

CUSTOMER CONTRACT REQUIREMENTS
Advanced Harpoon Weapon Control System-2 Preveze
CUSTOMER CONTRACT SST-TE-2019-013

CUSTOMER CONTRACT REQUIREMENTS

1. Prime Contract Special Provisions The following prime contract special provisions apply to this purchase order

A. Industrial Security and Confidentiality

1. Seller shall, for the activities it will carry out within the scope of the Contract, comply with the (NATO Security Policy (e.g., (C M2002-49, C-M2002-50)) which is in effect, and the Supporting Directives (e.g., (AC/35-D/2000-2005)) documents and/or the bilateral security agreements mutually agreed between the Government of the Republic of Turkey and the government of the Seller (including Subcontractors).

2. Seller:

a. shall not disclose and give to third parties without the approval of the Buyer, except for the purposes of performance of its obligations under the Contract,

b. shall not use and reproduce for any other purpose than that of fulfilling its obligations under the Contract, without the approval of Buyer,

c. shall convey/transfer with the methods approved by Buyer, also taking into consideration the relevant laws and regulations and applications,

d. shall allow the persons having a Personnel Security Certificate to use, on "Need-To-Know" basis,

e. shall, even if the Contract has ended or has been terminated, preserve and have processed, taking into account the relevant laws and regulations and applications, in accordance with the requirements set forth in the documents and agreements given in sub-article A.1, any classified information, documents and items which are given to Seller by Buyer and/or generated under this Contract.

3. Determination of confidentiality levels for all classified information, documents and items and classification of classified information under the Contract shall be made in accordance with a Security Classification Guide, agreed to between Buyer and Buyer's Customer. The information, documents and items shall be classified by the Parties according to the highest confidentiality level specified by the Parties, on basis of the documents and agreements stated in sub-article A.1, prior to the approval by Buyer of the Security Classification Guide.

4. Buyer/User shall not disclose and give to third parties without the approval of the Seller, any classified information, document or item that are given to Buyer by Seller, unless used for the execution/performance of this Contract and for the installation, modification, system integration, testing, operation, delivery, maintenance, repair or overhaul of the System(s) Spare Parts/STMTs, excluding:

a. the information, documents and items that are available to Buyer/User or the Turkish industry prior to the Contract or can be obtained from third parties on a free disclosure basis; or

b. Without a breach of this Contract, the information that are currently possessed by the public and/or must be announced to public in accordance with the laws and regulations of the Republic of Turkey; or

c. The information that can be obtained from a third party with all the rights pertaining thereto, without being in connection with this Contract.

5. Seller shall hold a Facility Security Certificate appropriate for a confidentiality degree such as "NATO and/or National Secret" for the facilities and ancillary facilities where it will carry out the activities under the Contract.

6. Seller shall give a written notice to Buyer within 24 (twenty-four) hours in the event that the classified information, documents and items given by Buyer to Seller under this Contract are lost, stolen, damaged, or if there is suspicion of such cases. In the event of the failure of Seller to give a notice to Buyer within the specified period, or if, at the end of the inspections made by Buyer after receiving the notice, Buyer determines that Seller has not taken the necessary measures under this article, then all the responsibilities arising from this sub-article shall belong to Seller. Buyer shall give a written notice to Seller within 24 (twenty-four) hours in the event that the classified information, documents and items given by Seller under this Contract are lost, stolen, or if there is suspicion of such cases.

7. Buyer and/or SSB may, if requires so, with a written notice to Seller 5 (five) Days in advance and subject to prior notice and approval of the related national authorities, make inspections at the facilities of Seller and Seller's Subcontractors, in accordance with the provisions of this article. Non-conformities detected at the end of the inspections and evaluations shall be notified to Seller and Seller shall make the corrections/ have the corrections made which are stated in these notices, within 5 (five) Days.
8. Seller shall acknowledge and commit that the activities of all the Subcontractors and suppliers under this Contract in respect of the confidentiality and security shall be subject to the conditions for inspection and evaluation under this article.
9. Seller shall fulfill its obligations under this article so as not to cause any increase in the Contract Price.

B. New Materials

1. Seller undertakes and guarantees that the System(s)/Spare Parts/STMTs and their components are New. The word "New" in this article and regarding the System(s)/Spare Parts/STMTs and their components to be Delivered by Seller under this Contract (For the purposes of this article, hereinafter collectively be referred to as the "Materials" in article B. means the fulfillment of the following conditions:

- a. The Materials are not; used, repaired, refurbished and/or overhauled,
- b. Of the Materials, those having a shelf life are preserved beginning from the date of production according to the manufacturer's instructions, and that more than 15% (fifteen percent) of their shelf life has not past as of the date of Final Acceptance of Buyer's Customer.
- c. For the Materials and its components with no shelf-life, the difference between the date of manufacture (or date of CoC of the manufacturer of the Materials and its components) and the date of Delivery of the related Materials and its components under this Contract shall not exceed 24 (twenty-four) months. This requirement will apply at the system level (not at the circuit card level nor at the unit's part level). Labels containing the manufacturing date will be applied at FAT.

2. The materials whose usage is permitted by Buyer and the Materials used during the tests within the standard production process, the acceptance tests and trainings under this Contract, and the Materials repaired upon the approval of Buyer shall not be deemed as used under this article.

For the Materials and its components whose usage is permitted by Buyer as stated in this sub-article above, the Parties may agree on a discount and the payment will be made accordingly. In case, the Parties fail to agree on such discount within 15 (fifteen) days, the obligation of Seller as per the sub-article B.4 shall continue.

3. Buyer and Buyer's Customer shall have the right to inspect whether the Materials mentioned in this article are New.
4. In the event that Seller breaches any provision of sub-article B.1, and if such breach is detected after the Delivery, then Seller shall replace the Material (Materials), which causes breach of the said sub-article, with the New one (New ones) free of charge, according to the requirements of Buyer, within 30 (thirty) Days following the date of the written notice by Buyer, and pay to Buyer an amount at a rate of 20% (twenty percent) of the price of the Material, which causes a breach of any provision of sub-article B.1. The above mentioned penalty shall be applied in the event that User applies a penalty (whether in cash or material procurement) to Buyer under the Main Contract regarding this sub article B.4.

C. Compliance with Laws

The Parties shall comply with all United States and Turkish export/import and technology control laws and regulations. The information that the Parties may wish to disclose pursuant to this Contract may be subject to the provisions of the Export Administration Act of 1979 and the Export Administration Regulations promulgated there under, the Arms Export Control Act and the International Traffic in Arms Regulations promulgated there under, and the sanctions laws administered by the Office of Foreign Assets Control. The Parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third countries of certain categories of data, and that licenses from the U.S. Department of State and/or the U.S. Department of Commerce may be required before such data can be disclosed hereunder, and that such licenses may impose further restrictions on use and further disclosure of such data, provided that the related Party has notified the other Party in writing of the specific parts and/or provisions of the laws and regulations to be complied with.

D. Intellectual and Industrial Property Rights

1. The following shall replace subparagraphs (e)(i) and (ii) of the Article entitled "Intellectual Property" in the General Provisions of this Contract, with "Buyer's Customer" defined as the Government of Turkey. All IP conceived, developed, or first reduced to practice by, for, or with Seller, either alone or with others, in performance of this Contract (collectively, "Foreground IP") shall be the exclusive property of Buyer's Customer. To the extent Foreground IP consists of works of authorship, such works shall be works made for hire with the copyrights vesting in Buyer's Customer. Seller hereby transfers, conveys, and assigns all right, title and interest in such Foreground IP free of charge to Buyer's Customer. Seller hereby irrevocably transfers, conveys, and assigns all right, title and interest in any other Foreground IP not considered a work made for hire free of charge to Buyer's Customer. Seller shall protect Foreground IP that is Proprietary Information and Materials as required by this Contract and shall mark documents or portions of documents containing Foreground IP as proprietary information of Buyer's Customer or as otherwise directed by Buyer in writing. Seller will, within two (2) months after conception or first actual reduction to practice of any invention and prior to Contract completion, disclose in writing to Buyer all inventions, whether or not patentable, in sufficient technical detail to clearly convey the invention to

one skilled in the art to which the invention pertains. Seller shall promptly execute all written instruments, and assist as Buyer reasonably directs in order to file, acquire, prosecute, maintain, enforce and assign Buyer's Customer's Foreground IP rights. Seller hereby irrevocably appoints Buyer and any of Buyer's officers and agents as Seller's attorney in fact to act on Seller's behalf and instead of Seller, with the same legal force and effect as if executed by Seller, with respect to executing any such written instruments. The following are excluded from such requirement to transfer ownership: Seller's resolution of software and other defects, resolution of obsolescence issues, and improvements to existing processes or tools, adaption of an existing design to comply with environmental requirements, and producibility improvements that may occur during the period of performance of this Contract.

2. Buyer's Customer shall have the right to use, copy and reproduce Proprietary Information and Materials as necessary for the use, maintenance and repair of the Goods.

3. The following is appended to the Article of the General Provisions entitled "PATENT, TRADEMARK AND COPYRIGHT INDEMNITY." In the event of a claim, suit or action under this Article against Buyer that is Seller's responsibility to defend, but that Seller does not defend and forces Buyer to defend;

a. Seller shall give to Buyer all the associated information and documents and its demand, if any, for participating in the suit, within 2 (two) Days from the date of the notice by Buyer. Buyer shall, in line with Seller's demand, make the necessary attempts to enable Seller to attend the suit.

b. Seller shall pay to Buyer reasonable costs incurred by Buyer in defending such suit or claim, and all the damages which the Buyer incurred and was required to pay, (i) by an arbitrator or court of competent jurisdiction decision or (ii) by any similar legal action within the period of performance of this Contract, and if the damages are incurred as stated above, after the Contract Period then such damages shall be paid by Seller no later than 15 (fifteen) Days from the date of written notice (along with appropriate supporting documentation) from Buyer specifying such costs and damages.

4. Should a suit or proceeding be brought against Seller claiming that the Goods infringe intellectual or industrial property rights of a third party, Seller shall inform Buyer thereof within 3 (three) Days of Seller's receipt of notice of such suit or proceeding. The notice shall not relieve Seller from the requirements of this Contract.

5. The provisions of this article shall remain valid after the period of performance of this Contract expires or the Contract ends for any reason, including termination.

E. Liabilities

1. Except as expressly limited in this Contract, Seller shall be responsible against the Buyer for the fulfillment of all the Seller's liabilities arising out of this Contract. In this scope, Seller shall be liable for;

a. All damages caused by Seller itself and/or Seller's Subcontractors, to the properties and/or employees of Buyer and/or of the User, or to the persons who shall be assigned by Buyer and/or User, while fulfilling their obligations under the Contract and,

b. All damages that may arise from any defective design, defective material(s), defective workmanship, manufacturing defects defective training services, or defective Documents provided in respect of the items to be delivered or the services to be performed under the Contract.

2. Buyer reserves the right to collect from Seller any damages and losses that Buyer may incur or have to pay under sub-article E.1.

3. The provisions of this Article shall remain in effect despite Contract expiration, completion or termination.

F. Definitions

1. "Day(s)" means calendar day(s).

2. "Documents" means all the printed and/or electronic documents and their copies including any Technical Data Package, as defined in the SOW if applicable.

3. "Main Contract" means the contract signed between SSB and STM/ASELSAN/HAVELSAN/ASFAT at 8.02.2019 for the Preveze Class Submarine Mid-Life Modernization Project and any amendments thereof.

4. "New" means that materials should be new as forth in Article B. of this CCR.

5. "On-Board Spare(s)" means on-board spare parts to be stored in the Submarine and to be used by the Submarine personnel for the maintenance and repair activities.

6. "Spare Parts" means all On-Board Spares to be supplied by Buyer to Buyer's Customer under the prime Contract. If the options for spare parts are exercised by Buyer's Customer, and if the optional On-Board Spares and optional Base Level Spares are approved by Buyer's Customer as to be procured, then such spare parts shall also be considered under the scope of this definition "Spare Part(s)",

7. "Special Test Measurement Tools (STMT)" means only the Harpoon Missile Simulator (HMS) which has an application specific for the Buyer's System(s), subsystems, equipment and/or materials and are manufactured/modified and supplied by Buyer only for that application. If the options for STMTs are exercised by Buyer's Customer and if the optional STMTs are approved by Buyer's Customer as to be procured, then such STMTs shall also be considered under the scope of this definition "Special Test Measurement Tools (STMT)".

8. "SSB" stands for the Presidency of Defence Industries

9. "System(s)" means AHWCS-2 including all sub-systems and peripheral equipment required for integration into Submarines, in addition, hardware, software and Documents.

10. "User" means Turkish Naval Forces Command and/or SSB