

GENERAL PROCUREMENT TERMS AND CONDITIONS OF MAKEDONSKI TELEKOM AD - SKOPJE

1. Scope of application and validity

(1) These General Procurement Terms and Conditions of Makedonski Telekom AD - Skopje (hereinafter referred to as MKT) regulate the relations between MKT and the trading company to which a purchase order has been submitted by MKT (hereinafter referred to as the "Vendor" or "Supplier") for the purpose of providing goods and/or services for the needs of MKT.

(2) MKT shall deliver the purchase order as a rule based on an accepted bid from the Vendor. The purchase order shall be submitted in an appropriate format, in a written or electronic form, including the essential elements of the procurement (description of the ordered equipment/service, unit and total price, deadline and place of delivery, other specific conditions, etc.), signed by authorized persons of MKT (manually or electronically).

(3) By confirming the received purchase order, the Vendor shall accept the delivered purchase order as a whole and it undertakes to deliver the ordered goods and/or services in accordance with the conditions stipulated therein. MKT shall consider as confirmed any delivered purchase order that the Vendor does not reject or object to within 3 working days, counted from the day it was submitted by MKT. A confirmed purchase order shall be considered valid.

(4) These General Procurement Terms and Conditions shall enter into force between MKT and the Vendor from the moment the purchase order becomes valid.

(5) All conditions specified in the Vendor's documentation, which are different from these General Procurement Terms and Conditions, shall be inapplicable unless they are agreed and accepted between MKT and the Vendor, whereby any such differences shall be specified in the specific purchase order.

(6) These General Procurement Terms and Conditions of MKT shall not apply if a contract has been signed between MKT and the Vendor. In such a case, the provisions of the signed contract are applied directly.

(7) In case of differences between the provisions of these General Procurement Terms and Conditions and the provisions of the valid purchase order, the provisions of the purchase order shall apply.

(8) The Vendor shall not transfer the rights and obligations arising from a valid purchase order to a third party without the prior written consent of MKT. Any other action by the Vendor shall be considered null and void and may lead to cancellation of the purchase order.

2. Prices and terms of payment

(1) The agreed price specified in the purchase order is fixed and unchangeable until the full realization of the procurement, i.e. until the delivery to the address specified in the purchase order. The price includes shipping, insurance, packaging, instructions and other technical documentation and all other costs that may be incurred during the delivery to a MKT location, unless otherwise specified in the purchase order.

(2) The agreed price includes the costs for all installations/integrations/assembly and other professional services that are required for the proper use/utilization of the ordered goods and/or services, regardless to whether they are performed by the Vendor or its sub-Vendors.

(3) The prices agreed in the purchase order are net prices, excluding VAT.

(4) For each delivery, the Vendor shall submit an invoice accompanied by a Delivery Confirmation / Warehouse Goods Receipt Note, issued by MKT.

The Vendor shall deliver the invoice to the following address:

Makedonski Telekom AD - Skopje
Archive, Controlling, Accounting and Tax Hub
Kej 13-ti Noemvri No. 6,
1000 Skopje

The Vendor may also submit electronic invoices if it previously submits to MKT a Request for Issuing Consent to Receive Electronic Invoices in 2 original copies, signed by the authorized person of the Vendor, and if MKT accepts such request.

(5) Date of receipt of the invoice shall be the date when the MKT Archive receives the invoice, and the date of receipt of an electronic invoice shall be the day when it was received at the e-mail address: elektronskifakturi@telekom.mk.

(6) The Vendor's invoice shall comprise the following items:

- Data for the Vendor: name, address, tax number and bank account number;
- Data for MKT: Makedonski Telekom AD — Skopje, 1000 Skopje, Kej 13-ti Noemvri No. 6;
- Purchase order number of MKT, number of the Delivery Confirmation / Warehouse Goods Receipt Note;
- Items prescribed by law (e.g. invoice date, payment deadline, a list of services, quantity, unit price, total price, net amount, VAT percentage and amount, delivery terms as per INCOTERMS 2000, etc.);
- Delivery Confirmation / Warehouse Goods Receipt Note issued by MKT;
- Payment currency.

Should any of the afore-stated elements be missing, MKT shall be entitled to return the invoice as unidentified, wherein, under such circumstances, the terms of payment shall apply as of the receipt of the duly completed and accepted invoice. The Vendor is not entitled to charge interest as result of any delay arising from this reason.

(7) The payment shall be made after the performance of the service or the delivery of the goods, as a rule within 60 calendar days after the receipt of the invoice, which must be accompanied by a Delivery Confirmation / Warehouse Goods Receipt Note, unless another payment deadline has been specified in the purchase order pursuant to the internal procedures of MKT.

As an exception, the payment deadline may be longer than 60 calendar days, but not longer than 120 days, if there is an agreement between the Vendor and MKT expressed by a delivered purchase order that is accepted by the Vendor and based on which an invoice is issued with such acceptance different payment deadlines and (iii) under separate written consent.

(8) If the last day of the payment deadline falls on a non-working day or a public holiday, then that deadline shall be moved to the next working day. The payment shall be considered as completed when the MKT account is debited, or compensation is made.

(9) Each valid purchase order with the vendors that are registered in the Republic of North Macedonia, as a rule, shall be issued in Denars. In the case of domestic purchases related to imports, the purchase order may contain a foreign currency clause, whereby the value of the services and/or goods may be stated in Euros or United States Dollars (USD). The invoice of such vendor shall be issued and paid in Denars according to the middle exchange rate of the National Bank of RNM on the date of issuance of the Delivery Confirmation / Warehouse Goods Receipt Note.

(10) The interest for any late Denar payments must not exceed the legally determined penalty interest. It is recommended for the interest rate for any late payments in foreign currencies not to exceed three-month EURIBOR +2% (annually) for payments in Euro, while for payments in USD it is recommended not to exceed the interest rate of three-month LIBOR +2% (annually).

(11) If MKT and the Vendor have mutual receivables, MKT can unilaterally request the implementation of contractual compensation.

3. Delivery, realization, packaging and documentation

(1) The deadline for the delivery and the method of delivery (Incoterms) specified in the purchase order constitute an essential element for the realization of the purchase order. The Vendor must observe the specified deadline for the delivery/execution of the purchase order; otherwise, the provisions of Article 7 (Contractual Penalty) shall apply.

(2) MKT reserves the right to cancel the purchase order and refuse to receive the ordered goods and/or services in case the maximum amount of the contractual penalty determined in Article 7 is reached, unless MKT previously agreed to such a delay.

(3) The Vendor shall provide adequate packaging of the ordered goods to protect them from any damage or deterioration during their transport to the place of delivery indicated in the purchase order. The purchase order number, the subject of the procurement and the full address of MKT shall be indicated on the packaging.

(4) Before the delivery, any foreign vendor shall submit a Delivery Notice to the e-mail address ask.procurement@telekom.mk or to another e-mail in coordination with MKT (MKT or a forwarder), including the details of the delivery and enclosing documents such as: commercial invoice (payable shipment), proforma invoice (free-of-charge shipping), loading specification, bill of lading (CMR), transporter/forwarder details, expected date/time of arrival, certificates of origin of the goods (EUR 1 or appropriate customs declaration for the European origin of the goods correctly indicated in the invoice), certificate of compliance (CE certificate), where applicable, etc.

(5) The invoice shall contain a detailed specification with a description of the items, quantity, unit price, currency and total value, MKT purchase order number, full name and address of the Vendor, parity according to INCOTERMS 2000, declaration of EU origin (where applicable) etc.

(6) MKT or a forwarder authorized by MKT shall verify the accuracy of the documents. The Vendor must not start the delivery before receiving confirmation from MKT regarding the accuracy and completeness of the documents received that are listed above; otherwise, the Vendor shall bear all additional costs that may arise due to any incomplete/incorrectly completed delivery documentation.

(7) The foreign vendor undertakes to provide the following documents which are to be attached during the transport, where applicable:

- a) A commercial invoice (i.e. proforma invoice if it is a free shipment) from the Vendor in one (1) original and two (2) copies
- b) Bill of lading (CMR), in one (1) original and two (2) copies
- c) loading specification in one (1) original and two (2) copies
- d) Packing list in one (1) original and three (3) copies
- e) Certificates of origin (EUR1 or similar one (1) original
- f) Certificate/certificates of compliance (CE certificate) in one (1) original.

(8) The Vendor shall be solely responsible for the accuracy of the data specified in the delivery documents, i.e. it shall guarantee that they fully correspond to the actual condition of the goods -

subject to import, and in the event of any incorrect or different data, the Vendor shall be obliged to compensate for the overall damage, as well as the costs that MKT shall suffer due to this reason.

(9) MKT shall be entitled to request additional documents, apart from those listed above (certificates, opinions, licenses, etc.) if it is necessary to complete the import of the goods into the Republic of North Macedonia.

4. Transfer of risk

(1) Until the handover of the item subject to procurement to MKT, the risk of any accidental destruction or damage of the goods shall be borne by the Vendor. From the moment of handing over the item of procurement to MKT and signing the appropriate documentation for acceptance, the risk shall pass onto MKT.

(2) The risk shall not pass onto MKT if MKT cancelled the purchase order due to some defect/damage to the delivered goods or requested replacement/repair of the item.

5. Damages and defects up to the moment of delivery

(1) The Vendor shall be responsible for all damages/losses resulting from any improper packaging of the delivered goods as well as damage/loss of goods during transport, if it was arranged by the Vendor.

(2) The Vendor shall be obliged to compensate/replace all damage to the goods up to the moment when the risk passes onto MKT at the own expense thereof in the shortest possible period.

(3) If the delivered equipment/service has no damages or other deficiencies, but it does not meet the agreed technical, qualitative or other characteristics essential for fulfilling the needs of MKT, MKT has the right at its own discretion:

- to reject the receipt or
- to partially or completely return the delivered equipment/rendered service and request a free-of-charge replacement with adequate goods/services, or
- to cancel the purchase order if the Vendor fails to replace the delivered goods/services within a reasonable period agreed with MKT.

(4) The goods that have not been received by MKT due to damage, inappropriate characteristics or for which a complaint occurs within the warranty period, shall be returned to the Vendor, at the Vendors cost, including the transport and handling costs. If MKT incurred any costs for checking the delivered equipment, it can request that they be covered by the Vendor.

6. Liability for material defects after the delivery

(1) The Vendor shall be responsible for the material defects of any item that it held at the time of the assignment of the risk to MKT, regardless of whether it was aware of them.

(2) The Vendor shall also be responsible for those material defects that shall appear after the assignment of the risk to MKT if they are a consequence of a cause that existed prior to such assignment (hidden defects).

(3) The Vendor shall be liable to MKT if a third party claims a right to the sold object that excludes, reduces or limits the right of MKT, and of whose existence MKT was not informed, nor did it agree to accept the object burdened with such a right.

(4) The Vendor can assign part of the agreed obligations, i.e. the works, to a sub-Vendor, only with a prior notification to MKT and its approval, but in this case, the Vendor shall be responsible to MKT for the performed works/services that it assigned to a sub-Vendor as if they have been provided thereby.

(5) For the identified defects, MKT may request the following from the Vendor:

- removal of the defect or delivery of another item without a defect (fulfillment of the contract);
- a price reduction;
- cancel the purchase order and refuse to accept the delivered goods.

In each of these cases, MKT has the right for compensation for the damage.

(6) In addition, and independently of that, the Vendor shall also be liable to MKT for the damage suffered by MKT to its other goods due to the lack of the item, according to the general rules on liability for damage according to the LO (Law of Obligations).

7. Contractual penalty

(1) The Vendor undertakes to pay a contractual penalty to MKT in case of any delay with the deadlines for the fulfillment (delivery/performance of the service, repair and replacement of the inappropriate equipment/service) or improper fulfillment of its obligations, in the amount of 1% per day or another time-related measure, depending on the type of the subject of the purchase order and depending on what is specified in the written Purchase Order, up to 30% of the total value of the purchase order.

(2) MKT shall reserve its right to request payment of a contractual penalty due to a delay and in case MKT receives the fulfillment of the obligation with a delay.

(3) A contractual penalty shall not be charged in the following cases:

- if the deadline was extended due to non-fulfilment or untimely and incomplete fulfillment of the obligations by MKT;
- if MKT consented to an extension of the deadline;
- in the event of a delay due to force majeure.

(4) MKT shall charge the contractual penalty based upon a submitted invoice on the basis of contractual penalty.

8. Indemnification

(1) Any violation of the delivery terms, the obligation to maintain/service/replace products, the warranty terms, the obligation of confidentiality, as well as the protection of MKT in relation to copyrights and industrial property rights for the ordered goods and/or services, occurred due to the willful act or omission of the Vendor or its gross negligence, as a consequence of which MKT has suffered damage, MKT has a right to request damage compensation for from the Vendor. Damage means tangible or intangible losses for MKT (direct damage, lost profit, damage to the reputation of MKT) caused by the fault of the Vendor.

(2) If MKT has suffered damage that exceeds the amount of the contractual penalty, MKT shall request from the Vendor to make additional payment of the difference until the full compensation of the damage is reached.

(3) If the Vendor is responsible for damage caused based on liability for the material defects of the subject of procurement (product liability), it shall undertake to indemnify MKT in case of claims for damages from third parties or fines imposed by competent state authorities. MKT shall notify the Vendor of any such request for damages, and it shall not make any payments or acknowledge any claims without consulting Vendor.

9. Warranty

(1) The Vendor guarantees that the products/services ordered with the purchase order are delivered new (unless the purchase of second-hand, i.e. used goods is explicitly agreed upon), according to the

ordered quality and that they are suitable for the purpose for which MKT procures them.

(2) The Vendor expressly guarantees that the ordered products/services are delivered to MKT without any defects in production, material and execution, and that they fully correspond to the specifications (or samples) of the submitted bid and to the standards stipulated by the valid regulations.

(3) The warranty period provided by the Vendor/manufacturer shall start from the day of assignment of the risk or - if acceptance is required - after the acceptance by MKT i.e. putting the object into operation, respectively.

(4) If it is applicable, the Vendor shall be obliged to provide and hand over to MKT a duly certified warranty sheet guaranteeing the proper functioning of the object during the established warranty period, which must contain:

- the title and the official headquarters of the Vendor (the issuer of the warranty);
- data on the product identifying the product;
- warranty statement and warranty conditions;
- duration of the warranty period;
- data on the authorized service and maintenance provider.

(5) If a certain product is defective or fails to operate properly within the warranty period, MKT shall request from the Vendor/manufacturer to repair or replace the product.

(6) The costs for materials, spare parts, work, transfer and transportation of the equipment/product that shall arise when the defects are removed, i.e., the product is replaced with a new product based on the warranty, shall be borne by the Vendor. The Vendor shall be obliged at the own cost thereof to transport the object/product to the place where it needs to be repaired, i.e. replaced, as well as to return the repaired object/product back to MKT. During that time, the Vendor/manufacturer shall bear the risk of any loss or damage to the object during the period of repair or replacement of the product, until its receipt by MKT.

(7) In case of any repair within the warranty period, the warranty period shall be extended for a period equal to the period during which MKT was unable to use the equipment/service partially or fully. In case of a replacement of a product, the warranty period shall begin to expire again as of the replacement.

10. Force majeure

(1) Force majeure in the sense of these General Terms and Conditions shall mean an event or a condition that was not caused, nor is it under the control of any of the contracting parties and that the affected party cannot overcome, and it significantly affects the timely fulfillment of the obligations arising from a valid purchase order, including but not limited to: war, acts of terrorism, natural disasters (floods, fires, earthquakes, extreme weather conditions), general strikes, civil disturbances, riots or blockages, acts of a public authority, etc.

(2) The party whose performance is affected by force majeure shall forthwith notify the other party in writing immediately after the occurrence and completion of the force majeure event; otherwise, it shall not be entitled to refer to this provision in conditions of delay or non-performance of its contractual obligations.

(3) The party whose performance is affected by force majeure shall exert all reasonable efforts to reduce or overcome the causes affecting the fulfillment of the obligations as soon as it becomes practically possible to minimize the effect and duration of such condition in terms of the fulfillment of the contractual obligations and it shall inform the other party accordingly.

(4) In cases where a situation of force majeure affects the performance of either party for a period longer than 2 (two) months, the other party may cancel the purchase order without an additional notice period if the situation of force majeure persists.

11. Third party intellectual property

(1) The Vendor guarantees that the sale or use of the equipment / services covered by the purchase order does not violate the rights of patent protection, trade name, industrial property and copyright of any third parties.

(2) The Vendor shall protect MKT from any proceedings that could be initiated against MKT following a claim for infringement of intellectual rights by third parties brought as result of the use or further sale of the subject of the purchase order delivered by the Vendor.

(3) In such a case, MKT shall immediately notify the Vendor of such claims or activities and hand over full control over the conduct and resolution of such proceedings. The Vendor shall provide judicial and extrajudicial protection to MKT and it shall decide for itself whether to negotiate or litigate at its own expense with such claimants. The MKT Vendor shall provide either a license/right to use the purchased products/services or replace or modify the delivered products/services in order for MKT to continue using them. If this is not possible, the Vendor shall be obliged to take back the disputed products/services and to refund to MKT the amount of the purchase price paid, as well as provide compensation thereto for all costs and possible damage suffered by MKT due to this procedure.

12. Right of use

If the delivery of the products ordered and/or services includes software, then the Vendor shall be obliged as follows:

- within the fee specified in the purchase order, without any additional costs, to provide MKT with a non-exclusive, irrevocable and unlimited right to use the software in relation to all its agreed functionalities and
- to notify MKT if open source software is installed in the product and/or service and to inform it about the license conditions for its use.

13. Licenses, approvals, taxes and the like

(1) Unless otherwise agreed, the Vendor shall be responsible for obtaining and paying for all export and import permits, approvals or licenses necessary for the execution of the purchase order and/or necessary for the use/functioning of the ordered goods/services.

(2) If MKT uses services from a foreign Vendor, which are subject to the payment of withholding tax, MKT shall be obliged to withhold and pay the withholding tax from the gross agreed price, for the Vendor's account on the day of the payment or to carry out a procedure for tax exemption, in accordance with the applicable provisions of the Law on Profit Tax if there are signed Bilateral Agreements for the avoidance of double taxation between RNM and the country in which the Vendor has its headquarters.

14. Anti-corruption clause

The Vendor is aware of the obligation of MKT to comply with the rules thereof on ethical business conduct and the anti-corruption rules, as well as the anti-corruption laws which are applicable to this contract and it undertakes not to use the consideration received from MKT based upon the contract herein for any unlawful purposes, especially to refrain from giving or promising, directly or indirectly, any unlawful benefits to any public official or public organization¹ in order to assist MKT or anyone acting on their behalf in obtaining any unlawful advantage.

The members, managers, employees and owners of the Vendor are not public officials or a public organization and it shall immediately submit a notification or give a new statement should any change occur in this regard.

(3) For the duration of the contract, the Vendor shall not engage any person, contributor or agent who does not comply with the anti-corruption rules, and it shall immediately inform MKT of any violation of such anti-corruption rules.

(4) The Vendor shall cooperate with MKT in respect of the compliance requirements in relation to this contract, in particular in relation to the anti-corruption rules.

(5) MKT shall be entitled the right to immediately cancel the purchase order if the Vendor violates the provisions stipulated in the anti-corruption clause.

15. Code of Conduct for DT Vendors and Environmental Protection

(1) By confirming the purchase order, the Vendor confirms that it accepts and that it shall comply with the provisions of the Code of Conduct for Vendors of Deutsche Telekom AG (DT), which can be accessed at the following [link](#)

(2) The Vendor shall comply with the obligations for the protection and improvement of the environment in accordance with the applicable legal regulations in the RNM and the international standards.

16. Confidentiality

(1) MKT and the Vendor shall keep as confidential all financial and technical information specified in the purchase order.

(2) Furthermore, each party shall also treat accordingly all other information designated as confidential by the other party during the course of business cooperation.

(3) Neither party may give, disclose or otherwise make available to any third parties the confidential information listed above, except to competent state authorities in a legally defined procedure.

¹ Public official in terms and for the purposes of the anti-corruption rules and principles includes: a member or official of a government, ministry, other national or regional government body, public authority or body assisting its work (legislative, administrative or judicial body) or municipality, whether or not in fact employed or engaged by the former public organization; a person acting on behalf of the above; a political party or an official thereof; a candidate for the public official legal status; an official or employee of international organizations, such as the United Nations or the World Bank; individuals who have a functional authority as an official; officers and employees of state-owned enterprises and institutions, even those operating in a commercial capacity, including hospitals, healthcare and educational institutions.

Public organization includes: central or regional, state, governmental, local governmental (including the decentralised organizations operating under the supervision of the government) or international, legislative, administrative or judicial organization.

(4) As an exception, the information arising from the purchase order can be shared with other companies that are capitally related to MKT or the Vendor according to the "need to know" principle, while the Vendor shall have the same right in relation to its sub-Vendors, if it is indispensable for the fulfillment of the purchase order, provided that it ensures their compliance with the principle of confidentiality in accordance with this provision.

(5) The obligation to maintain the confidentiality of information shall be valid for a period of 3 (three) years after the business cooperation established by the purchase order ended or was terminated.

17. Personal data protection

If, when providing the subject of the purchase order, the Vendor needs to process personal data whose Controller is MKT, in such a case, the Vendor as a Personal Data Processor, in accordance with the applicable legal regulations on the protection of personal data, shall have to conclude a separate Agreement for the processing of personal data with MKT in which the purpose of the processing, the types of personal data and the organizational and technical measures for their protection shall be determined.

18. Legislation and dispute resolution

(1) As regards any issues that are not regulated in the valid purchase order, the Special Conditions for Procurement (if applicable) and in these General Procurement Terms and Conditions of MKT, the provisions of the Law of Obligations and other applicable legal regulations of the Republic of North Macedonia shall apply.

(2) In case of a dispute pertaining to a specific purchase order, the parties shall exert maximum efforts so as to overcome the dispute in good faith, through negotiations. If the parties fail to resolve the dispute out of court, each party may initiate a court dispute which shall be decided by the Basic Civil Court in Skopje.

(3) If any of the provisions of the General Procurement Terms and Conditions are not valid for the specific purchase order, then the remaining provisions of the General Procurement Terms and Conditions shall remain valid for the purchase order.