

## General Conditions of Sale of

# Deutsche Edelstahlwerke Services GmbH Deutsche Edelstahlwerke Specialty Steel GmbH & Co. KG Deutsche Edelstahlwerke Sales GmbH & Co. KG

(Version 01/2020)

### I. Application, conclusion of contract

1. These General Conditions of Sale (Conditions) shall apply to all present and future contracts with commercial buyers, with public legal entities as well as public trusts in regard to deliveries and other services. The Buyer's purchase conditions shall not be binding even if we do not expressly object to them again after their receipt.
2. The contract goods shall be limited to those produced by us unless agreed otherwise
3. Our offers are non-binding to us. Oral agreements, promises, assurances, guaranties and statements about the designated use of our products made or given by our sales staff shall not be binding unless confirmed by us in text form.
4. The provision with test certificates requires consent in text form.
5. Any trade terms shall, in cases of doubt, be interpreted according to the Incoterms as amended from time to time.
6. Details contained in brochures and catalogues, i.e. illustrations, sketches, indications of weights and measures are usual approximated value if not explicitly designated as binding.

### II. Prices, Payment and Set-Off

1. Unless otherwise agreed, the prices are understood ex mill or ex warehouse plus freight, road toll as well as value added tax and packaging costs each at the amount legally required at the invoicing date. In addition, the respective published surcharges or rebates for scrap and alloy as well as surcharges, which result from changes of the prices of raw materials and preliminary products, shall be charged under the conditions applicable on the day of delivery.
2. Payment shall be made immediately without cash discounts so that we can dispose of the sum on the due date. This also applies if the test certificates<sup>4</sup> are not part of the delivery or arrive late. Any payment transfer costs shall be borne by the Buyer. The Buyer may retain or set off any counterclaims only in so far as such claims are undisputed or have become legally binding and as they are based on the same contractual relation with the Buyer and/or as they would entitle him to refuse the fulfilment of his contractual duties under section 320 BGB.
3. Unless otherwise agreed, our invoices are due without cash discounts 30 days from date of invoice. Should the Buyer default in payment or exceed the term of payment, we will charge default interest at the rate of 9 % above the respective basic interest rate, unless higher rates have been agreed upon. Additionally, we may charge a default allowance of EUR 40.00. We reserve the right to claim further damages resulting from late payment.
4. Should it become evident after the conclusion of the contract, that payment is jeopardized by the Buyer's lack in financial means, or should the Buyer be in default with a considerable portion of the amount due or should other circumstances arise which show a material deterioration in the Buyer's financial position we shall be authorized to make use of rights under section 321 BGB. This also applies in case the performance of our contractual obligation is not yet due. In such cases, we are also authorized to make due any and all of our non-statute barred accounts receivable resulting from the same legal relationship.
5. Any agreed upon cash discount always relates to the invoiced value excluding freight and will only be granted if and in so far as the Buyer has completely paid all payables due at the time of the discount. Unless otherwise agreed to discount periods shall begin with the date of the invoice.

### III. Execution of deliveries, delivery periods and -dates

1. Any confirmation as to delivery times shall only be approximate. Delivery times shall commence with the date of our order confirmation and are subject to the timely clarification of any details of the order as well as of the fulfilment of any of the Buyer's obligations, e.g. to produce official certifications, to provide letters of credit and payment guarantees provision of necessary means of packing and transport or to pay agreed instalments. The same is applicable for delivery dates.
2. All delivery deadlines and dates shall be subject to the reservation that there is no unforeseeable disruption of production and that timely, correct and sufficient supply of the necessary raw materials, input materials and third-party services occur and, insofar as the contract covers normal commercial goods for resale, to the availability and timely, correct and sufficient supply of such
3. Any agreed delivery time shall be considered to be met if and in so far the goods have left the mill at such time or date. If and in so far the goods fail to be dispatched at the agreed time for reasons not attributable to us, the agreed delivery time shall be considered to have been met at the day on which the goods are notified to be ready for dispatch.
4. The Buyer has to ensure an undisturbed delivery of the goods and shall refer timely to difficult delivery conditions. The Buyer shall unload properly and without delay. If we or third parties assist in unloading, no legal obligation is incurred and the risk is entirely with the Buyer.
5. Force majeure events entitle us to postpone the deliveries for the period of the hold-up and an appropriate start-up time. This also applies if such events occur during a present default. Force majeure is the equivalent of monetary or trade measures or other acts of sovereignty, strikes, lockouts, breakdowns not caused by us (e.g. Fire, machinery or roller breakdown, shortage of raw materials and lack of energy), obstruction of transport routes, delays in clearing the goods for import and in customs clearance as well as of all other circumstances, that essentially impede or render the deliveries and performances impossible, without being caused by us. If performance becomes unacceptable for one of the parties due to the abovementioned events, she shall be able to withdraw from the contract by instant declaration in text form.
6. Having regard to the long preproduction period typical for our industry, the purchaser shall be entitled to claim under § 281, § 323 Civil Code [BGB] in the event of non-compliance with delivery dates or deadlines not before having fixed a further reasonable deadline for delivery which – at variance with § 281, § 323 Civil Code [BGB] – is given in connection with a declaration that it will refuse to accept any delivery after the expiry of the deadline. In case of the expiry of the deadline without delivery any right to claim for performance shall be excluded. It shall not be necessary to set a subsequent deadline with a threat of non-acceptance in case of a final refusal by us to perform.

### IV. Securities and Retention of Title

1. We shall be entitled to the usual type and scope of securities for our claims even to the extent that such claims are conditional or of limited duration. In particular, the goods delivered to the Buyer shall remain our property until the full purchase price is paid. The Buyer shall take all measures required to preserve the retention of title – or of an equivalent security in the country of his branch or in a different country of destination -, and to provide the corresponding evidence upon our request.
2. To the extent permitted by the laws of the country, in which the goods are located, the following additional regulations apply:

a. The goods delivered to the Buyer shall remain our property (Reserved Property) until all of the Buyer's accounts resulting from the business relationship with him, in particular, any account balances have been settled (current account reservation). This condition shall apply to any future as well as any conditional claims and such cases where the Buyer will affect payments on specifically designated claims. As soon as the Buyer has settled his accounts with us in full, he shall obtain title to those goods which were delivered to him before such payment was effected. The current account reservation applies not in in prepayment or delivery vs payment cases.

b. With regard to processing or manufacturing of the Reserved Property, we shall be deemed to be manufacturer within the meaning of § 950 BGB (German Civil Code) without committing us in any way. The processed or manufactured goods shall be regarded as Reserved Property within the meaning of clause 2 a of these Conditions. If the Buyer manufactures, combines or mixes the Reserved Property with other goods we shall obtain co-ownership in the new goods in proportion to the invoiced price of the Reserved Property to the invoiced price of the other goods. If, by such combining or mixing, our ownership expires, the Buyer herewith transfers to us any rights which the Buyer will have in the new stock or goods in proportion to the invoiced price of the Reserved Property, and he will keep them in safe custody free of charge. Our co-ownership rights shall be regarded as Reserved Property within the meaning of clause 2 a of these Conditions.

c. The Buyer may resell the reserved property only within the normal course of his business in accordance with his normal business terms and provided he is not in default of payment and provided also that any rights resulting from such resale will be transferred to us in accordance with clause d) - e) of these conditions. The Buyer shall not be entitled to dispose of the Reserved Property in any other way.

d. The Buyer hereby assigns to us any claims resulting from the resale of the Reserved Property. Such claims shall serve as our security to the same extent as the Reserved Property itself. If the Reserved Property is resold by the Buyer together with other goods not purchased from us, then any receivables resulting from such resale shall be assigned to us in the ratio of the invoiced value of the other goods sold by the Buyer. In the case of resale of goods in which we have co-ownership rights, the assignment shall be limited to the part which corresponds to our co-ownership rights.

e. The Buyer shall be entitled to collect any receivables resulting from the resale of the Reserved Property. This right shall expire if withdrawn by us, at the latest if the Buyer defaults in payment; fails to honor a bill of exchange; or files for bankruptcy. We shall exert our right of revocation only if and in so far as it becomes evident after the conclusion of the contract that payment resulting from this contract or from other contracts is jeopardized by the lack of Buyer's ability to pay. The Buyer shall - upon our request - immediately inform his customers of such assignment and to forward to us any information and documents necessary for collection.

f. The Buyer shall immediately inform us of any seizure or any other attachment of the Reserved Property by a third party. He shall bear any costs necessary to suspend such seizure or attachment, to separate or to remove the Reserved Property, if and in so far as such costs are not borne by a third party.

g. Should the total invoiced value of our collateral exceed the amount of the secured receivables including additional claims for interest, costs etc. by more than 50 %, we shall - upon the Buyer's request - release pro tanto collateral at our discretion.

#### V. Weights, Dimensions, Grades

1. Any variations in size, weight and quality in terms of applicable practice are permissible, especially delivery of short lengths shall be permitted. Weight shall be determined on our officially-calibrated scales and, unless the weight is determined theoretically, this shall be decisive for invoicing purposes. The measured values on which the invoicing is based are taken from the records of our computer system. Upon request, we grant access to the measured value memory of the calibrated scale within 3 months of weighing to check compliance with the measured values recorded in the computer system.

2. Insofar as individual weighing does normally not take place, the total weight of the delivery shall apply. Any differences in relation to

the calculated individual weights shall be spread across such delivery proportionately.

3. We may also determine the weight without weighing according to length and/or theoretically on the basis of the statistical measures. Any recognized customs of the steel industry remain unaffected (e.g., usual weight increases and reductions). The purchaser has the right to contest and prove any incorrectness in the measurement procedures or theoretical weight determination performed by us.

#### VI. Testing and Inspection

1. Where inspection of the goods has been agreed upon, the goods must be inspected in our mill immediately after the Buyer has been informed that the goods are ready for inspection. The Buyer shall ensure that we can authorize the inspection company designated by him in his or his purchaser's name and on his account. Unless otherwise agreed, this authorization shall be regarded as granted as soon as the Buyer designates an inspection company.

2. The Buyer shall bear his personal inspection costs, whereas the costs of inspection will be invoiced to him in accordance with our price list.

3. Should, through no fault of ours, an inspection of the goods fail or be delayed or be incomplete, we shall be authorized to dispatch the goods without prior inspection or to store them at the Buyer's expense and risk and to invoice the goods to him.

#### VII. Callable and Continuous Deliveries

1. In case of callable deliveries, the buyer has to pick up or have delivered the total quantity arranged for the respective order. If no specific call-in dates have been arranged, the whole quantities shall be picked up or delivered within the period fixed in the contract.

2. Where the single calls for delivery exceed the total contractual quantity, we shall be entitled, yet not committed, to deliver the surplus quantity and invoice it at the prices applicable at the time of the call or the delivery.

#### VIII. Dispatch, Passing of Risk, Packaging, Partial Delivery

1. We shall be entitled to choose the route and mode of dispatch as well as the forwarding agent and the carrier.

2. The Buyer shall immediately, at the latest 4 working days after notification, request delivery of those goods which have been notified to him as ready for dispatch. If the loading or transport of goods is delayed for reasons for which the purchaser is responsible, we are entitled, upon reminder, to ship such goods at the Buyer's cost and risk or to store them at our discretion and to invoice them to the Buyer.

3. Can, by reasons not attributable to us, the goods not be shipped or will it become substantially difficult to ship the goods via the designated route or to the designated place within the designated time, we reserve the right to ship them via a different route or to a different place. Any additional costs will be borne by the Buyer. In such cases we will ask the Buyer for his prior comments.

4. In the case of call-off orders the risk is transferred to the Buyer at the time of the provision of the goods for collection. In all other transactions, including freight prepaid and freight-free deliveries, the risk of loss or damage to or even of confiscation of the goods shall pass on to the Buyer at the time where we hand them over to the forwarding agent or to the carrier, at the latest with their departure from our works or warehouse. We will buy insurance only if requested to by the Buyer and at his cost. The Buyer shall unload the goods at his cost.

5. The goods will be delivered unpacked and not be protected against rust. Only if agreed upon, the goods will be delivered packed. Besides, any package, protection and/or transport device will be supplied according to our experience and at the Buyer's cost. We will take back such devices only at our mill. We will not bear any costs for their re-transport or disposal. Special packing or protective precautions (e.g. for long-term storage) shall only form part of the scope of delivery if specifically ordered and shall be subject to an additional charge.

6. We shall be entitled to make partial deliveries at reasonable quantities. We may also exceed or reduce the agreed quantities as appropriate. Where quantities are indicated as "circa", we may exceed or fall below the agreed quantity up to 10 %.

#### IX. Warranty Provisions

1. The inner and outer properties of the goods, especially their quality, grade and dimensions are to be determined by the agreed or short of a deviating agreement by the standards effective at the time of the conclusion of the contract, otherwise by practice and commercial custom. References to standards and other sets of regulations, to test certificates and other attestations as well as particulars of qualities, grades, dimensions and use of the goods are no warranties or guaranties, just as little declarations of conformity and corresponding markings such as CE and GS.

2. No liability for the usability of the goods for the purpose intended by the purchaser can be assumed, unless the usability anticipated by the purchaser had been expressly confirmed as contractual purpose. In particular, no liability is assumed for dispositions of the goods and their use being or becoming in any way impeded by government regulations (such as embargo provisions or export license requirements).

Even though some of our production sites are certified under certain special norms this may not generally lead to suitability/ utilization of the materials for a specified purpose or a specified final product.

3. For the inspection of the goods and the indication of defects the statutory provisions apply, it being understood that the duty to inspect the delivered goods includes the inspection of eventual test certificates and any defects of the goods and test certificates are notified to us without delay, at the latest 7 working days after delivery, in text form. Defects which, even upon most careful inspection, cannot be discovered immediately after delivery must be notified to us in text form immediately after their discovery.

4. In case the Buyer intends to install the goods into another object or attach the goods to another object, prior to installation resp. attachment, the Buyer has the obligation to inspect the goods at least at random with regard to properties relevant for the application in question and to notify us of defects without delay. In case the Buyer, in the event of an installation of the goods into another object or attachment of the goods to another object, fails to inspect the properties of the goods relevant for the designated end use at least at random prior to installation resp. attachment, this represents a particularly grave disregard of the care required in the ordinary course of business (gross negligence) in relation to us. In such a case, the Buyer may assert rights in relation to these properties only if the defect had been deliberately concealed or in case of a guarantee for the respective quality of the goods.

5. If and in so far the Buyer's claim for defects is justified and has been made in time, we may, upon our discretion, remedy the defect or deliver non-defective goods ("substitution"). Should we fail or decline the substitution, the Buyer may resort to his statutory rights. In cases where the defect is only minor or where the goods have already been resold, processed or transformed, he may only reduce the purchase price.

6. In case the Buyer has installed the goods, in accordance with the goods' type and designated use, into another object or attached the goods to another object, he may claim reimbursement of his necessary costs for the dismantling of the defective goods and the installation or attachment of goods free from defects ("dismantling and installation costs") only in accordance with the following provisions:

- Necessary dismantling and installation costs are only those, which directly result from the dismantling resp. removal of the defective goods and the installation resp. attachment of identical goods, have accrued on the basis of competitive market prices and have been proven by the Buyer by appropriate documents in text form.

- Additional costs of the Buyer for consequential damages such as e.g. loss of profit, down time costs or additional costs for cover purchases are no dismantling and installation costs and therefore not recoverable under Sect. 439 para. 3 of the German Civil Code. The same applies for sorting costs and for supplementary costs resulting from the fact that the sold and delivered goods are at a place other than the agreed place of delivery.

- The Buyer is not entitled to request advance payments for dismantling and installations cost or other expenses required for the remedy of the defective delivery.

7. We will reimburse the Buyer for his expenditures in connection with the substitution only in so far as such expenditures are reasonable

and not disproportionate in relation to the value of the goods. Disproportionate expenditures are especially given in case the expenditures requested by the Buyer, in particular dismantling and installation costs, exceed 150 % of the purchase price of the goods invoiced by us or 200 % of the value of the defective merchandise. Costs of the Buyer related to the self-remedy of defects without the legal requirements being fulfilled, are excluded, the same applies for costs for disassembly of the defective and assembly of replacement goods, in case due to a transformation of the buyer before the assembly, the assembled goods provide substantially different features than the original goods delivered by us. Expenditures accrued by delivery of goods to another place than that of the agreed performance, will not be accepted.

8. If and in so far the goods are subject to contractually agreed testing and inspection by the Buyer, such testing and inspection shall bar any claims for such defects which might have been determined by the agreed type of testing and inspection. Has the Buyer, by his own negligence, not learned of the defect, and then he may claim only such defects which we have knowingly not disclosed to him or which are subject to a guarantee.

9. No warranty shall be given to goods sold as declassified material with regard to such defects either specified in the contract or to those normally to be expected. Goods classified as "Ila-Ware" ("secondaries") are not subject to any warranty, subject to X of these terms.

10. Our further liability is subject to Section X of these Conditions. Any of the Buyer's rights of recourse according to sections 445 a), 478 BGB (German Civil Code) shall remain unaffected.

11. Not all inclusions and internal defects are detectable by quality controls such as metallographic cleanliness of samples, Ultra Sonic or Eddy Current Testing according to the current state of the art.

The purchaser assumes the responsibility to carry out appropriate quality controls in order to detect defects in his end products and to pass this warning on to his customers/processors.

#### X. Recovery of damages and Limitation Periods

1. Our liability for breach of contractual or extra-contractual obligations, in particular for non-performed or deferred deliveries, for breach of duties prior to the contract ("Verschulden bei Vertragsanbahnung") as well as for tortuous acts - including our responsibility for our managerial staff and any other person employed in performing our obligations - shall be restricted to damages caused by our wrongful intent or by our gross negligence and shall in case of gross negligence not exceed the foreseeable losses and damages characteristic for the type of contract in question.

2. The aforesaid restriction shall not apply to such cases where we breach our fundamental contractual obligations and therefore the accomplishment of the purpose of the contract is at risk or where the non-fulfilment of the obligations the contracting party relies on renders the proper completion of the contract impossible. It shall neither pertain to damages to life, to the body or to health caused by our fault nor to any cases where we have guaranteed certain characteristics of the goods. Nor shall such clause affect our statutory liability laid down in the Product Liability Act (Produkthaftungs-gesetz). Any statutory rules regarding the burden of proof shall remain unaffected by the aforesaid.

3. Unless otherwise agreed to any contractual claims which the Buyer is entitled to in connection with the delivery of the goods, including claims for damages for defective goods, shall fall under the statute of limitations within a period of one year after the goods have been delivered to the Buyer. This restriction shall not apply to our liability and to the limitation of claims resulting from the delivery of goods that have been used for a building and have resulted in the defectiveness of the building, as well as from breaches of contract caused by our wrongful intent or by our gross negligence; neither to damages to life, to the body and to health caused by our fault nor to any recourse claims under sections 445 a and 478 BGB. For these claims, the statutory limitation periods shall apply. Any repair or substitute delivery shall not recommence the limitation period.

#### XI. Proof of Export and Arrival Confirmation

1. If the purchaser or a party instructed by the purchaser resident outside of the Federal Republic of Germany collects any goods and transports or sends such to a foreign country, the purchaser shall



provide evidence thereof to us by way of written documentation satisfying the turnover tax law requirements of the Federal Republic of Germany. If this evidence is not provided within thirty calendar days of the transfer of goods, the purchaser shall pay the turnover tax on the invoice amount in accordance with the level of turnover tax for deliveries within the Federal Republic of Germany.

2. For each tax-free, intra-Community delivery ex Germany into another EU Member State, in accordance with § 17 a, c of the Value Added Tax Ordinance (UStDV), the Purchaser/material recipient shall be obligated to make a verification available to us concerning the actual arrival of the goods (so-called arrival confirmation). The verification shall be provided on a form that we make available. If the export certificate is not provided, then the Purchaser shall be obligated to pay the VAT reimbursement based on the (net) invoice amount applicable for the deliveries within Germany.

#### XII. Place of Performance / Jurisdiction / Applicable Law

1. The place of fulfilment for our delivery obligations, the place of fulfilment for the Purchaser's payment obligation as well as the legal venue for both contracting parties shall be Witten, Germany. We shall also be authorized to bring an action against the Purchaser at the Purchaser's general legal venue

2. All legal relationships between us and the Buyer shall be governed by the laws of the Federal Republic of Germany, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (CISG).

#### XIII. Applicable Version

In cases of doubt, the German version of these General Conditions of Sale shall apply.