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The translation from the Serbian language to the English language of The General Terms of Joint Stock Telecommunications Company Telekom Srbija Beograd for Supply of Mobile Phones, Tablets and Other Devices Intended for Further Sale, is provided to inform in English all interested parties about the contents of the document which is the subject of the translation.

The Joint Stock Telecommunications Company Telekom Srbija Beograd particularly points out that the version of the text "The General Terms of Joint Stock Telecommunications Company Telekom Srbija Beograd for Supply of Mobile Phones, Tablets and Other Devices Intended for Further Sale, number 4908/2-2017 dated 06/01/2017", which is the subject of the translation in this document and published in the Serbian language on the Internet page <https://www.mts.rs/otelekomu/javne-nabavke/opsti-uslovi> is exclusively and solely legally valid and applicable.



Belgrade, Takovska 2

Number:

Date:

GENERAL TERMS OF JOINT STOCK TELECOMMUNICATIONS COMPANY TELEKOM SRBIJA BEOGRAD FOR SUPPLY OF MOBILE PHONES, TABLETS AND OTHER DEVICES INTENDED FOR FURTHER SALE

The General Terms of the Joint Stock Telecommunications Company Telekom Srbija Beograd for the supply of mobile phones, tablets and other devices intended for further sale (hereinafter: the General Terms) determine the uniform rules for all commercial companies which are contractual partners of the Joint Stock Telecommunications Company Telekom Srbija Beograd (hereinafter: the Client) in terms of regulating mutual relations regarding the supply of mobile phones, tablets and other devices intended for further sale. The Purchase Order shall specify the rules and obligations of the Parties determined by these General Terms for the particular project. The Client may change, supplement or replace the General Terms by other General Terms in accordance with its business policy, whereas the General Terms in force at the moment of Purchase Order effective date shall be applied to each particular project.

Article 1 Definitions

Particular expressions used in the General Terms shall have the following meanings:

- 1) **The Client** means Joint Stock Telecommunications Company Telekom Srbija Beograd,
- 2) **The Supplier** means the legal entity to which a Purchase Order for the supply of Devices is issued by the Client, pursuant to accepted Supplier's bid for particular project,
- 3) **The Parties** means collectively the Client and the Supplier, and individually the "Party";
- 4) **General Terms** means the rules which apply to the supply of Devices. The General Terms shall apply to everything not specifically regulated by the Purchase Order,
- 5) **Purchase Order** means terms for supply of Devices, issued to the Supplier by the Client for the particular project, pursuant to the accepted Supplier's bid. By submitting the bid for the particular procurement the Supplier accepts these General Terms as integral part of the Purchase Order. The following important elements shall be determined by the Purchase Order: the scope of supply, value of Purchase Order, payment terms, deadline and place of delivery, and other elements important for the implementation of particular project. Attachments to the Purchase Order are as follows: accepted Supplier's bid, specification of Devices with unit prices and total price and possibly other documents relevant for implementation of particular project.
- 6) **Devices** means mobile phones, tablets and other devices intended for further sale.

Article 2 Scope of General Terms

The scope of the General Terms is to regulate the mutual relations of the Parties regarding the supply of Devices which is specified in detail in the Purchase Order. The Supplier shall deliver the Devices all in accordance with the Supplier's bid which has been accepted by the Client, these General Terms as well as attachments which will constitute an integral part of the Purchase Order.

Article 3 Value of Purchase Order

The value of the Purchase Order shall be quoted in RSD. All variable costs incurred until delivery to Client's warehouse shall be included in the value of Purchase Order exclusive of the value added tax the costs of which shall be borne by the Client.

Article 4 Payment terms

The payment for the delivered Devices shall be effected by the Client in accordance with the applicable Financial Policy of the Client and shall be specified in the Purchase Order.

Article 5 Elements and manner of invoice submission

The invoice must include all the elements prescribed by the Law on Value Added Tax of the Republic of Serbia and the by-laws.

The invoice with the accompanying documents shall be submitted in 3 copies (one original + 2 copies) to the Client's file room indicating the competent organizational unit of the Client (Finance Division, Finance Department for Residential and Business Customers).

The invoices which are not made in accordance with the above stated shall be returned to the Supplier and the payment shall be deferred to the detriment of the Supplier until the correct invoice is submitted.

The time limit for the issuance of the invoice shall be 3 (three) days from delivery date at the latest.

Article 6 Place and deadline of Devices delivery

The Devices shall be delivered to the Client's warehouse. The Supplier is obliged to notify the Client in writing of the readiness of the Devices for delivery 2 (two) days prior to delivery. Individual deliveries are allowed.

The deadline for delivery of Devices shall be stated in the Purchase Order.

Article 7 Liquidated damages

In case delivery of Devices is delayed due to the reasons that can be attributed to the Supplier, the Client is entitled to collect the liquidated damages amounting to 5‰ (five per mill) of the value of delayed Devices, for each day of delay, and maximum up to 20% (twenty percent) of the total value of the Purchase Order.

The Client is entitled to collect the liquidated damages without a specific notice to the Supplier by issuing the relevant calculation with payment term of 15 (fifteen) days as of the issuance date thereof.

The collection of liquidated damages shall not exclude the Client's right to indemnification.

Article 8 Advance payment security instrument

In the event that advance payment is provided for under the Purchase Order, the Supplier undertakes, along with the pro-forma invoice, to submit to the Client as advance payment security instrument, an irrevocable and unconditional bank guarantee for the return of unjustified revalued advance, payable on first demand and without objections, and drawn up according to the model provided in Attachment 1 to the General Terms.

The guarantee shall be issued by the bank acceptable to the Client, to the total value of advance payment, increased by pertaining VAT, with validity period until the moment of the full justification of advance payment.

The bank guarantee shall be linked to Euro.

In the event that the delivery deadline is extended, the Supplier shall extend the validity period of the bank guarantee.

In the event that the Supplier fails to perform, fully or partially, its obligations from the Purchase Order and General Terms, the Client shall return the value of the unjustified part of advance payment through the activation of the bank guarantee.

Unjustified advance payment shall be revalued by applying the middle exchange rate of the NBS for EUR/RSD at the date of the bank guarantee collection.

The costs of bank guarantee shall be borne by the Supplier.

Article 9 Packaging

All Devices must be packed in the manner which ensures their complete protection against damage and loss.

Each crate must have a label, Serbian mark of compliance with substantive legal regulations of the Republic of Serbia.

Each transport crate which contains separate packages of the Devices must be marked with 2D barcode label which contains only IMEI of separate packages of the Devices inside that crate, where the IMEI numbers are separated by blank signs as separators. There must not be any character (nor blank sign) after the last serial number. Such 2D barcode at the transport crate must not contain control numbers. The Devices that do not have the IMEI numbers on the label must contain the serial numbers instead.

Prior to the delivery, the Supplier is obliged to submit the information on the IMEI, i.e. serial number of the Device and related MAC address, in electronic format, in Excel table.

Original operating instructions in the Serbian language must be delivered with each Device.

Article 10 Acceptance

The acceptance of Devices shall be carried out at the Client's warehouse, about which the dispatch note shall be signed.

The Supplier undertakes to rectify defects related to the quantity of Devices within 10 (ten) days from the receipt date of complaint, after which the Minutes of Quantitative Acceptance without objections shall be made.

The qualitative acceptance of Devices will be carried out by checking random samples, about which the Minutes of Qualitative Acceptance shall be made.

The complaints regarding the quality of Devices shall be taken into consideration by the Supplier, provided that they are submitted by the Client exclusively in writing within 7 (seven) days from the date of the performed acceptance.

The Client is obliged to keep the Devices under complaint until such complaint is being acted on, otherwise it shall be held responsible for the damage and arising costs. Upon the expiration of the time limit of 10 days, the Supplier shall be held responsible for the damage and arising costs.

The Supplier undertakes to rectify defects within 10 (ten) days from the receipt date of complaint.

In case the time limit from the previous paragraph is exceeded, the Supplier undertakes to pay to the Client liquidated damages amounting to 5‰ (five per mill) of the total value of Devices for which the complaint settlement is delayed, for each day of delay, and maximum up to 20% (twenty per cent) of the total value of Devices for which the complaint settlement is delayed. For the collection of liquidated damages the Client shall issue to the Supplier the relevant calculation with payment term of 15 days as from the issuance date thereof.

Upon rectifying of defects related to the quality of Devices by the Supplier, the Minutes of Qualitative Acceptance without objections shall be made.

Article 11 Warranty period and servicing

For each Device the warranty for servicing must be provided during minimum 24 (twenty-four) months as from the date of sale of Device to the end user. The delivered Devices must be attested and must meet GSM, UMTS and LTE standards (where applicable).

The Supplier guarantees that the Devices under the scope of this contract are new, unused, and that the quality of components and materials used in manufacture, as well as the quality of technical workmanship meet the highest technical standards and norms.

The Supplier is obliged, in cooperation with the manufacturer of Devices, to provide the service support for the purpose of rectifying, free of charge, all defects on delivered Devices, if any, which are identified during the warranty period.

The Supplier undertakes to forthwith and without delay inform the Client of any changes which have occurred with regard to service support, such as change of authorized service providers and other changes of importance for servicing provision.

The Supplier undertakes to ensure that the authorized service provider for the Devices, within 8 days from the date of complaint about the Devices, will provide information of whether the complaint is accepted or not and will perform the servicing procedure (repair/replacement) of the malfunctioning Devices within the time limit less than 15 days as from the moment of the Devices submission to the authorized service provider.

In case the time limit from the previous paragraph is exceeded or if it is impossible to repair the Device, the Client shall collect the liquidated damages from the Supplier to the amount of Device value stated in the Purchase Order. For the collection of the liquidated damages the Client shall issue to the Supplier the relevant calculation with payment term of 15 days as from the issuance date thereof.

Upon the expiration of the warranty period, the Supplier undertakes to provide servicing and spare parts during the period of 3 (three) years as from the date of sale of Device to the end user.

If during the sale of Devices to the user the Client identifies some fault on the Device or defect in Device packaging, the Supplier undertakes to replace the Device with a new one within 7 (seven) days from the receipt of Device and complaint.

In case the time limit from the previous paragraph is exceeded, the Client shall return the Device to the Supplier and it shall issue the relevant calculation to the amount of Device value stated in the Purchase Order with payment term of 15 days as from the issuance date thereof.

Article 12 Intellectual property rights

In the event that the use of delivered Devices should result in a claim for damages by a third party for infringement of its patent, copyrights or other intellectual property rights, the Supplier hereby undertakes to hold the Client harmless fully and without limitations against all liabilities, damages, losses, expenses and acts arising out of such actions and claims and shall take all necessary measures, so as to enable the continuation of use, especially such as, at its own expense to secure the right of use of the delivered Devices or, with the Client's approval, to modify the parts in breach or replace them with other parts which are not in breach.

Article 13 Force Majeure

If Force Majeure events obstructing or preventing the performance of contractual obligations occur after the issuance of the Purchase Order, the time limits for the performance of the contractual obligations of the Parties shall be justifiably extended for the period of the Force Majeure event duration.

Force Majeure assumes extreme and extraordinary events that cannot be predicted, that occurred without the will or influence by the Parties, and that could not be prevented by the affected Party. As Force Majeure events can be understood, but without limitation to, such events as floods, earthquakes and fire, political events (war, large-scale riots, and strikes), imperative decisions of the authorities (ban on export and import traffic). The lack of semi-products and labour will not be considered as Force Majeure.

The Party affected by Force Majeure shall forthwith inform the other Party in writing about the occurrence of unpredicted circumstances and provide the other Party with appropriate evidence.

If the circumstances of Force Majeure are present for more than 3 months, each Party shall have the right to terminate the Purchase Order.

Article 14 Termination of Purchase Order

Should the Client become entitled to maximum liquidated damages, the Client may invite the Supplier by notice in writing to complete the performance of the Purchase Order, taking into account the technical and other relevant conditions as well as all delays already occurred. If the Supplier fails to complete the performance in the given period of time, the Client is entitled to forthwith revoke the Purchase Order by notice in writing to the Supplier.

Either Party may terminate/revoke the Purchase Order by notice in writing to the other Party on the occurrence of any of the following events:

- If the other Party commits a breach of the General Terms and terms of the Purchase Order and after the receipt of a written notice specifying the breach or default of the General Terms and terms of the Purchase Order fails to remedy the breach within 30 days or any other longer period of time set forth in the said notice, and such period of time shall be reasonable taking into account all relevant circumstances;
- If bankruptcy proceedings are instituted against the other Party or the Party becomes insolvent and such proceedings are not dismissed within 90 (ninety) days from the date of proceedings initiation;
- In case of Force Majeure, in accordance with the provisions of Article 13 hereof.

In case of the Purchase Order termination/revocation due to the reasons that can be attributed to the Client, all Devices already delivered until the date of termination shall be fully paid to the Supplier by the Client within 90 (ninety) days upon the notification on termination.

In case of the Purchase Order termination/revocation due to the reasons that can be attributed to the Supplier, the Client shall return to the Supplier all already delivered Devices except for those, if any, the Client decides to keep, and the Supplier undertakes to return to the Client the means paid for the Devices being returned to it.

The provisions set forth in the General Terms, that are expressed or by their sense and context are intended to survive the expiration or termination of the Purchase Order shall so survive the expiration or termination thereof such as rights and obligations arising from the provisions on intellectual property rights, warranty and confidentiality.

Article 15 Confidentiality

The term "Confidential Information" means any information, written or said, which one Party discloses to the other Party regarding the particular project, such as information or data concerning products of any Party or its business operations and all planned requests with regard to manufacture, support or services, which the Parties exchanged under the concluded Purchase Order, but which have been clearly and visibly stated or adequately indicated (by legend or otherwise) as confidential or protected at the time of their disclosure.

Neither Party shall reveal to a third party any confidential information received from the other Party under the particular project, unless the other Party gives its written consent. The Party receiving such confidential information agrees to treat them as strictly confidential and shall not reveal them, directly or indirectly, to any third person, commercial company, corporation, association or entity, for any purpose whatsoever, and shall not make use of or copy such confidential information in any other way except for the purpose of the provision of Services. Such confidential information may be disclosed for the purpose of provision of Services only to employees of the receiving Party who reasonably require access to such information and who have secrecy obligations to the receiving Party and only while this is necessary for the purpose of such performance.

It is assumed that the provisions of confidentiality shall not apply to any information received under the particular project which:

- was known to the receiving Party prior to its receipt from the other Party (and has been documented by the receiving Party),
- became public or (through no act of failure on the part of the receiving Party) becomes generally known,
- is supplied to the receiving Party by a third party which the receiving Party in good faith believes is free to make such disclosure and without restriction on disclosure,
- is own confidential information of the disclosing Party which were disclosed to a third party in a general manner, without limitation to the disclosure,
- which was independently created by the receiving Party without using any of the confidential information submitted to it by the disclosing Party.

The obligation of confidentiality shall be valid for the period of 5 (five) years after the expiration and/or termination/revocation of the Purchase Order.

Article 16 Assignment

Neither Party shall have the right to assign, sell or pledge the Purchase Order or any of its rights and obligations under the General Terms and Purchase Order to a third party without prior written consent of the other Party.

Article 17 Amendments to Purchase Order

Amendments to the Purchase Order can be made only when agreed by both Parties, by issuance of the Amendment to the Purchase Order.

Article 18 Substantive law

The contractual provisions and all other matters not explicitly regulated by the General Terms and Purchase Order, as well as any dispute that may arise in connection with the General Terms and Purchase Order, shall be governed by substantive legal regulations of the Republic of Serbia.

Article 19 Settlement of disputes

All disputes arising out of or in connection with the General Terms and Purchase Order, including any question regarding its existence, validity or termination, shall be solved by the Parties on an amicable basis. All the disputes which cannot be solved by the Parties on an amicable basis shall be settled by the court with subject matter jurisdiction in Belgrade.

Article 20 Purchase Order effective date

The Purchase Order shall become effective as of the date of its issuance by the Client.

Article 21 General Terms validiy

The General Terms shall become effective as of the date of their announcement.

DIRECTOR GENERAL

Predrag Ćulibrk

Attachments:

Attachment 1: Model of advance payment bank guarantee

ATTACHMENT 1

**Advance payment bank guarantee under Purchase Order no. _____ dated _____
(model)**

For: Joint Stock Telecommunications Company Telekom Srbija Beograd
Takovska 2, 11 000 Belgrade, Republic of Serbia

Whereas _____ (name and address of the Supplier) (hereinafter referred to as: the Contractor) has undertaken, in pursuance of Purchase Order No. _____ (dated) _____ to execute _____ (state activities under the scope of the Purchase Order) (hereinafter referred to as: the Purchase Order) and whereas it has been stipulated by you in the said Purchase Order that the Contractor shall furnish you with an irrevocable and unconditional bank guarantee, as a financial security for full and proper performance of the contractual obligations for which the advance payment is provided for thereunder, issued by a bank acceptable to the Client, in the total amount of advance payment, we hereby agree to provide the Contractor with such advance payment guarantee.

We, _____ (name of the bank) (hereinafter referred to as: Guarantor), as instructed by the Contractor, guarantee unconditionally and irrevocably, not only as the surety but also as the primary obligator, the payment to the Client _____ (name of the Client), upon its first demand and without protest, waving any right of objection on our part whatsoever and without its first claim to the Contractor, in the amount not exceeding _____ (amount of Guarantee in RSD/EUR) _____ (in words).

The payment shall be effected in RSD counter-value according to the NBS middle exchange rate for EUR/RSD applicable on the collection date of the bank guarantee.

We further agree that no change, addition to or other modification of terms of the Contract or the supply to be performed thereunder or of any other Contract document between _____ (name of the Client) and the Contractor, shall in any way release us from any liability under this Guarantee, and we hereby waive notice of any such change, addition or other modification.

This guarantee shall become effective as from the date of the effected advance payment under the Purchase Order and shall be valid until the date when the Contractor has received the mutually signed Minutes of Quantitative Acceptance without objections or the Guarantor has repaid the Client the total claimed amount, whichever date is earlier.

Upon the expiry of the above validity period, the guarantee will automatically become null and void, irrespective of whether or not the present document is returned to us.

Guarantor's signature and seal: _____

Name of Guarantor: _____

Address: _____

Date: _____