

GENERAL TERMS AND CONDITIONS OF HEMOFARM D.O.O.

BANJA LUKA

FOR PURCHASE OF GOODS

Article 1: Subject of Regulation

- (1) Subject of regulation of these General Terms and Conditions of HEMOFARM D.O.O. for Purchase of Goods (hereinafter: '**General Terms**') is defining of general terms which will regulate business relationship between HEMOFARM D.O.O. and suppliers in terms of purchase of goods by HEMOFARM D.O.O., in all situations in which this relationship is not stipulated otherwise in writing.

Article 2: Scope

- (1) General Terms shall be implemented in all cases of purchase of goods by HEMOFARM D.O.O., unless contractual parties have agreed on another arrangement in writing. If only certain elements of a business relationship are agreed in writing, these General Terms shall be implemented in the part which is not regulated by written agreement. General Terms of a supplier shall not be considered written agreement between parties, unless otherwise agreed in writing.
- (2) A condition for implementation of these General Terms is that a supplier has been previously informed about their implementation in a written or electronic form by HEMOFARM D.O.O., and that it has not explicitly rejected it.
- (3) Special clauses or terms between the parties shall be valid only if agreed in writing. Potential implementation of a part of agreement upon offering an amendment to the agreed terms, and before their explicit adoption, shall not be considered conclusive acceptance of these terms.
- (4) General Terms shall also be implemented on current transactions with suppliers, provided a supplier agrees upon their implementation after they have become effective.

Article 3: Entering into Agreement

- (1) Only orders made by HEMOFARM D.O.O. by means of written or electronic purchase order will be binding and shall be considered an offer for entering into agreement.
- (2) An offer made in accordance with the provision of item 1 will be binding upon HEMOFARM D.O.O. within 7 days from the date of receipt of purchase order. If a supplier confirms the order in writing within the given period, it will be considered that HEMOFARM D.O.O. and supplier have entered into purchase and sales agreement.
- (3) If a supplier explicitly states that it does not accept a purchase order, the sent purchase order shall no longer be binding upon HEMOFARM D.O.O..
- (4) If a supplier fails to respond within 7 days from the purchase order receipt date, it will be considered that the purchase order is accepted.

- (5) In case it is required to change the terms from a purchase order after the purchase order has been accepted, HEMOFARM D.O.O. will send the modified purchase order to the supplier, noting that a change in a previously sent purchase order is in question. The rules from this Article shall be implemented on acceptance of the purchase order modified in such a manner.
- (6) In case a modified purchase order is accepted, it will completely replace the previous purchase order. In case a modified purchase order is not accepted, HEMOFARM D.O.O. will be able to request implementation of the original purchase order as well.

Article 4: Prices

- (1) The price set out by items in the purchase order will be binding upon HEMOFARM D.O.O. within the deadlines indicated in the previous Article, and upon supplier as of the moment of purchase order confirmation.
- (2) Pricing included in the purchase order shall also be influenced by the delivery terms defined in it (Incoterms 2010).

Article 5: Invoices

- (1) If a purchase order is accepted, a supplier shall deliver to HEMOFARM D.O.O. a corresponding invoice for the delivered goods.
- (2) An invoice has to be delivered to HEMOFARM D.O.O., along with necessary enclosures, minimum two copies, specifically:
 - minimum one original copy of an invoice with enclosures in hard copy by mail to the address of HEMOFARM D.O.O. headquarters.
 - minimum one copy of an invoice with enclosures on the occasion of goods delivery, together with the shipment.
- (3) Mandatory elements of every invoice, in addition to the ones regulated by the state authorities, are as follows:
 - name of employee who carried out the order on behalf of HEMOFARM D.O.O.;
 - number and date of order indicated in the purchase order sent by HEMOFARM D.O.O.;
- (4) HEMOFARM D.O.O. reserves the right to require from a supplier to complete incomplete invoices, correct mistakes in their contents or deliver them in a corresponding number of copies, and it shall not be obliged to effect payment until correct and complete invoices in a sufficient number of copies have been delivered to it.

Article 6: Payment terms

- (1) If not otherwise agreed in writing, payment terms and deadlines shall be defined in the purchase order, whereby they cannot be agreed in the manner different from the one regulated by positive legislation.

Article 7: Delivery time

- (1) Delivery dates and deadlines indicated in a purchase order shall be binding upon HEMOFARM D.O.O. within the deadlines indicated in the Article 3, and upon a supplier from the moment of purchase order confirmation.
- (2) If a delivery is delayed, a supplier is obliged to inform HEMOFARM D.O.O. thereof in writing without any delay. Sending of such a notification shall not be considered prolonging of a delivery deadline, and such a deadline can be prolonged only by mutual agreement of both parties. HEMOFARM D.O.O. reserves the right to claim everything that may belong to it on the grounds of the delay (liquidated damages, penalties, etc.).
- (3) A delivery shall be considered completed at the moment when HEMOFARM D.O.O. receives the ordered goods with the entire documentation accompanying such type of goods. A delivery shall not be considered completed if goods are delivered, but with incomplete documentation or without any documentation.

Article 8: Transfer of risk and delivery quantities

- (1) If not agreed otherwise in writing, risk transfer date shall be established in line with commercial terms 'Incoterms 2010' of the International Chamber of Commerce (ICC).

Article 9: Supplier's responsibility for quantity of goods

- (1) In case a supplier delivers to HEMOFARM D.O.O. a larger quantity of goods than it was ordered, HEMOFARM D.O.O. reserves the right to state that it does not accept the surplus right after it has noticed it, and to return all delivered quantities exceeding the ordered ones to the supplier at its expense.
- (2) In case a supplier delivers to HEMOFARM D.O.O. a smaller quantity of goods than it was ordered, HEMOFARM D.O.O. reserves the right to request from the supplier to deliver the missing quantities of goods within reasonable period, which will be defined for a specific case.
- (3) If a supplier, at the request of HEMOFARM D.O.O., does not conduct delivery of the missing quantities of goods within the period from the item 2 of this Article, HEMOFARM D.O.O. shall be entitled to claim compensation for possibly suffered damages.
- (4) Deviations of up to +/-5% compared to the quantity of ordered goods shall not be considered deficit or surplus of goods, except in case HEMOFARM D.O.O. states that it does not accept the deviation right after it has noticed it.

Article 10: Responsibility of supplier for quality of goods

- (1) A supplier is obliged to observe all quality standards and specifications common for such a type of goods. In case examination of goods establishes that they do not have qualitative characteristics for regular use in accordance with the stipulated quality standards and specifications, HEMOFARM D.O.O. shall inform the supplier thereof in writing.
- (2) HEMOFARM D.O.O. shall inform a supplier about the observed defects right after it has noticed them, and within 12 months from the day of the goods delivery at the latest, and request from

the supplier to eliminate them as soon as possible, if feasible, whereas the deadline will be defined in every specific case.

- (3) If a supplier, at the request of HEMOFARM D.O.O., fails to eliminate the observed defects within the stipulated deadline or if it is not feasible, HEMOFARM D.O.O. will be entitled, at its own discretion, to reduce the price for the delivered goods or terminate the agreement and return the entire quantity of the received goods to the supplier, claiming possibly paid price and compensation for possibly incurred damages.
- (4) In case a supplier disputes the statement by HEMOFARM D.O.O. on inadequate quality of goods, a sample of the goods shall be sent for the purpose of determination of its quality for assessment to an independent third party qualified for quality assessment of the subject goods, which will be chosen in agreement with a supplier. Costs of quality assessment by the independent third party shall be paid in advance by both parties in equal amounts, and finally borne by the party the claim of which turns out to be incorrect.

Article 11: Guarantee

- (1) In case it is usual that a manufacturer issues a guarantee for the delivered goods, HEMOFARM D.O.O. shall accept it and use it throughout the entire period of its validity, in full scope of the rights stipulated by such a guarantee.

Article 12: Responsibility of supplier for damages incurred to third parties or recall of goods

- (1) In case any third party suffers damages or it is necessary to recall, destroy or in any other way neutralize the purchased goods due to the use or characteristics of goods, and for the reasons related to the actions of a supplier or inadequate quality of goods, HEMOFARM D.O.O. shall be entitled to claim from the supplier a compensation for the damages suffered as a result.

Article 13: Protection from eviction

- (1) A supplier guarantees that there are no third party rights to goods which are the subject of sales (protection from eviction).
- (2) If these rights nevertheless exist, HEMOFARM D.O.O. shall, immediately after becoming familiar with the existence of the rights, inform the supplier thereof and provide to it a reasonable period to eliminate these rights, or to deliver to it the goods without legal irregularities at its own expense.
- (3) If a supplier does not proceed according to the request from item 2 within the stipulated period, HEMOFARM D.O.O. shall decide whether it will terminate the agreement, return the goods to the supplier and require a refund of the purchase price, or it shall require only the purchase price reduction, and it shall, at any rate, be entitled to compensation of damage.

Article 14: Dispatch note, goods packaging and designation

- (1) The rules from the internal enactments of HEMOFARM D.O.O. shall be applied in view of a dispatch note form and contents and the method of goods packaging and designation, unless otherwise stipulated by the regulations of the Bosnia and Herzegovina or the country of origin in view of the method of goods packaging and designation.

Article 15: Property right reservation

- (1) In case that the subject of purchase is preparation of a new item from the components owned by HEMOFARM D.O.O., the property right to them shall be reserved, until the procedure of preparation or change of the item has been completed. Upon the completion of this procedure, HEMOFARM D.O.O. shall become the owner of the newly-created item.
- (2) If the preparation of the new item from the components owned by HEMOFARM D.O.O. is finally unsuccessful, the supplier shall be obliged to return the components to HEMOFARM D.O.O., if possible, as well to return to it the received compensation and cover the suffered damage.
- (3) In case the subject of purchase is preparation of a new item from the components belonging to both HEMOFARM D.O.O. and supplier, HEMOFARM D.O.O. shall acquire the property right to this item, whereby it shall be obliged to compensate the supplier for the proportional value of the components which were in its property, unless it has already been included in the calculation of the purchase price.

Article 16: Treatment of accompanying documents and supplements

- (1) Documents and supplements required for purchase of items, which HEMOFARM D.O.O. provides to the supplier (e.g. samples, plans, films, instruments and models) remain the property of HEMOFARM D.O.O. and shall be treated as confidential.
- (2) After accomplishment of a purchase order, all documents and supplements must be immediately returned to HEMOFARM D.O.O., unless otherwise agreed in writing or required for carrying out further purchase orders. The supplier may not retain them as a guarantee of collection of its receivables from HEMOFARM D.O.O..
- (3) If preparation of required documents or supplements is a part of a purchase procedure, it shall be deemed that HEMOFARM D.O.O. has acquired the property right to them at the moment of their preparation completion.
- (4) Documents and supplements must not be used for any other purposes, and particularly must not be available to a third party, or used for fulfillment of obligation of the supplier towards third parties, except in case of providing a written consent by HEMOFARM D.O.O.. Exceptionally, they can be used for manufacturing the products for the needs of HEMOFARM D.O.O. based on other purchase orders, even without a prior consent in writing.

Article 17: Force Majeure

- (1) The 'Force Majeure', in view of these terms and conditions, implies all kinds of natural disasters, social and political events, orders and regulations passed by official state authorities, which could not have been envisaged at the time of purchase order, and which are of such nature that they disturb, to a significant extent, the regular operation of contractual parties, objectively disabling them to fulfill their obligations.
- (2) The 'Force Majeure' shall not imply the events which can be considered to be one of the above mentioned categories, but which are not of such scope that they affect the regular operation of HEMOFARM D.O.O. or the supplier, or the ones which could have been envisaged at the time of purchase order.

- (3) In case of occurrence of Force Majeure, the party affected by it is obliged to inform the other party thereof without delay, and to deliver evidence thereof, unless the generally known circumstances are concerned.
- (4) If the other party agrees with it, both parties shall, as soon as possible, agree on the modalities of further proceeding. The party affected by the Force Majeure shall be exempted from all of its liabilities based on the purchase order during the period of Force Majeure, and the periods stipulated by these General Terms shall not run.
- (5) However, in case that the Force Majeure affecting the supplier lasts for a period exceeding 3 months, due to which the purchase order cannot be accomplished, HEMOFARM D.O.O. shall be entitled to cancel the purchase order and it shall be exempted from all of its liabilities based on it, and it shall also be entitled to the refund of all possibly previously paid amounts of the price.

Article 18: Confidentiality

- (1) A supplier is obliged to keep its relationship with HEMOFARM D.O.O. confidential, and not to disclose the details thereof to third parties, including other companies which are the members of its business system, as well as the employees who were not directly involved in the business relation with HEMOFARM D.O.O., except upon a prior consent of HEMOFARM D.O.O. in writing.
- (2) A supplier shall be obliged to keep confidential all documents, data and other information, made available to it by HEMOFARM D.O.O. in any way (in writing, verbally, visually and/or in electronic form), and it shall indemnify HEMOFARM D.O.O. for any possible damage that may arise from violation of this obligation.
- (3) If the production of a product for the needs of HEMOFARM D.O.O. was the subject of purchase, this product may not be mentioned, illustrated or alluded to in advertising of the supplier, without a prior written consent of HEMOFARM D.O.O..
- (4) The provisions of this article shall not be applicable to the suppliers with which Non-Disclosure Agreements have already been concluded, even in case that the provisions of these General Terms are completely applied to the remaining part of the relation.

Article 19: Provisions referring to insurance and safety

- (1) In case a part of an order is carried out in the business facilities or plants of HEMOFARM D.O.O., a supplier shall be obliged to insure itself against all damages that might arise from such a job, particularly against the damage that might affect its employees and property.
- (2) The supplier's employees are obliged to observe the instructions of the persons in charge of safety during their stay in the business facilities or plants of HEMOFARM D.O.O.. If a supplier's employee suffers damage during his/her stay in the premises or plants of HEMOFARM D.O.O., HEMOFARM D.O.O. shall be responsible for the damage only in case it resulted from inadequate instructions given by the persons in charge of safety.

- (1) Acknowledgement of individual trade receivables based on individual delivery shall not be considered the acknowledgment of all receivables of that supplier, nor shall it have any impact on its legal status.
- (2) The Commercial Court with the seat in Banja Luka shall be competent for all disputes arising from the relations with suppliers headquartered in the territory of the Bosnia and Herzegovina or suppliers that have their branch offices in the territory of the Bosnia and Herzegovina. The legislation of the Bosnia and Herzegovina shall be applicable.
- (3) All disputes arising from the relations with suppliers headquartered outside the territory of the Bosnia and Herzegovina shall be resolved through arbitration, in accordance with the Swiss Rules of International Arbitration, before the Swiss Chambers' Arbitration Institution, effective as on the date of submission of the request for conducting an arbitration. There will be three arbitrators. Arbitration seat shall be in Geneva. English language shall be the arbitration language.
- (4) Exclusive of the provision of the item 3 of this article, the jurisdiction of a court or arbitration with the seat in a neutral, third country, shall be contracted for the suppliers with own seat or the seat of the founder in the territory of Switzerland, in each specific case. In case of failure to contract such a jurisdiction, the provision of the item 2 of this article shall be applicable.
- (5) Invalidity, inapplicability or waiving of the application of any provision of these General Terms and Conditions of HEMOFARM D.O.O. for Purchase of Goods shall not affect the validity or application of other provisions. Instead of such a provision, a provision which will provide for its commercial purpose, shall be applicable.
- (6) All previous agreements, correspondence or understandings between suppliers and HEMOFARM D.O.O., which were valid until the moment of adoption of these General Terms by suppliers, are superseded by acceptance of these General Terms.
- (7) These General Terms have been published on the official website of HEMOFARM - www.hemofarm.com in the Serbian and English language.