



PRELIMINARY TESTS AGREEMENT

In accordance with Standards Regulations (Standard Mark and Supervision Mark), 5742-1982 (hereinafter: **the "Standards Regulations"**).

Between: **The Standards Institution of Israel ("SII")** of the one part;

And: **COLAKOGLU METALURII .A.S**
A corporation whose registration number
is 233584
(hereinafter: the "**Manufacturer**") of the second part;

Whereas (1): the Manufacturer wishes to manufacture/manufactures at its plant in Turkey the products listed in **Appendix A** to this agreement (hereinafter: the "**Products**"); and

Whereas (2): the Manufacturer wishes to receive from SII a permit to mark the Products with the Israeli standards mark, and has therefore submitted to SII a request to receive a permit for this marking; and

Whereas (3): prior to talks regarding the Manufacturer's application for a permit to mark the Products with the Israeli standards mark, SII must conduct tests, inspections and examinations according to the detailed plan in Appendix A to this agreement (hereinafter: the "**Preliminary Tests**") in order to ascertain the quality of the Products, the quality of the manufacturing and the ability of the manufacturer to conduct its own systematic testing of the quality of its Products; and

Whereas (4): the Manufacturer requests to undergo Preliminary Tests, and it is willing to comply with the terms of this agreement and SII's relevant procedures, as shall be set forth from time to time (hereinafter: the "**procedures**") and the terms of the Standards Regulations and the provisions of any law; and

Whereas (5): subject to the terms set forth in this agreement, SII agrees to run the preliminary tests for the Manufacturer.

NOW THEREFORE, it has been declared, stipulated and agreed between the parties as follows:

1. The preamble and the appendices to this agreement constitute an integral part thereof.
2. The Manufacturer undertakes, starting from the date of signing this agreement, to manufacture the Products solely and only in compliance with the requirements of the Israeli standards and SII's specifications applicable to them, as shall be in force from time to time (jointly hereinafter: the "**Standard**"), and to place their quality, manufacture and testing



for SII's testing and inspection under the terms of this agreement and under the terms to be set forth from time to time by the Standard Mark Directorate or by the License Committee, a notice with respect to which will be given to the Manufacturer.

3. The Manufacturer undertakes to set up and run at its plant an effective and documented quality control system in compliance with the procedure requirements. The Manufacturer will submit quality documentation to SII, which will include a **quality plan and quality procedures**, in the manner and under the conditions set forth in the procedures and in compliance with SII's requirements. Once SII approves the Manufacturer's quality system and quality procedures, the Manufacturer may not introduce any change unless it has notified SII and obtained its prior written approval.
4. The Manufacturer undertakes to submit to SII a **product file** according to the procedures, which clearly and unequivocally defines the Products and includes, *inter alia*, a precise technical description of the Products and their components, using drawings, specifications, images and any other form which SII shall instruct it to provide, specifying the parts that it independently manufactures as distinct from parts which it does not independently manufacture, together with the details of the manufacturers of those parts. The Manufacturer shall add to the product file any additional information that SII shall require until the product file is approved by SII. Once said file is approved, the Manufacturer may not make any changes in the Products, in their components, in their manufacturing process, and it shall not relocate the manufacturing site, unless it has notified SII to this effect and has received its prior written approval.
5. As per SII's request, the Manufacturer shall enable and help SII's representative to take samples of the Products and of materials and parts used to manufacture them for testing. These samples shall be taken free of charge and will be tested to ascertain their compliance with the Standard requirements. When SII takes samples from a party other than the Manufacturer against payment (e.g. from stores, wholesalers, etc.) in order to perform its duties under this agreement, the Manufacturer shall reimburse SII at SII's first demand for the amount SII paid for purchasing the samples.

SII shall not be liable for any damage that might be caused to samples of the Products during their testing or as a result thereof. The Manufacturer must pick up the samples from SII after testing is completed within 15 days of the day a test certificate or test report is submitted. If the Manufacturer does not pick up the samples within 15 days, SII shall send a demand by registered mail requesting it to do so. If the Manufacturer does not pick up the samples within 30 days of the day said demand has been sent by registered mail, SII may sell the samples or dispose of them in any way it deems fit.

6. The Manufacturer shall allow, without prior notice, a representative of SII to visit its plant at any time or the site where the Products are assembled or other plants manufacturing or assembling the Products or parts thereof, and it shall enable the representative to inspect the Products, the manufacturing processes, the inspection procedures carried out by the Manufacturer and the recording of the required inspection findings according to procedures.

In cases where parts of the Products are not made or assembled by the Manufacturer itself, the Manufacturer shall do whatever SII requests to enable SII to inspect the manufacture and assembly of those parts, in the same way as it inspects the Manufacturer.



7. The Manufacturer hereby undertakes to solely and only sell the Products which comply with the Standard.

The Manufacturer shall not manufacture or sell other Products (which the requested permit does not cover) to which the Standard applies.
8. Upon occurrence of one or more of the following events, the Manufacturer must immediately notify SII in writing, and the following provisions shall apply:
 - a. In the event of a change in ownership of the Manufacturer's plant – In such case, the Preliminary Tests will end without granting a permit at the end of two months from the day the change took place, regardless whether said notice was given by the Manufacturer or not, unless the new owners requested from SII in writing, within a month of the day that the change took place, to proceed with the Preliminary Tests, and SII shall decide whether to accede to their request after the new owners have taken upon themselves in writing all the Manufacturer's undertakings.
 - b. Where the Manufacturer has been declared bankrupt, liquidation proceedings have been initiated, it has entered into negotiations with creditors to settle its debts, it has begun to liquidate its business or a receiver has been appointed to manage its business – in such cases the Preliminary Tests shall end without granting a permit, regardless whether said notice was given by the Manufacturer or not, unless SII has rendered another decision at the request of an interested party.
 - c. Where the Manufacturer has ceased to manufacture the Products – in such case SII may terminate the Preliminary Tests without granting a permit, regardless whether said notice was given by the Manufacturer or not. For the purpose of this section, a manufacturer shall be deemed to have stopped manufacturing the Products if it does not manufacture them regularly. Where it has been ascertained that the Manufacturer has not begun manufacturing the Products regularly, this shall be deemed as if it has stopped manufacturing them.
9. The Manufacturer shall not publish and shall not create an impression – in any form whatsoever, by act or omission, in writing or verbally, that its plant or the Products are inspected by SII or under its supervision, or about to be tested by SII, or that it has a permit to mark the Products with an Israeli standards mark, or any other publication in connection with this agreement.
10. If SII's tests or inspections show that the Products, in whole or in part, are not compliant with the Standard, or that they are not manufactured or tested in accordance with the terms of this agreement and in accordance with the requirements of the Standards Regulations, the procedures and the conditions set forth by the Standard Mark Directorate and License Committee, or if the Manufacturer does not cooperate with SII and/or is in breach of the provisions of this agreement, SII may, by written notice to the Manufacturer, do each of the following at its discretion:
 - a. To decide to conduct additional tests, inspections or checks, and the Manufacturer undertakes to pay for these additional tests, inspections or checks according to SII's price list, upon receipt of SII's demand;
 - b. To immediately discontinue the Preliminary Tests and submit a report on its findings to the relevant professional committee and to the License Committee together with



its recommendation, so that the Manufacturer's application to receive a permit will be decided, as set out in section 11 below.

11. Upon completion of the Preliminary Tests (save for the circumstances listed in section 8 above), SII will forward the findings to the relevant professional committee for receiving its recommendations. After receiving the professional committee's recommendations, they will be presented together with the report of SII's findings and recommendations to the License Committee for its decision, as stated in section 7 of the Standards Regulations, whether to approve or reject the Manufacturer's application. If the License Committee decides to accept the Manufacturer's application, it will set forth the special conditions for granting the permit and the Manufacturer will be asked to sign a supervision agreement, as stated in section 10(a) of the Standards Regulations. If the Licensing Committee decides to reject the Manufacturer's application or the Manufacturer will be required to carry out additional measures, SII will send the Manufacturer a notice explaining that the Manufacturer may appeal the decision before the Standards Mark Directorate within 30 days of the day that said notice was sent to it. Filing an appeal does not extend the Preliminary Tests period.
12. If the Preliminary Tests have not been completed within six¹ months of the date of signing this agreement, the License Committee may, after receiving the recommendation of the professional committee, extend the Preliminary Tests period or reject the Manufacturer's application for a permit, as set out in the procedures. Notice on the committee's decision will be sent to the Manufacturer.
13. Where the Manufacturer's application for a permit has been rejected (for any reason whatsoever), the Manufacturer – the manufacture of whose Products is contingent on receipt of a permit from SII to mark them with a standard mark – will cease to manufacture or sell the Products immediately upon receiving SII's notice that its application has been rejected. SII may send notices on the rejection of applications to receive a permit to any party whom it deems fit and to publish this anywhere that it deems fit, including on SII's website.
14. For performing the tests, inspections and examinations which SII shall perform under this agreement, the Manufacturer shall pay SII the amount stipulated in Appendix A of this agreement.
 - a. This amount shall be paid in advance by the Manufacturer in three equal monthly payments, while VAT on the entire amount is to be added to the first payment. SII will not begin the Preliminary Tests process until the first payment is made.
 - b. In the event of changes in SII's price list for services that SII will render under this agreement, the consideration stipulated in Appendix A will be adjusted accordingly.
 - c. In the event of changes in the Products and designs included within the framework of the Preliminary Tests as set forth in Appendix A, or if the Standards Mark Directorate and/or the License Committee changes the Preliminary Tests plan specified in Appendix A, or if there is a change in the standard according to which the Products are tested, the consideration stipulated in Appendix A of this agreement will be adjusted accordingly.

¹ 24 months in the case of elevators



- d. Value added tax will be added to the consideration at the prevailing rate when the tax invoice is issued. In the event of a change in the VAT rate, the payment will be adjusted accordingly.
- e. The consideration set out in this section 14 does not include the consideration for additional actions which SII will perform in accordance with section 10a of this agreement, if any additional actions are carried out.
- f. Without derogating from any other remedies available to SII by law, in the event of non-payment on time of the consideration due to SII under this agreement, in whole or in part, after giving the Manufacturer prior written notice of 14 days in advance, SII may reject the Manufacturer's application for receiving a permit. This matter will not be presented for discussion to the professional committee and/or the License Committee, and the Manufacturer will not have a right of appeal.
15. The Manufacturer undertakes to indemnify SII for any amount that SII shall be required to pay due to a claim or demand filed against SII with respect to the Products to be manufactured or sold by the Manufacturer contrary to the provisions of this agreement. The Manufacturer will indemnify SII at SII's first demand for any such amount. SII shall notify the Manufacturer upon receipt of any such claim or demand shortly after receipt thereof.
16. Anywhere in this agreement where SII is given authority, such authority will be given to the entity determined for this purpose in the regulations or in any statute. Where an entity is not determined in a statute, the authority will be exercised by the director general of SII or anyone whom he shall appoint.
17. The addresses of the parties for the purposes of this agreement shall be:
SII – 42 Haim Levanon Street, Tel Aviv 69977.
The Manufacturer - RUZGARLI BAHCE MAH.KAVAK, Istanbul Turkey
Appendix A – A quotation to preliminary tests for granting Israeli standards mark

In Witness Whereof the Parties Have Signed: 13. 02. 2014 (date)

Rifki ERSOY
Quality Manager
Çolakoğlu Metalurji A.Ş.
Diyarbakır / KOCAELİ

Standards Institution of Israel

Manufacturer



Date: November 28,2013

To:

COLAKOGLU METALURII .A.S

Dear Sir,

Subject: Agreement for Preliminary Tests toward Israeli Standards Mark

Attached hereto is an agreement for performing the necessary preliminary tests in order to consider your application to receive a permit for marking the products manufactured by you with a standard mark.

You are hereby required to return to SII both copies signed by you within 30 days of today.

After receiving the agreement signed by you, you will be sent a bill for payment of the amount stipulated in Appendix A of the agreement under the terms set out in the agreement.

Making the first payment is a condition for starting the preliminary tests process.

If you do not return the signed agreements to SII as stated within the aforesaid time frame, the offer shall expire.

Sincerely yours,

Hagit Nahmias

Customer Relations Manager
Quality and Certification Division
The Standards Institution of Israel