

PRODUCT LIABILITY and PRODUCT RECALL POLICY
(Free Translation)

**THIS IS ONLY A FREE TRANSLATION OF THE ORIGINAL TURKISH POLICY. IN CASE OF ANY
DISPUTE BETWEEN THE PARTIES THE TURKISH ORIGINAL ONE WILL PREVAIL**

Number of policy : 24445975

Issue Date : 03.06.2021

Insured : MAKROSAN METAL SANAYİ VE TİCARET LTD ŞTİ

Insured Product Type: Sheet Metal Parts Production

Matter of Insurance : Product Liability and Product Recall

Scope of Cover : A.1.(b) of Turkish Product Liability General Conditions and the other special conditions declared and the Zurich Recall Wording

Insurance Period : 02.06.2021 - 02.06.2022

Turnover : 1.200.000 EUR

Trigger : Claims Made

Retroactive Date : 02.06.2020

Territory and Law & Jurisdiction : Worldwide except USA, Canada, Iran, Syria, Sudan, Myanmar, Northern Korea and Cuba

Product Liability Indemnity Limit* : Per Occurrence 250.000 EUR
Annual Aggregate Limit 500.000 EUR Combined Limit

Product Recall Indemnity Limit* : Per Occurrence 50.000 EUR
Annual Aggregate Limit 100.000 EUR

Deductible : Product Liability 10% of loss, EUR 5.000
Product Recall 10% of loss, EUR 10.000

Premium : Net Premium EUR 6.190,48
Tax EUR 309,52
Gross Premium EUR 6.500,00

Moral indemnity Per Occurrence and Annual Aggregate Limit 125.000 EUR

Defence costs are included within the limit.

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Place of Issue : İstanbul

INSURED

MAKROSAN METAL SANAYİ VE TİCARET LTD ŞTİ

INSURER

ZURICH SİGORTA A.Ş.

Zurich Sigorta
Marmara Bölge Müdürlüğü
Kocaköy Mah. Leiköşe Cad. Barış Sok.
No: 3 Daire: 32. Kat Ofis
Nilüfer BURSA

MAKROSAN METAL

SAN. VE TİC. LTD. ŞTİ.

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ZURICH CLAIMS MADE PRODUCT LIABILITY WORDING

Section I: Insuring Agreement

Insurer, subject to the terms and limits of indemnity of this Policy, will indemnify the Insured and/or Insured Persons, against any Claim or Claims in respect of domestic and foreign legal Liability in connection with and in the course of the insured Business, arising out of or from:

- Insured's Products

for:

- Bodily Injury
- Property Damage

resulting from an Occurrence happening after the Retroactive Date stated in the Policy and within the Territorial Limits provided that either:

- each such Claim is first made; or
- the circumstances which give rise to such Claim are first notified to Insurer

during the Policy Period.

Should the Insured give notice to Insurer during the Policy Period of circumstances which may give rise to a Claim, any Claim which may subsequently be made against the Insured arising out of such circumstances shall be deemed to have been first made against the Insured on the date that such notice is given.

Section II: Definitions

In addition to Part I the following applies:

This Policy is subject to the following definitions:

1. Liability

Liability shall mean:

- Product Liability

2. Business

Business shall mean:

the activity carried on by the Insured described in the Policy and/or Proposal Form.

3. Bodily Injury

Bodily Injury shall mean:

bodily injury, death, disease, illness or disability

4. Property Damage

Property Damage shall mean:

physical damage to or loss or destruction of tangible property;

5. Occurrence

Occurrence shall mean in respect of:

- Bodily Injury
- Property Damage

an event or series of events, arising from an act or omission of the Insured or for which the Insured is responsible, which results after the Retroactive Date and before the expiry of the Policy Period in such Bodily Injury or Property Damage and is neither expected or intended from the standpoint of the Insured.

Insurer shall not indemnify the Insured for any liability of whatsoever nature in connection with Bodily Injury or Property Damage where such Bodily Injury or Property Damage is in any way connected with or related to an Occurrence or events or circumstances, which had occurred or commenced or existed prior to the Retroactive Date of this Policy.

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An Occurrence or series of Occurrences happening during the Policy Period which are attributable directly or indirectly or allegedly to the same event, condition, defect or hazard, or failure to warn shall be added together and treated as one Occurrence irrespective of the period of time after the commencement of the Policy Period or the number of persons or organisations who sustain Property Damage and/or Bodily Injury. All such Occurrences shall be deemed to have occurred on the day of the first of such Occurrences.

6. Claim

Claim shall mean:

the first written demand against the Insured for compensation in respect of Bodily Injury or Property Damage. The date of a Claim shall be the first date of such written demand.

7. Territorial Limits

Territorial Limits shall mean:

anywhere in the World, but excluding the United States of America and/or Canada, unless specified in the Policy to the contrary.

Additionally excluded are claims for losses which are made in the United States of America and/or Canada or which judged based on US-law or Canadian-law, unless specified in the Policy to the contrary.

8. Insured

Insured shall mean:

the legal entity specified in the Policy and/or any Subsidiary thereof in existence at the inception or renewal of this Policy, which are domiciled in Turkey.

9. Insured Persons

Insured Persons shall mean:

any director, partner, executive officer or Employee of the Insured under a contract of service but only whilst acting within the scope of their duties in such capacity (with the exception of independent operators and business professionals such as subcontractors, etc.).

10. Insured's Product

Insured's Product shall mean:

any goods or product manufactured, installed, repaired, serviced, treated, sold, supplied or distributed by the Insured in connection with the Business after it has ceased to be the property of or in the custody or legal control of the Insured.

11. Products Liability

Products Liability shall mean:

the legal liability of the Insured to pay damages and/or compensation to any party, other than the Insured or Insured Persons, in respect of Bodily Injury and/or Property Damage arising out of or from the Insured's Products anywhere within the Territorial Limits

Section III: Exclusions

Insurer shall not be liable under this Policy in respect of any liability of whatsoever nature directly or indirectly caused by, in connection with or contributed to by or arising from:

1. Repair and Replacement

- a) the cost of rectifying defective work carried out by or on behalf of the Insured;
- b) Property Damage to any of the Insured's Products causing Bodily Injury or Property Damage;
- c) the costs or expenses of recalling, removing, repairing, recovering, altering or replacing the Insured's Products arising from a defect in or an error in connection with the sale or supply of such Products or the guaranteed performance of the Insured's Products or the unsuitability thereof for the use for which they are supplied.

2. Liquidated or Punitive Damages

any liability for any amount in respect of:

- a) liquidated damages, fines or penalties;
- b) punitive or exemplary damages or multiplication of awards.

3. Financial Loss

Liability claims other than Property Damage and/or Bodily Injury.

4. Intangibles

Claims arising from the granting – to other entities not insured under this contract – of licenses, patents, research results, formulae, recipes, software or computer-processed data, construction, manufacturing or building plans, whether granted free

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of charge or otherwise. The transfer of articles incorporating software as a control system is not considered to constitute the provision of software.

5. Mandatory Insurances

Claims for losses which are the subject of statutory insurance obligations.

6. Specific Products and Substances

- a) asbestos, including products installations or premises containing asbestos material;
- b) urea formaldehyde;
- c) silicon based human implants;
- d) loss caused by HIV or illness thereby induced (e.g. AIDS);
- e) contraceptives and RU 486;
- f) human biological materials including extracts thereof (e.g. blood, plasma, plasmaproteins, immunoglobulins, cells, tissue, organs, urine, excretions, etc.);
- g) genetically modified seeds or organisms;
- h) transmissible spongiform encephalopathies (TSE);
- i) vaccines;
- j) diacetyl;
- k) application or use of polychlorinated biphenyls including polychlorinated biphenyl generated dibenzofurans and dioxins;
- l) tobacco and tobacco related products;
- m) the development, manufacturing, sales and distribution of pharmaceutical products (active ingredients, additives and fillers) including medical implants;
- n) pesticides and/or biocides that contains substances who are mentioned on the PIC list (prior informed consent) from the Rotterdam Convention;
- o) silica.

7. Radioactive Contamination

- a) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

8. Terrorism

injury, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss. This Exclusion also excludes injury, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

9. War etc.

Any liability arising out of any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power

10. EMF

the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetism that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property.

11. Previously Notified or Known Occurrences or Claims

Any Occurrence, Bodily Injury or Property Damage, or any Claim or potential Claim arising therefrom which:

- (a) the Insured was aware of prior to the Inception Date of this Policy, irrespective of whether the Insured believed or expected such Occurrence would involve this Policy; or
- (b) notice of which has been given under any other policy prior to the Inception Date of this Policy.

12. Retroactive Date

any Occurrence, Bodily Injury or Property Damage occurring prior to the Retroactive Date specified in the Policy. Provided always that in the event of any Personal Injury or Property Damage arising from continuous or continual inhalation, ingestion or application of any substance and where the Insured and Insurer cannot agree when the Personal Injury or Property Damage occurred then:

- (a) Bodily Injury shall be deemed to have occurred when the claimant first consulted a qualified medical practitioner in respect of such Bodily Injury;

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(b) Property Damage shall be deemed to have occurred when it first became evident to the claimant, even if the cause was unknown.

13. United States of America and Canada

the manufacture in or supply to the United States of America or Canada of:

- a) any alcohol products;
- b) firearms;
- c) any product containing or made of latex;
- d) welding rod products;
- e) silica;
- f) toxic mold;
- g) lead paint.

14. Cyber Liability

or in connection with the Insured's use of or reliance upon or sale or supply of any computer hardware or related Information Technology or communication system, any computer software, Internet, Intranet, Website or similar facility, system or network and/or any electronic data or related information.

15. Contractual Liability

any liability or obligation assumed by an insured person under any agreement or contract except to the extent that the liability or obligation would otherwise have been implied by law;

16. Cross Liability

Claims filed by the Insured under this policy against each other or filed by any party

- a) which is directly or indirectly owned, controlled, operated or managed by the Insured,
- b) which owns, controls, operates or manages the Insured,
- c) in which the Insured is a partner, consultant or employee or relative (incl. spouse).

17. Performance and Warranty

Liabilities arising from the failure of the Insured's products to meet the level of performance, quality, fitness or durability expressly or implied warranted or represented by an Insured unless such failure causes a Bodily Injury and/or Property Damage

18. Deliberate acts

Any deliberate act or omission of the *insured* or any *employee* and which could reasonably have been expected, having regard to the nature and circumstances of such an act or omission.

FIRST & THIRD PARTY RECALL COSTS ENDORSEMENT

Section A - Insuring Agreement

Zurich will indemnify the Insured for its Loss:

- (a) in excess of the Deductible, but not exceeding the Limits of Liability; and
- (b) caused by, or resulting from, any of the Insured Events listed in this endorsement which were first discovered during the Policy Period, and were reported to Zurich:
 - (i) during the Policy Period; or
 - (ii) up to thirty (30) days after the expiry of the Policy Period;

provided that, as of the Inception date of this policy, the Insured was not aware, and could not reasonably have been aware, of circumstances which could produce a Loss under this endorsement. All terms, conditions, definitions and exclusions of the policy apply to the insurance provided by this policy extension unless otherwise expressly amended.

Section B - Insured Events

This policy provides coverage for Loss arising out of the following:

1 Accidental Defect and Accidental Contamination

Any Product Recall arising out of an Accidental Defect or Accidental Contamination of an Insured Product which occurs during, or as a result of, its production, preparation, manufacture, labelling, packaging or distribution, provided that the use or consumption of such Insured Product has caused, or is likely to cause:

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- (a) Personal Injury; and/or
- (b) Property Damage.

Section C – Loss

This policy provides coverage for any of the following reasonable and necessary costs which are incurred by a the Insured directly and solely as the result of a covered Insured Event and subject to the Limits of Liability as stated in Item X of the policy schedule:

All reasonable and necessary;

- 1 **Insured Product Recall Costs** – deemed to be equivalent to the Recall Costs incurred by the Insured as a result of an Insured Event.
- 2 **Third Party Recall Costs** – Insured Product Recall Costs that have been reasonably incurred by a customer of a the Insured in the event that the Insured Product becomes a part of a product manufactured, distributed or handled by such customer and where the Insured is legally obligated to reimburse the customer for such Recall Costs. However, the amount of such costs shall not exceed the total costs the Insured would have incurred in recalling such customers products. Coverage under this section is subject to the Limits of Liability stated in Item X of the policy schedule.
- 3 **Defence Costs** - fees, costs and expenses incurred by or on behalf of a Insured with the prior written consent of Zurich for litigation, arbitration, mediation, adjudication or any other process of dispute resolution in connection with the Insured Event.

Under no circumstances shall any amount claimed and paid under one Insured Event be recoverable under another Insured Event.

Loss does not include matters that may be deemed uninsurable under the law pursuant to which this policy is construed.

Section D - Definitions

- 1 **Accidental Contamination** means the unintentional presence of foreign substances, deficiency, impairment or mislabelling of an Insured Product that renders it harmful in normal use.
- 2 **Accidental Defect** means the unintentional fault, deficiency, imperfection or labelling of an Insured Product that renders it harmful in normal use.
- 3 **Personal Injury** means the personal injury, death, disease, illness, disability but excluding nervous shock or mental injury, unless suffered as a consequence of a Personal Injury, and occurring within one hundred and twenty (120) days following the consumption or use of an Insured Product.
- 4 **Deductible** means the limit above which Zurich will become liable for Losses up to the amount of the Limit of Liability, and is the amount shown at Item X in the policy schedule for which the Insured will be responsible and which will be deducted from all claims settlements under this policy.
- 5 **Employee** means:
 - (a) any person under a contract of service, employment or apprenticeship with the *Insured*;
 - (b) **any self-employed person working under a contract with, and under the direction of, the *Insured*;**
 - (c) **any person hired by the *Insured* from another employer, subject to an agreement under which the person is deemed to be employed by the *Insured*;** or
 - (d) any student or person undertaking work for the *Insured* under a work experience or similar scheme.
- 6 **First Inception Date** means the date stated in Item X of the policy schedule.
- 7 **Insured** shall mean the legal entity stated in Item X of the policy schedule.
- 8 **Insured Product** means:
 - (a) All topical and ingestible products for human consumption, or any of their ingredients; or
 - (b) Any finished products, or any of their components;
 that:
 - (i) have been reported to Zurich for the *Policy Period*; and
 - (ii) are first marketed for sale after the *First Inception Date* specified in Item X the policy schedule; and
 - (iii) are in production or being prepared for sale or have been manufactured, handled or distributed by the Insured, or any manufacturer contracted to a the *Insured*.
- (c) Any new product outside the existing product line reported to Zurich, provided that:
 - (i) written notice is given to Zurich no less than ninety (90) days prior to marketing for sale; and
 - (ii) the *Insured* did not know, or could not reasonably have been expected to know, as of the date of the written notice to Zurich that an *Insured Event* affecting the new product had occurred; and
 - (iii) Zurich has given written acceptance of such new product within 30 days of receipt of the written notice. Such acceptance will not be unreasonably denied. At the discretion of Zurich, such

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acceptance may be accompanied by changes in one or more of the terms or conditions, or the premium, of this policy.

A reference to *Insured Product* in the singular includes a reference to its plural form, *Insured Products*, and vice versa.

9 *Limits of Liability* shall mean the amount stated in Item X of the policy schedule.

10 *Loss* is listed and defined in Section C of this policy.

11 *Policy Period* shall mean the dates specified at Item X of the policy schedule.

12 *Product Recall* shall mean the removal from production, distribution, sale, users or consumers of an *Insured Product* for inspection, disposal, replacement or modification.

13 *Property Damage* shall mean physical damage to, or destruction of, tangible third party property.

14 *Recall Costs* shall mean the following reasonable and necessary costs incurred by the *Insured*:

- (a) The cost of additional communications including crisis consultants, media announcements, media advertising and emergency response telephone lines.
- (b) The cost of direct customer returns and other additional transportation and storage expenses incurred in recalling or withdrawing *Insured Products*.
- (c) The cost of testing and examination of the *Insured Product* in order to determine whether replacement or rectification is necessary;
- (d) The lesser cost of repair or disposal of the *Insured Product*;
- (e) The cost of returning the repaired or replaced *Insured Product*, including packaging;
- (f) The cost of overtime, other additional remuneration, accommodation, out of pocket expenses and travel expenses paid to regular *Employees* as well as the cost to hire additional persons to exclusively perform work in recalling or withdrawing *Insured Products*;

but only if such costs are incurred solely and directly as a result of an Insured Event.

Exclusions

Zurich shall not be liable under this policy in respect of any liability of whatsoever nature directly or indirectly caused by, in connection with or contributed to by or arising from:

- 1 Accidental Defect or Accidental Contamination or Malicious Tampering or Product Extortion of a product of a competitor of the *Insured* or of products similar to an *Insured Product(s)*
- 2 Natural or gradual deterioration, decomposition, or transformation of *Insured Product(s)*, including, but not limited to, any combination or interaction among ingredients, components or packaging unless such deterioration, decomposition or transformation is as a direct result of an act, error or omission in the manufacturing of the *Insured Product(s)*.
- 3 Changes in population, customer tastes, economic conditions, seasonal sales variations, or the *Insured's* competitive environment or arising out of a change in governmental regulations or public perceptions with respect to the safety of any *Insured Product(s)*.
- 4 Any injury, damage, or claim made by a third party arising out of or in connection with the use or consumption of the *Insured Product(s)*. This includes any defence costs related to a third party lawsuit. This exclusion does not apply to third party claims for *Recall Costs*.
- 5 Intentional violation by the *Insured* of any legislation or regulation issued by local, national, international or governmental authority in connection with the
 - (i) testing, manufacture, sale, or distribution of any *Insured Product(s)*
 - (ii) use of any ingredients, components, materials, substances and/or packaging in the manufacturing process
 - (iii) maintenance of adequate documentation of the manufacturing process
- 6 Costs or expenses of any litigation or any proceedings before any local, national, international or governmental authority as a result of an Insured Event or otherwise.
- 7 Any Accidental Contamination or Accidental Defect arising out of;
 - (a) Bioengineering, genetic engineering or genetic modification of any *Insured Product(s)* or
 - (b) Hormone treatments of any *Insured Product(s)* or
 - (c) Irradiation of any *Insured Product(s)* or

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- (d) Transmissible Spongiform Encephalopathies (TSE)
 - (e) Failure by any party other than the *Insured* to adhere to procedures prescribed by the *Insured* regarding the storage, consumption, or use of an *Insured Product(s)*.
 - (f) Any Accidental Defect or Accidental Contamination that occurs after the *Insured* has failed to take reasonable corrective or preventative action in the light of knowledge of a defect or deviation, or likely defect or deviation, in the production, preparation or manufacture of *Insured Product(s)*.
- 8 Any Accidental Contamination arising out of carcinogens, regardless of whether such carcinogens are shown to have other non-carcinogenic effects.
- 9 Notwithstanding any provision in this policy, this endorsement does not insure against;
- (a) Loss to land, water, all land and water based growing crops, all land and water based livestock, and lawns or;
 - (b) Crop failure due to weather, pest or other cause.
- 10 Any costs associated with the expense to design or redesign, engineer or re-engineer any product or *Insured Product*.
- 11 Any Replacement Costs – the cost of restoring the *Insured Product(s)* to merchantable quality or replacing any recalled *Insured Product(s)* that have been destroyed, are un-sellable or are unfit for its original use, with products(s) of similar value.
- 12 Any Rehabilitation Expenses – expenses actually incurred directly by the *Insured* as a direct result of an *Insured Event* to re-establish the *Insured Products(s)* to the reasonably projected level of sales or market share anticipated prior to the *Insured Event*
- 13 Any Business Interruption – being Loss of Gross Profit as a result of an *Insured Event*.
- 14 Any Expenses incurred in the removal or dismantling of property in order to restore or replace an *Insured Product* which has or could give rise to an *Insured Event* and the subsequent expenses incurred in assembly with *Insured Product* that is free of *Accidental Defects*.
- 15 *Insured* that could have reasonably expected to produce a *Loss* under this policy
- 16 Matter or legal proceedings made or brought by or on behalf of any *Insured* against any other *Insured(s)*
- 17 Liability expressly assumed by the *Insured* under a provision in a contract or agreement and which would not have attached in the absence of such provision

Conditions

1 Other Insurance

If, at the time of any damage or occurrence, there be any other insurance or indemnity effected by or on behalf of the *Insured* applicable to such event Zurich's liability shall be limited to its rateable proportion. If any other such insurance or indemnity is subject to any provision whereby it is excluded from ranking concurrently with this policy, whether in whole or in part or from contributing rateably, then Zurich's liability shall be limited in respect of any damage or occurrence to any excess beyond the amount which would have been payable under such other insurance or indemnity had this policy not been effected

2 Salvage

Any salvage or other recovery, after expenses incurred in salvage or recovery are deducted, will accrue entirely to the benefit of Zurich until the sum paid by Zurich has been recovered. In case of damage to property bearing a brand or trademark, or which in any way carries or implies the guarantee or the responsibility of the *Insured*, the salvage value of such damaged property will be determined after removal in the customary manner of all such brands or trademarks or other identifying characteristics, the costs of which will be borne by the *Insured*.

The goodwill and public image of the *Insured* will be considered in determining whether any *Insured Product(s)* should be involved in salvage recovery. Zurich's right to salvage will not be unreasonably restricted by the *Insured*. The *Insured* will have full right to the possession of all goods involved in any *Loss* under this policy and will retain control of all damaged goods. There can be no abandonment of any property to Zurich.

MAKROSAN METAL

SAN. VE TİC. LTD. ŞTİ.

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