



GENERAL TERMS OF ORDER AND PURCHASING
(Version No: 2019/1)
May 15, 2019

1. PARTIES

This General Terms of Order and Purchasing (“TERMS”) is drafted to determine the general terms of the services and goods (“WORK”) be provided by the seller and shall be deemed as an agreement by and between ASPİLSAN Enerji Sanayi ve Ticaret A.Ş. with an address at Organize Sanayi Bölgesi 12. Cadde No:8 38070 Kayseri/Turkey (“ASPİLSAN”) and the seller (the “SELLER”).

ASPİLSAN and the SELLER shall hereinafter collectively be referred to as the “Parties” and individually as the “Party”.

2. THE SCOPE OF THE ORDER AND DELIVERY OF PURCHASING ORDERS

The scope of the WORK shall be stated in purchase order and in this TERMS. If the Parties shall have a separate agreement for the delivery/submitting of the WORK, then the provisions of the signed agreement shall prevail.

The purchase order of ASPİLSAN shall be confirmed in written by the SELLER in 24 (twenty four) hours by sending the order form signed and sealed. In urgent deliveries, the purchase order shall be confirmed by e-mail and the signed and sealed original shall be send in 1 (one) working day as of the confirmation by e-mail. The SELLER shall send its comments to ASPİLSAN in written in 1 (one) business day regarding the purchasing order. The purchase orders not confirmed in 24 (twenty four) hours by the SELLER shall be deemed accepted with all its terms.

3. AMENDMENTS

ASPİLSAN, may any time has a right to make amendments in this TERMS. the amendments shall be made with stating the date and version number and shall be binding as of its announcement in ASPİLSAN web site www.aspilsan.com

The new version of the TERMS shall not be applied to the former orders.

The amendments to the purchase orders can only be made by the mutual agreement of the Parties.

4. ORDER TERMS AND QUALITY

Unless otherwise specified in purchase order, the SELLER shall perform and submit the WORK in accordance with the standards of Turkish Standards Institute and similar standards as required, and shall be in accordance with technical, legal and environmental requirements. The SELLER shall directly be responsible of violation of said requirements and standards.

The SELLER shall be obliged to provide the product(s) in accordance with purchase order of ASPİLSAN and technical specifications. The equipment analyses of WORK shall be reported with its test results and analyze certificates evidencing that the said equipment has passed the quality control.

The SELLER, to prove the adjustment of ASPİLSAN requirements, shall also provide and submit the required test and control result reports including but not limited with conformity certificate, test reports, Material Safety Data Sheet and similar required documents.

The SELLER is responsible from the conformity and quality of the products/equipment/service of its subcontractors with the ASPİLSAN requirements.

The delivered equipment and goods shall not contain any used/changed/repared parts. For any electronic, electro mechanic and standard equipment deliveries, OEM conformity certificate should be submitted.

The SELLER's inspection process, shall include; the prevention of fake parts, the detection of fake parts before production, or prevention of distribution of fake parts for other deliveries, and the detection of fake parts before final confirmation (the re-examination of conformity certificate until OEM and inspection).

The SELLER is obliged to keep all quality records for goods/services and shall submit such records to ASPİLSAN representatives where required. ASPİLSAN has a right to inspect the system and process steps and evaluate the SELLER to ask for improvement of process. The inspection of ASPİLSAN shall not relieve the SELLER for submitting certificate of analyze and appropriate goods.

The goods, produced in accordance with the technical specifications and orders, delivered by the SELLER should match with the sample products. Otherwise, ASPİLSAN shall have a right to return the non-matching goods without any compensation.

The purchase quantities stated in any correspondence with the SELLER shall not be binding unless confirmed in purchase order.

Delays of third parties shall not relief the SELLER from its delivery obligations stated in purchase order.

ASPİLSAN reserves the right to inspect the facilities of the SELLER for detection of the conformity of the goods in accordance with requirements.

5. FINANCIAL PROVISIONS

Unless otherwise state in the purchase order, the price shall be fixed amount and shall born as of the delivery of the WORK to ASPİLSAN facility with its required packaging or any other place stated by ASPİLSAN. The price, expect the VAT, shall include all taxes, levies, fees, transportation costs and similar expenses unless otherwise specified in purchase order.

Additional tax, levies, and other expenses constituted by the official authorities shall not be reflected to the prices by the SELLER.

The increase in prices shall only valid by confirmation of ASPİLSAN as of the written request of the SELLER. The SELLER shall not delay or suspend the delivery due to the delay of ASPİLSAN confirmation.

In the event of changes in general costs in favor of ASPİLSAN, then ASPİLSAN shall have a right to demand decrease in prices form the SELLER in accordance with cost advantages.

6. DELIVERY TERM AND DATE

The delivery term and place shall be stated in purchase order. The delivery shall be in accordance with ICOTERMS 2010 rules and ASPİLSAN confirmation shall be obtained for the exact date of delivery.

Unless otherwise stated in purchase order, the delivery date shall be;

- i. if for the goods, the date when the goods delivered by the SELLER and accepted by ASPİLSAN in place where stated in purchase order,
- ii. if for the services, the date when the relevant acceptance department of ASPİLSAN accepts the service.

The delivery date agreed with the SELLER is certain and binding. The delivery date cannot be extended except the force majeure events. The goods not delivered in delivery date shall be subjected to terms of delay. The SELLER is obliged to inform ASPİLSAN immediately if it is understood that the goods shall not be delivered on delivery date with stating the ASPİLSAN purchase order number and specifying the reasons of delay. In this case, ASPİLSAN may, decide a new delivery date or cancel the order with preserving its compensation claims.

The delivery of any goods or services shall not be deemed as acceptance.

7. WAYBILL AND DELIVERY

The SELLER's full corporate title, shipping date, order number and date of ASPİLSAN shall be stated on waybill and all waybills shall be drafted in accordance with the Regulation Regarding the Printing and Publishing of Documents Used by Tax Payers. The SELLER shall send the waybill and certificate of analyze via e-mail additionally. The goods shall not send with certificate of analyze shall not be accepted.

The SELLER shall be directly responsible from the conformity of the transportation in accordance with the Work, environment regulations, relevant legislation and Traffic Law. The security of the goods during the transportation shall also be maintained by the SELLER. The goods shall not be shipped in trucks, containers, water, humidity, containing; dirt, dust, bugs, dead bugs, human or animal excretions, detergents, microorganisms, toxics and chemicals etc. and all trucks must be clean and should meet the health and environment regulations and the cargo area of trucks should be closed. All trucks carrying dangerous, hazardous material and or goods, should meet the provisions of the Regulation Regarding the Carrying of Hazardous Materials on Highway, ADR and relevant regulation and shall have all required equipment. Trucks not having the required equipment shall not be accepted to ASPİLSAN facilities. The SELLER shall be directly responsible from the violation of the relevant legislation.

The delivery shall be on the date, place and confirmed delivery time notified by ASPİLSAN. The deliveries other then the notified dates and place shall not be deemed as the delivery of

the goods. Vehicle discharging hours shall be between 09:00 to 17:30 in weekdays and if mutually accepted 09:00-11:00 on Saturdays. The discharging shall not be accepted other than the stated discharging hours. The vehicles of the SELLER shall not be placed or stopped around ASPİLSAN facility other than the discharging days and hours.

The acceptance of the goods shall be as of the confirmation of relevant ASPİLSAN department and all risk shall be borne on SELLER until the acceptance. In this respect, all harms given during the loading, storage and shipping of the goods shall be borne on the SELLER. ASPİLSAN shall have a right to reject the goods if the packing is not appropriate. All packages should protect the goods until the expiration date and the packages should be confirmed by the relevant department of ASPİLSAN. All damages shall be borne on the SELLER during the loading and discharging due to the defected packages. ASPİLSAN weighing shall be based on calculation of delivered quality and amount of goods.

The expiration dates of the goods should be stated on package of goods.

For all deliveries to ASPİLSAN, the plate number of the vehicle and driver's name should be notified via e-mail before the delivery. The driver should also follow the health and safety regulations of ASPİLSAN.

8. ACCEPTANCE

The delivery of the WORK shall not be deemed as the acceptance. The quality control, technical inspection and acceptance of WORK shall be done by ASPİLSAN. As of the quality and quantity control and the control of conformity of the goods to the purchase order and the acceptance of the delivery documents by ASPİLSAN, the payment shall be realized.

The quantity of the goods exceeding the number of goods stated in purchase order shall be rejected.

All defects and mistakes stated in WORK shall be corrected by the SELLER until the date stated by ASPİLSAN without any additional payment.

Unless otherwise stated in purchase order, the Partial deliveries shall be accepted by ASPİLSAN with its prior written confirmation.

It is agreed by the Parties that the WORK shall be delivered, without any defects, shall be solid, meeting the ASPİLSAN specifications, shall meet the hygiene and product safety requirements, ASPİLSAN shall not be bind with terms stated in Turkish Commercial Code and Turkish Code of Obligations, regulating the visible and hidden defects. ASPİLSAN shall have a right to return the goods even they are accepted, the defect is visible or the payment has realized.

In the event that the relevant control department of ASPİLSAN shall decide the return of the goods, then ASPİLSAN shall have a right to demand the delivery of new and non-defected products with preserving its compensation claims. ASPİLSAN has a right to cancel all the goods which the part of the WORK, even the partial delivery is accepted, or the goods already be stored with preserving all its compensation claims. ASPİLSAN has a right to keep the goods delivered before the date of cancellation.

ASPİLSAN return the goods which are rejected by its customers due to the hidden defects. In such case, ASPİLSAN, may demand the re-production of the goods and the SELLER shall be obliged to compensate the loss of ASPİLSAN due to the loss of ASPİLSAN or 3rd party compensation claims. The detection of the defect can be agreed by the parties or if not can be detected by an independent survey company. If the defect shall be detected by the survey company all expenses shall be borne on the SELLER if there shall be no defect then the expenses shall be borne on ASPİLSAN.

The SELLER is obliged to take back the rejected goods from ASPİLSAN maximum in 10 (ten) days as of the rejection date. During the production or as of the storage of the goods by ASPİLSAN, the rejection of goods shall be notified to the SELLER. If the SELLER shall not take back the rejected goods in 10 (ten) days, then ASPİLSAN shall have a right to send the goods to the SELLER with invoicing the transfer/delivery expenses to the SELLER. ASPİLSAN shall not be responsible from the harms to the goods during the transfer/delivery to the SELLER.

In the event that ASPİLSAN has to choose some of the qualified goods above delivered non-qualified goods, then the SELLER shall be obliged to compensate the expenses of ASPİLSAN arising from the choosing/selection works.

9. INVOICE AND PAYMENT

The invoices shall separately be issued for each waybill. The information stated in waybill shall be stated in invoice in same order. The default payment compensation, interest rates and default interest shall not be accepted unless stated in purchase order. The purchase order number of ASPİLSAN should be stated in invoice and waybill. ASPİLSAN shall have right to reject any payment in violation of this clause. The invoices of previous month shall be submitted at the first date of the next month. Otherwise the relevant invoice shall be paid after an additional 30 (thirty) days of delay. If there will be a missing or wrong information on delivery documents (waybill etc.) or invoice, then such documents shall be deemed not delivered and shall be returned to the SELLER for the correction. The SELLER shall have no right to ask for any payment until the correction of delivery documents and invoice(s).

If the price of the goods shall be in foreign currency, the foreign currency buying exchange rate of Central Bank of the Republic of Turkey of the invoice date shall be accepted for calculation. However, if the SELLER shall deliver the goods later than the delivery date, then, ASELSAN shall choose the lesser exchange rate between the delivery date stated in purchase order or the actual delivery date of the SELLER.

The SELLER hereby accepts that it shall not demand any maturity date difference between the maturity date and ASPİLSAN's payment date. It is agreed by the Parties that, the SELLER is obliged to pay VAT amounts regularly and on monthly basis. If ASPİLSAN shall not be able to get a VAT return due to the late or non payment of VAT by the SELLER then, ASPİLSAN shall have a right to suspend the payments until the full VAT amount is paid to relevant tax department by SELLER.

If there will be a delay on deliveries or the SELLER shall be in default of performing its undertakings then, ASPİLSAN shall have a right to suspend the former payments of SELLER without any court order.

Unless otherwise stated in the purchase order, no advance payment shall be made. If the Parties agreed on advance payment, the payment shall be made as of the submitting of a bank

letter of guarantee, equivalent to the same amount of the advance payment by the SELLER. All expenses and levies due to the advance payment shall borne on SELLER. the advance payment amount shall be returned with its interest as of the cancellation of purchase order by ASPILSAN by any reason.

10. DEFAULT PENALTY

In the event that the delivery shall be late more than 2 days, then the SELLER shall pay a penalty equivalent to the 1% of the purchase order for each delayed date. The total penalty amount shall not be more than 8% and if the delay shall be more than 10 days ASPILSAN shall have a right to cancel the order and shall preserve the right to not to pay the price of the purchase order. ASPILSAN has a right to deduct said penalties from the receivables or securities of the SELLER.

11. WARRANTY PERIOD AND EXTEND

The SELLER is obliged to replace the defected and/or damaged goods in after sales warranty period. The SELLER is also obliged to cover the additional costs arising from the replacing of goods.

The WORK delivered to ASPILSAN by the SELLER shall be subjected to a warranty period of 24 months starting from the acceptance of ASPILSAN unless a longer term is not stated in technical specification of the goods.

If the defects shall not be remedied in term notified by ASPILSAN, then; ASPILSAN by preserving all its compensation claims, shall have a right to;

- i. reduce the purchase price,
- ii. to remedy the defects by itself or by a third party by invoicing all costs and expenses to the SELLER.

12. FORCE MAJEURE

Each Party shall notify the other Party in 5 days as of the occurrence of a force majeure event that prevent the party to fulfil its abolitions arising from the purchase order such as; war, fire, strike, float, earthquake, storm etc. The notifying party shall also state the reason of the default and effecting of the force majeure event. If the force majeure event shall not be notified to other Party in said term, the Party suffering from force majeure event shall loose its rights to claim for force majeure event.

In the event that the force majeure event shall continue more than 30 (thirty) days, the WORK shall automatically be terminated without any compensation. However if ASPILSAN already performed the payment for the WORK, then the SELLER shall return the payment to ASPILSAN.

The Parties may decide to suspend the WORK during the force majeure term.

13. TERMINATION

Unless otherwise stated in purchase order, the below mentioned reasons shall cause termination;

13.1. THE RIGHTFUL TERMINATION OF PURCHASE ORDER BY ASPILSAN

- a. The SELLER's violation of current laws,
- b. The rightful reasons for ASPILSAN that the SELLER shall not fulfil its undertakings such as; dissolution, suspension of payments, enforcement procedure against SELLER etc.
- c. Delay of SELLER,
- d. Complaints of ASPILSAN customers regarding the WORK,
- e. Assignment of some or whole part o the WORK to any third party without prior written consent of ASPILSAN,

13.2. In the event that one of the Parties shall not fulfil its obligations arising from the WORK, then other Party shall send a written notice to the defaulting Party to remedy the default in 3 (three) business days. If the default shall not be remedied in said term then, the notifying Party shall have a right to terminate the WORK with preserving all its compensation claims. If the decrease in quality of the goods shall continue then ASPILSAN shall have a right to terminate the WORK with preserving all its compensation claims.

ASPILSAN shall have a right to deduct all above mentioned penalties from the receivables and/or securities of the SELLER. it shall not be understood of a release of SELLER if ASPILSAN shall not use one of its above mentioned rights or shall not be understood that ASPILSAN shall not use said rights in the future.

14. SECURITY MEASUREMENTS

The SELLER shall follow all relevant legislation and ASPILSAN directives and measurements regarding the fulfilment of the WORK. The SELLER shall directly be responsible from the violation of legislation and ASPILSAN directives and measurements.

If the installation shall be performed by the SELLER then, the SELLER shall directly be responsible from the claims of ASPILSAN employees or any third parties due to accidents, injuries, professional disease and similar situations.

The SELLER shall directly be responsible from all compensation claims of ASPILSAN or 3rd parties during the fulfilment of WORK. ASPILSAN shall have no responsibility from claims arising from the accidents at work due to the lack of workplace health and safety measurements as a default of the SELLER.

The SELLER shall also compensate ASPILSAN for its payments to 3rd parties due to compensation claims in accordance with this clause.

15. ASSIGNMENT

The SELLER has no right to assign its rights and responsibilities arising from the purchase order to any third party without the prior written consent of ASPILSAN. The SELLER shall directly responsible from the works of third parties in the event that ASPILSAN gives a prior consent to assignment.

16. INTELLECTUAL PROPERTY RIGHTS AND CONFIDENTIALITY

“Confidential Information” shall mean any confidential and proprietary information, materials and data, including but not limited with know-how, trade secret, customer lists, pricing, production key personnel, payment information, work and service details, trade marks, patents, account details, bank details, financial data, marketing, sales and sales strategies, patents, trade-marks, production methods and similar confidential information disclosed by or on behalf of ASPİLSAN its, shareholders, affiliates, subsidiaries, employees or agents to the SELLER for the production of the goods or trade relation by and between the Parties.

Protection of Confidential Information. The SELLER even the relation between ASPİLSAN is ended by any reason;

- a) shall protect all confidential information
- b) shall not disclose or divulge directly or indirectly, use or disclose in any other method,
- c) shall not disclose confidential informaiton to any third party,
- d) shall not use other than the purpose of trade relation with ASPİLSAN

The SELLER shall treat the Confidential Information with the same degree of care to avoid disclosure to any third party as is used with respect to the SELLER’s own information of like importance which is to be kept confidential. The SELLER is entitled disclose the Confidential Information to its employees on need to know basis by warning them for the protection of such Confidential Information.

The SELLER hereby agrees and accepts that it shall be directly responsible from the violation of this provisions by its employees, directors, managers, subsidiaries and affiliates.

The SELLER agrees that, the title of Confidential Information belongs to ASPİLSAN and the sharing of such confidential information grants no right to the SELLER. The SELLER hereby agrees that Confidential Information includes the trade secrets and ASPİLSAN shall have no obligation to disclose its Confidential Information and gives no warranty for the accuracy of the disclosed Confidential Information.

Measurements to be Taken:

If The SELLER shall be informed about a divulge of Confidential Information it is obliged to inform ASPİLSAN as soon as possible in writing and shall inform ASPİLSAN about the details of divulge and give its best efforts to minimize the loss of ASPİLSAN due to such divulge. ASPİLSAN, with being notified by the SELLER or be informed by its employees or third parties, shall start all legal proceedings. All costs for this legal proceedings shall be borne on the SELLER and shall have a right to claim all its loss arising from this divulge. The SELLER hereby agrees that it shall compensate all ASPİLSAN’s loss.

Return of Confidential Information:

The SELLER as of the termination or end of the trade relation by and between ASPİLSAN, shall return all Confidential Information, documents, notes, corresponding, records and reports and their copies to ASPİLSAN.

Permission to Divulge:

The SELLER except the reasons stated by relevant legislation clearly, shall not disclose or divulge the Confidential Information in any method including but not limited with press or media or can not use Confidential Information for advertisement purposes.

The only exception for above mention restrictions is the prior written consent of ASPİLSAN.

All technical data, trade mark, pictures, special tools, document owned by ASPİLSAN considered as Confidential Information disclosed to the SELLER by ASPİLSAN shall not be given, disclose or shared with any third parties and can not be used other than the meeting of purchase orders of ASPİLSAN. All said documents and information should be returned upon first demand of ASPİLSAN. The SELLER shall compensate ASPİLSAN if such documents shall be lost.

The SELLER shall not use, sell or transfer the trademark of ASPİLSAN, its printed logo, symbols and printed information without the prior written consent of ASPİLSAN.

ASPİLSAN has a right to claim for all its loss and start legal proceedings in the event of violation of above-mentioned provisions.

17. RESOLUTION OF DISPUTES

This TERMS are drafted in accordance with the laws of Turkey and Kayseri Courts and Enforcement offices are authorized for the resolution of disputes. This TERMS is drafted in English language and Turkish version shall prevail for the resolution of disputes.

18. MISCELLANEOUS

The annexes are an integral part of this TERMS and if any provision in this TERMS shall be held to be illegal, invalid or unenforceable, in whole or in part, under any applicable law, that provision shall be deemed not to form part of this TERMS, and the legality, validity or enforceability of the remainder of this TERMS shall not be affected.

The SELLER hereby agrees to act in accordance with ethic rules of ASPİLSAN agreed by its board and announced in its web site www.aspilsan.com. ASPİLSAN shall have a right to terminate the WORK with preserving all its compensation claims in the event of violation of ethic rules.

The drawings, specifications, molds and/or samples are under the full title of ASPİLSAN and can not be transferred, shared or copied without consent of ASPİLSAN. The SELLER> shall directly be responsible from violation of this provision.

For custom works, performing by using the mold and equipment provided by ASPİLSAN, the SELLER shall directly be responsible from the protection of molds and equipment. The SELLER can not perform any work to 3rd parties by using said molds and equipment. In the event of loss or damage of said molds and equipment the SELLER shall directly compensate ASPİLSAN without any court verdict over the prices stated in ASPİLSAN books and records.

The provisions of this TERMS shall be deemed accepted and agreed by entities those whom the offers are accepted and purchase order of ASPİLSAN is sent.

