

GENERAL CONDITIONS

For the Supply of Mechanical, Electrical and Electronic Products

1. PREAMBLE

1.1. These general conditions govern in cases where there is no other agreement between the parties or when the existing agreement does not cover specific conditions.

2. DEFINITIONS

2.1. In these General Conditions the following terms shall have the meanings hereunder assigned to them:

Contract Price : the agreed price, which shall be either a fixed price or, in case the parties have specifically agreed on a price revision clause, the revised price.

Contract : the agreement In Writing between the parties concerning the supply of the Product and all appendices, including agreed amendments and additions In Writing to the said documents;

Gross Negligence : a deliberate or reckless failure to take such care as is obviously required in the circumstances to avoid serious consequences for the other party;

Written/In Writing : communication by document signed by both parties or by letter, electronic mail, fax, and by such other means as are agreed by the parties;

the Product : the object(s) to be supplied under the Contract, including software and documentation;

3. PRODUCT INFORMATION/INSTRUCTIONS

3.1. General product documentation and price lists, in any form, are only binding if expressly included in the Contract by written reference.

3.2. The Supplier must provide, at the latest by the delivery date, necessary information and drawings for the Purchaser to install, commission, operate, and maintain the Product, free of charge. These documents must be provided in both hard copy and electronic formats. However, the Supplier is not obligated to provide manufacturing drawings for the Product or spare parts.

4. INTELLECTUAL PROPERTY AND CONFIDENTIALITY

4.1. The Supplier retains all intellectual property rights in the Product, including any embedded software and related technical information. The Purchaser, subject to any agreed limitations, obtains a non-exclusive, perpetual, and transferable right to use these intellectual property rights as necessary for the Contract's purpose. The Supplier is not obligated to provide the Purchaser with the source code or updates for embedded software unless otherwise specified in writing.



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- 4.2. This provision also applies when the Product and/or software is specifically developed for the Purchaser unless otherwise agreed in writing.
- 4.3. Information disclosed by one party to the other, whether technical, commercial, financial, or declared confidential, shall be treated as confidential. Such information may only be used for the purpose it was provided and may not be transmitted to a third party without written consent from the disclosing party.

5. ACCEPTANCE TESTS

- 5.1. Unless otherwise agreed, acceptance tests outlined in the Contract shall be conducted at the place of manufacture during regular working hours. If the Contract does not specify technical requirements, tests shall adhere to standard practices in the relevant industry in the manufacturing country.
- 5.2. The Supplier must provide the Purchaser with written notification of the acceptance tests with ample time for the Purchaser to attend. In the absence of the Purchaser, the test report will be sent to them and deemed accurate.
- 5.3. Should the acceptance tests reveal non-compliance with the Contract, the Supplier must promptly address any deficiencies to ensure conformity. Upon the Purchaser's request, new tests shall be conducted unless the deficiency is deemed insignificant.
- 5.4. The Supplier is responsible for covering all costs associated with acceptance tests conducted at the place of manufacture. However, the Purchaser is liable for all travel and accommodation expenses for their representatives involved in these tests.

6. DELIVERY

- 6.1. Any agreed trade term shall be interpreted in accordance with the INCOTERMS® in force at the time of Contract formation. If no specific trade term has been agreed, delivery will be Ex Works (EXW) at the place of Product manufacture.
- 6.2. If, in the case of a delivery-free carrier, the Supplier agrees, at the Purchaser's request, to dispatch the Product to its destination, risk still transfers to the Purchaser upon Product handover to the first carrier.
- 6.3. Partial delivery is not permitted unless otherwise agreed in writing.
- 6.4. In cases where the parties have designated a period for delivery rather than specifying a particular date, this period shall commence upon the formation of the Contract and the fulfillment of all agreed-upon conditions by the Purchaser, including official formalities, payments due at the Contract's formation, and the provision of securities.
- 6.5. If the Supplier foresees that the Product cannot be delivered at the designated time, they must promptly notify the Purchaser In Writing, indicating the reason for the delay and, if feasible, the anticipated delivery



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time. Failure to provide such notice shall entitle the Purchaser to compensation for any additional costs incurred that could have been avoided if such notice had been received.

- 6.6.** If the delay in delivery arises from circumstances outlined in Clause 12, actions or omissions by the Purchaser, including suspension under Clauses 7.3 and 13, or any other factors attributable to the Purchaser, the Supplier may extend the delivery time as necessary considering all circumstances. This extension applies regardless of whether the cause of delay arises before or after the agreed delivery time.
- 6.7.** If the Product fails to be delivered at the designated time, the Purchaser shall be entitled to liquidated damages starting from the date when the delivery was supposed to occur.
- 6.8.** These liquidated damages shall be calculated at a rate of 0.5 percent of the Contract Price for each commenced week of delay, capped at a maximum of 7.5 percent of the Contract Price.
- 6.9.** In cases where only a portion of the Product is delayed, the liquidated damages shall be computed based on the portion of the Contract Price associated with the delayed portion of the Product, which cannot be used as intended due to the delay.
- 6.10.** The liquidated damages shall be payable upon Written demand by the Purchaser but not before the delivery has been completed or the Contract has been terminated. However, the Purchaser shall forfeit the right to claim liquidated damages if no Written claim for such damages is made within six months after the designated delivery time.
- 6.11.** If the delay in delivery reaches a point where the Purchaser is eligible for the maximum liquidated damages, and if the Product is still not delivered, the Purchaser may, through Written notice, demand delivery within a final reasonable period, which shall be no less than one week.
- 6.12.** Should the Supplier fail to deliver within this final period, provided this failure is not attributable to the Purchaser, the Purchaser may, through Written notice to the Supplier, terminate the Contract regarding the portion of the Product that cannot be used as intended due to the Supplier's failure to deliver.
- 6.13.** In the event of Contract termination, the Purchaser is entitled to compensation for any losses resulting from the Supplier's delay, including consequential and indirect losses. The total compensation, inclusive of liquidated damages payable under Clause 6, shall not exceed 15 percent of the Contract Price related to the terminated portion of the Product.
- 6.14.** Additionally, the Purchaser retains the right to terminate the Contract through Written notice to the Supplier if it becomes evident from the circumstances that a delivery delay will occur, entitling the Purchaser to maximum liquidated damages. Upon termination for this reason, the Purchaser is entitled to maximum liquidated damages and compensation according to this contract.
- 6.15.** Liquidated damages under Clause 6 and Contract termination with limited compensation shall be the sole remedies available to the Purchaser in case of Supplier delay. All other claims against the Supplier due to such delay shall be waived, except in cases of Gross Negligence on the part of the Supplier.



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- 6.16.** If the Purchaser foresees that they will be unable to receive the Product at the scheduled delivery time, they must promptly inform the Supplier in writing, providing the reason and, if possible, the estimated time when they will be able to accept delivery. If the Purchaser fails to accept delivery at the scheduled time for reasons not attributable to the Supplier, they are still obligated to pay any portion of the Contract Price due at the time of delivery, as if delivery had occurred as planned. The Supplier will arrange for the storage of the Product at the Purchaser's risk and expense. Additionally, if requested by the Purchaser, the Supplier will insure the Product at the Purchaser's expense.
- 6.17.** Unless the Purchaser's failure to accept delivery is caused by circumstances outlined in Clause 12.1, the Supplier may, through Written notice, require the Purchaser to accept delivery within a final reasonable period. If, due to reasons not attributable to the Supplier and not resulting from circumstances in Clause 12.1, the Purchaser fails to accept delivery within this period, the Supplier may, through Written notice, terminate the Contract wholly or partially. In such a case, the Supplier is entitled to compensation for any losses incurred due to the Purchaser's default, including consequential and indirect losses. This compensation shall not exceed the portion of the Contract Price related to the Product section for which the Contract is terminated.

7. PAYMENT

- 7.1.** Payment shall be made according to the terms specified in the contract.
- 7.2.** Regardless of the payment method used, payment shall not be considered complete until the Supplier's account has been definitively credited for the amount owed.
- 7.3.** If the Purchaser fails to make payment by the specified date, the Supplier is entitled to interest starting from the day the payment was due, as well as compensation for recovery costs. The interest rate shall be as agreed upon by the parties or, if not specified, 8 percentage points above the interest rate set by the European Central Bank for main refinancing operations (MRO). The compensation for recovery costs shall be 1 percent of the amount for which interest for late payment is due.
- 7.4.** In the event of late payment or if the Purchaser fails to provide agreed-upon security by the specified date, the Supplier may, after providing Written notice to the Purchaser, suspend performance of the Contract until payment is received or, as applicable, until the Purchaser provides the agreed security.
- 7.5.** If the Purchaser has not settled the amount due within three months, the Supplier is entitled to terminate the Contract by Written notice to the Purchaser. Additionally, besides the interest and compensation for recovery costs outlined in this clause, the Supplier may seek compensation for any costs and losses incurred, including indirect and consequential losses.

8. RETENTION OF TITLE

- 8.1.** The Product shall remain the property of the Supplier until paid for in full, to the extent that such retention of title is legally valid.



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8.2. Upon request by the Supplier, the Purchaser shall assist in taking any necessary measures to protect the Supplier's ownership rights to the Product. The retention of title does not affect the transfer of risk as specified in Clause 6.

9. LIABILITY FOR DEFECTS

- 9.1.** The Product will be supplied by the Supplier in accordance with the Contract. The Supplier is responsible for rectifying any defects or nonconformities in the Product that arise from faulty design, materials, or workmanship that are not in compliance with the Contract.
- 9.2.** The Supplier shall not be held accountable for defects arising from designs, materials, or production methods provided, stipulated, or specified by the Purchaser.
- 9.3.** The Supplier's liability is limited to defects that arise under the operational conditions outlined in the Contract and through the proper use of the Product.
- 9.4.** The Supplier bears no responsibility for defects arising after the risk has transferred to the Purchaser, such as those resulting from improper installation, maintenance, or repair, or any modifications made by the Purchaser or a third party on their behalf. Additionally, the Supplier is not accountable for normal wear and tear or natural deterioration.
- 9.5.** The Supplier's liability extends only to defects manifesting within one year from the date of delivery. Should the Product be utilized beyond the agreed-upon scope, this liability period shall be proportionately reduced.
- 9.6.** Following the rectification of a defect in a Product component, the Supplier remains liable for any subsequent defects in the repaired or replaced part under the same conditions as those governing the original Product, for a period of one year. As for the remaining Product components, the liability period stipulated in Clause 9.5 shall be extended only by a duration equal to the time during which, and to the extent that, the Product could not be utilized due to the defect.
- 9.7.** The Supplier bears no responsibility for defects in any Product component beyond one year from the conclusion of the liability period delineated in 9.5 or any other agreed-upon liability period between the parties.
- 9.8.** The Purchaser must promptly notify the Supplier In Writing of any detected defects, providing a detailed description. This notification must be made no later than two weeks after the expiration of the period specified in Clause 9.5, or any extended period(s) as per Clause 9.6, if applicable. Failure to provide written notice of a defect within the specified time frame results in the Purchaser forfeiting their right to have the defect remedied or any other associated rights. In cases where the defect poses a risk of damage, the Purchaser must immediately notify the Supplier In Writing. The Purchaser assumes the risk of damage resulting from failure to provide timely notification and must take reasonable measures to minimize damage, following the Supplier's instructions.



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- 9.9.** Upon receiving notice under Clause 9.8, the Supplier must promptly remedy the defect at their own expense. Remedial work should be scheduled to avoid unnecessary disruption to the Purchaser's operations.
- 9.10.** Remedial work will generally be conducted at the location of the Product unless the Supplier determines it more appropriate for the Product to be sent to them or a designated destination. If the defect can be rectified by repairing or replacing a defective part, and if dismantling and reinstallation do not require specialized knowledge, the Supplier may request that the defective part be sent to them or a designated location. In this case, the Supplier fulfills their obligations upon delivering a duly repaired or replacement part to the Purchaser.
- 9.11.** The Purchaser is responsible for providing access to the Product at their expense and arranging for any interventions in equipment other than the Product, as necessary to remedy the defect.
- 9.12.** Unless otherwise agreed, transportation of the Product or its parts to and from the Supplier for defect rectification, for which the Supplier is responsible, shall be at the Supplier's risk and expense.
- 9.13.** The Purchaser must comply with the Supplier's instructions regarding such transportation.
- 9.14.** Unless otherwise agreed, the Purchaser shall bear any additional costs which the Supplier incurs for remedying the defect caused by the Product being located in a place other than the place specified in the Replaced defective parts must be provided to the Supplier and will become their property.
- 9.15.** If the Purchaser notifies the Supplier as outlined in Clause 9.8, and no defect attributable to the Supplier is found, the Supplier is entitled to compensation for costs resulting from the notification.
- 9.16.** Should the Supplier fail to fulfill obligations stated in Clause 9.9 or 10.4 the Purchaser may set a final reasonable period for completion of these obligations via written notice, not less than one week. If the Supplier fails to meet these obligations within the final period, the Purchaser may, at their own or a third party's discretion, undertake necessary remedial actions at the Supplier's risk and expense, provided such actions are conducted professionally. Upon successful remediation by the Purchaser or a third party, the Supplier must reimburse the Purchaser for reasonable costs incurred, thereby resolving the Supplier's liability for the defect.
- 9.17.** If the defect remains unresolved as specified in Clause 9.16:
- 9.17.1.** The Purchaser may claim a reduction in the Contract Price proportional to the diminished value of the Product, not exceeding 15 percent of the Contract Price under any circumstances.
- 9.17.2.** If the defect substantially deprives the Purchaser of contractual benefits related to the Product, the Purchaser may terminate the Contract in writing concerning the affected part of the Product. Compensation for loss, including consequential and indirect loss, is capped at 15 percent of the Contract Price attributable to the terminated part of the Product.



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9.18. Except as provided in this clauses, the Supplier is not liable for defects. Therefore, the Supplier is not responsible for any additional loss resulting from the defect, including loss of production, loss of profit, and other indirect losses. This limitation does not apply in cases of Gross Negligence.

10. LIABILITY FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

10.1. Unless otherwise specified, the Supplier is responsible, as per this clause and Clauses 10.2 – 10.5, for any infringement claims regarding patents, copyrights, or other intellectual property rights of a third party in the Purchaser's country. In such instances, the Supplier will indemnify and protect the Purchaser against third-party claims, provided they are validated by a final award or an approved settlement. However, the Supplier shall not be liable for the Purchaser's loss of production, profit, use, or contracts, unless Gross Negligence is proven.

10.2. The Supplier is not liable for infringements of intellectual property rights resulting from:

- The Product's use outside the Purchaser's country.
- The Product's use in a manner other than agreed upon or in a way unforeseen by the Supplier.
- The Product's use in conjunction with equipment or software not supplied by the Supplier, or
- If the Purchaser specifies a particular design or construction.

10.3. The Supplier's liability is contingent upon the Purchaser promptly notifying the Supplier in writing of any claims as outlined in Clause 10.1 and allowing the Supplier to determine the course of action. The Supplier is responsible for defending against claims mentioned in Clause 10.1. Additionally, the Supplier must reimburse the Purchaser for any payments the Purchaser is required to make under a final judgment or an approved settlement.

10.4. In cases of intellectual property rights infringement, the Supplier may, at its discretion, resolve the issue by granting the Purchaser the right to use the Product, modifying the Product to cease the infringement, or replacing the Product with another one that doesn't violate intellectual property rights.

10.5. If the Supplier fails to address the infringement as outlined in Clause 10.4 promptly, Clauses 9.16, 9.17 and 9.18 will come into effect.

11. ALLOCATION OF LIABILITY FOR DAMAGE CAUSED BY THE PRODUCT

11.1. Once delivered, the Supplier holds no responsibility for any property damage caused by the Product while it's in the possession of the Purchaser. Additionally, the Supplier bears no liability for any damage to goods manufactured by the Purchaser or to products incorporating the Purchaser's goods.

11.2. If the Supplier becomes liable to a third party for such property damage as outlined above, the Purchaser must indemnify, defend, and exempt the Supplier from any claims.



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- 11.3.** If a third party files a property damage claim against either party, the notified party must immediately inform the other party in writing.
- 11.4.** Both the Supplier and the Purchaser are obligated to cooperate in any legal proceedings or arbitration related to property damage claims against either of them due to the Product. However, the resolution of liability between the Supplier and the Purchaser shall be governed by Clause 15.
- 11.5.** The limitation of liability for the Supplier, as stated in the first paragraph of this clause, does not apply in cases of Gross Negligence by the Supplier.

12. FORCE MAJEURE

- 12.1.** In case of force majeure, which includes events like industrial disputes and uncontrollable situations such as fire, war, or natural disasters, either party can suspend their obligations under the Contract if performance becomes significantly difficult or burdensome. This right to suspension applies to circumstances occurring before or after the Contract's formation, but only if their impact on Contract performance couldn't have been foreseen at the time of formation.
- 12.2.** The party affected by force majeure must promptly notify the other party in writing of the intervention and cessation of such circumstances. Failure to provide this notice entitles the other party to compensation for any additional costs incurred due to lack of notification.
- 12.3.** Regardless of other implications under these General Conditions, either party can terminate the Contract with written notice if Contract performance is suspended under Clause 12 for more than six months.

13. ANTICIPATED NON-PERFORMANCE

- 13.1.** Each party shall have the right to suspend the performance of obligations under the Contract where it is clearly evident that the other party will not fulfill its obligations under the given circumstances. The party suspending the performance of the Contract shall promptly notify the other party thereof in writing.

14. CONSEQUENTIAL LOSSES

- 14.1.** Unless otherwise specified in these General Terms or in cases of gross negligence, neither party shall be liable to the other for any production loss, loss of profit, loss of use, loss of contract, and any other consequential or indirect loss, irrespective of whether the loss is foreseeable.

15. DISPUTES AND APPLICABLE LAW

- 15.1.** All disputes arising from or related to the Contract shall be finally settled by one or more arbitrators appointed in accordance with the Rules of Arbitration of the Istanbul Chamber of Commerce, or by the Istanbul Commercial Courts if necessary.
- 15.2.** The Contract shall be governed by the substantive law of the Supplier's country



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