

DIRECTORATE GENERAL OF COASTAL SAFETY



TURKISH SALVAGE AGREEMENT (TURKS) 2015

<p>1) Name of the Salvor:</p> <p>DIRECTORATE GENERAL OF COASTAL SAFETY</p> <p><i>(referred to hereinafter as "the SALVOR")</i></p>	<p>2) Property to be salvaged: Name of the vessel:</p> <p><i>Vessel and other property (Bunker,cargo,freight etc.)</i></p>
<p>3) Place of Delivery:</p> <p><i>(Nearest anchorage area shall be assumed as the Agreed Place Delivery unless otherwise is stated)</i></p>	<p>4) The name of Shipowner/ Operator/ Concerned Person:</p>
<p>5) Place of this Agreement:</p>	<p>6) Date of this Agreement:</p>
<p>7) Person signing for and on behalf of the Salvor:</p> <p><i>Signature:</i></p>	<p>8) Master or person signing for and on behalf of the property to be salvaged:</p> <p><i>Signature:</i></p>

*Master, Shipowner, Agent or Concerned Person of the vessel in danger shall hereinafter be referred to as the **MASTER**", The **MASTER** acting for and on behalf of all property to be salvaged has accepted and hereunder signed this Agreement in duplicate consisting of 9 Clauses and 4 pages.*

ARTICLE 1—This agreement has been executed on the principle of “no cure-no pay” with the exception of the provisions specified in Article 6 below.No objection can be raised that the service provided in accordance with this agreement is a salvage related service.

ARTICLE 2—The MASTER has requested the SALVOR to save the property which had been in danger and stated in Box 2, against a remuneration, and to be delivered to him at the place stated in Box 3. The SALVOR, by accepting the request undertook to endeavor utmost effort to save the property within the context of provisions of this agreement at its own expense and by using its own services and equipment. Any of the services rendered by the Salvors to the property before and up to the date of this agreement shall be deemed to be covered by this agreement.

The SALVOR is always entitled to use his absolute discretion at the commencement of the salvage operation and until its conclusion in deciding whether the services will yield result or the properties stated in Box 2 are worthwhile compared to the cost of the services provided to save the same property.

When there is no longer any reasonable prospect of a successful result yielding to a salvage award or if The SALVOR is convinced that under any circumstances the values of the property stated in Box 2 will not justify the cost of the services rendered, The Salvor is entitled to exercise its absolute discretion to withdraw from this salvage agreement and to terminate the salvage operation notwithstanding that the operation may have already started. If the SALVOR withdraws from the agreement and terminates the salvage operation, no claim can be made against the SALVOR. If the vessel or the properties on board are partly saved, the SALVOR shall be entitled to be remunerated in commensurate with the the property saved. The remuneration shall not exceed the saved value .

The SALVOR has always absolute authority to render salvage operation by using any of the salvage tugs mentioned in this agreement or assigned for the salvage operations or any other vessels and equipment in its possession and to change any tug/vessel or equipment at any stage of the operation.

ARTICLE 3— The Master of the vessel in danger shall perform all maneuvers and operations that the SALVORS deem necessary and shall put all necessary relevant equipment under the discretion of The SALVOR. The SALVOR is entitled to use, within the scope of this salvage service, the engine, the anchor, the chain and all other equipment and accessories belonging to the vessel in danger free of charge. For this purpose, the SALVOR may displace all equipment mentioned above and transfer them into another vessel or salvage tug allocated to this Salvage Operation.

Within the scope of this salvage operation, the SALVOR under his absolute discretion may discharge, freely displace, transship everything on board the vessel in danger including the cargo, ballast, bunkers, means and accessories, equipment etc. and may jettison anything which it deems necessary. Therefore the SALVOR can not be held responsible for any claim.

The SALVOR cannot be held liable for incurred damage, damages and losses or total loss on hull, equipment, cargo and other values of the vessel in danger within the scope of this Salvage Operation due to maneuvering, loading / discharging, towing / pushing or any other acts or due to adverse weather conditions or any other reason whatsoever.

The parties are liable to exercise due diligence for prevention and restriction of environmental pollution damage.

ARTICLE 4 - The Master and the crew of the Vessel exposed to risk can not in any way intervene to the salvage operation, hinder or attempt on their own any maneuvers and operations. Furthermore, The MASTER and The Crew are obliged to promptly provide all the information and specifications and other relevant matters relating to the vessel, cargo, casualty to the Master of the Salvage Tug.

Furthermore, The MASTER is obliged to provide the SALVOR in writing the nature, quality, quantity and values of the cargo and bunker on board together with the names of the insurance companies of the vessel, cargo and freight and their insured values and whether the freight is collected or not. If the freight is partially collected the amount collected must also be informed in writing.

In case the SALVOR is intervened by the Master and thus prevented to complete the salvage operation, the salvage service shall nevertheless be deemed to have been fully and satisfactorily rendered and the salvage remuneration shall be assessed and paid accordingly.

ARTICLE 5—The Salvage Operation shall be deemed to have been successfully performed and The Salvaged Property is considered to have been delivered to The Master on the date when the conditions stated in the last paragraph of Article 4 are materialized, or when the property is brought to the place stated in Box 3 or secured where they are located

The MASTER, following completion of the Salvage operation in accordance with the first paragraph of this ARTICLE, is immediately obliged to provide a jointly and severally liable, without any time limitation a cash security or an acceptable Bank Guarantee as per the attached copy and in the form, terms and in the amount determined by the Salvor against the salvage remuneration, costs, interest, arbitrators' and solicitors' fees, arbitration costs as well as all other items The MASTER may be liable to pay the SALVOR. The amount of security shall not in any way affect the determination of the salvage remuneration by the arbitrators and imposition of the costs and other liabilities. No claim for compensation may be made against the SALVOR for having obtained a high amount of security.

The SALVOR, may keep a vessel standby in the vicinity of the salvaged property or take other precautionary measures until such date the appropriate security is provided in accordance with the terms of this Agreement. The costs and losses incurred and damages suffered because of such reasons mentioned above shall be taken into account when the salvage remuneration is determined. While determining this remuneration, the time spent is calculated as a period the vessel moves from its location until she returns back to the mooring berth.

Pursuant to this Agreement and as per the relevant provisions of the Turkish Code of Commerce regarding salvage, the SALVOR have the right of arrest and exercise lien over the property salvaged. The salvaged vessel and the cargo, bunker and other property on board can not be moved from the place stated in Box 3, moved to another place and, the cargo and the bunker onboard the salvaged vessel can not be removed from the vessel without the written consent of the SALVOR.

Not only one security but also separate securities may be given against the salvaged properties with the written consent of the SALVOR. Although separate securities are given against the salvaged properties, the SALVOR may still exercise the legal process against the shipowner for the whole salvaged-properties.

In case no security is provided or the security provided is insufficient, the SALVOR shall be free to exercise all its legal rights including but not limited to exercising lien and arrest or to detain the vessel, the Cargo and other property thereof through a precautionary detention or precautionary judgement of arrest, until such time that full security is provided and/or completed. The responsibility for any loss or damage that may be sustained by the salvaged properties as a result of such exercise, shall lie with the persons concerned with the salvaged properties.

In case of any reason the cargo on board is removed from the salvaged vessel without any security or with insufficient security, the owner of the salvaged vessel and The MASTER shall be personally liable to the SALVOR in respect of the cargo interests' share of the salvage remuneration without prejudice to the other rights of the SALVOR arising from the Turkish Code of Commerce.

ARTICLE 6- If the salvage operation under this agreement is rendered for a vessel and/or the property onboard the vessel which poses a threat for the environment, and the SALVOR is not entitled to a salvage remuneration which is at least equivalent to the special compensation to be calculated, then the SALVOR shall ask for the expenses incurred for the salvage services rendered from the owner.

If the SALVOR prevented or restricted environmental damages by way of his salvage services rendered as per the circumstances specified in the first paragraph of this article, the special compensation to be paid by The Owner to the SALVOR in accordance with first paragraph may be increased up to thirty percent of the expenses incurred by the SALVOR. Taking into account the criteria of the Turkish Code of Commerce regarding the determination of salvage remuneration, the amount of special compensation may be further increased in conformity with fairness and goodwill. However, this increase cannot exceed one hundred percent of the expenses incurred by the SALVOR.

ARTICLE 7- The Owner of the salvaged vessel is jointly and severally liable to the SALVOR together with the cargo interests for the latter's share of the salvage remuneration, arbitrators' fees, solicitors' fees, costs and other financial burdens. Further, the shipowner is responsible for the full amount of claim including all associated expenses. The owner of the salvaged vessel shall pay the whole claim to the SALVOR relating to the salvage service

rendered. The SALVOR shall be absolutely free to direct his claim against the shipowner alone or the owner of the cargo together with the shipowner or the MASTER at the basis of solidarity and participation in covering property salvaged at the suit to be filed to collect its receivables.

The shipowner agrees to pay the salvage remuneration and the associated expenses relating to the vessel, bunkers, cargo and the freight in full and also agrees that the relevant claim can be directed to himself alone. The fact that securities are provided separately shall not in any way affect to direct to the parties.

Where an amicable settlement cannot be reached between the parties, the conflict related with the determination, designation and collection of the salvage award arising from the salvage services rendered to the property salvaged and the special compensation amount specified in Article 6, shall be resolved by reference to arbitration in Istanbul at the request of either party within the legal period. The parties may not bring separate court actions for determination, designation and collection. Any other conflicts other than the determination, designation and collection of the salvage award or special compensation shall be resolved and settled by the Istanbul Courts in accordance with the general provisions.

The SALVOR shall appoint one arbitrator and The MASTER acting on behalf of the property salvaged shall appoint his own arbitrator. Upon the notification of the arbitrator assignment of one of the parties to the other, the other party shall assign his own arbitrator within one week after receiving the notification and acknowledge to the other party. Assigned two arbitrators shall select the third one.

If one party fails to appoint his arbitrator and fails to give notice to other party within one week after receiving notification of an arbitrator's choice as stated in this ARTICLE, the second arbitrator shall, upon the application of the either party, be appointed by the Istanbul Court with competent jurisdiction. If the appointed two arbitrators fail to agree on the appointment of the third arbitrator, the third arbitrator shall be appointed by Istanbul Court upon the application of either party. However, only natural persons may be assigned as arbitrators.

The arbitrators shall complete their investigation and issue an award within 90 days of the first meeting on which the parties have been invited to attend, regardless of whether the parties have actually attended or not.

Arbitrators are not bound to the applicable legislation with respect to jurisdiction procedure, *excluding mandatory rules of Arbitration*. Any party not attending to the investigation hearing shall not be notified and the trial shall progress in his absence. Turkish Substantive Law rules are applied to the merits of the dispute. Incumbency certificate shall not be issued by the arbitrators.

The arbitration period may be extended by the mutual consent of the parties or by the decision of a competent court upon the application of either party.

Where separate securities have been received for salvaged properties, the arbitrators shall separately state in their award the values of the salvaged property and their ratios.

The arbitrators shall be paid on the basis of the amount under the award. This amount shall be 12 % of the sum awarded. The award accrued from this rate shall belong to the interests and/or owners of the salvaged properties and shall be equally distributed between the arbitrators.

The arbitrators shall apply an interest on the awarded sum commencing on the day after the salvage operation has ended, at the rediscount rate on Short Term Loans announced by the Central Bank of the Republic of Turkey.

ARTICLE 8 – Following the signing of the agreement;

If the vessel in danger is refloated by her own means until the SALVOR arrives at the place of the casualty, the SALVOR shall be entitled to recover an appropriate remuneration against the expenses and any damages it has incurred.

If the vessel and/or the other property in danger is salvaged by third parties or by another vessel belonging to the same persons, those concerned with the vessel and/or the other property in danger agree to pay to the SALVOR the full salvage remuneration in terms of indemnity.

ARTICLE 9 – The salvage remuneration determined by the arbitrators as well as solicitors' and arbitrators' fees, interest and other arbitration costs shall be paid to the SALVOR within 30 days after the written arbitration award is notified to The Master or to his attorneys. Otherwise, the SALVOR shall be entitled to recover its full claim from the security it holds or from the vessel, cargo and the other property.