**General Terms of Purchase**

for use in business with entrepreneurs, legal persons established under public law and special funds under public law.

These terms of purchase shall be considered authoritative for governing all our legal relationships with existing and future suppliers. Any modification to these conditions requires confirmation in writing from SCS Germany before they become effective.

Terms and conditions from the Supplier which oppose or deviate from our own terms of purchase, including when clauses differing, amending or modifying our terms and conditions are included in the quotation or confirmation letter, are hereby expressly rejected from the outset.

The Supplier recognises the sole validity of our terms of purchase with acceptance, at the latest with performance of the contract, including when he refers to his own terms in doing so. Our acceptance of the delivery and performance of the Supplier or payment for such does not constitute any agreement with the Supplier's terms.

§ 1 Offer/order/confirmation

1. Only written orders are legally binding. The legal validity of orders issued orally or by telephone, including changes and supplements to these orders requires a subsequent written order from us. Such orders can also be placed via long-distance data transmission or fax.

2. Cost estimates are binding and not subject to remuneration unless expressly agreed otherwise.

3. If the Supplier does not accept the order within five days of receipt, we reserve the right to revoke the order. Delivery schedules become binding if the Supplier does not provide cancellation in writing within three working days of receipt.

§ 2 Delivery/delay/force majeure

1. Unless otherwise agreed, the shipment is to be delivered, freight-paid in packaged form and with freight insurance, to the works/receiving department specified in the purchase order. The risk shall be transferred to us only upon delivery of the goods at the shipping address or point of use specified by us. For each shipment, the Supplier is to enclose a delivery note with an exact specification of the type, quantity and weight. Packing slips, freight bills and all correspondence must include our item number, order number, supplier number, order specifications and order date. The goods must be packaged a way that prevents damage. Packing materials are to be used only to the extent necessary for this purpose. Only environmentally-friendly and recyclable packaging is to be used. The Supplier’s refund obligations for packaging are governed by statutory provisions. If a packing fee has been agreed upon, this shall be credited in full with the freight-paid return.
2. The agreed dates and deadlines are binding. Meeting them is absolutely mandatory. The delivery period begins on the date on which the written order was issued. After this period has expired, the Supplier is considered to be in default, without any notice thereof being required. Compliance with the delivery date or deadline is defined as our receipt of goods at the point of receipt or use stipulated by us. If no "carriage paid" delivery has been stipulated, the Supplier is required to deliver the goods on-time, taking into account the time agreed upon with the carrier for loading and shipment, and to guarantee that the shipment is received by the agreed date.

3. Unless proven otherwise, the values documented by us upon inspection of the received goods shall be considered as authoritative with respect to quantities, weights and dimensions.

4. If the Supplier recognises that an agreed deadline cannot be met for any reason, he is required to immediately notify us of this, stating the reasons, the expected length of the delay and the countermeasures taken by him. The Supplier is obligated to pay all direct and indirect damages resulting from the delay. If the agreed delivery date is not met due to a debt on the part of the Supplier, we are entitled, following a statutory grace period stipulated by us that proves fruitless, to demand compensation as we see fit for damages resulting from non-fulfilment or to involve a third party for the purposes of collecting compensation or to withdraw from the contract.

5. Furthermore, in the case of delayed delivery we are entitled to charge a contract penalty in the amount of 1% of the order value per commenced week, but no more than 10% of the order value. We reserve the right to claim further damages. The contract penalty, in the case that we claim compensation for damages, is set off against this.

6. Partial deliveries and premature deliveries are only permissible with our prior written consent and require payment (including partial) from us before complete delivery.

7. In the case of force majeure or operating restrictions and shutdowns that become necessary, we have the right to postpone the delivery date or withdraw from the contract. This does not constitute a default of acceptance. The contractor expressly waives the right to damages, provided no grossly negligent or deliberate action on the part of our legal representatives and executives has taken place. In addition, we are also entitled to postpone the original date of delivery for up to three weeks, without this constituting a default in acceptance on our part as a result. If the Supplier is unable to comply with the confirmed deadline due to force majeure, labour disputes or other operational reasons beyond his control, it is the Supplier's duty to report this in writing, stating the reasons and the probable duration of delay. In this case we are wholly or partially exempted from the duty to accept delivery of the order and are entitled to withdraw from the contract if our interest in the delivery is reduced considerably due to the delay caused by force majeure or the strike.
§ 3 Proof of origin

Upon request, it is the Supplier’s duty to provide us with the necessary explanations regarding the customs-relevant origin of the goods. He is liable for all damages incurred by us due to improper or delayed submission of the supplier declaration. If required, the Supplier is to provide documentation of his information concerning the origin of the goods in the form of a data sheet validated by his customs office.

§ 4 Terms of payment/pricing

1. The final prices agreed upon are maximum prices and are to be understood as delivered free at domicile, including all incidental costs. The Supplier agrees, however, in the case of a price drop/decrease to lower the purchase price, provided no special order-specific agreements are applicable.

2. The risk is transferred to us only upon receipt of goods at the destination. If assembly has also been stipulated in the agreement, the risk shall be transferred only with complaint-free acceptance and/or faultless commissioning.

3. Invoices are always to be issued immediately after delivery of the goods, separately for each order, in duplicate and stating the order data. VAT must be listed separately. Invoices that do not meet the proper criteria will not be recognised. The Supplier’s delivery note is to include all documentation (e.g. plant certificates and certificates of origin, attestations, etc.) that have either been stipulated and/or that are required by us for the purpose of obtaining other concessions.

4. Unless agreed otherwise, payment for the agreed purchase price is due on the 15th of the month following delivery, less 3% discount for early payment or net within 60 days. The periods begin upon receipt of the invoice; in cases when the goods arrive after the invoice has been received or after billing, the period begins with receipt or acceptance of goods. Deliveries made before the date originally specified in the order shall entitle us to use the originally desired delivery date as the value date.

5. Late payments due, for example, to incomplete or incorrect invoice information still entitle us to an early payment discount deduction. Each payment is subject to audit. If defects with the product or deficiencies in service are identified, payment may be withheld until these are rectified. The amount of payment withheld follows the rules laid down in § 441 Para 3 BGB (German Civil Code).

§ 5 Warranty

1. The Supplier shall be responsible for the acceptable, purpose-appropriate material, correct and proper realisation, taking into account the latest scientific and technical developments. Provided no superior requirements have been stipulated in separate agreements, he explicitly guarantees and ensures that all deliveries exhibit the stipulated or otherwise confirmed properties, that the goods sold fully match the product samples, models and descriptions
included and that these comply with the relevant legal provisions and the rules and regulations of public authorities, trade associations and professional associations.

The Supplier further undertakes to comply with legislation governing environmental protection and safety in the country of manufacture and sale, in particular with the applicable consumer goods law and specific consumer goods ordinance.

Compliance with the applicable provisions of the Hazardous Substances Act (Gefahrstoffverordnung), particularly with respect to labelling, packaging, material safety data sheets and production and use prohibitions, is mandatory. A properly completed safety data sheet is to be provided automatically for cases of initial sampling of a product containing a hazardous substance within the meaning of the Hazardous Substances Act (Gefahrstoffverordnung). This shall apply even if a reclassification has taken place.

It is the Supplier's duty to continuously check the quality of the delivery items and to prepare comprehensible documentation thereof. This documentation must be submitted at the request of the purchaser. On request, the purchaser is entitled to perform quality audits of the supplier.

Any deviations from these regulations that may be necessary in certain cases require the supplier to obtain our written consent. The Supplier also guarantees use of environmentally friendly products and methods for his goods or services within the scope of the available economic and technical possibilities. He is responsible for the environmental friendliness of the products and packaging materials delivered and for all secondary damages resulting from any breach of statutory waste disposal duties.

At our request, the supplier is required to issue a certificate of inspection for the goods delivered.

Liability on the part of the Supplier always extends to cases of intent and negligence.

2. We will examine the goods for any discrepancies in quality or quantity in due time. Complaints are considered as being received in due time if they are reported to the Supplier within a period of 14 days following delivery of goods. In case of hidden defects, the 14-day period of notice begins only once the defect has been discovered. In this respect, the Supplier renounces his right to objection due to delayed notice of defects.

3. It is always our right to choose the type of remedy. The Supplier is only entitled to refuse this type of remedy if the associated costs are deemed excessive. A withdrawal from the contract does not exclude the further assertion of damage claims.

4. In urgent cases, particularly in order to avert serious dangers or to prevent the occurrence of greater damages, we have the right to perform the necessary measures for rectifying the problem ourselves or to have these performed by a third party at the expense of the Supplier in the event that the Supplier does not immediately comply with our request to rectify the problem.

5. Warranty periods are 48 months or 5 years for goods that are used in accordance with their intended use for a building, in each case beginning with the date of fault-free acceptance. The warranty claim lapses six months at the earliest following notification of defects within the warranty period, but not before its end.
6. If we recall goods manufactured by and/or sold by us due to the defectiveness of the product delivered by the Supplier or if we reduced our purchase price due to this or if any other claims are brought against us in any way, we expressly reserve the right to recourse against the Supplier. Any exercise of this recourse does not require the setting of a deadline that would otherwise be required. In this case, we are eligible to demand compensation from the Supplier for all expenses incurred by us in relation to our customers which have resulted from the delivery of the Supplier's defective product. This includes compensation for expenses necessary for the purpose of later improvements, in particular transport/work and material costs. If a material defect is discovered within six months, it will be presumed that the defect already existed at the time risk was transferred unless this presumption is incompatible with the kind of material or defect. The Supplier reserves the right to present evidence contrary to this.

7. After the claim to recourse made by STAHLSCHEMIDT becomes effective, the Supplier is required to report this immediately to his upstream suppliers and to cede these claims to recourse to STAHLSCHEMIDT on account of performance. He is also to immediately notify the upstream supplier of the cession. Independently of this, the separate obligation on the part of the supplier vis-à-vis STAHLSCHEMIDT remains. The statutory regulation (§§ 478, 479 BGB – German Civil Code) shall be applied to the claims to recourse by STAHLSCHEMIDT for defective goods, with the proviso that STAHLSCHEMIDT is also entitled to claims to recourse if these do not pertain to the purchase of consumer goods. Furthermore, the claims to recourse by STAHLSCHEMIDT are statute-barred notwithstanding § 479 Para 2 BGB (German Civil Code) no earlier than six months after the date on which we have answered the claims of our customer.

8. If a supplier performs contract work for us, he is to inspect the material provided by us before processing the material and verify that it is in a condition free of defects. If any defects are found, the material must only be processed after we have given our express consent. Work performed by subcontractors is permitted only in exceptional cases after this has been discussed beforehand.

§ 6 Product liability/recalls

1. If the Supplier is responsible for product damage, he is obligated to indemnify us upon the first request against claims which have been filed by third parties for those damages caused within the Supplier’s sphere of control and organisation and which have been caused by his own fault. The Supplier assumes all costs and expenses in such cases. This applies in particular to cases arising out of or in connection with any product recall conducted by us. We will brief the Supplier regarding the content and scope of the recall measures being conducted – to the extent possible and which is reasonable – and give him the opportunity to respond. Apart from this, the statutory provisions shall apply.

2. The Supplier further undertakes to carry product liability insurance with minimum coverage of EUR 10 million per person/material damage lump sum and to provide us documentation of the
policy upon request. This neither limits damage claims on our part nor is the Supplier exempted from his obligation or liability as laid down in this contract.

§ 7 Non-disclosure/proprietary rights

1. The Supplier undertakes to keep all business-related or technical information provided to him secret from third parties – as long as and to the extent that this information is not proven to be public knowledge. It is noted that this information remains exclusively in our ownership. Information of this sort must not be copied or distributed without our prior written consent. This information is only to be made available to persons within the Supplier's company who require it for the purposes of performing the delivery to us and who also undertake to maintain confidentiality.

Upon first demand, all information originating from us, including transcripts/copies/records are to be returned to us immediately and completely. We reserve all rights pertaining to such information (including the right to register industrial property rights, copyrights).

2. Drawings, models, samples and tools made available by us or manufactured according to our specifications are our property and must not be used for or made accessible to third parties in any other way. These items are to be returned with the first request.

3. The Supplier guarantees and ensures that no third-party rights are violated in connection with his delivery and indemnifies us from any claims made by third parties. This indemnification refers in particular to all expenses and damages we incur due to or in connection with the claim made by a third party. In particular, the supplier must reimburse us for costs we incur defending against claims made by third parties.

§ 8 Retention of title/provision of tools

1. Upon notification of readiness for shipment, we immediately acquire ownership of the goods ordered. The product ready for dispatch is to be stored by the Supplier separately from other inventory, labelled accordingly and kept free of charge until the time of acceptance by us. The supplier guarantees there are no third-party rights to the delivered goods. We expressly point out that we do not recognise any extended or forwarded retention of title by the Supplier.

2. We reserve the right to retain ownership of tools and equipment manufactured on our behalf. The Supplier undertakes to use the tools and equipment exclusively for the production of the goods ordered by us. He also undertakes to insure these tools against fire, water and theft at his own expense and for their replacement value, and upon first request to send us a certificate documenting this insurance policy. He is also required to carry out any necessary maintenance and inspection work on time and at his own expense. Any faults are to be reported to us immediately.
3. Tools and devices in our possession must not be reproduced, disposed of or otherwise made accessible to third parties or used in any other way for third parties without our prior written consent.

4. The Supplier is entitled to possession of the tools and equipment for the duration required to meet his delivery obligations to us. The supplier is otherwise required to return them at any time upon request, under the exclusion any lien. This shall apply in particular if the Supplier stops making payments or insolvency proceedings concerning his assets have commenced or court or extrajudicial conciliation proceedings have been requested. In these cases, we are entitled to take immediate possession of the tools and devices.

§ 9 Safety and procedural guidelines

1. Our safety and procedural guidelines are to be observed for goods delivered to and services rendered on our property and in our buildings. These guidelines constitute a part of the contract for this case. In cases of lack of knowledge, the Supplier can obtain these from us on request and free of charge.

2. The calculation of hours worked will be accepted solely on the basis of the time slips presented us by the supplier and requires our signature.

§ 10 Final provisions

1. Should individual parts of these General Terms of Purchase be invalid, the validity of the remaining provisions shall remain unaffected by this.

2. Without our express written consent, the Supplier is not entitled to transfer, either fully or in part, to any third party those rights laid down in the supply contract concluded with us or the Supplier’s right to make counter-claims as laid down in this contract.

3. If the Supplier ceases to make payments or if insolvency/conciliation proceedings (in-court or out-of-court) have been filed, we are entitled to withdraw from the contract.

4. The contract language is German. If the contracting parties use a different language, the German wording takes precedence.

5. The contractual relationship between us and the supplier is subject to the law of the Federal Republic of Germany.

6. Place of performance for the delivery is 57319 Bad Berleburg. For all disputes arising from the contractual relationship where the customer is a general merchant, a legal person of public law or a public special fund, or if his residence or business headquarters are located outside the Federal Republic of Germany, the court for our business headquarters in 57319 Bad Berleburg shall be responsible. However, we are also entitled to take legal action at the location of the customer's business.

Bad Berleburg, 25 August 2011