

# GENERAL CONDITIONS FOR THE SALE OF STEEL PRODUCTS

## 1. General provisions

1.1. These General Conditions of Sale and the Conditions of Application of the Tables, attached to these General Conditions, shall apply to all transactions of steel products made by Lusosider – Aços Planos, S.A. (hereinafter referred to as "Lusosider") as well as they will be applied to all transactions of steel products made by or with companies of the CSN group (the economic group to which the Lusosider belongs to and is a part of), at the request of any customers or purchasers of steel products (hereinafter referred to as the "Customer" and, together with Lusosider, "Parties").

1.2. Changes to these General Conditions of Sale can be made, provided that they have been agreed and formalized in writing, through signature of both Parties.

1.3. Lusosider does not accept any references to own or specific purchases made by the Customer, except if duly agreed in writing by Lusosider.

1.4. Lusosider's acceptance of customer orders, implies the adhesion of the Client, without reservations, to the present Conditions General, which have been previously and fully communicated and are available at [www.lusosider.pt](http://www.lusosider.pt).

1.5. These General Conditions of Sale and the documents resulting from its full application, together with the specific conditions included in the Order Acceptance document, are the only documents that found the agreement between Lusosider and the Client.

## 2. Formation and Conclusion of Contracts

2.1. Order requests must be submitted in writing by the Customer to Lusosider by letter, fax or e-mail, to the address identified in Clause 13.

2.2. The order request presented by the Customer must specify, with accuracy and clarity:

(i) the quantity of steel products to be supplied by Lusosider;

(ii) the quality and technical specifications of the steel products to be provided by Lusosider;

(iii) wherever possible, the final application of the steel products subject to delivery, whenever the Customer can describe;

(iv) the actual and final destination of the steel products ordered by the Customer.

2.3. After the customer's order has been submitted, Lusosider is only considered integrally bound after written acceptance of the purchase order (hereinafter referred to as the "Acceptance of Order"), reserving, however, Lusosider in the right to refuse the purchase order or to submit requests for changes or clarifications to the Customer, and, for this purpose, communicate, in writing, to the Customer the refusal or amendment's proposed.

2.4. The amendments proposed by the Customer to orders already accepted by Lusosider, will only be valid upon express acceptance and written by Lusosider.

2.5. Special conditions may be agreed upon in the supply of products to be incorporated in the manufacture of articles intended for export to third countries (indirect export), provided that documented, pursuant to Clause 2.2. of the General Conditions of Sale.

2.6. The supply shall be deemed to be perfectly executed and accepted by the Customer in case steel products are supplied by Lusosider with the quantity tolerance of approximately 10% or

20% (higher or lower) than the quantity accepted in the Acceptance of Order, either concerning the total quantity of the application submitted by the Client and stated in the Acceptance of Order, as well as with respect to its position regarding the supplies agreed between Lusosider and Client.

2.7. Lusosider and the Client may, at any time, and through a document written and signed by both Parties, agree to changes to the Acceptance of Order.

2.8. Acceptance formalization by Lusosider of the Clients applications is carried out through the issuance of the document Acceptance of Order, which must be sent by Lusosider to the Customer through fax, mail or electronic mail.

2.9. In the event that the Customer does not agree with the Acceptance of Oder, must notify Lusosider of this fact, within a maximum period of three (3) business days from the date of its receipt.

2.10. For the purposes of the preceding paragraph of this Clause, the Customer hereby acknowledges and accepts that, after the expiry of the maximum period three (3) business days from the date of receipt of the Acceptance of Order, without Lusosider being presented, in writing, with the Customer's disagreement with Acceptance of Order, Lusosider will consider the content of the Acceptance of Order totally and entirely accepted by the Customer, and it's obligations will be considered as binding to Lusosider and the Customer.

2.11. The order requests are always placed in Lusosider, but may be dispatched and billed by the latter, or by Lusosider Projectos Siderúrgicos, S.A. or Lusosider Ibérica, S.A. or CSN Steel, S.L.U. or another company of the CSN Group, depending on the availability of existing plafonds in each of the companies.

### **3. Price and Payment Conditions**

3.1. The price of steel products is determined by the application of the standards contained in the Conditions for Application of Tables valid in each moment at Lusosider and as attached to these General Conditions of Sale and thus brought to the attention of the Client.

3.2. The price of the steel products to be paid by the Client is the of Acceptance of Order.

3.3. The payment for the price of the steel products shall be made in the amount and currency in the respective invoice.

3.4. The price of each order is paid within the period defined in the respective invoice, which, in turn, will correspond to that established in the Acceptance of Order.

3.5. Lusosider may require the Customer, prior to the Acceptance of the Order, to provide a bank guarantee or another guarantee to ensure the integral and timely fulfillment of the obligations to the Customer as a result of this agreement.

3.6. If Customer fails timely pay the invoiced and price agreed in the Acceptance of Order, Lusosider may, after written interpellation, require him to pay the amount owed, plus interest for late payment, calculated by applying the rate EURIBOR at 30 (thirty) days, plus a legal maximum surcharge in each time (and if) applicable.

3.7. If the delay in the payment of any invoice or debit note remains for more than 3 (three) days, after the date of receipt of the interpellation referred to in the preceding paragraph of this Clause, the Client will be in definitive non-compliance, and Lusosider may alternatively:

(i) declare null the deadlines for delivery of steel products agreed to the invoice or debit note in debt, retaining the supply until the debt or debit note has been payed;

(ii) Resolve total or partially the agreement entered into with the Customer to which the invoice or debit note refers to.

3.8. In the event of a definitive breach by the Customer of the obligation to payment of invoice or debit note, Lusosider may also require, both in relation to the order to which the invoice or debit note in debt to refers as well as any other invoice or debit note issued by Lusosider to the same Client, the previous full payment of the respective price, as a condition of delivery of the steel products.

3.9. The filing of a complaint by the Customer relating to quality problems in the steel products supplied and invoiced by Lusosider does not relieve the Customer from the payment of all obligations provided for in the Acceptance of Order, without prejudice of negotiations and concertation that may occur between the Parties, within the scope of the assessment of the complaint presented by the Client.

3.10. All payments received by Lusosider from Customer shall be applied following the order and form stated below:

1. Overdue debts, beginning the application of payments by the chronologically older debt.
2. In each past due debt, shall be paid priority and successively expenses, damages, interest and finally the capital.
3. To be due debts, should preferably begin with those of closer maturity date.

#### **4. Shipment of steel products**

4.1. When the Parties agree that it's the Customer's responsibility to withdrawal the steel products at Lusosider's premises, Lusosider should notify the Customer, in writing, of the deadline for withdrawal.

4.2. After the notification has been received and within a maximum of five (5) business days, the Customer may, if it does not agree with the term granted by Lusosider for the lifting of steel products, propose an alternative deadline for the withdrawal of the steel products to be supplied, and Lusosider shall accept or reject the term proposed by the Client.

4.3. In the event that the Client does not present any alternative schedule to withdrawal of the steel products or Lusosider refuses the deadline proposed, the Client undertakes to carry out the respective withdrawal within the deadline established by Lusosider.

4.4. Where the responsibility for picking up the steel products runs at Customer's responsibility, the Customer undertakes to provide the carrier he appoints a written authorization to withdraw the steel products at Lusosider's facilities, with reference and an express copy of the notification submitted by Lusosider pursuant to paragraph 4.1. gives present Clause.

4.5. Lusosider may refuse to withdraw the steel products from the its premises if the carrier contracted by the Customer is not hasn't the written authorization and a copy of the notification, as referred to in in the previous number.

4.6. Where the Parties agree that it is Lusosider's responsibility to place the steel products at the Customer's premises, Lusosider shall notify the Customer of the date of delivery on the Client's premises, obliging the Client to download them at the moment immediately following the arrival of the steel products at its facilities.

## **5. Weight**

5.1. The weighing carried out on Lusosider's scales or scales is the only for all purposes of the contract and these Conditions General Sales.

5.2. Lusosider undertakes to carry out all measurements and extents legally stipulated in order to guarantee the perfect functioning of the scales and measures from Lusosider.

5.3. At least five (5) days after the notification provided for in Clauses 4.1 and 4.6., The Customer may request, in writing, the presence of a representative in the weighing process for steel products object of supply.

## **6. Receiving / Inspection at Lusosider**

6.1. The Customer may condition the acceptance of the steel products ordered to a previous reception at Lusosider, if it has been declared in the order form set forth in Clause 2.1. and Lusosider accept, in writing, in the Acceptance of Order.

6.2. It is Lusosider's responsibility to mark the date of receipt of the steel products pursuant to Clause 4.1. If, for reasons attributable to the Customer, the delivery does not take place within 15 (fifteen) days after that date, the steel products are presumed to be definitively received and shall be dispatched or made available for Costumers withdrawal.

6.3. Notwithstanding the provisions of clause 12, the reception, once effected under the terms of the previous number, implies the definitive acceptance by the Client of contracted steel products.

## **7. Transfer of Ownership and Risks**

7.1. Where the transport of the steel products covered by the contract and Acceptance of Order is the Client's responsibility, ownership, loss or damage suffered or incurred in the course of transfer, to the Customer, at the time of loading of the steel products at Lusosider's premises.

7.2. As a consequence of the provisions of the preceding paragraph, and in the event of loss or damage to the steel products occurred and as a consequence of transport, no liability can be attributed to Lusosider for such loss, or damage or harm from the moment in which the transfer of ownership is effected.

7.3. Where the transport of the steel products covered by the contract and Acceptance of Order is responsibility of Lusosider, the property over the steel products shall be transferred at the moment of formal acceptance of the steel products at the Customer's premises, in accordance with the notification provided for in Clause 4.6.

## **8. Quality Assurance of Steel Products Sold**

8.1. Lusosider guarantees that its steel products have, when they are placed at the disposal of the Customer, the quality characteristics agreed upon and resulting from the rules applicable to steel products.

8.2. Whenever deficiencies or lack of quality are detected in the steel products subject of supply and those deficiencies or lack of quality are recognized by Lusosider, the Customer will assume the responsibility for any losses resulting from processes carried out after such recognition by Lusosider.

8.3. Under no circumstances shall be deemed as quality deficiencies any defects, deformation and oxidation of steel products which do not prevent its normal use, under the terms defined in Clause 2.2. of Conditions General Sales.

8.4. The commitment of Lusosider defined in Clause 8.2. does not cover cases where deficiencies or lack of quality arises from transportation, storage, handling or processing of steel products after transfer of ownership to Customer pursuant to Clause 7.

## **9. Complaints**

9.1. Lusosider undertakes no responsibility for incorrect specifications in the order form submitted by the Customer in the terms of Clause 2.2, in particular with regard to the adequacy of the specification asked for and the nature of the application intended by the Customer.

9.2. Whenever non-compliance is detected on the product during the processing, the Customer shall immediately suspend its processing and inform Lusosider of the occurrence.

9.3. In the event of a breach by the Customer of its duty to inform established in the preceding paragraph of this Clause, as well as from the moment on which the information is sent by the Client to Lusosider, all additional costs arising from the use of the non-compliant steel product are at Customer's expenses.

9.4. If the Customer finds deficiencies or lack of quality in the steel products supplied, he may lodge a written and documented claim, under the following deadlines, which will begin with the withdrawal of the products at Lusosider's premises or upon receipt at Client's premises:

(i) 8 (eight) days, when the complaints concern the quantity, weight, packaging, external appearance or labeling;

(ii) 60 (sixty) days, in the case of any hidden defect, without prejudice to information to be made immediately after it is detected and before steel products undergo any transformation;

(iii) in accordance with the standards of the products supplied, concerning complaints of mechanical characteristics:

30 (thirty) days, for galvanized DX51D, DX52D and DX53D;

90 (ninety) days, for pickling and oiling and hot laminated;

180 (one hundred and eighty) days for cold rolled DC01 and DC03.

(iv) in accordance with the standards of the products supplied, when deal with surface protection claims:

90 (ninety) days for galvanized products;

180 (one hundred and eighty) days for pickled and oiled products;

180 (one hundred and eighty) days for cold rolled products;

Non-passivated and / or non-oiled products do not against corrosion.

9.5. All duly substantiated claims by the Customer shall be evaluated and verified by the technical services of Lusosider, the Client must make available all the elements necessary for its analysis as well as a sample of the steel product.

9.6. The regularization of complaints will be made through the mechanisms provided for in Clause 8.3, under no circumstances shall be accepted debit notes or other document for the same purpose issued by the Customer.

9.7. Regarding declassified steel products no claim can be lodged.

## **10. Delivery times**

10.1. Delivery times for steel products are indicative, although they represent Lusosiders strong intention to comply.

## **11. Force Majeure**

11.1. Shall be considered situations of force majeure, situations of extraordinary or unforeseeable circumstances, external to the Parties and that they can not control, such as war, riot, civil insurrection, natural disasters, floods, explosions, government decisions or other situations that prevent or impair compliance with the obligations assumed under these General Conditions of Sale (hereinafter referred to as the "Force Majeure").

11.2. Whenever a Force Majeure event occurs that prevents the punctual fulfillment of any obligation arising from these Conditions General Sales, will the respective term be deferred for the corresponding time resulting from the delay, without there being any compensation, and the Parties shall develop all efforts to minimize the consequences of such event.

11.3. The party who wishes to invoke the Force Majeure case shall, as soon as it has knowledge, communicate its verification in writing to the other party, and proving its occurrence and its effects on the compliance with contractual obligations.

11.4. Without prejudice to the provisions of the previous paragraphs, when the Force Majeure permanently disables the fulfillment of obligations arising from these General Conditions by any of the Parties, shall the contract be terminated without compensation for default.

## **12. Lack of Timely Survey of Steel Products at Lusosider**

12.1. Where the withdrawal of the steel products at Lusosiders premises is not carried out by the Client within the period established in accordance with Clause 4.1., the Customer is has to pay Lusosider the costs of storage services amounting to 1,5% of the value of steel products ordered and not collected, per month or fraction of the month and without prejudice of such payment of storage, Lusosider will send written notice to the Client, setting a new deadline for the withdrawal.

12.2. If the Customer does withdrawals the steel products within the in the second notification provided for in the preceding paragraph, Lusosider is intitled terminate the contract for the supply of those steel products.

## **13. Communications**

13.1. Unless special form is required, all communications between the Parties shall be made in writing, by letter or facsimile, and addressed to the following addresses and receiving stations:

(i) Lusosider

Aldeia de Paio Pires

2840-075 Seixal

Telefax: + 351-212278391

E-mail: comercial@lusosider.pt

(ii) Customer

A / C: [•]

[Address]

Fax: [•]

Email: [•]

13.2. Without prejudice to the provisions of the following paragraphs, all notices made in writing shall be deemed to have been made on the date of their receipt or, if outside of business hours, on the first working day immediately.

13.3. Communications registered or effected by registered mail with notice shall be deemed to have been made on the date of signature of the protocol or notice.

13.4. Communications made by facsimile whose content isn't perfectly readable by its addressee shall not be deemed to have been made, provided that that Party shall inform the Party which issued the communication on the first working day immediately following that of the reception.

13.5. For the purpose of performing the summons in the context of a judicial action intended to compliance with any pecuniary obligations arising from the this Agreement, are agreed the addresses indicated in number 1 of this Clause.

13.6. The change of the addresses indicated in number 1 of this Clause shall be communicated to the other Party by registered letter with receipt within 30 (thirty) days after its amendment.

#### **14. Governing Law and Jurisdiction**

All sales contracts are governed in all its aspects and in all its omissions by the Portuguese Law, being exclusively competent the Courts of the District of Lisbon.

## **CONDITIONS OF APPLICATION OF THE TABLES**

### **1. Sales**

Lusosider's steel products are sold in accordance with the General Conditions of Sale.

Sales are made at the prices and under the conditions set out in Lusosiders Tables, effective on the date of acceptance of the Customer's order and the transport prices at the same date.

Lusosider does not undertake to have all ready for supply all qualities and dimensions of the steel products referred to in its Tables.

### **2. Price Determination**

The prices are obtained by adding or subtracting from the base price all the extras, discounts or rebates applicable.

The prices of Lusosider's Tables refer to deliveries at the point parity for each type of steel products and are established in Euros / 1,000 kg, unless otherwise stated.

The prices and other conditions of Lusosiders Tables apply only to first choice products, excluding declassified steel products and second or lower choice, for these the conditions are established case by case.

### **3. Destination Sales**

As a rule, Lusosiders steel products are considered as sold at the destination indicated in the contract, adding to the price at the parity point the transport costs from the local point of parity to the place of destination, whichever is the means of transport used and being the costs related to the download of Customers responsibility.

Customer's withdrawal of the steel products at Lusosiders premises and transport at its own expenses to the place of destination stated in the contract, requires prior written agreement of Lusosider.

In this case, shall be billed the prices established for withdrawal at Lusosider.

Lusosiders Transport Charts contain the tariffs in force, for each means of transport regularly used by this Company, between parity points and locations of destination.

### **4. Taxes and Taxes**

The prices in the Lusosider Tables do not include any fees or taxes due under the applicable legislation and at any time in force.

### **5. Quantity Extras by Position**

It is called "position" to a batch of steel products whose dimensions, quality and other characteristics are the same, object of a single contract, dispatched at one time to the same destination.

The quantity confirmed by Lusosider, in accordance with the provisions of Clause 2.7 of the General Conditions of Sale, is the only one to be taken into account even if Lusosider is led to

fractionate the batches or that the quantity delivered at the end is different from what is expected.

In case of partial cancellation of the order by the Customer, in accordance with provisions of Clause 2.4 of the General Conditions of Sale, the extras to apply will be those that result from the final quantity.

If Lusosider is asked to propose, instead of the position commissioned and accepted in accordance to provisions of Clause 2.4 of the General Conditions of Sale, partial cancellation of the order, the extras to be applied will be the corresponding to the initially confirmed position.

The particular conditions of the quantity extras per position according to the type of product are referred to in the corresponding Lusosiders Tables.