

GENERAL CONDITIONS FOR SUPPLY

1 SUBJECT OF THE GENERAL CONDITIONS FOR SUPPLY

The subject of this General Conditions is to regulate and define the general sales by which the Seller assumes the responsibility of supplying while Purchaser assumes responsibility of accepting the products and paying the selling price.

2 TERMS OF DELIVERY

The loading place is determined by the Seller by arrangement with the Purchaser, depending on the available quantities of goods at particular loading places.

The Purchaser may take over the goods by the Purchaser's organization of transport or by the Seller's organization of transport.

The Purchaser shall indicate on the Purchase Order (Attachment of this General Conditions) whether the transport is carried out as Purchaser's own transport or the transport is organized by the Seller.

2.1 Transport organized by the Purchaser

2.1.1 When the Purchaser organizes transport, the Purchase Order need to contain, as follows: date, product description, quantity, destination, receiver, name of the Carrier, ID of the vehicle and border crossing.

2.1.2 In case of transport organized by the Purchaser (whether its own transport or by engaging a third person), the Purchaser shall deliver to the Seller the transport costs (both from loading place to border and from border to destination, separately) to be included into the basis for settling up the taxes. Transport costs to the border have to be in compliance with the Seller's tariffs.

2.1.3 The Carrier engaged by Purchaser makes invoicing directly to the Seller for the previously agreed costs of transport, if required by the Purchaser. The Seller shall carry out such payment directly to the Carrier. The payment term toward the engaged Carrier shall be five (5) days from the date of Purchaser's payment to the Seller.

2.1.4 The Contracting Parties establish that the take/hand-over of the goods between Seller and Purchaser is carried out when the Purchaser's authorized person verifies the dispatching document by personal signature confirming reception of the goods in quantity and quality stated on the dispatching document of loading place.

2.1.5 When the Purchaser organizes its own transport or engages a third person, the risk for goods shall pass from the Seller to Purchaser in the moment when the goods is loaded into the transport vehicle. By completion of loading, the Purchaser or its Carrier is obliged to come up to the point provided for customs clearance within time required by the loading place. The Purchaser or its Carrier undertakes to take care of the documents taken over at the loading place and to hand over them to the forwarder being appointed by the Seller for the purpose of import customs clearance (if applicable). After closing the customs procedure, the Purchaser or its Carrier is obliged to take over the prepared documents by the forwarder.

2.1.1.1 Special conditions in case of transport organized by Purchaser

2.1.1.1.1 When the transport is organized by the Purchaser, the Purchaser undertakes to carry out the transport by technically equipped vehicles being in working order.

2.1.1.1.2 When the Purchaser organizes its own transport or engages a third person, for the purpose of transport of goods, the Purchaser is obliged to provide transport vehicles and drivers being completely in compliance with the valid regulations for transport of dangerous substances in all countries of loading, transit passage (if there is any) and final destination.

- 2.1.1.1.3 The Carriers (drivers) nominated by the Purchaser are obliged to pass successfully the training for loading of petroleum products (QRU 18410202.1/622) in INA and MOL refineries/depots, and possibly the other refineries, and based on this it is issued the ID card for entrance into the refineries/depots.
- 2.1.1.1.4 According to the Law on road transport and Law on transport of dangerous substances in Republic of Croatia, Republic of Hungary and B&H, the Purchaser is obliged to provide the verified copies of the following documents for transport of petroleum derivatives:
1. Traffic Licence
 2. Vehicle Booklet/Card
 3. Certificate (according to ADR convention)
 4. Certificate on vehicle testing (certificate on carried out electrostatic examination and measurement on vehicle)
 5. Insurance policy for damages that may arise to the third persons by transporting the dangerous substances in loading countries

For the drivers operating these vehicles it is necessary to provide verified copies of the following documents:

1. Driving Licence
 2. Certificate (according to ADR convention)
- 2.1.1.1.5 In case of any modifications, as well as the changes made after issuing the new documents by expiring of those already delivered, the Carriers undertake to provide continuously the verified copies of documents.
- 2.1.1.1.6 In case the goods is not taken over from the above mentioned refineries (R Croatia, R Hungary, B&H) but from some other country, the Carriers nominated by the Purchaser are obliged to provide constantly the legally prescribed documents of the loading country.
- 2.1.1.1.7 In case of any event in time of goods loading at loading place until the moment of goods' passing the loading country border (spillage of goods due to tank-truck damage, customs violation, etc.), i.e. until the goods reaches the final destination, the Purchaser undertakes to indemnify the Seller for all actual costs incurred to Seller in such cases also including the unpaid customs duty and taxes, costs of administrative/offence procedure, fines to be paid by the Seller and the Seller's responsible person, and other similar costs.
The Seller shall inform the Purchaser on setting the above mentioned events immediately after being acquainted with them.
- 2.1.1.1.8 The Purchaser undertakes to pay to the Seller the costs from this Article within thirty (30) days from issuing the invoice for these costs to the Seller's account indicated on the invoice.
- 2.1.1.1.9 The tank-trucks for loading have to meet the technical characteristics required at certain loading place and these shall be delivered by the Seller upon Purchaser's written request.

2.2 Transport organized by the Seller

- 2.2.1 When the Seller organizes transport, the Purchase Order need to contain, as follows: date, product description, quantity, final destination, receiver of delivery.
- 2.2.2 The Contracting Parties establish that the take/hand-over of the goods between Seller and Purchaser is carried out when the Purchaser's authorized person verifies the dispatching document by personal signature confirming reception of the goods in quantity and quality stated on the Seller's dispatching document.

- 2.2.3 Along with the received goods, the Purchaser shall also take over the pertaining documents provided for the Purchaser.
- 2.2.4 The costs of transport are paid with the invoice for goods within the deadline as stated in the Article 5.
- 2.2.5 The Seller shall carry out transport services for a fee, according to the Tariff Price-List for transport of the Seller's petroleum products. The Purchaser accepts Tariff Price-List for transport of the Seller.
- 2.2.6 At the Seller's unloading places, the fuel is refuelled exclusively through a digital flowmeter and temperature compensator on the Carrier's tank-truck, and only in exceptional cases (fault of volumeter) by a measuring rod.

2.3 Deliveries from local depots

- 2.3.1 The Seller shall, depending on the availability, provide for the Purchaser the goods from the local depots: Podlugovi and Čapljina.
- 2.3.2 The Purchaser taking over the petroleum products at the local depot has to observe the safety measures regulated by the following regulations:
 - Operational Instructions for depots Podlugovi/Čapljina – Organizational Rules
 - Safety Instructions for road tank-truck drivers at the depots Podlugovi/Čapljina
 - Fire Prevention Rules in the depots Podlugovi/Čapljina

3. QUALITY

The Seller shall deliver to the Purchaser the fuels of quality being in compliance with the valid legal regulations in Bosnia and Herzegovina.

4. PRICE

- 4.1 The Seller will submit to the Purchaser weekly List Prices on the second working day of the week.
- 4.2 The price is valid on the loading day or custom clearance day, especially in case if the Seller organizes the delivery.
- 4.3 The prices will be expressed in BAM currency and will be valid from the second working day of the week until the first working day in the next week.

5. INVOICING AND PAYMENT

- 5.1 The Seller shall issue and deliver to the Purchaser the advance payment invoice in the counter-value of the ordered quantity of goods, as per the price valid in that week. The Purchaser shall effect the payment of the invoiced amount to the Seller's bank account.
- 5.2 The currency of invoicing and payment is BAM.
- 5.3 The Seller will allow the lifting of the goods only after the **invoiced amount is paid** on Seller's bank account.
- 5.4 After delivery of the goods the Seller shall also send to Purchaser the invoice made out for the advance payment attached to the final invoice. After delivery the Seller may, at Purchaser's request, re-transfer the difference between the transferred amount and the actual counter-value of the goods within five (5) working days from issuing the final invoice to Purchaser's bank account or at Purchaser's request to treat the difference the transferred amount and the actual counter-value of the goods as a future advance payment. In case the amount shown on the final invoice is in excess of the amount transferred by Purchaser, Purchaser shall be obliged to transfer the difference within five (5) working days from the date of the final invoice. The Seller shall issue the final invoice on the 5th working day from the day of the lifting.
- 5.5 All costs of Purchaser's bank shall be born by the Purchaser while all costs of Seller's bank shall be born by the Seller.

6. ORDERING

6.1 The Purchaser can order:

- Complete delivery – where quantity of the ordered product has to correspond to the whole loading volume of one or more tank/rail truck(s)
- Partial delivery – for quantities less than loading quantity of a tank-truck (but not less than 2.000 lit for diesel and gasolines, and 1.000 lit for heating oil)

6.2 The Orders should contain the elements stated in the clauses 2.1.1 or 2.2.1 of this General Conditions.

6.3 The Purchaser orders the product in written form (by fax or e-mail), at the latest till 11:00 hrs, as follows:

- one (1) working day before the required loading date for road tank-trucks
- min. seven (7) working days before the required delivery date for rail tank-wagons
- three (3) working days for partial deliveries (min. ordered quantity for partial deliveries is 2.000 lit for diesel and gasolines, and 1.000 lit for heating oil)

The Seller has to confirm the Purchaser's Order at the latest till 15:00 hours one (1) day before the requested loading date.

6.4 The Purchaser has to fill in the Purchase Order with all elements required by the Seller (Purchase Order attached)

6.5 The Seller has to inform the Purchaser about the exact loaded quantity per each vehicle, at the latest the next working day after the loading.

6.6 The Seller shall be entitled to refuse the delivery in case the Purchaser has an overdue debt in excess of thirty (30) days against the MOL and INA Group Members and this total debt reaches or exceeds the sum of BAM 20.000.

7. DETERMINATION OF QUANTITY AND QUALITY

7.1 Quantity is determined on the basis of the weight indicated in the CMR document.

7.2 Quality will be determined based on the certificate of quality issued by the loading place laboratory.

7.3 The Purchaser has the right to entrust an independent inspector for controlling the quantity and quality at the loading point.

7.4 In case of deliveries from the local depots, the quantity of goods dispatching from the depot shall be established by direct measuring by a flowmeter – volumeter (with or without temperature compensator). In case that the depot is not equipped by temperature compensator, the loaded quantity at the actual temperature has to be corrected to the quantity at 15°C.

7.5 In case of deliveries from the local depots, the (chief) warehouseman makes the dispatching document, based on the registered quantities on the flowmeter, and encloses the other documents.

7.6 In case of deliveries from the local depots, the quality shall be established on the basis of the Certificate on quality issued by the inspection house appointed by the Seller at the loading place.

8. QUALITY AND QUANTITY CLAIMS

8.1 Quantity claims:

Quantity claims will not be accepted after the goods is taken over by the Purchaser or the Carrier nominated by Purchaser and after the Carrier signs the dispatch note, i.e. the waybill.

8.2 Quality claims:

8.2.1 The Purchaser has the right to raise quality complaints within seven (7) calendar days following the arrival of the goods (as per the waybill). The claims have to be submitted in writing, attaching all documents supporting such claim.

8.2.2 In case of quality claim, if the claim cannot be settled by agreement between the Parties, a mutually accepted independent quality control house or inspector shall be authorized to examine the quality of goods in an accredited laboratory (hereinafter referred to as Testing Laboratory). The results of such testing shall be binding and final to both Parties:

- in case of transport organized by Seller, the basis for claim (arbitration sample) has to be a sample taken from the Seller's transport vehicle. (The Purchaser organizes the sampling at own expense and according to the Standard EN 14275)
- in case the Purchaser organizes its own transport, or engages a third person, the basis for claim (arbitration sample) has to be a sample taken at the loading place. (The Purchaser organizes the sampling at own expense and according to the Standard EN 14275)

All costs of quality testing will be finally born by the unsuccessful Party.

8.2.3 In the event of accepted claim, if the objected product is still suitable for use, the Purchaser may demand a price discount, but it shall prove/confirm the extent of loss of value. If such product is not suitable for use, the Seller has the right to replace such product free-of-charge, instead of selling the goods as per reduced price.

8.2.4 In the event of a quality default, the Purchaser is not entitled to terminate the contract and/or to claim compensation for damages, nor it has the right of disposition over the objected product without approval of the Seller until his claim is officially declared to be fully lawful. Otherwise, all Purchaser's all claims will be null and void. No quality claim will not authorize the Purchaser to refuse the payment of purchase price of non-claimed goods.

8.2.5 In case the Purchaser organizes its own transport or engages a third person, the Seller assumes no responsibility for running a vehicle nor cleanliness of tank/rail truck.

8.2.6 The Seller assumes no responsibility for the goods:

- if Purchaser makes any use of goods or its part before giving a claim notice, including an unloading into own depot
- in case the Purchaser organizes its own transport, or engages a third person, if the goods was degraded during transport due to previously transported goods whose content may affect the quality of ordered and loaded goods into the same vehicle
- if deterioration occurs during storage at the Purchaser, with or without remains of previously stored goods in such depot
- if defect occurs due to Purchaser's failure to follow the written instructions as to handling, storage or use of the goods

8.2.7 The Seller shall not assume responsibility, in any manner, for any consequential damage (including but not limited to loss of production, products, profits, revenue, overheads or contracts).

9. FORCE MAJEURE

9.1 It shall not be qualified as breach of the General Conditions if one of the Parties is not able to perform its obligations due to reasons beyond the control of any of the Parties (force majeure). Circumstances to be considered as force majeure shall mean unforeseen events that cannot be prevented by human efforts (e.g. war, nation-wide strike, earthquake, flood, fires, terrorist attack, etc.), do not depend on the intention of the Parties and directly hamper the given Party's ability to perform its obligations.

9.2 The Parties shall, without any delay, notify each other of the threat or the occurrence of any force majeure situation and its expected duration. Damages deriving from late notification of the threat or the occurrence of force majeure shall be born by the Party liable for such late notification.

10. GOVERNING LAW AND JURISDICTION

- 10.1 The Parties agree that all issues not being regulated by this General Conditions for Supply are governed by the Law on Obligatory Relations of the Federation of B&H.
- 10.2 In case of dispute, the Parties agree that all disputable issues deriving from or in connection with this General Conditions shall be settled primarily by agreement through their directors or persons authorized by them. If the Parties fail to settle a dispute within thirty (30) calendar days after the date of commencing the amicably reached solution, such disputes shall be settled by the competent Court in Sarajevo applying the effective regulations of the Federation of B&H (BH Laws).

11. CONFIDENTIALITY CLAUSE

- 11.1 The Parties agree that all data, facts – in particular, but not limited to the existence of this General Conditions and their contents – associated with the other Party and its activities received or obtained at any time, in any manner by one Party in connection with the conclusion and performance of this General Conditions, shall be considered as business secret (confidential information) and as such, it shall not be disclosed or made accessible to third parties or be used for any other purposes.
- 11.2 The obligation of non-disclosure shall not apply to information which:
- (i) is in the public domain, or – due to a reason other than the act or omission of the receiving party – subsequently becomes publicly known, or
 - (ii) has been probably already known (in possession) of the receiving party prior to the effective date (coming into force) of this conditions, or
 - (iii) the receiving party acquired from a third party who is not under a confidentiality obligation vis-à-vis the party concerned by such information, or
 - (iv) is to be made public or disclosed pursuant to the law, stock exchange regulation or authority order, to the extent such disclosure is legally required

12. SPECIAL PROVISION

In case the Purchaser sells (without the Seller's approval) the Seller's product at FS on BH market under the Seller's company name/trademark and/or otherwise implies that the product origins from the Seller, the Purchaser is obliged to automatically compensate the Seller for damages caused by those actions.

13. OTHER CONDITIONS

- 13.1 The Seller reserves the right to alter/amend unilaterally the General Conditions in case of necessity. The Seller undertakes to inform the Purchaser about all such alterations/amendments in a written form thirty (30) days in advance.
- 13.2 This General Conditions constitute the entire agreement between the Parties hereto regarding the sale and purchase of the goods, and the execution of it wholly cancels, terminates and supersedes all previous declarations, agreements and commitments, whether formal or informal, verbal or written, in respect of the subject of the General Conditions.
- 13.3 All terms and elements of this General Conditions are to be kept private and confidential by all Parties concerned.
- 13.4 This General Conditions are made in _____ originals, out of which the Parties get _____ copies each.
- 13.5 By filling in and delivering the signed Purchase order to the Seller, the Purchaser automatically confirms accepting the General Conditions for Supply.

Attachments:

- 1) Purchase Order
- 2) Members of MOL and INA Group