

GENERAL TERMS AND CONDITIONS OF SALE (AV) issued by DEUMU Deutsche Erz- und Metall-Union GmbH

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1. Application

(1) Our deliveries and services shall exclusively be subject to the General Terms and Conditions of Sale (AV/"Terms and Conditions") given hereinafter. These Terms and Conditions shall apply to all future deliveries and services, even in the absence of another express agreement. Any differing terms and conditions of purchase laid down by the Buyer shall herewith expressly be rejected. Even in case we do not object again, those terms and conditions shall not be accepted by us. Our AV shall be deemed to be accepted at the latest upon receipt of the consignment or services by the Buyer. If terms and conditions differing from the AV are agreed upon, the provisions of the present AV shall apply additionally, as far as the AV do not interfere with the terms and conditions agreed upon.

(2) Unless expressly otherwise agreed, and unless interfering with our AV, the current editions of the following rules shall apply to the relevant products:

- a) For scrap trading (with the exception of section 1 paragraph 2 c): the "Handelsübliche Lieferbedingungen für die Lieferung von unlegiertem Eisen- und Stahlschrott (Kölner Abkommen)" (Commercial Conditions for the Supply of Unalloyed Iron and Steel Scrap; (Cologne Agreement));
- b) For metals trading: the "Geschäftsbedingungen des deutschen Metallhandels" (Trading Conditions of German Metal Merchants);
- c) In trading with foundries: the "Handelsübliche Bedingungen für die Lieferung von Gussbruch und Giesserei-stahlschrott (Düsseldorfer Abkommen)" (Commercial Conditions for the Supply of Cast Iron Scrap and Cast Steel Scrap; (Düsseldorf Agreement)).

The aforesaid rules shall apply subject to the proviso that any "guarantees" ("Garantien") and "warranties" ("Zusicherungen") which might be provided within these rules shall only have the legal effect of an agreed description of the merchandise, but not the legal effect of a guarantee in terms of the German Civil Code (Bürgerliches Gesetzbuch):

(3) Trade terms shall be interpreted in accordance with the Incoterms in the version valid at the time when the contract is signed.

(4) The merchandise as stipulated according to the contract shall be limited to the internal stock.

2. Offers/ Formation of Contract

(1) All offers are, unless otherwise agreed upon in writing, non-binding and subject to confirmation. Contracts and supplementary agreements shall not be legally effective unless confirmed by us in writing.

(2) Goods and services protected by trademark and industrial property rights may be resold only upon our prior consent.

3. Delivery Period

(1) Delivery dates shall commence on the date of our Order confirmation, but not prior to complete clarification of all details of the Order and the procurement of any domestic or foreign official certificates required; the same shall apply to delivery deadlines. Any delivery deadlines and terms for delivery are subject to unpredictable production failure and subject to supply of primary and raw material in due time and in compliance with the relevant contract.

(2) Delivery deadlines and terms for delivery refer to the time of dispatch. In case the consignment cannot be dispatched without any negligence of our side, delivery deadlines and terms for delivery are deemed to be met by announcing readiness for dispatch.

(3) Cases of force majeure shall entitle us to postpone the delivery for the duration of the hindrance and a reasonable initial period. In case the fulfilment of the contract becomes unreasonable for one of the parties, this party may then insofar recede from the contract. Any conditions which seriously interfere with or cause impossibility of our obligation to deliver the merchandise, such as, without being limited to, currency, trade or governmental restrictions or regulations, strikes, lock-out of workers, stoppages (for instance fire failure of machinery or rolls, raw material or power shortages) and obstruction to traffic infrastructure, irrespective of whether such conditions arise at our works, at the supplier's works or at the works of sub-suppliers, shall likewise be considered as cases of force majeure.

(4) In case we fail to comply with delivery deadlines the Seller shall only be entitled to the claims arising from sections 281, 323 German Civil Code (Bürgerliches Gesetzbuch), if we are at default and the Seller has fixed a reasonable deadline to perform, which was - insofar differing from sections 281, 323 German Civil Code (BGB) – joined with the announcement that the Seller will refuse acceptance of the performance after expiry of the deadline; after expiry

of this deadline without success the Seller's right to claim for performance shall be excluded.

(5) If we are at default we shall only be liable for incurred losses due to this default, if the timeframe of default exceeds four weeks; claims to damage caused by default shall be limited to ten percent of the order value; claims to damage caused by default for release orders under a skeleton agreement shall also be limited to ten percent of the value of the relevant release order. Without prejudice of the Buyer's legal obligation to minimize losses, the Buyer shall especially be obliged to give written notice of all impending losses due to the default. Unless the subsequent performance (Nacherfüllung) is unreasonable for the Buyer or the Seller, or unless the subsequent performance was definitely refused by us, any covering purchases require our previous consent. We reserve the right to propose opportunities to purchase goods in replacement.

4. Weighing

The weight shall be determined at our depot or at the supplier's works by sworn weigh personal. The invoiced price shall solely be determined by the weight on dispatch. Indisputable evidence of the weight shall be supplied by producing the records of weight made out at the time of dispatch, even if the records consist of machine printouts.

5. Dispatch

(1) The Buyer shall be obliged to pick up the goods after notice of allocation at his own risk and expense, unless a sale by delivery to a place other than the place of performance (Versendungskauf) was agreed upon.

(2) Goods ready for dispatch have to be called instantly, otherwise we shall be entitled to store the goods at our own discretion and at the Buyer's own risk and expense and to charge them as being delivered.

(3) In case of a sale by delivery to a place other than the place of performance we shall only be obliged to select and to assign a proper and credible carrier company; the buyer shall carry the costs of transportation. Upon hand-over to the forwarding agent or carrier, the risk, including distraint, shall in all cases pass to the buyer, including FOB and CIF transactions.

(4) For the rest, unless otherwise provided for in these Terms and Conditions, the interpretation of the various trade terms of sale shall be determined by INCOTERMS.

6. Defects

(1) The compliance of the goods as to the contract shall be determined by the contractual agreements; the point of time when goods leave the supplier's works or the depot shall be relevant for the accuracy of the goods as owed under the contract.

(2) Any liability for defects shall be excluded if the goods to be sold are named declassified or faulty materials (so called „Il a-materials“).

(3) Minor deviations of quality, sort, quantity and size within customary tolerances shall not constitute a defectiveness.

(4) The Buyer shall, without undue delay, assess any

goods upon receipt. Claims due to defects shall only exist under the condition that the Buyer gives, without undue delay, notice of the defect in writing; notice of hidden defects shall be given after recognition without undue delay. Having performed an agreed acceptance test the notification of such defects which could have been detected within this inspection procedure shall be excluded.

(5) In case of objections the Buyer shall, without undue delay, give us the opportunity to inspect the goods which are subject to the reclamation; the rejected goods or a sample thereof shall be made available to us at our cost. In case of unjustified objections we reserve the right to charge the Buyer for freight and handling costs as well as for inspection expenses.

(6) In case of defects as to quality we shall, at our discretion, render subsequent performance, generally by way of sending replacements or (exceptionally) by way of subsequent improvement. In case we do not successfully render subsequent performance within an appropriate period of time, the Buyer shall be entitled to fix an adequate deadline for rendering subsequent performance, after the expiry of which the Buyer shall be entitled either to a deduction of the purchase price or to rescind the contract; further claims shall be excluded. The Buyer's claims for damages under the prerequisites of section 6 paragraph 10 shall not be affected.

(7) If the defect as to quality is limited to a delimitable part of goods being destined to be used for further machining or processing and if the remaining faultless part of the goods can be used without material restrictions and if this usage is reasonable for the Buyer, we shall be entitled to satisfy the claim for subsequent performance by way of granting an adequate discount based upon the principles of deduction of the purchase price; in this case we can choose between having the faulty goods returned or being entitled to a credit note for the scrap value.

(8) Upon a defect in title we shall have the right of subsequent performance by way of clearing the defect in title within two weeks from of receiving the goods. The above clauses shall apply *ceteris paribus*.

(9) Differing from section 438 paragraph 1 no. 3 German Civil Code (BGB), the period of limitation for claims on goods delivered by us shall be twelve months per delivery, unless otherwise agreed upon. For the rest, the statutory provisions shall apply.

(10) The Buyer's right to claim for damages upon violation of contractual cardinal duties shall not be affected; in this case our liability shall, on all legal grounds, be limited to predictable defects, but loss of production and lost assets remaining excluded, and, with reference to the amount of liability, be limited to the contract value; in case of a release order as part of a basic agreement the amount of liability shall be limited to the value of the release order. The Buyer's claim on coercive right, especially from product liability law and from violation of life, body and health shall remain unaffected by the provisions within this section 6.

7. Reserved Ownership (Retention of Title)

(1) Our goods shall remain our property until satisfaction of all claims, on whatever legal grounds, vested

in Salzgitter AG or its affiliated companies. In the case of a current account, the title retained shall be deemed security for the respective claims for the balance. Machining and processing shall be done on our behalf without transfer of title under Section 950 of the German Civil Code (BGB), without binding us. In case our goods are mixed or joined with other items (Sections 947, 948 of the German Civil Code), the extent of our joint ownership of the mixed stock or the homogeneous article shall be deemed agreed according to the ratio between the invoiced value of our reserved goods forming part thereof and the total invoiced value.

(2) The new article arising from the machining shall be deemed goods with reserved ownership as defined by these Terms and Conditions.

(3) The Buyer may only sell or machine our property in the ordinary course of trade based upon his normal terms of business, and whilst he is not in default He shall only be authorized to resell the goods which are subject to retention of title if the claim from the resale together with all ancillary rights mentioned under paragraphs 4 and 5 passes to us. He shall not be entitled to dispose of the reserved goods otherwise.

(4) The Buyer's claims arising from a resale of the reserved goods are hereby assigned to us, irrespective of whether the reserved goods are resold without or after matching, mixing or joining, and whether to one or more outlets. The assigned claim shall serve as security up to the value of the reserved goods disposed of in each case. Where the value of this security exceeds the secured Claim by more than 10 % in aggregate, we are under a duty to release divisible securities at our election, if called for by the customer.

(5) In case the reserved goods are, without or after machining, resold by the Buyer together with other goods which do not belong to us, the claims arising from the resale shall only be assigned to us up to the amount of our invoice.

(6) The Buyer, however, shall be authorized, whilst he complies with his obligations to pay, to collect the debts which have been assigned to us and which arise from the resale; conversely, he must not dispose of such debts by way of assignment. Upon our request the Buyer shall be obliged to inform his customer of the assignment to us.

(7) No pledge or transfer of title by way of security with reference to our goods which have been delivered subject to reserved ownership shall be permitted. We are to be advised forthwith in writing of any grasps by third parties to our property, such as, without being limited to seizure or other interference.

(8) In case the reserved goods are used by the Buyer in order to perform a contract for work or a contract for work and materials, paragraphs 4 to 7 shall apply accordingly to the claims arising from such contract.

(9) Should the retention of title or assignment be ineffective due to legal provisions of the jurisdiction, within which the goods are situated, an equivalent security under this jurisdiction shall be deemed agreed. Should the Buyer's assistance be necessary in this event, he shall undertake to take all steps required to substantiate and preserve such rights.

8. Terms of Payment

(1) Settlement of our invoices has to be effected upon the agreed time of payment in cash or by bank transfer free of charges to our bank account without deductions. The Buyer may only set off uncontested claims or claims, which have become *res judicata*; he shall only be entitled to make use of the right to retention insofar as it is based on the same contractual relationship.

(2) If deadlines are missed, an interest rate of eight percent above base interest rate (sections 288, 247 German Civil Code (BGB)) will be charged from the due date until the date payment is received; further rights from default remain unaffected.

(3) Any breach of the terms of payment or any circumstances that affect the Buyer's creditworthiness shall entitle us to make our claims fall due for immediate payment. In this case, we shall be entitled to carry out any outstanding deliveries against prepayment or against other adequate securities only.

9. Group Clearing Clause

In accordance with all companies that belong to the Salzgitter Aktiengesellschaft we shall be entitled to set off all of our claims against the Buyer and to set off against any claims which the Buyer may, irrespective of the legal ground, have against us, against Salzgitter AG or against companies affiliated to Salzgitter AG. This shall also apply if it has been agreed that one party shall pay cash and the other party shall pay by way of bills of exchange or other stipulated performances to the effect of fulfilment. If necessary, these agreements shall only refer to the balance. If the debts are due at different times, then settlement of the assigned debt shall be effected but with post-dated validity. Affiliated companies of Salzgitter AG are identified by the wording "Ein Unternehmen der Salzgitter Gruppe" (A Company of the Salzgitter Group) on their letter sheets.

Securities which exist for us or for one of the above-mentioned companies shall serve security for all of these companies.

10. Place of Performance and Jurisdiction

(1) Place of performance for deliveries shall be the place of dispatch (plant or warehouse), place of performance for payments shall be the head office of our company.

(2) The head office of our company is agreed as place of jurisdiction for both parties, irrespective of the value in dispute. This shall also apply to bill of exchange and cheque proceedings.

(3) If we so desire, we shall also be entitled to advance any claims from our side at the buyer's head office.

11. Applicable Law

Any contractual relationships between Suppliers and us shall exclusively be subject to the laws of the Federal Republic of Germany excluding the Convention on Contracts for the International Sale of Goods.