection.
- In the event that the Goods are rejected by the Company in accordance with Clause 14 or are returned to the Supplier in accordance with Clause 18, risk therein shall immediately revert to the Supplier.

14. REJECTION

- The Company may, by written notice to the Supplier reject the Goods if the Supplier is in breach of any condition of the Order and the Supplier has not remedied such breach after twenty-eight (28) days' notice in writing. Thereupon and without prejudice to the Company's rights to damages or to repudiate the Order, the Supplier shall deal with the Goods in such manner as the Company may reasonably direct.
- In the event that the Company shall give the Supplier the opportunity to inspect the Goods before return, such inspection shall take place within seven (7) days of notification of such opportunity.
- Goods rejected in accordance with sub-clauses i) and ii) hereof, shall be returned to the Supplier at the Supplier's expense.
- All Goods returned in accordance with the foregoing, will be followed with a Debit Note.
- We reserve the right to claim from the Supplier the costs incurred by the Company of rectifying any defects to Goods supplied to an Order due to faulty design by the Supplier or faulty workmanship or the use of faulty materials

where the parts are delivered late and are required so urgently that it would be impracticable to return them to the Supplier's premises for rectification.

15. SUB-CONTRACTING

- The Supplier shall not assign or sub-contract any part of the Order (except as in the everyday running of the business) without the written consent of the Company.
- Any sub-contract placed in accordance with the foregoing shall be restricted to Suppliers whose Quality Assurance Organization has been approved to a standard not less than that shown on the face of the Order.
- All sub-contracts placed by the Supplier in aid of the Contract shall conform with the Quality Requirements stated on the face of the Order.

16. HEALTH AND SAFETY

- The Supplier warrants that:
- In the performance of the Contract he will comply with the duties imposed on him by the Health & Safety at Work Act 1974 or any amendment thereto or re-enactment thereof and of all other statutory provisions, by-laws, rules and regulations, so far as they are applicable to the Goods and perform the Contract so that no liability is incurred by the Company under such statutory provisions, by-laws, rules and regulations.
 - Goods will be supplied with all necessary safeguards, warnings and devices sufficient to comply with statutory requirements from time to time in force.

17. INTELLECTUAL PROPERTY RIGHTS

- Where the Contract is for the design, development or modification of Goods, all rights in such design, development or modification shall vest in the Company, including but not limited to, Copyright in any drawings produced in relation thereto.
- The Supplier shall prepare any drawings and specifications in such format as the Company shall specify and shall clearly mark such drawings and specifications and any copies of either, that Copyright vests in the Company.

18. WARRANTY

- All conditions, warranties and undertakings on the part of the Supplier and all rights and remedies of the Company, expressed or implied by Common Law or Statute, shall apply to this Contract.
- The Supplier warrants that the Goods shall be of first-class quality and shall be supplied strictly in accordance with the quantities, specifications and stipulations contained in the Contract and that all work and services performed by the Supplier shall be in accordance with best practice.
- The Supplier warrants that the Goods supplied shall be of merchantable quality and fit for the purpose for which they are required by the Company. The Supplier confirms that all statements and representations made in respect of the Goods prior to the Company's Order, will be true and accurate at the date of the Company's Order and the Company hereby confirms reliance upon such warranties, statements and representations by the Supplier.
- The Company shall notify the Supplier of defective or damaged Goods or faulty workmanship that come to their attention and the Supplier shall instruct the Company with regard to the disposal, storage or return of such Goods or necessary rectification of workmanship, as the case may be, within fourteen (14) days thereof. If the Supplier fails to do so, then all such matters shall be at the discretion of the Company and all costs and expenses incurred in respect thereof shall be borne by the Supplier.
- Notwithstanding and without prejudice to the preceding sub-clauses of this Clause 18, the Supplier shall be responsible for making good (including the cost of delivery) as soon as practicable, any defects or damage in the Goods, due to faulty design material or workmanship or any act or omission of the Supplier, which arises during the period of eighteen (18) months from the date of delivery to the Company or twelve (12) months from the date of delivery of the Company's end product to its customer whichever is the sooner.

19. INDEMNITY

- The Supplier shall indemnify the Company against all losses, costs, claims and expenses arising from:
 - any personal injury or damage to property caused by the Supplier, his servants or agents or by the Goods otherwise than where such injury or damage is caused by the Company's negligence; and
 - any infringement of any letters patent, registered design, trade mark, copyright or any other intellectual or industrial property right relating to the Goods, otherwise than where such infringement relates to a design or instruction furnished by the Company. In the event of such claim the Supplier shall, at his expense and at the Company's option, either make the Goods non-infringing or replace them with compatible non-infringing Goods.
- The Company shall promptly notify the Supplier of any claim falling within the scope of this Clause and the Supplier shall be entitled, at his own expense, to conduct any litigation arising therefrom and any negotiations for the settlement thereof. The Company shall, at the Supplier's request and expense, assist the Supplier in defending or settling any such claim.
- The indemnities in this Clause shall be in addition to that in Clause 16.

20. TERMINATION

- This Clause applies if:-
- the Supplier makes any voluntary arrangement with his Creditors or becomes subject to an administration order (being an individual), becomes bankrupt or (being a Company) goes into liquidation (otherwise than for the purposes of amalgamation or reconstruction); or
 - an encumbrance takes possession or is appointed of all or any part of the assets or undertaking of the Supplier; or
 - the Supplier commits any breach of his obligation under the Contract and fails to rectify such breach within twenty-eight (28) days of receipt of a notice in writing from the Company requiring remedy; or
 - the Supplier ceases or threatens to cease to carry on business; or
 - the Company reasonably apprehends that any of the events mentioned above are about to occur in relation to the Supplier and notifies the Supplier accordingly.

Without prejudice to any rights or remedies to which it may be entitled, the Company may terminate the Contract forthwith without liability and, where applicable, give any receiver or liquidator of the Supplier the option of carrying out the Contract, subject to a guarantee of due performance up to an agreed amount.

21. TERMINATION FOR CONVENIENCE

- Any Order or part thereof may be terminated by the Company at any time by notice in writing to the Supplier for any reason other than those mentioned in Clause 20.
 - Immediately upon receipt of such notice of termination the Supplier shall:
 - Cease work on the Goods in question; and
 - Deliver to the Company all completed Goods which conform to the requirements of sub-clause 18i); and
 - Return to the Company all Goods belonging to it and in the possession of the Supplier for the purposes of the Contract
- Notwithstanding and without prejudice to any other provisions of these conditions or any other lawful right available to the Company, the Company shall pay to the Supplier such portion of the Order prices as may be fair and reasonable, having regard to the value of the work done, services provided, and the Goods delivered under the Contract up to the date of termination. In such event as aforesaid, no further sum or sums shall be due by way of damages, loss of profits or otherwise from the Company to the Supplier by virtue of such termination.
- Upon receipt of written notice of termination, the Supplier shall within twenty-eight (28) days submit a claim for fair and reasonable costs associated with the undelivered portion of the Contract. Such claim shall comprise of all reasonable expenditure incurred by the Supplier but, in any event, shall not exceed the agreed price of the terminated part of the Contract.

22. CONFIDENTIALITY

- The Supplier shall use his best endeavors to keep secret confidential information relating to the Company's business which may become known to the Supplier through his performance of the Contract or otherwise, save only that such information may be disclosed to the extent necessary for the proper performance of the Contract.
- The Supplier shall not, without the Company's written consent, use the Company's name or trademarks in connection with the Contract or disclose the existence of the Contract in any publicity materials.

23. QUALITY ASSURANCE

- Representatives of the Company (and/or its Customer) shall have right of access to any area of the Supplier's premises where any part of the work is being performed for the purpose of inspection and/or test of the Goods on this Order. Rights of access shall also be extended to any sub-order placed by the Supplier.
- The Supplier is responsible for maintaining complete records to demonstrate the effective operation of control systems. These records are to be retained for a minimum period of five (5) years, unless a longer period is specified. Notification of disposal must be given to the Company.
- The Supplier is responsible for maintaining source traceability of all materials used on this Order. Such traceability shall be part of the Supplier's record system.
- All material submitted for acceptance must strictly conform to the Order. The Supplier has no delegated discretion regarding the acceptance of deviations. All non-conformances must be reported to the Company who will advise of the need for concession action.

24. HAZARDOUS MATERIALS

- The Supplier shall advise the Company of any information about substances that are subject to the Montreal Protocol, which might be the subject of this Contract.

25. LAW

- This Contract shall be governed, performed, construed and interpreted in accordance with the Laws of England.
- All disputes, differences, or questions between the Parties with respect to any matter or thing arising out of or relating to the Contract shall be resolved by arbitration by an arbitrator to be agreed between the Parties, or in default of agreement, to be appointed by the President of the Chartered Institute of Arbitration.
- Any action in accordance with sub-clause ii) hereof shall be in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof.