

FLENDER Mekanik Güç Aktarma Sistemleri Sanayi ve Ticaret A.Ş. GENERAL CONDITIONS OF PURCHASE

1. **THE CONCERNED PARTIES**

These present "**FLENDER Mekanik Güç Aktarma Sistemleri Sanayi ve Ticaret A.Ş. General Purchase Terms and Conditions**" (hereinafter called "**PURCHASE TERMS AND CONDITIONS**") have been concluded and executed between FLENDER Mekanik Güç Aktarma Sistemleri Sanayi ve Ticaret A.Ş. (Hereinafter called "**FLENDER**") and selling company (hereinafter called "**SELLER**") and constitute general terms and conditions of the CONTRACT (hereinafter called "**CONTRACT**") which includes arrangements and regulations related to goods and services (hereinafter called "**WORK**") to be delivered to FLENDER. FLENDER and SELLER will be referred in singular form as "**PARTY**" and together as "**PARTIES**" respectively
2. **SCOPE OF WORK AND AWARDED PURCHASE ORDERS**

Scope of WORK will be specified by a written agreement to be concluded and executed by the concerned PARTIES, which will include mutual terms and conditions. In case that such a CONTRACT does not exist at the moment of placing purchase order, purchase order including order of FLENDER and confirmed by stamp and authorised signatures of the SELLER will substitute in place of CONTRACT. All kinds of liabilities and responsibilities in respect with stamp, stamp tax, charges and outlays required to be contained as per tax laws of purchase orders to be substituted in place of CONTRACT will be on account of the SELLER. If purchase order has not been confirmed by the SELLER within 3 days as from delivery date of purchase order, then FLENDER will have the right to withdraw its purchase order without any need to give any notice and legal actions. As long as Purchase order is not confirmed in written form by the SELLER, provisional on final acceptance of deliveries to be made by FLENDER would not mean that WORK being subject to purchase order continues. Unless otherwise stipulated in the CONTRACT or confirmed purchase order, FLENDER will be able to increase or decrease scope of WORK in ratio of 10% without obtaining written approval or Consent of the SELLER.
3. **AMENDMENTS**

Amendments and additions to be made in CONTRACT which will specify scope of WORK will be executed in written form by agreement of the concerned PARTIES and amendments and additions to be made in purchase order confirmed by FLENDER will be executed in written form through confirmation by the concerned PARTY.
4. **NATURE OF WORK**

Unless otherwise stipulated in CONTRACT to be concluded and executed by the concerned parties or in confirmed purchase order, The SELLER accepts and agrees with WORK undertaken by it will be in compliance with VDE, DIN and the TSE Standards (Turkish Standards Institute), norms and regulations being in force and effect as well as (if exists) environment specifications of FLENDER.
5. **PRICE AND DELIVERY PLACE**

Unless otherwise stipulated in the CONTRACT or confirmed purchase order, prices are fixed and will be valid and effective for delivery of WORK in packed form in factory of FLENDER located in Kartal district or location stated in the CONTRACT or confirmed purchase order. Again, unless otherwise stipulated in the CONTRACT or in confirmed purchase order, the transport costs and other related expenses will be included in the price. Value Added Tax is not included in the prices. Unless otherwise stated under the CONTRACT or under the confirmed purchase order, FLENDER, in order to guarantee the complete fulfillment of the obligations by the SELLER, shall receive cash or letter of guarantee amounting to 10% of the Contract price or confirmed purchase order price.
6. **DELIVERY PERIOD AND DELIVERY DATE**

Delivery period of WORK will be specified in CONTRACT, which will be concluded and executed by the concerned parties, or in confirmed purchase order. Unless otherwise there is a different arrangement in the agreement or in confirmed purchase order, the delivery date will be as follows:
 - a) This date for ordered material would be date on purchase order letter of material when SELLER will deliver it to shipment place stated by FLENDER. In case of "WORKS" to be performed by the SELLER, the delivery date will be due date of the performance.
 - b) This date for ordered service would be date when service will be accepted by technical staff to be appointed and assigned by FLENDER.Except Force Majeure events if delivery executed late or could never be executed, then, FLENDER can cancel the CONTRACTS in whole or in part without any need to make any notice or take legal action or without obtaining consent or approval of the SELLER or can cancel confirmed purchase order and can cause WORK to be executed by others on and on behalf of the SELLER. The seller accepts and undertakes in advance to immediately pay price difference and related expenses and any direct or indirect damages to be arisen to FLENDER.
7. **SHIPMENT, DELIVERY AND RISKS**

Unless otherwise stipulated in the CONTRACT or confirmed purchase order, all kinds of services, expenses and all risks to be executed related to shipment, transportation and insurance coverage up to delivery place in deliveries of materials will be on and for behalf of the SELLER. It is essential and mandatory that materials should be properly, packed from viewpoint of transportation as well as storage. SELLER will be liable and responsible for all sorts of damage and losses to be sustained due to reason of defective and inadequate packing, not being suitable for material. All kinds of shipping documents to be arranged by the SELLER (shipment voucher, delivery note, packing list etc.) and invoices should be minimum in two copies (as accompanying material and annex of invoice and that shipping documents must contain warehouse and slip number and that invoices must contain purchase order date and number and they must be sent to FLENDER on arrangement date. If any incompleteness and errors are determined in shipping documents and invoices delivered to FLENDER are determined, then, they will be deemed as not having been arranged and will be returned to the SELLER. Unless seller will send them FLENDER by correcting these incompleteness and errors, then, seller can not demand or request any payment.

8. ACCEPTANCE PROCEDURE

FLENDER will execute quality control, technical inspection and control of WORK delivered by the SELLER as well as acceptance. FLENDER's acceptance of the committed Work will be pending until the acceptance of the end customer.

Quantity and calculation control of delivery will be conducted so it will be determined whether being in conformity with terms and conditions stated in purchase order, then no payment will be made by FLENDER to the SELLER till delivery invoice is accepted by FLENDER. If the SELLER does not complete and/or rectify the Work in accordance with the written directions and within the time stated in such directions given by FLENDER, FLENDER, reserving its compensation rights, shall be entitled to complete itself or make completed the Work by third parties on behalf of the SELLER or to terminate this CONTRACT.

Faults and defects determined on WORK will be remedied and corrected gratis (free of charge) by the SELLER within period to be granted by FLENDER. It may be replaced with the new one under FLENDER own discretion.

Unless otherwise stipulated in CONTRACT or in confirmed purchase order provided that written approval is obtained before then partial shipments will be accepted by FLENDER.

However, FLENDER will have the right to cancel WORK unilaterally being subject of confirmed purchase order by rejection partial delivery request.

The SELLER will take back from FLENDER material not accepted by FLENDER within 10 (ten) days as from notification date, and related costs and expenses to be covered by the SELLER. If material is not taken back, then FLENDER will not be liable and responsible for damage and losses to be occurred on material.

9. PAYMENT

Unless otherwise stipulated in the CONTRACT or in confirmed purchase order, payments will be made in the form of transfer to bank account of the SELLER against invoice to be sent to FLENDER on first FLENDER payment date following 60 (sixty) days as from invoice date as well as payments can be made by way of deduction from accounts of Sellers who have payable towards FLENDER. It is mandatory that acceptance procedure stated in provisions of Article 8 must be effected in order to make payments. If payment date elapses above-mentioned period due to reason that acceptance could not be executed within 60 (sixty) days as from delivery date, then the SELLER can not claim and request default (delay) interest. Acceptance made or payment made with regard to the acceptance will not release the SELLER. Thus, FLENDER's acceptance of the committed work and the payment to be made to the SELLER will be pending until the acceptance of the end customer.

If the price or quantity of receiving goods and services are under the price or quantity listed in the purchase order, the price or quantity of receiving goods and services will be taken as a basis to the payment.

Unless otherwise stipulated in CONTRACT or in confirmed purchase order, no advance payment will be made. On the other hand advance payments to be made in accordance with provisions of the CONTRACT, will be made against advance payment guaranty to be issued by the SELLER in the form as requested by FLENDER. Unless otherwise stipulated in the CONTRACT or in confirmed, purchase order, stamp tax originating from advance payments will be on account of SELLER. In case of cancellation of purchase order placed by FLENDER whatsoever reason, then the SELLER accepts and undertakes in advance to reimburse advance payment amount received by it immediately in cash lump sum together with related interest. 50% of bank fees arising from payments in foreign currency (other than Turkish Lira) shall be born by SELLER starting from 01.01.2016.

Payments in foreign currency shall be posted by converting to Turkish Lira over foreign exchange selling rate determined by Turkish Central Bank (T.C.M.B) and effective for payment date. No additional payment shall be done for exchange rate differences.

10. FINE FOR DELAY

In case it exceeds the delivery date by 2 calendar days, a fine for delay will be imposed upon the total cost of order by 1% and to be deducted

from the payment due to the SELLER provided its total does not exceed 30% of the cost of order. However, in the case of a delay in the ordered good if the issued delay penalty from the end customer to FLENDER exceed 30% of the cost of order the (%30) limit hereby wont be applied.

For the delay exceeding 10 calendar days in total the right of cancelling the order related to FLENDER and of not making payment of the respective order is reserved. Cancellation of the order will not affect the applicability of the penalties accrued until the day off cancellation. Penalties paid due to the order cancelation will not release SELLER from the obligation to compensate all the damages occurred.

11. TAX

Unless otherwise stated in the CONTRACT or the confirmed purchase order, any stamp duty arising from the CONTRACT will be born by SELLER.

12. WARRANTY TERM AND SCOPE

WORK delivered by SELLER to FLENDER is under the warranty of SELLER for 12 month following the date of acceptance by FLENDER against all kinds of manufacturing and assembly unless any longer time is specified under CONTRACT or in confirmed purchase order.

Any fault or defect detected by FLENDER in the materials or services during the warranty term will be removed following the SELLER is notified about such defects within the period specified in the notice free of any charge, with all costs to be borne by the SELLER.

SELLER guarantees that all the products and services under this Agreement are new, unused and in compliance with this CONTRACT. In case of a defect, SELLER will immediately inform FLENDER.

If the defects detected by FLENDER are not removed at all or not removed by the SELLER within the specified period, FLENDER will have the right of deducting the price of WORK or of removing the respective defects by itself by imposing any costs upon the SELLER or of having then removed by any third parties.

13. RIGHT OF OWNERSHIP

Ownership of photographs, technical drawings, measurements and other data as well as model, instruments, moulds, materials given to the SELLER and cost of which was borne by FLENDER in connection with the order and the goods that were manufactured according to them belong to FLENDER.

Such goods and materials will neither to be used for advertising and personal purpose nor to be transferred or assigned to any third parties in any way and they will be returned to FLENDER together with the last delivery. On the other hand, such goods and materials cannot be subject of any pledge in case of conditions such as strike or pledge etc. In the event that such materials are lost or subject to any reduction in terms of value, the SELLER will be liable to indemnify such loss or damage. SELLER will not modify the moulds being used in the manufacture of parts or equipment, which the SELLER will sell to FLENDER without informing FLENDER about it.

The goods and materials mentioned above will be marked and stored by the SELLER at another location with all related costs to be borne by the SELLER.

14. SUPERVISION

FLENDER may have access to the manufacturing and storage facilities of the SELLER at any time. FLENDER may also control instruments, machinery, equipment, materials and goods used in the manufacturing process. The SELLER accepts and undertakes that he will provide all kinds of facilities to FLENDER with respect to the supervision to be made by FLENDER.

15. SUSPENSION OF THE CONTRACT

FLENDER shall be entitled to suspend this CONTRACT or a confirmed purchased order without giving any reason at any time for 3 (three) month. In that case the SELLER can not claim any payment or compensation regarding any damages. At the end of the suspension period, PARTIES will determine the new delivery date mutually and in

confirmity. In case of a non conformity regarding the new delivery date, FLENDER may cancel the order in whole or in part without any compensation obligation. In that case the SELLER can not claim any right, payment or compensation regarding the executory parts of the CONTRACT.

16. FORCE MAJEURE

Following the occurrence of force majeure events such as war, fire, legal strike, flood, earthquake, storm, etc. which hinder the performance of the WORKs under the CONTRACT, the SELLER will notify FLENDER in writing with a document of proof given by the Ministry of Industry and Trade within a period of not more than 5 days after the date of occurrence of such force majeure event, by detailing the reasons of SELLER's not performing all or part of its obligations under the CONTRACT and PARTIES will come to an agreement about the necessary precautions to be taken urgently.

In case it is deemed proper by FLENDER, the time to elapse till the removal of the respective force majeure event will be added to the term of the CONTRACT. In case of a time extension given due to a force majeure clause, FLENDER under no condition will make any payment to the SELLER. In case the force majeure event exists for more than -90 (ninety) days, then FLENDER will have the right of cancelling the delayed delivery stated in the confirmed purchase order in whole or in part unilaterally without the consent of the SELLER. In that case the SELLER can not claim any right, payment or compensation regarding the executory parts of the CONTRACT.

17. SECURITY PRECAUTIONS

The SELLER must comply with the applicable Laws, regulations along with other legislation for the governance and management of the WORK. Any liability that may arise out of not following such laws shall be under the SELLER's responsibility.

Besides complying with all legal provisions regarding health and security, the SELLER shall make all necessary efforts regarding the issues designated below:

- (i) Removing the relevant risks and taking health and safety measures regarding the personnel employed by the seller or those who are directly or indirectly subcontractors of the seller, for the performance of the works,
- (ii) Ensuring that those who are lawfully present on the working site, including the personnel, FLENDER personnel and the visitors, are not injured and harmed.

In order to be protected from any accidents that may take place due to use of materials such as tools, equipment, vehicles and machines or performance of any work, the SELLER shall teach all personnel who are working for and on behalf of the SELLER the required safety measures; and at his/her cost shall supply the required protective plates, signs and equipment, take any kinds of protective measures regarding the accidents and provide related specifications and security regulations.

The SELLER promises to ensure that all personnel shall take place in the special security training, if invited by FLENDER, and to provide appropriate personal protective equipment before starting to perform the work on the site.

At its sole discretion, FLENDER reserves its right to suspend the performance of works without any compensation required and/or prohibit the entry of the SELLER's personnel to the site due to security, health and safety reasons, at any time, without any direct or indirect liability under whatsoever name arising on its part regarding this issue.

If so agreed that the mounting regarding the WORK shall be made by the SELLER and/or delivery shall be made on the site, in case of any accidents, injuries, occupational disease, disability and similar situations that may be experienced by any worker employed by FLENDER and/or the SELLER or any third party during the performance of the delivery and/or the mounting, the SELLER shall immediately notify FLENDER and undertake any loss and damages or compensation and costs required

under laws and shall not have the right to recourse the foregoing to FLENDER.

The SELLER shall exclusively be responsible for any kind of compensation that must be indemnified and any kind of liabilities arising out of deaths, disabilities or injuries occur due to work or in the course of the work, on or around the working site due to the foregoing reasons. Nevertheless, if in any manner FLENDER has to pay such sums, then the compensation paid along with the amounts including the litigation costs, attorney fees and their interest to be accrued until the date of collection shall be recoured to the SELLER. The SELLER agrees and undertakes to pay the amount recoured to him/her immediately, in cash and in a lump sum, without making any objections and any court orders required.

The SELLER further promises to intervene in and follow together with FLENDER any lawsuit that may be brought against FLENDER due to the occupational accidents that may occur during the working hours. Although the WORK is completed, any deposit payments given (if any) by the SELLER shall not be returned until a final decision is given or the plaintiff is paid the required fee within the lawsuits brought against FLENDER with any claim of compensation regarding such matters. If there is no lawsuits brought, but a risk of compensation demand due to any occupational accident or other incident, FLENDER shall be entitled to refrain from returning the deposit payment and/or paying the last progress payment and/or the costs of material ordered during the term of limitation of actions.

18. ASSIGNMENT

Rights arising from the CONTRACT or confirmed purchase order may be assigned or transferred to third parties only with the written consent of the PARTIES.

Assignment of any right of receivable on the part of the SELLER arising from the purchase order of FLENDER shall be possible only with the written consent of FLENDER.

If the Work is transferred pursuant to the paragraph above and the transferee does not perform the Work in accordance with the Contract, FLENDER shall have the right to request the relevant work to be performed by the Seller or by another seller. In this case, the Seller shall be obliged to perform the relevant work on itself or as the case may be, to ensure the transfer of the relevant work to a seller designated by FLENDER.

19. CONFIDENTIALITY

The SELLER will keep confidential and secret all technical information, especially the information related to the newly developed products and new models given to the SELLER in connection with the purchase orders of FLENDER and will not disclose such information to third parties which should be kept confidential.

The SELLER will also ensure all his personnel and third parties with which he is in commercial and professional relation related to the said purchase orders to abide by this obligation of confidentiality. This situation will also keep its effect after the expiration of the CONTRACT between the PARTIES. Any kind of loss which FLENDER may suffer as a result of not obeying this article will be met by the SELLER upon request.

20. CODE OF CONDUCT FOR FLENDER SUPPLIERS

The SELLER is obliged to comply with the laws). in particular, the SELLER will not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labor. Moreover, the SELLER will take responsibility for the health and safety of its employees, the SELLER will act in accordance with the applicable environmental laws and will use best efforts to promote this Code of Conduct among its suppliers. In addition to other rights and remedies the FLENDER may have, the FLENDER may terminate the contract and/or any purchase order issued thereunder in case of breach of these obligations by the SELLER. However, provided that SELLER breach of contract is capable of remedy, FLENDER's right to terminate is subject to the proviso that such breach has not been remedied by the SELLER within a reasonable grace period set by FLENDER.

21. COMPLIANCE TO FOREIGN TRADE AND CUSTOMS LEGISLATION

FLENDER shall not be obligated to fulfill this agreement if such fulfillment is prevented by any impediments arising out of national or international foreign trade or customs requirements or any embargoes or other sanctions.

21.1. Supplier shall comply with all applicable export control, customs and foreign trade regulations ("Foreign Trade Regulations"). Supplier shall advise Buyer in writing within 1 week after receipt of the order - and in case of any changes without undue delay - of any information and data required by Buyer to comply with all Foreign Trade Regulations in case of export and import as well as re-export, including without limitation:

- All applicable export list numbers, including the Export Control Classification Number according to the U.S. Commerce Control List (ECCN) and,
- Under European Union Foreign Trade Regulation product classification number (AL) (Only available for EU based suppliers)
- the statistical commodity code according to the current commodity classification for foreign trade statistics and the HS (Harmonized System) coding and,
- the country of origin (non-preferential origin) and - upon request of Buyer- Supplier's declaration of preferential origin or preferential certificates

21.2. Supplier shall be liable for any expenses and/or damage incurred by Buyer due to any breach of the obligations according to 21.01 unless Supplier is not responsible for such breach.

22. ENVIRONMENTAL PROTECTION, DUTIES TO DECLARE, DANGEROUS GOODS

22.1. Should the SELLER deliver products, substances of which are set out in the so-called "List of Declarable Substances" applicable at the time of the order or which are subject to statutorily imposed substance restrictions and/or information requirements (e.g. REACH, RoHS), the SELLER shall declare such substances in the web database BOMcheck (www.BOMcheck.net) no later than the date of first delivery of products

22.2. Should the delivery contain goods which – according to international regulations– are classified as dangerous goods, the Supplier will FLENDER hereof in a form agreed upon between the Supplier and FLENDER, but in no case later than the date of order confirmation.

22.3. SELLER represents and warrants to provide FLENDER only with timber and timber products derived from such timber harvested in accordance with the applicable law in the country of harvest (hereinafter "Legal Harvest"). SELLER will provide all necessary documentation (including certificates) upon request of FLENDER concerning the origin of the Goods from Legal Harvest for a sufficient due diligence in advancend.

23. NOTICES

All notices sent to the other party pursuant to this CONTRACT shall be delivered to the PARTIES' addresses mentioned in this CONTRACT via a certified mail or an e-mail. The receiving date of these notices will be accepted as the notice date. Unless that a party do not inform the other Party immediately about the address changes, any notifications sent to those addresses will be considered as valid.

Article 18/III of the Turkish Commercial Code is reserved.

24. CANCELLATION OF THE CONTRACT

Unless otherwise stipulated in the agreement or in confirmed purchase order, the following reasons, but not limited with them will be accepted as reason or cause of cancellation of the CONTRACT.

24.1. CANCELLATION OF THE CONTRACT OF CONFIRMED PURCHASE ORDER BY FLENDER BY JUSTIFIED REASON.

In case of existence of the following conditions, FLENDER can cancel the CONTRACT unilaterally in whole or in part or can cancel confirmed purchase order in whole or in part. Notifications in this respect will be made by written notice to address of the seller stated in the CONTRACT.

a)The seller violates laws being in force and effect.

b)The seller acting against terms and conditions of the CONTRACT concluded and executed with FLENDER and not taking written or verbal warning notices of FLENDER in this respect.

c)The Seller not observing WORK-Schedule and default penalty fines exceeding related purchase order value.

d)Transfer and assignment of WORK in part or in whole by the SELLER to a 3rd person without obtaining written consent and approval of FLENDER.

e)In case of changes in partnership structure or governing rights, bankruptcy, existence of loads of executing proceedings against a PARTY

f) Assignment or transfer of rights or debts arising from the CONTRACT or confirmed purchase to third parties without the written consent of FLENDER

g)In the event(s) that the SELLER breaches or repeatedly acts contrary to the terms and conditions of this Contract and the legal and contractual health and safety provisions including health and safety measures determined by FLENDER, in addition to FLENDER' rights designated under the Article 17.

If the SELLER lowers WORK quality by deviating from requirement direction of FLENDER and slowing down WORK-speed without any reason and could not carry out delivery and assembly work in due time then the SELLER will be warned by FLENDER in written form and if Seller fails to comply with these warnings within period to be granted, then FLENDER will cancel the CONTRACT and all kinds of damage and loss incurred by FLENDER for these reasons, will be covered by the SELLER.

24.2. CANCELLATION OF THE CONTRACT WITHOUT SHOWING ANY REASON BY FLENDER.

Unless otherwise stipulated in the CONTRACT or in confirmed purchase order, FLENDER will have the right to cancel the CONTRACT in whole or in part at any time by giving a cancellation

notice 90 days before. In that case the SELLER can not claim any right, payment or compensation regarding the executory parts of the CONTRACT. FLENDER will only be responsible for the prices of products or services supplied from the SELLER until the termination date.

25. SETTLEMENT OF DISPUTES

It is essential to settle disputes to be arisen between FLENDER ad the SELLER in amicable, peaceful manner. But, if the disputes could not be settled down inthis manner, then Istanbul (Anatolia) Courts and Enforcement Departments will have full power and authorisation to settle such disputes.

26. ELECTRONIC DATA INTERCHANGE

All messages interchanged between the parties in the context of the existing and future contracts (including tendering/pre bid process) on deliveries and services such as, for example, purchase orders, order confirmations or invoices / self billing invoices in writing and exchanged by the declared address of electronic data interchange and/or related representative employee Electronic Message Account.

Parties hereby irrevocably agree that the Electronic Messages and their materializations are also accepted as evidence in judicial and arbitration proceedings.