

HCS General Terms and Conditions of Purchase

This document constitutes the Terms and Conditions for the agreement between the Buyer and Seller, and acceptance is strictly limited to the terms and conditions contained herein. **Additional or differing terms, conditions or limitations of liability proposed by Seller, whether in a quote, acceptance or delivery document shall have no effect unless accepted in writing by Buyer. In particular, any limitation of liability or disclaimer of warranty is expressly rejected.** Agreement by Seller to furnish the goods or services to these terms and conditions, or Seller's commencement of such performance or acceptance of payment shall constitute acceptance by Buyer of these Terms and Conditions.

1. DEFINITIONS:

Words, as employed in this Agreement, shall have their normally accepted meanings. The following terms shall have the described meaning:

- "Agreement" shall mean the Purchase Order, SOW, these General Terms and Conditions, and any special conditions appended hereto or documents incorporated herein.
- "Buyer" shall mean HCS KARBOLAMA SİSTEMLERİ SAN. VE TİC. A.Ş., Turgutreis Mah. Barbaros Cad. Gökynkret Kooperatif İçi Vad. Bulvarı No:15Eserler / İSTANBUL, Turkey, and/or the entity identified as the Buyer in this Agreement.
- "Goods or Services" shall mean those Goods or Services identified in the Purchase Order.
- "Deliverables" means the deliverable specified in the Purchase Order or the SOW to be delivered by the Seller to the Buyer.
- "Purchase Order" means the documents specifying, without limitation, the Goods to be provided by Seller to Buyer and the price of such Goods.
- "Seller" shall mean the party identified as the Seller in the Purchase Order.
- "SOW" means the documents specifying, without limitation, the scope, objective and time frame of the Services that Seller will perform for Buyer.

2. PRICE:

- Unless otherwise specified, the prices established by the Purchase Order or the SOW are firm fixed prices. Seller warrants that any unit prices charged herein do not exceed the unit prices charged by Seller to other customers in substantially similar transactions.
- The price for the Goods or the Services includes all taxes and other charges such as shipping and delivery charges, duties, customs, tariffs, imposts and government-imposed surcharges. Seller will, at Buyer's request, break-out from the price all such taxes and other charges, in its invoices.
- In the event Seller is liable to Buyer for any amounts, Buyer may, at its election, set-off against any amounts payable to seller under this Agreement.

3. SCHEDULE AND DELIVERY; NOTICE OF DELAY:

- Seller shall strictly adhere to all Purchase Order schedule. Time is and shall remain of the essence in the performance of this Agreement. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Agreement. Such notice shall include a revised schedule and shall not constitute a waiver to Buyer's rights and remedies hereunder. Buyer's acceptance of Seller's notice will not constitute Buyer's waiver of any of Seller's obligations.
- If Seller delivers Goods or the Services after the agreed delivery date, Buyer may reject such Goods or the Services.
- Buyer will hold any Goods or Services rejected under this Agreement at Seller's risk and expense, including storage charges, while awaiting Seller's return shipping instructions. Seller will bear all return shipping charges, including without limitation, insurance charges Buyer incurs on Seller's behalf. Buyer may, in its sole discretion, destroy or sell at a public or private sale any rejected Goods or Services for which Buyer does not receive return shipping instructions within a reasonable time, and apply the proceeds, if any, first toward any storage charges.

4. NEW MATERIALS; PACKAGING AND SHIPPING; OWNERSHIP AND LICENSE:

- All goods to be delivered hereunder shall consist of new materials.
- Seller will preserve, pack, package and handle the Deliverables and Goods so as to protect the Deliverables and work products from loss or damage and in accordance with best commercial practices in the absence of any specifications Buyer may provide. Without limiting the foregoing, Seller shall observe the requirements of any local laws and regulations relating to hazardous work, including, without limitation, with respect to the accompanying information, packing, labeling, marking, cartage and disposal.

5. INSPECTION AND ACCEPTANCE:

- Buyer's final acceptance of Goods or Services is subject to Buyer's final inspection within sixty (60) days after receipt at Buyer's facility or such other place as maybe be designated by Buyer, notwithstanding and payment or prior test or inspection.
- Seller shall establish and maintain a quality control and inspection program. Subject to applicable national security regulations, Buyer and Buyer's representatives shall have the right of access, on a non-interference basis, to any area of Seller performed. Seller shall, without additional costs to Buyer, provide all reasonable in-plant accommodations, facilities, and assistance for the safety and convenience of the Buyer and the Buyer's representatives in the performance of their duties.
- Seller shall keep and maintain inspection, test and related records, which shall be available to Buyer or Buyer's representative. Seller shall allow copies to be made and shall furnish all information required by the Buyer or Buyer's representative.

6. REJECTION:

- If Seller delivers nonconforming Goods or Services, Buyer may, at its option and Seller's expense: (a) return the Goods, Services or Deliverables for refund or credit; (b) require Seller to promptly correct or replace the Goods, Services or Deliverables; (c) accept the non-conforming Goods, Services and Deliverables conditioned on Seller providing a refund or credit in an amount Buyer reasonably determines to represent the market value of the nonconforming Goods, Services and Deliverables; (d) correct the nonconformance itself and receive full reimbursement for Seller for all of Buyer's costs and expenses with respect to the foregoing; and (e) obtain conforming Goods, Services or Deliverables from another source.

Seller shall be liable for any increase in costs, including procurement costs, attributable to Buyer's rejection of the nonconforming Goods or Services.

7. INVOICES:

Invoices may be mailed when Goods are shipped or Services are provided, but the time for payment shall not commence until Buyer's actual or scheduled delivery, whichever is later, of items at their destination or upon satisfactory completion of services. Buyer shall pay Seller the amount due within 60 days, except if identified elsewhere in the Agreement, unless the invoiced amount is in dispute. Buyer may withhold payment for shortages and/or nonconforming Goods or Services.

8. CHANGES:

- Buyer may, at any time, change the Goods or Services by changing (i) the quantity of the Goods (ii) the scope of Services; (iii) the delivery date; (iv) applicable drawings, designs, and specifications; (v) the method of shipment or packing; (vi) the place of delivery of the Goods or Services; or (vii) the location for Services to be performed.
- If a change by Buyer under Section 8(a) causes an increase or decrease in the cost of or the time required for Seller's performance, then the price, delivery date or both will be equitably adjusted, and the parties will amend the Purchase Order or the SOW accordingly in writing. Seller will request an equitable adjustment no later than 20 days from Seller's receipt of Buyer's notification of a change; provided, however, that Buyer may extend the request period upon Seller's agreement.
- Seller will proceed with the work, both changed and unchanged, pending negotiation of an equitable adjustment and amendment of the Purchase Order or the SOW.

9. REPRESENTATIONS AND WARRANTIES:

Seller represents and warrants that (i) it has the full power to enter into the Agreement and to perform its obligations under the Agreement; (ii) it has the right and unrestricted ability to assign the Deliverables to Buyer including, without limitation, the right to assign any Deliverables performed by Seller's personnel and subcontractors; (iii) the Goods, Services and Deliverables, and Buyer's use of the Goods, Services and Deliverables, do not and will not infringe upon any third party's intellectual property rights, right of publicity or privacy, or any other proprietary rights, whether contractual, statutory or common law; (iv) Seller will not disclose to Buyer, bring into Buyer's premises, or induce Buyer to use any confidential or proprietary information that belongs to anyone other than Buyer or which is not covered by a non-disclosure agreement between Buyer and Seller; (v) Software supplied by Seller does not contain any harmful code; and (vi) Seller's Goods, Services and Deliverables conform to Buyer's specifications, Seller's quotation or proposal, and Seller's brochures or catalogs, and if none of the foregoing is applicable, then such Goods, Services and Deliverables are suitable for the intended use.

10. TERMINATION FOR CONVENIENCE:

- Buyer may, by notice in writing, direct Seller to terminate work under this Agreement in whole or in part, at any time, and such termination shall not constitute default. In such event, Buyer shall have all rights and obligations accruing to it either at law or in equity, including Buyer's rights to title and possession of the goods and materials paid for. Buyer may take immediate possession of all work performed under this Agreement.
- Seller shall immediately stop work and limit costs incurred on the terminated work.
- If such termination is for the convenience of the Buyer, Buyer, after deducting any amount(s) previously paid, shall reimburse Seller for the actual, reasonable, substantiated and allowable costs with the total amount to be paid by the Buyer being determined by negotiation.

11. TERMINATION FOR DEFAULT:

- Buyer may, by written notice of default to Seller, terminate this Agreement in whole or in part, or, at Buyer's sole discretion, require the Seller to post such financial assurance as Buyer deems reasonably necessary, if the Seller fails to: (i) deliver the Goods or to perform the Services within the time specified in this Agreement or any extension; (ii) make progress, so as to endanger performance of this Agreement; or, (iii) perform any of the other provisions of this Agreement.
- Buyer may require Seller to transfer title and deliver to Buyer, in the manner and to the extent directed by Buyer, any partially completed goods and raw materials, parts, tools, dies, jigs, fixtures, plans, drawings, services, information and contract rights (Materials) as Seller has produced or acquires for the performance of this Agreement. Seller further agrees to protect and preserve property in the possession of Seller in which Buyer has an interest. Payment for completed Goods delivered to and accepted by Buyer shall be the Agreement price. Payment for unfinished Goods or Services, which have been delivered to and accepted by Buyer and for the protection and preservation of property, shall be at a price determined in the same manner as provided in the Termination for Convenience provision hereof except that Seller shall not be entitled to profit. Buyer may withhold from Seller monies otherwise due Seller for completed Goods and/or materials and/or Services in such amounts as Buyer determines necessary to protect Buyer against loss due to outstanding liens or claims against said Goods and materials.
- Seller shall promptly notify Buyer if Seller is the subject of any petition in bankruptcy. In the event of Seller's bankruptcy, Buyer may require Seller to post such financial assurance, as Buyer, in its sole discretion, deems necessary. Failure to post such financial assurance upon ten (10) days written notice shall constitute a default under this Agreement. The rights and remedies of Buyer in this clause are in addition to any other rights and remedies provided by law or under this warranty.

12. COMPLIANCE WITH LAW:

- Seller shall comply with all applicable provisions of federal, state, and local law, and all lawful orders, rules and regulations.

13. ETHICAL STANDARDS OF CONDUCT:

Seller shall neither receive nor give any gifts or gratuities in connection with this Agreement. Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities. Seller shall not participate in any unethical conduct during performance of this Agreement. Seller shall not engage in any personal, business, or investment activity that may be defined as a conflict of interest, whether real or perceived.

14. PROPRIETARY INFORMATION AND RECEIPTS:

- All specifications, information, data, drawings, software and other items supplied to Buyer shall be disclosed to Buyer without and restrictive rights on a non-proprietary basis.
- All specifications, information, data, drawings, software and other items which are supplied to Seller by Buyer or paid for by Buyer during the performance of this Agreement shall be treated as proprietary to Buyer and shall not be disclosed to any third party without Buyer's express written consent.

Seller agrees not to use any unpublished information except to perform this Agreement.

15. INTELLECTUAL PROPERTY:

Any work, writing, idea, discovery, invention (whether patentable or not), trade secret or intellectual property of any kind first made or conceived by Seller and paid for by Buyer in the performance of this Agreement or which is derived from the use of information supplied by Buyer shall be the exclusive property of the Buyer. Seller shall disclose promptly all such works, writings, ideas, property of the discoveries, improvements, inventions, trade secrets or intellectual property to the Buyer, and shall execute all necessary documents to perfect Buyer's title thereto and to obtain and maintain effective protection thereof. Any work produced under this Agreement is to be deemed a work-for-hire to the extent permitted by law, and to the extent not so permitted, shall be assigned to, and shall be, the exclusive property of the Buyer.

Notwithstanding the foregoing, Seller hereby grants to Buyer, and to Buyer's subcontractors and customers, in connection with the use, offer for sale, or sale of products provided to or work being performed for Buyer, an irrevocable, non-exclusive, paid-up worldwide license under any and all intellectual property (whether domestic or foreign), including patents, copyrights, industrial designs and/or mark works owned or controlled by Seller at any time or licensed to Seller.

Seller hereby grants to Buyer, and to Buyer's subcontractors and customers, a perpetual, non-exclusive, paid-up, worldwide license to reproduce, distribute copies of, perform publicly, display publicly, or make derivative works from any software included in or provided with Goods or Services under this Agreement (Software Documentation).

16. GOODS WARRANTY:

Unless stated otherwise in the documents accompanying these terms and conditions, Seller shall warrant all goods against defects in design and performance for a period of one year following delivery. During the warranty period, the Supplier, at its expense, will repair or replace a defective Goods or Deliverables. In the event the supplier repairs or replaces a defective Goods or Deliverables, the repaired or replacement Goods or Deliverables will be covered under this warranty as well.

17. SERVICES WARRANTY:

Unless stated otherwise in the documents accompanying these terms and conditions, Seller shall warrant all services against defects in performance for a period of one year following delivery. If this Agreement includes the provision of Services, Seller warrants that it has and will maintain sufficient trained personnel to promptly and efficiently execute the Services contemplated under this Agreement. Seller further warrants that the services shall be performed to at least the standard of performance reasonably expected of similar service providers in Buyer's geographic area.

18. INTELLECTUAL PROPERTY WARRANTY:

Seller warrants that the sale, offering for sale, use, or incorporation into manufactured goods and materials (including software) of all machines, parts, components, services, devices, material, and rights turned over or licensed hereunder which are not Buyer's design, composition, or manufacture does not and will not infringe any valid patent, copyright, trademark, or other proprietary or intellectual property rights.

19. EXTENSION TO BUYER'S CUSTOMERS:

All warranties furnished pursuant to this Agreement extend not only to Buyer but also to Buyer's customers.

20. INDEMNIFICATION:

- Seller shall indemnify, hold harmless, and at Buyer's request, defend Buyer, its officers, directors, customers, agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys' fees and cost of suit arising out of or in any way connected with the Goods or Services provided in this Agreement, including, without limitation: (i) the breach of any warranty contained herein; (ii) any claim based on the death or bodily injury to any person, destruction or damage to property, or contamination of the environment and any associated clean up costs; (iii) any claim based on the negligence, omission or willful misconduct of Seller or any of Seller's agents, subcontractors, employees or anyone acting on behalf of Seller; and (iv) any claim by a third party against Buyer alleging that the Goods or Services (including software), the results of such Services, or any other products or processes provided under this Agreement, infringe a patent, copyright, trademark, trade secret or other proprietary right of a third party, whether such are provided alone or in combination with other products, software or processes. Seller shall not settle any such claim without Buyer's prior written approval. Seller agrees to pay or reimburse all costs that may be incurred by Buyer in enforcing this indemnity, including attorneys' fees.

- Should Buyer's use, or use by its distributors, subcontractors or customers, of any Goods or Services purchased from Seller be enjoined, be threatened by injunction, or be the subject of any legal proceeding, Seller shall, at its sole cost and expense, either: (i) substitute fully equivalent non-infringing Goods or Services; (ii) modify the Goods or Services so that they no longer infringe but they remain fully equivalent in functionality; (iii) obtain for Buyer, its distributors, subcontractors or customers the right to continue using the Goods or Services; or (iv) if none of the foregoing is possible, refund all amounts paid by the infringing of Goods or Services.

21. LIABILITY:

- NOTWITHSTANDING ANYTHING ELSE IN THE AGREEMENT OR OTHERWISE, BUYER WILL NOT BE LIABLE TO SELLER WITH RESPECT TO THE SUBJECT MATTER OF THE AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY AMOUNTS IN EXCESS IN THE AMOUNT BUYER PAID TO SELLER IN THE SIX MONTHS PRECEDING THE EVENT OR CIRCUMSTANCE GIVING RISE TO SUCH LIABILITY.
- IN NO EVENT WILL BUYER BE LIABLE TO SELLER FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS ARISING OUT OF, OR IN CONNECTION WITH, THE PURCHASE ORDER, WHETHER OR NOT BUYER WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.
- THE LIMITATIONS WILL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN. NOTHING IN THE PURCHASE ORDER LIMITS EITHER PARTY'S LIABILITY FOR BODILY INJURY OF A PERSON, DEATH, OR PHYSICAL DAMAGE TO PROPERTY OR ANY LIABILITY WHICH CANNOT BE EXCLUDED UNDER APPLICABLE LAW.

22. INSURANCE:

Seller will secure and maintain insurance providing coverage for liabilities to third parties for bodily injury (personal injury) and damage to property in amounts sufficient to protect Buyer in the event of such injury or damage, and will be in compliance with any and all laws, regulations or orders addressing the liabilities of an employer to its employees for injuries and disease sustained in connection with employment. Seller further will maintain such additional types and limits of insurance as is customary for a company of similar size and similar operations to Seller in the jurisdiction or jurisdictions in which Seller's operations take place.

23. RELEASE OF INFORMATION:

Seller shall not publish any information developed under this Agreement, not disclose, confirm, or deny and details about the existence or subject matter of this Agreement, or use Buyer's name in connection with Seller's sales, promotion or publicity without prior written approval of the Buyer.

24. ASSIGNMENTS AND SUBCONTRACTING:

- Neither this Agreement nor any interest herein nor claim hereunder maybe transferred, novated, assigned or delegated by Seller without the prior written consent of Buyer. No consent shall not be deemed or relieve Seller of its obligations to comply fully with the requirements hereof.
- Seller may not subcontract any of its rights or obligations under the Agreement without Buyer's prior written consent. If Buyer consents to the use of a subcontractor, Seller will: (i) guarantee and will remain liable for the performance of all subcontracted obligations; (ii) indemnify Buyer for all damages and costs of any kind, incurred by Buyer or any third party, and caused by the acts and omissions of Seller's subcontractor; and (iii) make all payments to its subcontractors. If Seller fails to timely pay a subcontractor for work performed, Buyer will have the right, but not the obligation, to pay the subcontractor and offset any amount due to Seller by any amount paid to the subcontractor. Seller will defend, indemnify and hold Buyer harmless for all damages and costs of any kind, without limitation, incurred by Buyer and caused by Seller's failure to pay a subcontractor.
- Buyer may assign this Agreement to any successor in interest.

25. ORDER OF PRECEDENCE:

In the event of a conflict between these Terms and Conditions and other portions of the Agreement, the order of precedence shall be:

- Any typed provisions on the face of Buyer's purchase order specifically modifying the terms of this Agreement;
- These Terms and Conditions; and
- Any other provisions set forth in the Buyer's Purchase Orders including any terms and conditions stated or referenced therein.

26. INDEPENDENT CONTRACTOR STATUS:

Seller is, and shall remain, an independent contractor during the performance of this Agreement.

27. AUDIT RIGHTS:

Buyer reserves the right to audit Seller's records to assure compliance with the terms of this Agreement. Seller shall make available all data reasonably requested by Buyer.

28. COMPLIANCE WITH LAWS:

Seller represents and warrants that it will comply with all applicable local and national laws and regulations pertaining to its performance of its obligations under this Agreement. In without limitation, Seller shall not, in any fashion or take any action that will render Buyer liable for a violation of the U.S. Foreign Corrupt Practices Act ("FCPA"), which prohibits the offering, giving or promising to offer or give, directly or indirectly, money or anything of value to any official of a government, political party or instrumentality to assist or induce Buyer in obtaining or retaining business or in carrying out the Services. Seller's failure to comply with the FCPA shall constitute a material breach of this Purchase Order.

29. DELAYS OR OMISSIONS:

No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

30. SURVIVAL:

All of the provisions of this Agreement shall survive the termination (whether for convenience or default), suspension or completion of this Agreement unless they are clearly intended to apply only during the term of this Agreement.

31. NOTICES:

Any notice to be given under this Agreement will be in writing and addressed to the party at the address stated in the front of the Purchase Order or the SOW. Notices will be deemed given and effective (i) if personally delivered, upon delivery; (ii) if sent by an overnight service with tracking capabilities, upon receipt; (iii) if sent by fax or electronic mail, at such time as the party which sent the notice receives confirmation of receipt by the applicable method of transmittal; or (iv) if sent by certified or registered mail, within five days of deposit in the mail.

32. NO THIRD PARTY BENEFICIARIES:

No provision of this Agreement is intended to, or shall, confer any third party rights, remedies upon any person other than the parties hereto.

33. DISPUTES:

The provisions of this Agreement shall be interpreted in accordance with the law of Turkey without resort to said state's conflict of law rule, and in accordance with its fair meaning and not strictly against either party. Pending final resolution of a dispute hereunder, Seller shall proceed diligently with the performance of this Agreement and in accordance with all the Terms and Conditions contained herein and with the Buyer's direction thereon. Buyer and Seller shall each bear its own cost of processing any dispute hereunder.

The Buyer and the Seller shall use their best endeavors to settle amicably any dispute or difference between them arising under or in connection with this Agreement. If Buyer and the Seller fail to reach a settlement, such dispute or difference shall be referred exclusively to the competent courts of Istanbul Turkey.