

## General Terms and Conditions

### I. Scope/Conclusion of Contract

All orders are processed in accordance with the following terms and conditions. Contrary terms or differing conditions stipulated by the customer are not recognised unless confirmed by us in writing. The following terms and conditions shall apply for all future business with the customer, insofar as this involves legal transactions of a similar nature.

### II. Prices

1. The prices quoted by the contractor in the offer are valid with the proviso that the order data based on the quotation remain unchanged. The prices quoted are valid for a period of four months maximum after receipt of the offer by the customer. In the case of orders which are to be delivered to third parties, the ordering party shall be regarded as the customer, unless otherwise expressly agreed. The prices quoted by the contractor do not include value-added tax. The prices quoted by the contractor are ex works. They do not include packing, freight, postage, insurance or any other transport/shipping costs.
2. Subsequent changes instigated by the customer, including machine downtime caused by these, shall be charged to the customer.

### III. Payment

1. Payment shall be effected immediately on receipt of the invoice in accordance with the terms agreed. The invoice will be issued on the day of delivery, partial delivery, or when the goods are ready for shipping (collectible debt, default of acceptance).
2. If an unusual amount of goods or services are delivered in advance, an appropriate advance payment may be demanded.
3. The customer can only offset any receivables if the claim asserted has been recognised or stated as being legally binding. The customer shall only be authorised to exercise a right of retention should his counterclaim be founded on the same contractual relationship.
4. If, following the conclusion of a contract, there are indications that the customer may not be able to meet his payment obligations, the contractor shall be entitled to demand advance payment, withhold goods not yet supplied, and cease any further work relating to the order. The contractor shall also be entitled to these rights if the customer is in default of payment for deliveries arising from the same legal relationship. § 321 II BGB (German Civil Code) shall remain unaffected.
5. In the event of a delay in payment, default interest to the amount of 8 % above the base interest rate will be charged. This does not exclude the pursuit of additional damages arising from delayed payments. Should the customer not settle payment, including all additional costs, within 10 days after receipt of invoice and delivery of the goods acc. to Section II (Prices), the customer shall be deemed to be in default without a written reminder having been sent.

### IV. Delivery

1. Once the goods are to be dispatched, all risk is transferred to the customer as soon as the shipment is handed over to the carrier.
2. Delivery dates are only valid if they have been expressly confirmed by the contractor. If the contract has been drawn up in writing, confirmation of the delivery date must also be confirmed in writing.
3. If the contractor causes a delay in delivery, the customer shall only be justified in exercising his rights in accordance with § 323 BGB (German Civil Code), if the contractor is liable for the delay. This provision does not alter the burden of proof.
4. Stoppages in production such as strikes, lockouts or any other cases of force majeure occurring either at the contractor's premises or those of its suppliers shall only entitle the customer to cancel the order / withdraw from the contract, if the customer can no longer be reasonably expected to wait any longer for the delivery. In all other cases, the agreed delivery deadline shall be postponed by the duration of the delay. Termination of the contract is, however, only possible four weeks after receipt of notification of the above-mentioned stoppage at the earliest. The contractor bears no liability in such cases.

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5. Given the obligations imposed by German packaging regulations, the contractor shall accept returned packaging originally used for the shipment of the goods. The customer may return packaging material to the contractor's premises during normal business hours after prior notification – unless he has been provided with the address of another collection point. Packaging may also be returned to the contractor on delivery of the goods – unless the customer has been provided with the address of another collection point. Packaging will only be accepted immediately after delivery and in the case of subsequent deliveries only after due notice and if the packaging has been prepared for collection. The customer shall bear the costs for the transport of the used packaging material. Should the customer have been provided with the address of a collection point located further away than the contractor's premises, then the customer shall only bear the transport costs that would arise for the distance to the contractor's premises. Returned packaging must be clean, free from extraneous matter, and sorted according to the different types of packaging. Otherwise, the contractor shall be entitled to demand that the customer bear the additional costs arising from the waste disposal.

#### **V. Reservation of Ownership**

1. We retain ownership of the delivered goods until full payment of the purchase price has been received. This also applies to all future deliveries, even if we do not constantly and expressly refer to this fact. We have the right to reclaim the goods, if the client infringes the terms of the agreement.
  2. Until such time as the property ownership has been transferred, the customer is required to inform us immediately in writing if the goods for delivery are impounded or subject to other interventions by third parties. Should the third party not be in a position to reimburse the judicial and extrajudicial costs for a lawsuit generated pursuant to § 771 ZPO (rules of civil procedure), the customer shall be liable for any losses incurred to us.
  3. The customer is entitled to resell the reserved goods in the normal course of business. The customer's receivables from resale of the reserved goods including all ancillary rights shall be assigned to us to the total invoiced amount now, including value-added tax. This assignment shall apply irrespective of whether the reserved goods were sold without or after processing. The customer shall still be authorised to collect such receivables after assignment. Our right to collect such claims remains unaffected. We will, however, not enforce the collection of receivables providing the customer meets his payment obligations arising from the proceeds collected from the subsequent sale, is not in default of payment, and no application for the opening of insolvency proceedings has been made, or a notice has been issued to suspend payment.
  4. The processing or reworking of the goods by the customer shall always be on behalf of and by order of us. In such cases, the expectant rights of the customer with regard to the goods shall remain unchanged for the processed or reworked items. If the reserved goods are processed together with other products which do not belong to us, we shall acquire co-ownership of the reworked goods in proportion to the objective value of our products (total invoice amount incl. VAT) at the time of processing. The same applies in the case of mixed items. Should items be mixed in such a way that the customer's product is to be regarded as the main item, it shall be regarded as agreed that the customer shall transfer a proportion of the co-ownership to us and shall maintain ownership or co-ownership on our behalf.
- To secure our claims against the customer, the customer shall also assign to us such claims from a third party accruing to him from the incorporation of the reserved goods in real property; we accept this assignment with immediate effect.
5. We undertake to release the securities due to us at the request of the customer insofar as the value of the securities exceeds the secured accounts receivable by more than 20 %.

#### **VI. Complaints/Warranties**

1. The customer is obliged in all cases to inspect goods promptly to check that they conform to the contractual specifications, including all preliminary and interim products submitted for inspection. The risk of any errors occurring is transferred to the customer on his/her declaration of readiness for production, insofar as it does not concern errors or defects occurring, or being detected, in the production process following the declaration of readiness for production. The same applies for all other release declarations issued by the customer.
2. Obvious defects must be reported in writing within a period of one week after receipt of the goods, hidden defects within one week of discovery; otherwise the assertion of any warranty claim will be barred.

3. In cases of justified complaints the contractor is first obliged and entitled to remedy the defect and/or organise a replacement delivery. If the contractor should not comply with these obligations within a reasonable period of time, or if the rectification of the defects should fail despite repeated attempts, the customer shall be entitled to demand a reduction in payment (abatement) or a cancellation of the order (withdrawal).
4. Defects discovered in a part of the goods supplied do not justify rejecting or lodging a complaint regarding the entire delivery, unless the partial delivery is not of interest for the customer.
5. The contractor shall only be liable for deviations in the quality of the materials used up to the value of the goods ordered (contract value).
6. The contractor is not obliged to check or control materials (including data carriers and transmitted data) delivered by the customer, or by any third party instructed by the customer. This does not apply for data that is obviously no longer usable or legible. In the case of data transfer, the customer is required to use virus protection programs that comply with the latest technical standards before the data is transmitted. The customer is solely responsible for data security. The contractor is entitled to make a copy.
7. Excess or short deliveries of up to 10% of the number of items ordered are not considered as the subject of a complaint. The quantity supplied will be invoiced.
8. Warranty claims are time-barred twelve months following delivery to the customer.  
The above provisions do not apply if the law requires longer mandatory warranty periods pursuant to § 438 I Section 1 no. 2 BGB, § 479 Section 1 BGB and § 634a Section 1 BGB (German Civil Code).
9. The customer is only entitled to recourse to the extent that the customer's arrangements with his/her buyers do not provide these buyers with any rights regarding claims for defects exceeding the rights required by law.

## **VII. Liability**

1. Claims for damages and compensation for expenses on the part of the customer, regardless of the legal grounds, are excluded.
2. This disclaimer does not apply in the case of malicious intent or gross negligence on the part of our company or our legal representatives or vicarious agents. This disclaimer also does not apply in cases of minor negligent breaches of essential contractual obligations, by ourselves or through our legal representatives or vicarious agents. To this extent, we are only liable for any foreseeable or direct average damage typical under this kind of contract considering the nature of the product. Our liability in the case of culpable injury to the life, body or health of the customer, or the fraudulent concealment of defects, and the provision of a guarantee for the quality of goods, or in the case of claims under the German Product Liability Act, remains unaffected.
3. Claims for damages on the part of the customer become time-barred after one year, starting from the date of delivery, with the exception of the claim for damages described under point 2. This does not apply if the contractor has acted in a fraudulent manner.

## **VIII. Archiving of Data**

Products/items belonging to the customer, in particular data and data carriers, shall only be archived by the contractor following explicit agreement, and shall only be saved beyond the point in time when the final product is transferred to the customer or his staff/agents in the case of special remuneration. If the aforementioned objects are to be insured, this shall be done by the customer him/herself, unless otherwise agreed.

## **IX. Periodic Operations**

Contracts for regularly recurring work can be terminated to finish at the end of a month with at least three months' notice.

## **X. Industrial Property Rights/Copyright**

The customer alone shall be liable if the rights of third parties, in particular third party copyright rights, are infringed through the execution of his order. The customer shall exempt the contractor from all claims of third parties arising from any such infringements of rights.

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## **XI. Place of Performance, Place of Jurisdiction, Effectiveness**

1. The terms of business and all legal relations between the contracting parties shall be exclusively governed by and construed according to the law of the Federal Republic of Germany, with the exclusion of the UN International Sale of Goods law (CISG).
2. The place of performance and place of jurisdiction for any disputes that may arise out of this contract is Herford, Germany, where our company is based, unless otherwise stated.
3. Should individual clauses in this contract be or become invalid, or should there be anything missing, this does not affect other provisions contained therein. The parties undertake to replace any ineffective provision by agreeing on a legally viable regulation that comes closest to the commercial purpose of the invalid provision in order to fill the loophole.

## **Special conditions when ordering via e-mail/internet**

1. Until we are able to introduce digital signature systems in accordance with our General Terms and Conditions, orders placed via e-mail/internet can be treated as oral orders, i.e. a contract can only be concluded based on the facts and declaration of acceptance contained in the digital correspondence.
2. The order can only be processed when the customer's complete address and all information necessary for the invoicing has been forwarded to the contractor, or is already known/recorded thanks to previous business relations.
3. The risk of errors in data transmission shall be borne by the customer, unless it is clear that we are responsible.
4. We use systems and software that comply with generally accepted data security standards.  
In the case of data loss, or the disclosure of data worthy of protection and so on, we are only liable according to legal regulations in cases of intent or gross negligence.
5. Any information about the ordering party that becomes known to us through the order form shall be treated as confidential and only be referred to in the context of this business relationship. Information and data that does not apply to our business transactions is not stored in our systems.
6. Any data, electronic manuscripts, etc. transferred to us for the production of company-specific forms can only be used provided we dispose over the relevant software and that we confirm this and the usability of the data.

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