

# **GENERAL TERMS AND CONDITIONS OF SALE OF THE LITHUANIAN AND GERMAN JOINT STOCK COMPANY “HI-STEEL”**

## **Approved by:**

order No [ ] of the General Manager of the company HI-STEEL. These General Terms and Conditions of Sale came into force on [ ].

## **Article 1. Scope of application**

1. These general terms and conditions apply to companies, public legal entities and public investment companies.
2. The provision of products and services by the Lithuanian and German company HI-STEEL is solely performed on the basis of these general terms and conditions presented below.
3. On the basis of these conditions, the products and services provided by the Lithuanian and German company HI-STEEL for the convenience are known as a generic term “Products”, and the buyer/client is referred to as a “Partner”.
4. The Partner’s terms and conditions of business that have not been expressly acknowledged by us do not apply.

## **Article 2. General provisions**

1. The contracting parties shall confirm verbal agreements at once individually in writing or by remote data transmission.
2. Orders are not binding until we confirm. Orders can also be placed by remote data transmission.
3. Partner’s rights and duties arising from the contract signed by HI-STEEL cannot be transferred and assigned without our consent in writing.
4. The data and illustrations contained in brochures and catalogs are approximation unless they are explicitly designated by us as binding.

## **Article 3. Prices and calculations**

1. Our prices are quoted in euros, excluding VAT. They do not include packing, freight, postage and insurance costs and the Partner is charged as extra money.
2. In the course of long-term contracts (contracts with a term of more than 12 months and contracts of an indefinite period of time), prices may be changed unilaterally by the contractual partner, when the major changes in market conditions for wages, materials, energy and other costs occur.
3. Prices may be indicated according to the volume of the order (if large volume is ordered, the price may be reduced/ discount is available). If no binding order volume is agreed, we base our costing on the non-binding order volume (target volume) expected of the Partner for a specific period. If the partner orders less than the target volume, the price of the unit shall be increased accordingly. If the partner orders larger volume than the target volume and informs us no later than 3 months prior to the date of manufacture, the price of one unit may be reduced accordingly.
4. The report on the volume of intended orders must be delivered no later than 6 months prior to the date of manufacture.
5. Additional costs due to the late submission of the order or its changes are borne by the Partner that was late on placing the order or making the changes.

#### **Article 4. Payment conditions**

1. All invoices are due for payment within 30 days of the invoice date.
2. The invoices for the means of production are issued to the Partner according to the following order and terms:
  - 2.1. 40% after placing the order;
  - 2.2. 40% after the submission of samples;
  - 2.3. 20% after the approval of samples.
3. If we have delivered indisputably defective products, our Partner is still obliged to pay for the part free from defects.
4. The Partner may offset only with counterclaims that are established in law or uncontested.
5. If the Partner exceeds the payment period we are entitled to invoice default interest at the rate of 0.2 percent on the overdue amount for the period from the moment of the obligation occurrence to the final date when the obligation is executed.
6. In the event of default on payment we may suspend compliance with our obligations until we receive the payments, provided we notify the Partner beforehand in writing.
7. If it becomes obvious once the contract has been concluded that our entitlement to payment is jeopardised by the Partner's inability to pay (bankrupt), we may refuse performance and set the Partner a fair and reasonable time limit during which the payment has to be paid or a security is lodged. If the Partner refuses or the time limit elapses to no avail, we are entitled to terminate the contract and demand compensation.

#### **Article 5. Drawings and descriptions**

1. If the Partner makes drawings or technical documents relating to the products or their manufacturing technologies thereof available to the other party, they remain the property of the contracting party which provided the information.

#### **Article 6. Samples and means of production**

1. Unless agreed otherwise, the means of production, including but not limited to those to wear and tear, (tools, moulds, templates, etc.) are not included in the total price of the order and paid according to the terms and conditions set in Article 4, Paragraph 2, Parts 2.1-2.3.
2. We shall bear the costs of the maintenance and proper safeguarding and the risk of damage or destruction of the means of production.
3. If the Partner should discontinue or terminate the collaboration whilst the samples or means of production are being manufactured, all the manufacturing costs incurred up to that juncture are obliged to be paid by the Partner.
4. The means of production remain in the Partner's possession after the date of the total price for the means of production is paid.
5. We shall safeguard the means of production free of charge for 3 years after the last delivery of products to our Partner. If no order is placed and no demand in writing on the further use thereof until the date determined by this Paragraph and/or parties do not agree on terms and conditions of the safeguard the means of production for a longer period, our duty to safeguard ends.
6. The means of production for carrying out particular Partner's order/ orders, may be used to perform the orders placed by third-parties only by our Partner's written consent beforehand.
7. Purchasing raw materials and mass-produced parts as well as processing orders, orders and order submission are based on the particular needs of Partner's customers', which may vary. For this reason, the partner retains the right to change the terms and volume, i.e. according to the amendments made in the customers' orders.
8. Unless agreed otherwise in a particular contract, the following rules take effect for the execution and delivery plans:
  - 8.1. **demand forecast:** a partner provides us with a forecast for the upcoming months, i.e. providing

necessary volume of products. This forecast is the non-binding forecast and is based on the forecast provided by the Partner's clients;

**8.2. authorisation to acquire materials:** within the period of 30 calendar days, we shall have the right to buy raw materials and distribute materials on the basis of the Partner's orders. If the Partner does not assign to manufacture the product, then there is an obligation to take out our the purchased materials or cover our costs if the materials cannot be used otherwise.

### **Article 7. The purchaser's duties**

1. If the products have been manufactured in accordance with the Partner's drawings, models, design, labels, trademarks or other specifications, the Partner exempts us from any liability relating to violation of industrial property rights or copyright to which we are exposed because the products comply with the specifications. The exemption duty relates to all expenses we necessarily incur as a result of or in connection with a third party's claim.

2. Regarding deliveries to the EU Member State, the Partner is required to inform us of the VAT identification number prior to the delivery. Otherwise the Partner shall pay the statutory amount of VAT we incur in addition to the agreed selling price for our orders.

3. If the Partner resident outside the Republic of Lithuania (extra-territorial purchaser) or the representative agent shall pick the products up from us and transport or dispatch them to outside the Republic of Lithuania, the Partner is required to furnish us with the export certificate the tax authorities require. If this certificate is not produced, the Partner is required to pay the rate of VAT of the amount invoiced, i.e. the rate of VAT applicable in the Republic of Lithuania.

### **Article 8. Product transfer**

1. Unless agreed otherwise, the Partner withdraws its transport products and resources. A carrier is a person authorised to withdraw products and partner products on behalf of the transfer-acceptance act.

2. We shall immediately provide the Partners with the notification that the products are ready to be dispatched or picked up.

3. The production period starts when the order confirmation is sent and all the technical issues related to production are solved.

4. The production time is automatically extended for the term in which it is impossible to carry out the order due to the circumstances conditioned by the Partner's fault.

5. Partial delivery of the products is available if the parties have agreed on the conditions of its execution in advance.

### **Article 9. Sending and risk transfer**

1. The Partner is required to take delivery at once of products notified as ready for dispatch. Otherwise we are entitled to dispatch them or store them at the Partner's expense and risk.

2. The risk is transferred to the Partner when the products are handed over to the rail, forwarder or carrier or as soon as they are stored, albeit not later than when they leave the factory or warehouse, and even if we have assumed responsibility for delivery.

### **Article 10. Delay to manufacture products**

1. If we foresee that the products cannot be manufactured within the agreed period, we shall immediately notify the Partner thereof, informing of the reasons for the delay and where possible stating the expected time of delivery.

2. The prerequisite for our complying with the agreed manufacture time is our receiving on time all the documents, requisite licenses and clearances the Partner has to deliver, plans in particular, and meeting payment deadlines. If the Partner shall fail to meet these preconditions on time, the stated period is extended commensurately for the reasonable period of time to fulfill the obligations. The stated delivery period is also extended commensurately if the manufacture is delayed by Force majeure circumstances.

3. If there is a breach of duty to manufacture products, as a result of which our Partner may demand compensation, our liability is limited to not more than 10% of the total order price.
4. The Partner is entitled to cancel the contract only if we are responsible for the failure to meet the manufacturing deadline and delivery reasonable period of grace to no avail set by the Partner.

#### **Article 11. Reservation of ownership**

1. We reserve the ownership of the products delivered until all claims arising from the business relations with the Partner have been discharged.
2. The Partner shall have the right to sell the products to third parties only if it has fulfilled all of its obligations arising from the business. It is prohibited to transfer, pledge or guarantee by the products or restrain the ownership otherwise of products until all claims arising from the business relations with the Partner have been discharged.
3. If the Partner is in breach of duty, particularly default on payment, once a fair and reasonable time limit for performance fixed for the Partner has passed to no avail, we are entitled to withdraw from the contract and the Partner is obliged to return the products. In this particular case, the Partner is obliged to deliver the products to the given address of our company. If the returned products are improved/ developed into new products so that the improvements/ alterations can not be separated without causing damage, our company shall have the ownership right for the improvements of products/ newly developed products.
4. We are entitled to terminate the contract if an application is made to bankruptcy proceedings/ restructuring procedure against the Partner's assets.
5. The Partner is required to inform us immediately of third-party execution measures relating to the reserved products, to the claims assigned to us or to other securities, handing over the necessary documents for intervention. The same applies to any other type of interference.

#### **Article 12. Defects**

1. The quality and grade of the products are determined solely by the agreed technical delivery instructions. If we have to deliver in accordance with our Partner's drawings, specifications, samples, etc., the Partner assumes the risk of the suitability for the intended use.
2. In the course of the product transfer to the Partner, the partner undertakes the responsibility to inspect the products and record obvious faults/ defects on the transfer document, which may be identified at the moment of the product transfer. If there are no notifications about obvious defects, it is claimed that the delivered products are of proper quality and claims due to the obvious defects in quality of products are not accepted. If it was agreed that there would be the first sample inspection, the notification of defects that the Partner could have detected upon the first sample inspection is precluded.
3. The claims for faults/ defects are recognized only when it is possible to determine that the products were produced by our company and once our Partner has fulfilled all terms and conditions of defect identification and procedure of claims stated in this article.
4. We have to be given the opportunity to ascertain the defect notified. Products objected have to be sent back to us immediately. We shall accept the transport costs, which have to be agreed with us beforehand, if the notification of defect is justified. If the Partner fails to comply with these obligations or effect alterations to the products already objected to, all claims to defects in quality are forfeited.
5. We are not responsible for defects in quality due to unsuitable or improper use, faulty installation/start-up on the part of the Partner or third parties, normal wear and tear, faulty or negligent handling, nor are we for the consequences of modifications or repair work carried out by the Partner or third parties that are improper and effected without our written consent. The same applies to defects that do not substantially reduce the value or serviceability of the products.
6. With defective parts, we are entitled to subsequent performance, whereby we apply our dutiful discretion to determine whether we remedy the products objected to or make a faultless replacement

delivery. If we decide to remedy the defects, we shall bear the expenditure required in order to rectify the defects.

7. If the subsequent performance has failed, our Partner may opt for having the purchase price lowered (reduced).

8. If the Partner carried out alterations and/or remedial work on defective parts with our written consent, our assumption of the costs requires a specific written agreement.

9. The claims regarding faults/ defects become barred by limitation of 24 months after the transfer of the product to the partner.

### **Article 13. Liability**

1. If we do not properly fulfill the obligations imposed on us, we are committed compensating the loss incurred by the partner, which can not be larger than the total price of the order.

2. We are not liable for losses that are not related to the products presented. We are not responsible for the Partner's indirect losses: lost income/ profit or other losses in excess of value stated in Paragraph 1.

3. The preceding restrictions on liability do not apply in the event of culpable breach of our major contractual obligations. In this case, we are liable only for typical contractual, reasonably foreseeable damage.

### **Article 14. Force majeure**

1. Force majeure, industrial disputes, public disorder, official measures, absence of our suppliers' ancillary supplies and other unforeseeable, unavoidable and serious events release the contracting parties from their performance obligations for the period of the disruption and in the scope of its impact. The same applies if these events occur at a time in which the contracting party concerned is in default, unless said party caused the default intentionally or by gross negligence.

2. The contracting parties are obliged, as far as can be reasonably expected, to furnish the requisite information immediately and adapt their obligations to the changed circumstances in good faith.

### **Article 15. Data processing**

1. In accordance with the Law on Legal Protection of Personal Data of the Republic of Lithuania, we hereby point out that we store the Partner's data as required by business and insofar as legally admissible.

### **Article 16. Confidentiality**

1. Each contracting party shall use all documents (including samples, models and data) and knowledge acquired through our business relations solely for our common purposes and keep them secret from third parties with the same diligence as that party's own corresponding documents and knowledge if the other contracting party designates them as confidential or has a manifest interest in their being kept secret.

2. The obligation stated in Part 1 of this paragraph, commences once the documents or information are received for the first time and terminates 36 months after the end of the business relations.

3. The obligation stated in Part 1 of this paragraph shall not apply to documents and information in the public domain or that were already known to the contracting party upon receipt, without that party having been obliged to secrecy, or that afterwards are transmitted by a third party entitled to pass them on, or that are developed by the receiving contracting party without utilising the other contracting party's documents or knowledge that have to be kept secret.

### **Article 17. Contract termination**

1. The Parties are entitled to terminate the contracts of indefinite duration, warning the other party 3 months before the intended date of termination.

### **Article 18. Place of performance, place of jurisdiction and applicable law**

1. Unless agreed in writing otherwise on the confirmation of order, the place of performance is our place of business.
2. Our place of business is the place of jurisdiction for all legal disputes.
3. The law of the Republic of Lithuania is applicable to the contractual relations.