

Ege Fren Sanayii ve Ticaret A.Ş.

7405 / 2 Sokak No: 4
Pınarbaşı 35060 İzmir – Turkey
Tel: 90 (232) 397 3600
Fax: 90 (232) 479 0208
Web: www.egefren.com.tr

TERMS AND CONDITIONS OF PURCHASE

This agreement unless otherwise arranged, constitutes mutual rights and obligations therein and forms the legal base between Ege Fren Sanayi ve Ticaret A.Ş. (hereinafter referred to "Ege Fren") and the firm/person/company (hereinafter referred to "Supplier"). Both parties agree below stated addresses and details as their communication addresses.

DEFINITIONS:

Ege Fren: The companies associated to Ege Fren Factories in Pınarbaşı and Aegean Free Zone, which are nominated in purchase orders.
Supplier: The firm/person/company to which purchase order was consigned.
Special Order Conditions: Conditions specified in purchase order
Part/Commodity/Product/Service: Production parts or services specified in purchase order
Purchase Order: Document through which parts and materials specified in purchase agreement based hereupon and special purchase order conditions if any were communicated to supplier.
Supplier's Delivery Program: Document indicating delivery number and dates of parts, which was prepared by Ege Fren in appropriate numbered form.
Specification: Documents containing drawings, design, data, sample relating to part number specified in purchase order and/or documentation published by supplier relating to goods and services.

1) GENERAL CONDITIONS

- 1.1. This purchasing specification is valid for any and all orders specified in purchase order as well as "special order conditions"
- 1.2. Supplier, who accepted our purchase order is deemed to accept the provisions of purchasing general specifications and special order conditions which are integrated parts thereof even though written confirmation is not available. Any act by supplier accepting presence of any agreement concerning demands in any purchase order is deemed to accept such purchase order and purchasing preconditions. Ege Fren objects any difference than its offer and any additional element thereon.
- 1.3. Any note, statement, condition, addition or modification made on any invoice, correspondence or whatsoever document by supplier without written consent of Ege Fren, on the contrary of special order conditions or purchasing general specification shall be null and void and the conditions of special order conditions or purchasing general specification shall be valid. Where Ege Fren will not object expressly this case shall not be deemed the waiver of Ege Fren thereof.
- 1.4. Where special order conditions are not specified in first purchase order, parties agree that these bind the parties provided that they will be specified in next orders.
- 1.5. Supplier may not give, sell any part and material ordered by or designed for Ege Fren and/or sales authority thereof, to any organization or any third party without written consent of Ege Fren, may not transfer or assign its obligations and rights related to the order in whole or in part to any third person or company in whatsoever manner.
- 1.6. Company may perform business with third persons. In such cases, supplier and third companies are jointly responsible to Ege Fren. Business of supplier with side-industry companies shall not modify its responsibilities to Ege Fren. Also such companies are obliged to comply with the provisions hereof and of special order conditions if any.
- 1.7. Supplier agrees and accepts to quality and supply requirements of ISO 14000 Quality Standard for each part/material supply to Ege Fren.

2) ORDER CONDITIONS

- 2.1. Supplier shall deliver parts and/or materials in question of order in accordance with terms and conditions of supplier's delivery program and/or vSRM unless otherwise stated.
- 2.2. Ege Fren, when deems necessary, may change technical specifications, drawings and agreements of purchase orders which have been already given. Supplier unconditionally agrees that Ege Fren has the right to manufacture the parts in scope of the order due to design modification on products by Ege Fren according to the conditions of supplier's delivery program within the limits of manufacture and material guaranty. The conditions of transition are agreed upon by mutual agreement between Ege Fren and Supplier.
- 2.3. Supplier, unless written approval or consent of Ege Fren is received, shall not make any modification on technical specifications, drawings and agreements of the parts in question of order, provided by Ege Fren in advance, otherwise shall indemnify Ege Fren without awaiting any notice.
- 2.4. Supplier shall communicate Price changes due to variation on process and material to Ege Fren in advance. Such changes shall not be valid and binding unless Ege Fren gives a written consent thereof.

3) DELIVERY TERMS

- 3.1. Supplier agrees to comply with the dates, amounts, delivery points and other conditions specified in supplier's delivery program.
- 3.2. Transportation expenses and responsibilities thereof and any loss and damage that may occur during transportation are the responsibility of the relevant party in accordance with the delivery terms specified in purchase order.
- 3.3. For each shipment, delivery notice containing all specifications relating to the delivery goods and shipping information shall be prepared and submitted together with other original shipping documents (such as original invoice, weight list, bill of lading) to Ege Fren on shipment day.
- 3.4. Property of goods pass to Ege Fren upon receipt of goods by Ege Fren warehouses. Ege Fren reserves the right to reject the goods due to improper manufacture of goods and/or incompliance with the terms and conditions of the supplier's delivery program. In such a case Supplier shall be responsible of any loss damage to be incurred.

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- 3.5. Supplier is obliged to make deliveries in due time. Because Ege Fren has been performing production in due time. In case that any dispute arises due to delivery amount and time, Supplier shall promptly inform Ege Fren of the case in writing. Supplier shall also specify the reason of the delay.
- 3.6. Supplier shall provide Ege Fren with all information and documents it owns and it controls related to the products supplied hereunder and which should comply with various laws. Where supplier receives a demand from Ege Fren that Ege Fren desires to utilize customs tariff options related to the goods, supplier warrants that the goods are in full compliance with all laws in respect to the place of manufacture, and such goods include any and all certificates (including certificate of manufacture site) necessary for utilizing custom clearing options.
- 3.7. Ege Fren may start return proceeding of the goods not specified in supplier's delivery program, or exceeding specified amount, consigned earlier than shipping date, within three business day latest and return to the company provided that freight, other costs and all risks in account of the company. In such a case the amount of the return invoice of Ege Fren is immediately deducted from the due credit of Supplier. Ege Fren may accept such goods provided that payment shall be effected at the end of payment period starting from the anticipated shipping date.
- 3.8. Supplier may not cease or delay its deliveries due to delay on "Price Change Agreement". Should no agreement be executed on price change for a long time, purchases from supplier shall continue on prices mutually agreed upon until Ege Fren finds another supplier.
- 3.9. Should delivery is not made in due time and amounts as specified in supplier's delivery program; Ege Fren shall have the right
 - 3.9.1. To demand any and all loss and damage (labor cost due to line shut down, excessive freight and cost attributed to Ege Fren by customer) from supplier
 - 3.9.2. To terminate agreement and/or purchase order unilaterally
 - 3.9.3. Ege Fren reserves the right to collect 2% penalty per each day of delay out of the price of parts assuming that the order is in effect and to demand that delivery should be made soonest.
 - 3.9.4. Ege Fren is entitled to obtain such non-delivered good and services from other suppliers on the name of supplier provided however price difference and other costs shall be in supplier's account (right of requesting full loss and damage is reserved). In such a case difference and other expenses will be invoiced to supplier.

4) PRICE AND CONDITIONS OF PRICE CHANGE

- 4.1. Prices specified in purchase order are fix prices for the current period and may not be changed until next agreement
- 4.2. Price changes may be reflected to prices only after that supplier gives written notice to Ege Fren on this matter and Ege Fren sends its certified price confirmation to the company. Supplier is liable to state all inputs in details and document the same in its letter of price change where Ege Fren demanded to do so.
- 4.3. In the event that a good or a part thereof is used by Ege Fren and such good has not a price agreed upon, the price to be paid up shall be that specified in the purchase order of the relevant period. If such price is not contained in the purchase order then Ege Fren has the right to pay a reasonable price to be calculated comparatively with the prices of similar goods.
- 4.4. In case that reduction occurs on cost inputs, supplier agrees to reduce its prices.
- 4.5. If supplier and Ege Fren demand changes on escalations connected with the agreement between them, they shall apply this by mutual agreement.

5) INVOICE AND PAYMENT TERMS

- 5.1. Ege Fren is liable to pay only the price of the good specified in purchase order or of the good it actually received.
- 5.2. Ege Fren part codes are taken as basis in invoices.
- 5.3. Supplier continues to invoice with former prices until price agreement is agreed upon. Debt note shall be issued for the price differences of the previous periods. Debt note should be referred to the relevant invoice.
- 5.4. In the event that the price on invoice sent by supplier is different than the price in the purchase order, Ege Fren notwithstanding legal periods shall debt such price difference to supplier within fifteen days.
- 5.5. Should supplier fail to fulfill its obligations, Ege Fren as a security against loss and damage it may incur due to such default, shall without obtaining any order, any decree of provisional execution or measure from a court, withhold the payments of debts due and payable to supplier even though such amounts do not form part of the purchase in question.
- 5.6. Payments to supplier are effected through check or bank transfer at due time pursuant to the agreements executed with each company

6) PACKING CONDITIONS

- 6.1. Packing, if particularly not specified in purchase order, shall be as agreed upon in sample and initial series stage.
- 6.2. Each box, case or palette shall bear following signs:
 - 6.2.1. Supplier's title and address
 - 6.2.2. Ege Fren code of part or material, modification indicator of product, if any
 - 6.2.3. Product type, according to description in purchase order or content of each box, case or palette (by piece, volume or weight)
 - 6.2.4. Place and date of delivery
 - 6.2.5. For the new parts, "New Part Label" pursuant to the sample to be defined by Ege Fren.
- 6.3. For all material/parts to be supplied to Ege Fren, approval of Logistics and Planning Management shall be obtained and packing pursuant to conditions of ISO 14000 shall be used.

7) CONDITIONS OF MARKING PRODUCTS

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- 7.1. Unless Ege Fren demands additionally, parts and materials in question of purchase order shall contain logos of main customer, Ege Fren, and supplier, part number of which local is specified with drawing and year of manufacture and tracing code.
- 7.2. Usage of logo and part number of Ege Fren pursuant to Ege Fren drawings and specifications is allocated only to the parts and material manufactured for Ege Fren.

8) QUALITY AND WARRANTY CONDITIONS

- 8.1. Ege Fren conducts quality system inspections of supplier either upon notice in advance or without giving information under the provisions of “QS 9000 based assessment guide of side industry” (the same as QS 9000 Quality System Conditions Manual QSA Assessment Manual Revision 3 March 1998) and “Sub-Contractor Manual”
- 8.2. For the new material to be placed in market especially those chemical ones, supplier shall provide Ege Fren with a document stating that safety was already provided prior to placing such new material in market. Supplier shall warn Ege Fren for the hazardous material used in products (in form of international, national and local laws). Supplier shall further comply with all laws, rules and regulations relating to usage, storage and disposition of restricted, toxic and hazardous material.
- 8.3. Supplier agrees and accepts to manufacture goods/services complying with Ege Fren drawings and specifications, general and special conditions, technical specifications, CAD data, computer data of any kind, drawings, norms and standards, and all responsibilities that may arise from the quality of goods/services it rendered.
- 8.4. Assistance and inspection by Ege Fren in manufacture of product when required, shall never limit responsibilities of the company in this respect.
- 8.5. Supplier agrees necessity to maintain a permanent development plan in order to arrive at the performance required by Ege Fren and to provide satisfaction of the final user.
- 8.6. Supplier may go into the recommendation system applied within the body of Ege Fren in respect to effecting cost and improving quality. Supplier delivers its offers together with a file indicating improvements it conducted and acceptance tests it realized.
- 8.7. Ege Fren may access to manufacture plant and warehouses of supplier, and control any equipment, product and semi-product used in manufacture, may conduct quality system and process audits in its plants, may collect sample, may perform researches of any kind related to manufacture of the products. However, this matter shall never limit the responsibility of supplier to supply Ege Fren products suitable to Ege Fren drawings and specifications.
- 8.8. Should persons and organizations which Ege Fren executed special sales agreement, require so, they may control the parts supplied by supplier and they sold Ege Fren, any equipment related thereto, finished and semi products in suppliers plants, may conduct quality system and process audits in its plants, may collect sample, may perform researches of any kind related to manufacture of the products.
- 8.9. Supplier is also liable to replace such parts on which defect and fault are found in quality of goods during usage, which immediately detection are not possible.
- 8.10. Supplier agrees to indemnify loss of Ege Fren together with all loss and damage and expenses Ege Fren customers incurred due to product (or some other product in which such product is used) retrieved from customers, repaired, replaced or the value is returned.
- 8.11. If exporting authority of supplier is prevented or limited by the relevant courts, law, rules and regulations, then supplier shall notify the case to Ege Fren in writing.
- 8.12. For VW Group sub-suppliers:

The analysis of potential suppliers is carried out according to the VDA 6.3 POT questionnaire.
The PPF/PPAP process is conducted in accordance with VDA 2. The project process is carried out in accordance with VDA RGA.
Audits under series conditions are conducted according to the VDA 6.3 / P5-P6-P7 questionnaire.
Audits can be requested as self-audits, conducted at the relevant supplier by Ege Fren, or carried out by Ege Fren with prior notice and with the participation of the end customer.
Volkswagen Group suppliers are required to designate and report a PSQR (Product Safety & Conformity Representative).
Quality problems are handled according to VW Group's zero-failure strategy.

9) CONDITIONS OF ASSIGNMENT PROHIBITION

- 9.1. Supplier may not assign or transfer its responsibilities connected to purchase order and its rights and obligations arising thereof to others without written consent of Ege Fren.
- 9.2. In the event that business or legal structure of supplier go in risk, it is directly or indirectly merged, or completely ceased, it is liable to notify the case to Ege Fren immediately. Ege Fren reserves the right to terminate this agreement.

10) INITIAL SAMPLE CONDITIONS

- 10.1. Products in question of purchase order supplied by supplier shall be without defect and comply with the technical documentation of Ege Fren. Such prepared five samples together with product file to be prepared by supplier are delivered to Ege Fren warehouse. If especially defined, this product file is prepared PPAP Documents Level 3 specified in article “3.08 Sample Approval” of Sub-Contractor Manual.
- 10.2. Following approval of samples by Quality Assurance Management of Ege Fren, “Initial Series Party” shall be delivered pursuant to the program to be given by Ege Fren.
- 10.3. After initial party is used in manufacture and approved by Quality Assurance Management of Ege Fren, supplier's delivery program of Ege Fren is consigned to the supplier in order to start serial production.

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11) MOULD DELIVERY AND PART ORDER AGREEMENT

- 11.1. If manufacture and/or investment of mould, fixture, tools, design, drawing, specification and equipment related to the part to be manufactured was done by Ege Fren, such fixed assets become property of Ege Fren under the conditions stated below after approval of part is taken and payment is completed.
- 11.2. Moulds necessary for production of the parts in question of purchase order, were supplied by Ege Fren and delivered to the relevant supplier (Schedule – Mould/Model List).
- 11.3. Property of such moulds belongs to Ege Fren and was entrusted to supplier only for manufacture of the parts required by Ege Fren. Supplier shall protect the property of Ege Fren from any and all pledges, mortgages, costs and encumbrances. Supplier has not any right to delay delivery thereof due to aforesaid reasons or in order to use in its business.
- 11.4. Supplier hereby agrees to manufacture parts for Ege Fren only by using such moulds.
- 11.5. In the event of failure to fulfill contract, cancellation of purchase order or upon request of Ege Fren for whatsoever reason, said company agrees and accepts to return such moulds in whole and without damage to Ege Fren (or any place indicated by Ege Fren)
- 11.6. In the event that supplier acts on the contrary of article 11 paragraph 1-2-3-4 and 5, supplier agrees to pay current price of moulds based on article 11.14 as indemnification.
- 11.7. Damage level on the moulds, shall be determined by comparing the samples to be produced prior to delivery of moulds with “Report of Results of Initial Sample Control” by Ege Fren.

Responsibilities of the relevant supplier ;

- 11.8. Supplier during usage of moulds in production shall pay due attention.
- 11.9. It is directly responsible against Ege Fren for loss and damage that may occur either by its own fault or fault of any third person and shall indemnify loss of Ege Fren.
- 11.10. Indemnification of loss includes payment of repair expenses as well as loss arising from production loss due to delay of part delivery because of such damage.
- 11.11. All maintenance of the moulds will belong to the relevant supplier and company shall not make any financial request from Ege Fren in this respect.
- 11.12. Supplier shall take any measure to protect such moulds/models and similar tools against any and all damages that may arise from incidents such as missing, accident, fire etc.
- 11.13. Supplier may not give any of moulds/models and similar tools to any company/person (third persons) and may not make them use without written consent of Ege Fren.
- 11.14. In the event that returning moulds to Ege Fren becomes impossible or supplier will not desire to return such moulds, for whatsoever reason, the case is immediately indemnified by the supplier
- 11.15. Value of the moulds to be returned, is the price of an offer to be obtained from a mould manufacturer either domestic or foreign, which will be specified by Ege Fren at the time of indemnification. In the event that such dispute would not be settled, then supplier agrees and accepts to pay the price difference to be occurred in time being.
- 11.16. The same criterion shall also apply to repair of the moulds subject to damage.
- 11.17. Sales of the parts, which shall be produced by using the moulds given by Ege Fren, directly or indirectly or by any other manner, in spare part market is absolutely prohibited, sales right of such parts belongs to Ege Fren A.Ş. Supplier even in case of such moulds would not be returned for whatsoever reason, may not sell such parts being produced by using the moulds given by Ege Fren directly or indirectly or by any other manner to spare parts market or third persons.
- 11.18. In the event that such moulds of which property belongs to Ege Fren and such manufactured parts are sold to a natural or legal person other than Ege Fren, Supplier agrees to indemnify material loss Ege Fren would incur immediately.
- 11.19. Supplier agrees to indemnify material loss Ege Fren would incur because of interruption of manufacture due to the parts to be delivered to Ege Fren, would not be delivered within the period of program for the reasons other than act of god (war, fire, natural disaster, strike, lock-out etc.) or the part would not be satisfactory in opinion of Ege Fren.
- 11.20. For the lawsuits to be filed in connection with the indemnification, the courts of İzmir are authorized.

12) INDUSTRIAL PROPERTY AND COMMERCIAL CONFIDENTIALITY CONDITIONS

- 12.1. Any technical documentation, tools, utensils, model, mould, equipment, pattern, master and samples delivered to supplier, or of which prices were paid by Ege Fren in order to produce the goods in question of purchase order in accordance with Ege Fren drawings and specifications are the property of Ege Fren and shall be delivered to it upon its request.
- 12.2. Any equipment, measuring device and document specified above are subject to commercial confidentiality and may not be reproduced in any manner, may not be transferred or sold to third persons without written consent of Ege Fren.
- 12.3. Supplier is liable to indemnify any loss occurred or to be occurred due to infringement of the articles above. Ege Fren reserves the right to terminate this agreement.

13) ADVERTISING CONDITIONS

- 13.1. Supplier may not use, the commercial relation with Ege Fren, any and all products and parts in production of Ege Fren as an advertisement material in any manner neither directly nor indirectly without written and implicit consent of Ege Fren. And in the event that any power is given by Ege Fren on this matter, it is liable to comply with the advertisement manner and conditions specified by Ege Fren. Supplier takes any measure to comply with such liabilities.

14) MISCELLANEOUS

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- 14.1. This "General Purchasing Conditions" is binding any and all successors of the parties. However, supplier may not transfer or assign its rights and obligations arising from this agreement in any manner to third parties or may not abandon the same in any manner.
- 14.2. Any notice to be given under the agreement and/or along the period of the agreement, shall be made to the address written on the first page of purchase order unless either party gave written notice of address change, and/or to the fax numbers. Parties agree that such given notices to said addresses deemed to be given them.

15) MODIFICATION CONDITIONS

- 15.1. Supplier may not conduct any change on part and material specifications without implicit and written consent of Ege Fren.
- 15.2. Those modifications required in writing on the specifications of parts and materials approved by Ege Fren shall be realized within the period that is mutually agreed upon by the parties and shall be submitted to the approval of Ege Fren.
- 15.3. Should either party waives infringement of any provision hereof by other party, or does not demand any right arising from the agreement, this will not mean waiver of the whole right and will mean waiver of future infringement of such provision. It will not terminate validity of other provisions of the agreement and the entire agreement.

16) TERMINATION CONDITIONS

- 16.1. Should supplier fail to comply with and acts against this general purchasing specification and contractual provisions thereof despite of written notices and warnings by Ege Fren then Ege Fren may terminate commercial relation with supplier, provided however demand and proceeding rights are reserved.
- 16.2. Should supplier fail to comply with the terms of "Supplier's Delivery Program" specified by Ege Fren, the parts it produced for Ege Fren fail to comply with drawing and specification of Ege Fren, then Ege Fren has the right to terminate this agreement without giving written notice (provided that right of demanding any and all rights arising from this agreement is reserved).
- 16.3. Should supplier fail to comply with "delivery performance" "quality performance" "process auditing performance" and similar criterions which were determined as the aim in annual basis by Ege Fren within and communicated to it with written notice, within the period specified in the same notice then Ege Fren has the right to terminate this agreement without giving written notice (provided that right of demanding any and all rights arising from this agreement is reserved).
- 16.4. And, that supplier fails to comply with the provision of the article "Industrial Property and Commercial Confidentiality Right" results in immediately termination right without any notice or warning.
- 16.5. This General Purchasing Specification expires upon written notice of Ege Fren and a new specification goes in effect.
- 16.6. If shareholders or directors of the supplier change, supplier shall notify the case to Ege Fren in writing. If such changes seem like to constrain realization of business as desired or would threaten to put it in risk, Ege Fren may unilaterally terminate the agreement.
- 16.7. If supplier fails to pay its debts due and payable or the value of its assets is lower than its debts (including estimated and future debts), any legal proceeding is in effect against supplier or its assets, security deductions are applied on its assets, a receiver is appointed to its assets, it is called to wind up or dissolve, then Ege Fren may unilaterally terminate the agreement.
- 16.8. Obligation to comply with the provisions hereof is ceased due to act of god (strike, lock-out etc). However the parties shall inform each other in a timely manner.

17) PROVISION TO REMAIN IN EFFECT

Termination of this agreement shall not terminate the provisions specified in article "quality and warranty conditions, the provisions specified in article "industrial property and commercial confidentiality right" the provisions specified in article "advertisement conditions".

18) GOVERNING JURISDICTION

The courts of İzmir are authorized in case any dispute.

Date:

Place:

On behalf of Ege Fren San. ve Tic. A.Ş.

Tayfun ÜZEL

Sadık DİNLER

General Manager

Purchasing Manager

Ege Fren

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On behalf of Supplier

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Position :
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