

Liba Laboratuvarları A.Ş.

Purchasing Procedure

June 8, 2020

1 PURPOSE AND SCOPE

Purchasing Procedure (“the Procedure”) covers the processes related to goods and service purchases made by Liba Laboratuvarları A.Ş. (together referred as “Liba” or “the Company”).

The purpose of the Procedure is to determine the principles of purchasing management in order to protect the interests and resources of Liba. It also aims to describe the details of the purchasing process to meet needs and demands.

While this Procedure systematically describes Liba's purchasing processes, it sets out the principles to be adopted in order to obtain the most appropriate goods and services in terms of quality, performance and price.

As of the enforcement of the Procedure, Liba aims to carry out due diligence studies for all suppliers and to update their current draft agreements within this scope.

2 DEFINITIONS

The terms, words, and expressions used in this Policy are to derive their meaning from the effective laws and regulations unless their definition is provided under this section.

Offer: Detailed service and fee information provided by the suppliers to the Company for related purchases.

Purchasing: Providing the purchasing of goods and services with the desired quality and price options among the sellers and service providers.

Requestor: Unit or person requesting purchase.

Service: All kinds of services such as research, consultancy, project, and similar services executed by the real persons, ordinary partnerships, joint ventures or legal entities.

Supplier: Real or legal persons providing goods and services.

3 GENERAL PRINCIPLES

All purchasing activities are carried out in accordance with policies, procedures and the relevant local / international laws.

Purchases are processed and executed by the requesting department. It is the responsibility of the requestor or related department to initiate and terminate the purchase process in accordance with the Procedure. All departments fulfill their purchasing duties in accordance with Company policies.

The person or department that will make the purchase should measure the price-benefit balance as well. The person or department that makes the purchase should consider many parameters such as price fluctuations, availability, shortage/excess of the desired products/materials and financial issues, while adjusting the quantity of materials required by Liba.

In order to make purchases with the most appropriate quality and cost, all relevant departments should inform each other in time and work with a sense of responsibility.

Liba acts in line with its business plans and goals in order to carry out its purchasing activities in the Company's interests.

Considering the needs of Liba, purchases should be made from manufacturers or distributors whenever possible.

Third party due diligence studies are required for the agencies within the scope of scientific conventions and congresses. In this context, the following information about third parties should be investigated:

- Company's partnership structure
- Negative news about the company
- Whether there is any politically exposed person among company partners or managers
- Whether the company or persons are included in the list of public purchasing bans.
- Whether the company or persons are included in the international sanction lists,

In addition, Third Party Recognition Form must be provided from third parties. In this form, information about the legal name, address, affiliate information and name of the key managers should be requested. The accuracy of the information should be checked by comparing the Third Party Recognition Form filled by the third party and the due diligence outputs.

Necessary market researches are done within the scope of the due diligence. All the work carried out after the Third Party Recognition Form is received from the supplier is filed and stored. If there is no finding to damage the Company's reputation, Liba can work with the third party under a contract. After signing the contract with the supplier, periodic due diligence studies should be conducted.

4 APPLICATION OF PROCEDURE

4.1 Supplier Selection

Liba aims to establish long-term and consistent relationships with its suppliers. In this context, the following points are considered for a good supplier selection:

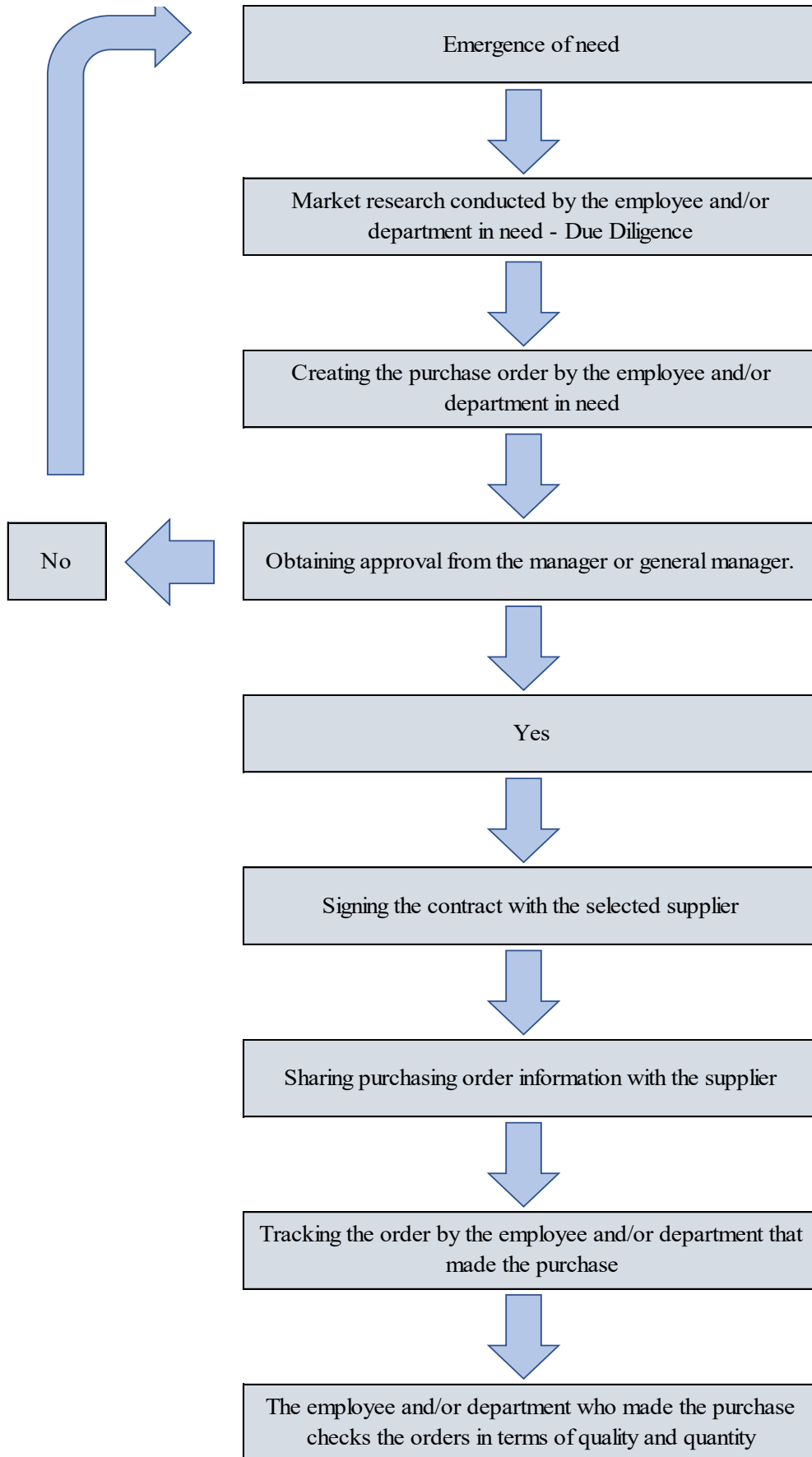
- The supplier must have experience and responsibility in its field.
- The supplier must submit information on price changes in a timely manner.
- The supplier must be able to provide the goods in right quality and quantity in a consistent manner.
- The supplier must be professional in the industry in which it operates.
- The supplier must have financial capability.
- The supplier should comply with the Liba Code of Ethics and Business Conduct and agree to work within the framework of these principles.
- The corporate identity of the supplier should not be damaged by negative news and the supplier should have a reputation in the industry.
- Due Diligence studies should be carried out regularly for the supplier during the year and business relations should continue if supplier continues to meet the appropriate conditions.

4.2 The Process of Purchasing

It is important to conduct market research and determine the possible alternatives correctly in purchasing processes. The process of purchasing starts with the request of the Company to purchase goods and services from suppliers and ends with the notification of the purchasing owner that the goods or services were received. The purchasing process is as follows:

- The person or department that make the purchase select the suppliers from whom it can supply the requested goods or services. For this, market research should be done. Within the scope of market research, the processes of due diligence, recognition of suppliers, obtaining an offer from minimum three suppliers and evaluation of the offers should be carried out. All market researches, quotations and negotiations with suppliers should be recorded and the relevant documents should be kept clearly, transparently and detailed.
- The person or department that make the purchase determines the details, quantity, quality, conditions, desired delivery date and place of the order.
- Approval is obtained from the manager of the relevant department or the General Manager.
- A contract is signed with the relevant supplier. Contracts to be signed must include the following obligations:
 - The parties must comply with UKBA and FCPA provisions, relevant regulations and applicable international and local laws.
 - Explicit prohibition of bribery and facilitation payments.
 - The parties should not provide any improper payments, advantages, services, gifts, entertainment, etc. from each other.
 - The supplier must share the books and records of the activities carried out under the contract.
- The person or department that make the purchase requests an order.
- The person or department that made the purchase tracks the status of the order. Relevant employees and departments are informed about possible delays or malfunctions. If there are changes related to the order, the supplier is notified. The quality and quantity of the goods must be checked by the employee and / or department requesting the order, after that the goods are received. If the ordered goods are of poor quality, the return process should be initiated.

4.3 Purchasing Workflow Chart



5 AUTHORITY AND RESPONSIBILITIES

As all employees are required to comply with this Policy, it is the responsibility of the General Manager and the Compliance Officer to ensure the enforcement of this Policy.

The violation of the policy constitutes an important disciplinary offense and may result in disciplinary actions requiring verbal or written warnings, or the termination of employment.

In the event of witnessing behaviors that violate this policy, employees may report to;

- libaetikhatti@liba.com.tr,
- Compliance Officer, or
- General Manager.

This Policy is periodically reviewed by the Compliance Officer in line with evolving legal obligations and Company processes.