

CORPORATE SUPPLY AGREEMENT

DATED: 15TH of December 2014

1. PARTIES

- 1.1 **PENTAMASTER CORPORATION BERHAD (COMPANY NO. 572307-U)**, a company incorporated in Malaysia and having its principal place of business at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Phase IV, 11900 Penang (“**the Buyer**” or “**Pentamaster**”) (1)
- 1.2 **Supplier** as defined in Clause 3 (“**the Supplier**”) (2)

2. RECITALS

- 2.1 This Agreement governs the supply relationship between Pentamaster and the Supplier with in term of Products and/or Services. In addition, Pentamaster Affiliates may source the Products or Services from the Supplier or its Affiliates under the terms and conditions of this Agreement.
- 2.2 The Supplier agrees and undertakes to supply the Products and/or the Services to Pentamaster in accordance with the terms and conditions of this Agreement.

3. DEFINITIONS

The following terms have the following meanings:

<u>Words</u>	<u>Meanings</u>
“Affiliates”	Subsidiaries, associated companies, sister companies, related corporation, partnerships or joint ventures of which the party has direct or indirect control. A party “controls” another entity when the party, through ownership of the voting stock or other ownership or other ownership interest of that entity, or by contract or otherwise, has the ability to direct its management.
“Buyer” or “Pentamaster”	Pentamaster Corporation Berhad (Company No. 572307-U) and/or its Affiliates where applicable
“Business Day”	A day other than a Saturday, Sunday or a gazetted public holiday in Malaysia;
“Confidential Information”	Confidential or proprietary data or information disclosed by one party to the other under this Agreement, Purchase Order or Product Schedule (i) in written, graphic, machine recognizable, electronic, sample or any other visually perceptible form, which is clearly designated as “confidential” or “proprietary” at the time of disclosure, and (ii) in oral form, if it is

identified as confidential at the time of disclosure, and confirmed in written summary designated as “confidential” or “proprietary” within thirty (30) calendar days after disclosure. Notwithstanding the foregoing, all Pentamaster information regarding product specifications, prototypes, designs, samples, testing processes and results, quality and manufacturing procedures and requirements, customers information, key partners and suppliers information, computer software and related documentation, product or technology roadmaps, cost or price information, demand or volume information, market share, business information, operating information, financial information, market or financial projections and other similar information is Pentamaster Confidential Information without regard to designation or written confirmation as ‘confidential’ or ‘proprietary’

“Documentation”	In a format as mutually agreed, the user guide, compilation instructions, documents, manuals and computer-readable files, regarding the installation, use, operation, functionality, troubleshooting and other technical information sufficient to use the Product
“Effective Date”	15 TH of December 2014
“EICC Code”	Electronic Industry Citizenship Coalition Code of Conduct
“Head Office”	Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, Malaysia or other address to be notified by the Buyer to the Supplier in writing
“Insolvent”	if (a company): (a) is deemed unable to pay its debts under section 218(2) of the Companies Act, 1965 of Malaysia; (b) any action is taken for or with a view to its winding up (whether compulsory or voluntary); (c) has a receiver appointed over or any encumbrancer takes possession of any of its assets; (d) enters into dealings with any of its creditors with a view to avoiding or in expectation of insolvency; (e) is subject to any action or circumstances (by whatever name called) similar to any of the above in any jurisdiction.

He (if an individual):

- (a) commits an act of bankruptcy (as defined by section 3 of the Bankruptcy Act, 1967);
- (b) is the subject of an action taken for or with a view to adjudicating him bankrupt;
- (c) has a receiver appointed over or an encumbrancer takes possession of any of his assets;
- (d) enters into dealings with any of its creditors with a view to avoiding or in expectation of insolvency.
- (e) is subject to any action or circumstances (by whatever name called) similar to any of the above in any jurisdiction.

“Intellectual Property Rights”

Any and all (i) copyrights, trademarks, trade names, domain names, goodwill associated with trademarks and trade names, designs and patents; (ii) rights relating to innovations, know-how, trade secrets and confidential, technical and non-technical information, (iii) moral rights, mask work rights, author’s rights and rights of publicity; and (iv) other industrial, proprietary and intellectual property related rights anywhere in the world, that exist as of the Effective Date or hereafter come into existence, and all renewals and extensions of the foregoing, regardless of whether or not such rights have been registered with the appropriate authorities in such jurisdictions in accordance with the relevant legislation.

“Products”

Any products of any nature produced for Pentamaster by the Supplier inclusive but not limited to the Documentations relating to the products or any ancillary services such as product assembly, installation, support, upgrade and repair services.

“Product Schedules”

Pentamaster and Supplier may enter into written and signed product schedules to establish additional terms and conditions applicable to one or more Products/Services, or to establish project-specific terms and conditions required in connection with a particular project (e.g, customer-specific requirements). If the terms and conditions of the Product Schedule add to or conflict with this Agreement, the applicable Product Schedules will control as to the additional or conflicting term(s).

“Purchase Order”

Purchase order issued by Pentamaster to the Supplier upon placing order. If the terms and conditions of the Product Order add to or

	conflict with this Agreement and the Product Schedules, the applicable Product Order will control as to the additional or conflicting term(s) if the Purchase Order is accepted by the Supplier.
“Services”	Sub-contract services to produce the Products carrying out at the premises of the Supplier, Pentamaster or the customer of Pentamaster provided by the Supplier to Pentamaster
“Supplier”	An entity and/or its Affiliates where applicable, authorized by Pentamaster in writing to provide Products and/or Services under this Agreement.

4. INTERPRETATION

- 4.1 The expressions “the Buyer” or “Pentamaster” and “the Supplier” include the successors of the Buyer or Pentamaster and the Supplier respectively.
- 4.2 Words importing one gender include all other genders and words importing the singular include the plural and vice versa.
- 4.3 The expression “person” or “persons” includes corporations, individuals and fluctuating bodies of persons.
- 4.4 The expression “this Agreement” means this agreement, as varied from time to time in accordance with its terms.
- 4.5 The term “month” means calendar month.
- 4.6 The term “parties” means the Buyer and the Supplier.
- 4.7 The term “party” means any of the Buyer and the Supplier.
- 4.8 Any reference to a specific written law or any general reference to written laws include, any statutory extension, modification, amendment or re-enactment of it or them and any regulations, orders or other subsidiary legislation made under it or them.
- 4.9 References in this Agreement to any clause, sub-clause, paragraph, sub-paragraph or schedule without further designation shall be construed as a reference to the clause, sub-clause, paragraph, sub-paragraph or schedule to this Agreement so numbered.
- 4.10 The clause, sub-clause, paragraph and sub-paragraph headings and the table of contents do not form part of this Agreement and shall not be taken into account in its construction or interpretation.
- 4.11 Any provision of this Agreement conferring a discretion on the any party in relation to any decision or any other matter of any nature whatever shall be construed as conferring an absolute and unfettered discretion on the party.
- 4.12 References in this Agreement to time relate to Malaysian time unless specified otherwise.

- 4.13 The Schedules and Appendices (if any) annexed hereto shall be taken read and construed as an essential part of this Agreement.

5. SUPPLY AGREEMENT

In consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Supplier agrees and undertakes to supply the Products and/or Services to Pentamaster in accordance with the terms and conditions of this Agreement. In the event that Affiliates are involved, Pentamaster and the Supplier agree that it shall ensure that its respective Affiliates are bound by the terms and conditions of this Agreement.

6. TERM

This Agreement has an initial term of three (3) years, starting on the Effective Date. After the initial term, this Agreement will automatically renew for additional successive one year period in perpetuity unless either party provides the other with written notice of its intention not to renew the Agreement at least thirty (30) calendar days prior to the expiration of the initial term or any one-year renewal period.

7. TERMINATION

- 7.1 Either party may terminate this Agreement upon written notice in the event the other party breaches a material obligation under this Agreement, Purchase Order, Product Schedules, and that breach continues uncured for a period of fourteen (14) Business Days after receiving written notice of the breach.
- 7.2 Either party may immediately terminate this Agreement upon written notice in the event the other party become Insolvent.
- 7.3 Pentamaster may immediately terminate this Agreement upon written notice if:
- (i) the Supplier fails to pay its insurance premium or fails to maintain adequate insurance to cover its obligations under this Agreement, Purchase Order or Product Schedules;
 - (ii) the Supplier fails to timely pay amount owes to its suppliers and contractor; or
 - (iii) the Supplier fails to meet a payroll when due.

8. TERMINATION CONSEQUENCES

Upon the expiration or termination of this Agreement for any reasons:

- 8.1 Each party shall immediately stop using and return to the other party's written permission, destroy in lieu of returning, and certify the destruction of, all items that contain any Confidential Information belonging to the other party (including without limitation all Pentamaster-consigned inventory and all types of Pentamaster's property), except Pentamaster may retain copies of any Confidential Information and Documentation necessary for the purpose of supporting Products sold to then-existing and subsequently acquired customers.
- 8.2 Pentamaster may continue to use and sell, in the ordinary course of business, any Products regardless this Agreement is expired or terminated.
- 8.3 Unless specified otherwise in the applicable Product Schedule, the Supplier shall continue to make spare parts and repair services for Products available for purchase by Pentamaster on

the terms and conditions of this Agreement for one (1) year after the date of expiration or termination of this Agreement.

9. ORDERING AND PRICING

- 9.1 The parties may exchange purchase orders, sales acknowledgements and invoice forms. All use of forms and orders are governed by the terms and conditions of this Agreement. No terms and conditions contained in the Supplier's quotations, acceptance, sales acknowledgement, delivery order and/or invoice forms will supersede, extinguish, add to, alter or amend the provisions of this Agreement, even if signed by either or both parties.
- 9.2 Upon the Supplier receiving the Purchase Order, if there is no objection within three (3) Business Days, the Supplier's commencement of services or shipment of the Products, whichever occurs first, constitutes acceptance of the Purchase Order and bound by terms and conditions of this Agreement.
- 9.3 The prices identified in the Purchase Order shall be the contract price and shall include any and all charges for taxes of any kind, boxing, packaging, crating and returnable containers unless otherwise provided for in the Purchase Order.
- 9.4 The contract price includes all applicable taxes of any kind including but not limited to excise, sales, use taxes and withholding taxes. Pentamaster shall not be responsible for any applicable taxes.
- 9.5 All material, parts, tools or whatsoever furnished by Pentamaster ("Materials") for the Purchase Order shall be paid by the Supplier at the regular current market price. All Materials furnished by Pentamaster, on a no charge basis shall be deemed held on consignment and the Supplier agrees to pay for all spoilage of same or that which is not otherwise satisfactory accounted for.
- 9.6 No charge shall be made to Pentamaster for tools, dies, patterns, drawings whatsoever required for the fabrication of Products ("Tools") unless specifically set forth in the Purchase Order or Product Schedules. In those instances where Pentamaster has agreed and is separately charged for the Tools, Pentamaster shall have the following rights with respect to the Tools:
- (i) Pentamaster shall be the sole owner of all rights to such Tools, including all Intellectual Property Rights.
 - (ii) Pentamaster shall have the right to take possession of the Tools at any time;
 - (iii) the Supplier shall only use such Tools in support of Pentamaster;
 - (iv) the Supplier shall be solely responsible for the maintenance and upkeep of the Tools, including replacement items at the end of the useful life of the Tools.
- 9.7 The Supplier shall bear all the bank remittance charges at all time.

10. SHIPMENT, DELIVERY AND PACKING

- 10.1 Unless otherwise stated in the Purchase Order, any shipment or delivery must be at Pentamaster's Head Office. All shipment and delivery must be shipped through the "carrier" and via "method" specified in the Purchase Order. If the Supplier ships the Products through a "carrier" or via "method" which is not stated in the Purchase Order, the Supplier must pay for freight costs incurred through the use of the unauthorized "carrier" and "method".
- 10.2 The Supplier shall handle, pack and package the Products so as to protect the Products from loss or damage, in conformance with good commercial practice, the Buyer's specification as

stated in the Purchase Order, government rules and regulations and other applicable requirements. The Supplier shall be responsible for any loss or damage due to its failure to handle, pack and package of the Products in a proper and lawful manner.

- 10.3 The Supplier's facilities, equipment and the goods and services purchased and to be purchased under the Purchase Order are subject to the Buyer's inspection and acceptance. Payment for the goods shipped and serviced performed shall not constitute acceptance. Products and/or Services shall only be deemed accepted when they have actually been counted, inspected and tested by the Buyer and found to be in conformance with the Purchase Order. Products rejected and/or Products supplied in excess of the Purchase Order, in addition to the Buyer's other rights, be returned to the Supplier at the Supplier's expense, including, all expenses of unpacking, examining, repacking and reshipping. If the Buyer receives Products or Services with defect or nonconformities, whether or not apparent on inspection, the Buyer reserves the right to require re-performance or a replacement or a refund within seven (7) calendar days or such other extended time as permitted by the Buyer, as well as transportation costs and payment of damages and losses suffered as a result of the defect or nonconformities of Products or Services by the Supplier. In the event the Buyer has to purchase substitute affected part or all of the Products or get the Services elsewhere, the Supplier has to bear for the expenses and losses incurred by the Buyer. Nothing contained in this Agreement, the Purchase Order or the Product Schedules shall relieve the Supplier from the obligations of testing, inspection and quality control.
- 10.4 Upon delivery of the Products or Services to the Buyer's receiving store, all drawings and Documentations must be returned to the Buyer together with the quality checking reports.
- 10.5 If the Buyer receives any shipment more than three (3) Business Days prior to the delivery date, the Buyer may return the Products at the Supplier's expenses or delay processing the corresponding invoice until the delivery date.
- 10.6 The Supplier shall insure all shipment for full value for the benefit of the Buyer.
- 10.7 Title and risk of loss or destruction of the goods shall pass from the Seller to the Buyer upon written acceptance of the Products at the Buyer's designated location. The Seller warrants that, upon delivery, it has transferred free and clear title of the Products to the Buyer and that there are no liens upon the Products or Services provided hereunder.

11. BILLING

- 11.1 In order to facilitate payment, all delivery order must be in accordance with the Buyer's Purchase Order number, part number, item number and revision with full description as per the Purchase Order.
- 11.2 Each delivery shall be attached with the delivery order referring to the same purchase order (for both full/partial delivery).
- 11.3 Delivery shall be made to the "Receiving Store" of the delivery address specified on the Purchase Order or the Head Office if no delivery address is specified.
- 11.4 Original delivery order shall be attached to the shipment.
- 11.5 In the event there is no original delivery order, a photocopy of the delivery order shall be produced but the Supplier shall submit the original delivery order within one (1) week of the delivery. The original delivery order shall be submitted with the photocopy delivery order duly marked with the original stamp. The original delivery order and the photocopy delivery order shall be submitted to the original receiving store.

- 11.6 Original proforma invoice or commercial invoice may serve as delivery order in the event there is no delivery order attached to the shipment PROVIDED THAT the original proforma invoice or commercial invoice shall be issued according to the details in the Purchase Order and shall contain purchase order number, company name, project number, shipment terms, item code, revision, description, unit of measure (UOM) and quantity.
- 11.7 In the event payment is made in advance by way of telegraphic transfer (TT) or cash on delivery, the Supplier shall submit the proforma invoice and details of the bank.
- 11.8 The Supplier must within one (1) month from the date of delivery submit the complete billing documents such as delivery order, invoice, commercial invoice or proforma invoice.
- 11.9 In the event the billing document is not submitted within one (1) month from the date of delivery without any reasonable cause, it is herein deemed that the Supplier forfeits the right to the payment and the Buyer shall not be liable to make any payments whatsoever.
- 11.10 In the event the Supplier delivers Products or Services before issuance of the Purchase Order, the Buyer shall not be bound by the price and reserve the right to adjust the price.
- 11.11 For the overseas deliveries involving custom clearance, a description in English corresponding the Purchase Order shall be submitted.
- 11.12 In the event the Supplier does not fulfill customs procedures and the inadequacies cause delay in delivery of the Products or Services to the Buyer, the Buyer shall deduct a minimum of ten percent (10%) of the Purchase Order amount.
- 11.13 The Supplier shall submit a monthly statement of accounts to the Buyer.
- 11.14 Delivery documents which are not acknowledged by the receiving store will be rejected.
- 11.15 Payment will not be made for Products or Services unless they are in compliance with this Agreement, Purchase Order and/or the Product Schedules.

12. WARRANTY

- 12.1 The Supplier represents and warrants that the Products shall be of quality, free from defects in design, manufacture, materials and workmanship, are merchantable, and are fully fit for their intended purpose, including the purpose for which they will be used by the Buyer or the Buyer's customers. This warranty for the Products or any parts of the Products shall be in effect for a duration under any of the relevant or applicable basis: (i) duration as set out in the warranty package provided by the Supplier from time to time; (ii) duration equivalent to the warranty period as provided by the manufacturer to the Supplier; (iii) in accordance to the mileage of usage; (iv) one (1) year period from the date of receipt of Products or Services by the Buyer.
- 12.2 The Supplier further represents and warrants that the it has good warrantable title to the Products, free and clear of any liens, encumbrances or other restriction on use or distribution and the Buyer shall have clear and marketable title to the Products and the Products shall be new and unused, contain only authentic materials and no counterfeit parts and conform to the description, specifications and provisions in the Purchase Order or Product Schedule and requirements by the Buyer's customers.
- 12.3 The Supplier also represents and warrants that (i) the Supplier has no knowledge of and that there are no unresolved claims, demands or pending litigation alleging that the Products

infringe or misappropriate any Intellectual Property Rights of any third party, (ii) the Supplier has obtained all necessary rights under any Intellectual Property Rights of third parties necessary for the sale, use or other distribution of the Products supplied to Pentamaster under this Agreement, and (iii) Products delivered under this Agreement do not infringe or misappropriate any Intellectual Property Rights of any third party. Upon receipt notice from a third party alleging infringement or misappropriation of such third party's Intellectual Property Rights by the manufacture or sale of Products, the Supplier shall take all appropriate actions to handle the claim responsibly in accordance with established legal practice in response to receipt of such a claim, including obtaining opinion(s) of outside counsel regarding non-infringement by the Supplier or invalidity of such allegedly infringed or misappropriated Intellectual Property Rights, instituting proceedings to invalidate such allegedly infringed or misappropriated Intellectual Property Rights and investigating and implementing design changes that would avoid such allegedly infringed or misappropriated Intellectual Property Rights or procuring license rights under such allegedly infringed or misappropriated Intellectual Property Rights that would exhaust such Intellectual Property Rights.

- 12.4 The Buyer has the right to return the Products to the Supplier immediately at the Supplier's expenses in the event that there is any breach of the warranties.
- 12.5 Subject to clause 12.1, Rights and remedies of the Buyer in respect of any breach of the warranties and any obligations of the Buyer remaining to be performed shall not be affected by the expiration or termination of this Agreement.

13. INDEMNIFICATION AND REMEDIES

- 13.1 The Supplier agrees to defend, indemnify and hold the Buyer harmless from any and all claims, causes of action, demands or disputes which allege, in whole or in part, any Intellectual Property Rights infringement with respect to the sale, use, distribution or application of the Products or Services provided by the Supplier. Said protection and indemnification shall include indemnification of the Buyer's expenses of litigation, court costs, expert expenses and attorney's fees made or recovered against the Buyer by any person or persons whomsoever, on account of the use or sale of such article by the Buyer in violation of any right(s) claimed under any Intellectual Property Rights and to provide a replacement Products that are non-infringing.
- 13.2 The Supplier agrees to indemnify and hold harmless the Buyer and the customer of the Buyer and their respective officers, directors, employees, agents, successors and assigns ("Pentamaster Indemnitees"), from and against all losses, damages, costs or liability of any kind (including attorney's fees), including any costs associated with claims made by a third party, arising from, in connection with or relating to any of the following:
- (a) negligent acts or omissions or willful misconduct of Supplier or its personnel;
 - (b) Supplier's breach of its obligations or warranties under this Agreement, Purchase Order or Product Schedule;
 - (c) any theft or other misappropriation of Buyer's or its personnel's information, property or funds by the Supplier or the Supplier's employees, subcontractor and/or agents; or
 - (d) failure of the Supplier, its sub-contractor or agent in compliance with all applicable national, state and local laws and regulations governing the manufacture, transportation, import, export and/or sale of the Products and/or the performance of Service in Malaysia or other applicable jurisdictions.
- 13.3 In the event it is necessary for the Buyer to enforce the terms and conditions of this Agreement, Purchase Order or Purchase Schedule or to defend or prosecute any litigation arising out of or as a result of this Agreement, Purchase Order or Purchase Schedule or in connection with the sale of the Products and/or Services to the Buyer by the Supplier, the Buyer shall be entitled to recover from the Supplier, in addition to any other relief granted,

reasonable attorneys' fees, expert fees, costs and expenses of litigation to the extent the Buyer is substantially prevailing party.

- 13.4 All rights and remedies granted to either of the parties shall be cumulative and no exercise by either of the parties of any right and remedies under this Agreement shall restrict or prejudice the exercise of any other right and remedies granted by this Agreement or otherwise available to it.

14. CHANGES, CANCELLATIONS AND RE-SCHEDULING

- 14.1 The Buyer reserves the right, including but not limited, to reschedule delivery, shipment or make changes to the specifications, drawings, samples, materials and/or quantity upon giving written notice to the Supplier. If the Buyer makes such changes, the contract price and/or performance schedule shall be amended accordingly by mutual agreement.
- 14.2 The Buyer may terminate all or any part under the Purchase Order at any time for its convenience to the Supplier. If the Buyer provides the written notice to the Supplier at least seven (7) calendar days prior to the specified shipping date, the Buyer shall have no liability for termination. If the Buyer terminates the Purchase Order on less than seven (7) calendar days advance notice, the parties will negotiate a reasonable termination charge, if any, based on all appropriate factors, including but not limited to, the percentage of work performed by the Supplier prior to termination, the Supplier's ability to resell or reuse the Products or Services and market conditions prevailing at the time of termination. The Supplier has a duty to use its best efforts to mitigate any damages or losses resulting from a termination by the Buyer. The Buyer shall have the right to audit all elements of the termination charge and the Supplier shall make available to the Buyer on request, all books, records and papers relating thereto.
- 14.3 In the event that the Buyer gives notice to the Supplier including but not limited to, defects, malfunction or the Product not serving the purpose for which the Product was initially purchased by the Buyer, the Supplier shall within seven (7) calendar days or such other reasonable period as Buyer deems fit, remedy the defect, failing which the Buyer is entitled to return the Products, the Supplier shall be liable to the Buyer or the Buyer's customer for all damages and losses incurred as result thereof. In any such event, the Supplier shall refund any monies paid by the Buyer within seven (7) calendar days and the Buyer shall terminate the Purchase Order without liability to the Buyer and the Buyer reserves the right whether to terminate this Agreement as well.
- 14.4 In the event the Supplier intends to terminate a Purchase Order, the Supplier shall inform the Buyer of any intended cancellation to get the consent of the Buyer; (i) if the Buyer allows such cancellation, the Purchase Order shall be cancelled immediately mutually by both parties and the Supplier shall refund any monies paid by the Buyer within seven (7) calendar days and both parties have no further claim against each other under the Purchase Order; (ii) If the Buyer does not allow the cancellation, the Supplier has to proceed and deliver the Products or Services in accordance with the terms and conditions under this Agreement, the Purchase Order and/or the Product Schedule.

15. LATE DELIVERY

- 15.1 Time is the essence with respect of deliveries and performance. If the Supplier fails to timely perform or deliver, the Supplier is liable to Pentamaster for (i) all of Pentamaster's costs, losses and damages incurred as a result of such delay, including but not limited to penalties

Pentamaster must pay to its customers and all costs (including expediting costs) associated with Pentamaster's substitution of another supplier's product(s) or service(s) to cover for the Product(s) or Service(s) not delivered by the Supplier or increased transportation costs, or at Pentamaster's option (ii) liquidated damages in the amount of one percent (1%) per day up to a cap of twenty percent (20%) of the contract price of the delayed Product(s) or Service(s).

- 15.2 The Supplier shall notify the Buyer immediately of any circumstance which is delaying or which threatens to delay the timely performance of the Purchase Order, but such notice shall not excuse performance by the Supplier nor affect the Supplier's liability for performance hereunder. If the Supplier fails to deliver any or all of the material or merchandise or fail to render any services covered by the Purchase Order within the time agreed, the Supplier shall use expediting shipping means, at the Supplier's expense, in order to minimize the delay. Should the Supplier still be unable to provide the Products or Services in a timely manner, which shall be determined solely by the Buyer, the Buyer reserves the right to (i) purchase such part of whole Products or Services elsewhere and charge the Supplier with any loss incurred thereof, (ii) request the Supplier to supply all necessary Documentation, licences, tools, materials whatsoever to make or have made the Products, or (iii) at the Buyer's option, to cancel or reject the Purchase Order as to any material or merchandise not delivered and any services not rendered, and the Buyer shall be under non obligation to accept or pay for the same or compensate the Supplier for any expense which may have incurred. If the Buyer accepts part delivery of the Products or Services, it will still be considered as late delivery as only full Products or Services delivered in accordance of the delivery date of the Purchase Order shall be construed as full shipment. Nothing in this clause shall affect any other right conferred on the Buyer's by law or equity, including but not limited to, the rights to seek monetary damages, resulting from the Supplier's failure to meet the delivery date.
- 15.3 Pentamaster may immediately cancel, without liability, all Purchase Orders or portion of the Purchase Orders for the affected Products or Services and the Supplier shall refund the monies paid by Pentamaster for the affected Producted or Services within seven (7) calendar days. For delayed Products or Services that Pentamaster continues to require Supplier to provide, the Supplier shall use best efforts to expedite delayed Products or Services and/or performance and shall pay for all expediting costs.
- 15.4 To extent that Pentamaster elects to cover for delayed Products or Services by sourcing products or services from another supplier, all such purchases will count toward satisfaction of any purchase commitment or other volume-based threshold that Pentamaster may have under any agreement with the Supplier (e.g. for purposes of determining Pentamaster's entitlement to discounts, rebates, incentives and prices concessions on the supplier's products or services).

16. END-OF-LIFE RETURNS

The Supplier shall inform the Buyer of any potential case of "part discontinuance" due to end of life or process change, one (1) year in advance of such event occurring. In the event that the Supplier fails to inform the Buyer, the Supplier shall be responsible for the costs incurred in sourcing the said part including but not limited to testing and verification by the Buyer's customer and loss of prospective business. In addition, the Supplier shall accept the Products returned by the Buyer without any charge or liability to the Buyer.

17. BUSINESS CONTINUITY PLAN AND PRACTICE

- 17.1 The Supplier will develop and keep current a formal business continuity plan detailing the Supplier's plans, procedures and designated resources for timely response to and recovery

from potential civil, natural and physical plan disasters that could reasonably be expected to disrupt production and delivery to the Buyer. Upon request, the Supplier will make such plan available to the Buyer or its designated representative for review.

- 17.2 The Supplier agrees to notify the Buyer as soon as possible in the event of a crisis that disrupts manufacturing or delivery of Products or Services. Unless otherwise authorized by the Buyer, the Supplier will not make any reference to the Buyer in any public communications about the crisis and subsequent recovery.
- 17.3 The Supplier will be responsible for maintaining its facilities and operations in accordance with applicable fire protection and loss control standards. The Supplier will allow the Buyer to visit and conduct loss control evaluations.
- 17.4 The Supplier agrees to conform to the following standards under EICC Code and any addition to EICC Code from time to time:
- (i) the labour standard as stated in Schedule 1
 - (ii) the health and safety standard as stated in Schedule 2;
 - (iii) the environmental standards as stated in Schedule 3;
 - (iv) the ethic as stated in Schedule 4;
 - (v) the management system as stated in Schedule 5.
- 17.5 The Buyer may conduct unannounced inspections or audits for compliance with Clause 17.4.
- 17.6 The Supplier undertakes that the Products will not be manufactured with any Class 1 ozone-depleting substances in its manufacturing processes and the Products will not contain such substances.

18. LABOUR

- 18.1 The Supplier shall ensure that its labour is in compliance with the labour standard as stated in Schedule 1.
- 18.2 The Supplier shall ensure that only qualified personnel is carried out the job and all workers, subcontractors or agents sent to the designated premises of the Buyer's or the Buyer's customer's shall be with proper valid working permits and with accepted qualification by the Buyer or the Buyer's customer.
- 18.3 The Supplier shall ensure that the workmanship of the Products or Services are conforming to the specifications of the Buyer as set out in the Purchase Order or Product Schedule.
- 18.4 The Supplier shall not subcontract any of its obligations under this Agreement, Purchase Order or Product Schedule without the Buyer's prior written consent. The Supplier is required to provide the valid details of the subcontractor to the Supplier for the Buyer's consideration. The Supplier shall retain responsibility of all obligations subcontracted hereunder and shall indemnify, defend and hold harmless the Pentamaster Indemnitees against any claim arising from or caused by the acts or omission of the Supplier's subcontractors.

19. TRAINING

The Supplier agrees to provide training to the Buyer or the Buyer's customer in the event such training is required and as stated in the Purchase Order or the Product Schedule.

20. INTELLECTUAL PROPERTY

- 20.1 In the event the Products involves Intellectual Property Rights of certain technologies, the following shall apply,
- (i) if the Supplier manufactures the Products based on technology provided by the Buyer (“Buyer’s Technology”), the Buyer shall retain exclusive ownership and title of the Intellectual Property Rights of the technology and the Supplier agrees to treat the technology as Confidential Information that shall not be disclosed in whole or part or used for any third party, without the Buyer’s prior written consent.
 - (ii) if the Supplier manufactures the Products based on its own technology (“Supplier’s Technology”), the Supplier shall ensure it is the owner of the technology and there is no infringement of Intellectual Property Rights on the technology and clause 13.1 shall apply.
- 20.2 Pentamaster will retain ownership of all specifications for the Products under this Agreement (“Specifications”) and will be the owner of all modifications or enhancements made by or for Pentamaster or by the Supplier to such Specifications, including any modifications or enhancements made by Pentamaster to the Specifications based on the Supplier’s “Feedback” as the term is defined below. At Pentamaster’s request and expense, the Supplier shall execute all papers and provide reasonable assistant to Pentamaster necessary to vest ownership in Pentamaster of all such modifications or enhancements to enable Pentamaster to obtain Intellectual Property Rights in any such modifications or enhancements. The Supplier agrees to treat the Specifications as Confidential Information of Pentamaster that shall not be disclosed in whole or part or used for any third party, without Pentamaster’s prior written consent.
- 20.3 The Supplier may from time to time provide suggestions, comments or other feedback (“Feedback”) to Pentamaster with respect to Specifications or Confidential Information. The Supplier agrees that any Feedback will be given entirely voluntarily and grants Pentamaster the right to use, have used, disclose, reproduce, licence, distribute or exploit the Feedback for any purpose, entirely without obligation, payment or restriction on use or disclosure of any kind.

21. INSURANCE

- 21.1 The Supplier shall maintain at its own expense sufficient insurance coverage for its employees including the personnel sent to the premise of the Buyer of the Buyer’s customer.
- 21.2 The Supplier shall, at its own expense and at all times during the term of this Agreement and after its termination as required below, maintain in effect the insurance in sufficient coverage together with any other insurance required by law in any jurisdiction where the Supplier provides Products and/or Services under this Agreement, in insurance companies rated by A-M Best with a least an A-rating and authorized to do business in such jurisdiction, and will comply with all those requirements as stated therein.
- 21.3 The Supplier shall maintain sufficient general liability insurance covering all operations by or on behalf of the Supplier arising out of or connected with this Agreement and providing coverage for bodily injury, property damage and products liability. Such can be maintained in any combination of the following types of insurances: Commercial General Liability, Foreign General Liability, Public Liability, Products Liability, Umbrella Liability and/or Excess Liability. If such insurance is maintained on an “occurrence” basis, such insurance shall be maintained

for at least one year after the expiration of this Agreement and if such insurance is maintained on a "claims made" basis, such insurance shall be maintained for at least three years after the expiration of this Agreement.

- 21.4 Certificate of Insurance or other evidence of the coverage required above shall be furnished by the Supplier to the Buyer upon request. The Buyer's receipt and/or acceptance of such proof shall not limit or relieve the Supplier of the duties and responsibilities with respect to maintaining insurance required by this Agreement. The Supplier will notify the Buyer of any changes in terms, conditions and termination of such insurance policies not less than thirty (30) calendar days after notification from the insurer.
- 21.5 The insurance maintained by the Supplier pursuant to this Agreement shall provide that, except to the extent prohibited by law, the Supplier and its insurer waive all rights of recovery or subrogation against the Buyer, its officers, directors, employees and agents but only for injury, damage or loss that falls within the Supplier's indemnity obligation under this Agreement.
- 21.6 To the extent that the Supplier is a cause of the insured loss, the policies provided under this Agreement shall provide that the Supplier's insurance will be primary to and non contributory with any and all other insurance maintained or otherwise afforded to the Buyer.
- 21.7 If the Supplier uses subcontractors to provide the Products and/or Services pursuant to this Agreement, then for each such subcontractor, regardless of tier, the Supplier shall use reasonably commercial efforts to ensure that each such subcontractor either maintains the same type of insurance as required by the Supplier hereunder or is insured under the Supplier's insurance.

22. FORCE MAJEURE

Neither party will be liable for failure to timely perform under this Agreement to the extent that its performance is delayed by a "Force Majeure" event to the extent caused by any of the following events, provided that they are beyond the party's reasonable control, without the party's fault or negligence and could have not been avoided by the party's use of due care: acts of God including hurricanes, tornadoes, earthquakes and floods; acts of terrorism; civil unrest; interference by civil or military authority, including war and embargoes; fires; epidemics; and labour strikes (other than labour strikes by the work force of the delayed party). The party claiming force majeure has the burden of establishing that a Force Majeure event has delayed performance and shall use commercially reasonable efforts to minimize the delay. The party claiming Force Majeure shall provide the other party with written notice of the Force Majeure event, including the cause of delay, the estimated time of delay and the actions taken or planned to avoid or minimize the impact of delay. If the Supplier claims a Force Majeure event that delays its performance by more than fifteen (15) calendar days, Pentamaster may cancel any further performance or terminate this Agreement with no liability or agree to extend the time of performance in writing.

23. CONFIDENTIAL INFORMATION

- 23.1 The Supplier undertakes not to disclose the Confidential Information to any other parties save for required by law and not to use the Confidential Information to design, develop or manufacture products or provide services to any other parties.
- 23.2 The Supplier also undertakes to comply with all the provisions under any non-disclosure agreement signed with the Buyer. If the terms and conditions of the non-disclosure agreement

add to or conflict with this Agreement, this Agreement will control as to the additional or conflicting term(s).

24. NON SOLICITATION

The Supplier undertakes and warrants that with Pentamaster that it will not in connection with carrying out of any business similar to or in competition to Pentamaster on its own or on behalf of any person firm or company directly or indirectly during the tenure of this Agreement and for a period of one (1) year after termination of this Agreement:

- 24.1 seek to procure orders from or do business with Pentamaster's customers whom the Supplier has gained the contact through Pentamaster; or
- 24.2 endeavour to entice away from Pentamaster any person who has been employed or engaged by Pentamaster.

PROVIDED that nothing in this clause shall prohibit the seeking or procuring of orders or the doing of business not relating or similar to the Business.

25. MISCELLANEOUS

25.1 Compliance with Laws

The Supplier shall comply with all applicable national, state and local laws and regulations governing the manufacture, transportation, import, export and/or sale of the Products and/or the performance of Service in Malaysia or other applicable jurisdictions in the course of this Agreement.

25.2 Completely and Fully Integrated Agreement

This Agreement constitutes the entire understanding and agreement between the parties hereto and supersedes any and all prior or contemporaneous representations, undertakings and agreements between the parties with respect to the subject matter hereof, all of which are merged herein. No usage of trade or custom and practice within the industry and no regular practice or method of dealing between the parties hereto, shall be used to modify, interpret, supplement or alter in any manner the express terms of this Agreement or any part hereof. This Agreement shall not be modified, amended or in any way altered except by an instrument in writing signed by an authorized representative of the parties.

25.3 Authority

The Supplier represents and warrants that: (i) it has obtained all necessary approvals, consents and authorizations to enter into this Agreement and to perform and carry out its obligations under this Agreement; (ii) the person executing this Agreement on the Supplier's behalf has express authority to do so and to bind the Supplier and its Affiliates; (iii) the execution, delivery and performance of this Agreement does not violate any provision of any bylaw, charter, regulation or any other governing authority of the party and is duly authorized by all necessary partnership or corporate action; and (iv) this Agreement is valid and binding obligation of the Supplier and its Affiliates.

25.4 Severability

In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision by a court of competent jurisdiction such provision will be construed,

limited or, if necessary, severed to the extent necessary to eliminate such invalidity or unenforceability. The remainder of this Agreement shall remain valid and enforceable according to its terms. The parties agree to negotiate in good faith a valid, enforceable substitute provision that most nearly effects the parties' original intent in entering this Agreement or to provide an equitable adjustment in the event no such provision can be added.

25.5 Assignment

Except as otherwise provided under this clause 25.5, neither party may assign this Agreement or any of its rights or obligations under this Agreement, without the prior written approval of the other party, which will not be unreasonably withheld. Any attempted assignment, delegation or transfer without the necessary approval will be void. Unless otherwise agreed in writing by Pentamaster, in the event of an intended sale or transfer of Supplier's business or assets, whether by operation of law or otherwise, the Supplier shall give notice to Pentamaster and, at Pentamaster's request, shall make assumption of its obligations under this Agreement a condition of the sale or transfer. Notwithstanding the foregoing, for any Pentamaster acquisition, merger, consolidation, reorganization, or similar transaction, or any spin-off, divestiture, or other separation of a Pentamaster business, Pentamaster may, without the prior written consent of the Supplier and at no additional cost to Pentamaster or to the assignee entity(ies): (i) assign its rights and obligations under this Agreement, in whole or in part, or (ii) split and assign its rights and obligations under this Agreement so as to retain the benefits of this Agreement for both Pentamaster and the assignee entity(ies) (and their respective affiliates) following the split. The Supplier will work cooperatively with Pentamaster and the assignee entity(ies) to ensure a smooth and orderly transition.

25.6 Waiver

The failure by either party to enforce at any time or for any period any one or more of the provisions of this Agreement shall not be a waiver of them or of the right at any time subsequently to enforce all provisions of this Agreement.

25.7 Relationship

Nothing contained herein shall be deemed to create or be construed as creating a joint venture or partnership between the parties. Neither party is, by virtue of this Agreement or otherwise, authorized as an agent or legal representative of the other party. Neither party is granted any right or authority to assume or create any obligation or responsibility, express or implied on behalf of or in the name of the other party or to bind such other party in any manner.

25.8 Counterparts and Signatures

This Agreement may be executed in one or more counterparts, all of which will be considered one and the same Agreement. This Agreement is fully executed when each party has signed one or more counterparts and delivered the counterparts to the other party. Facsimile signatures will be binding to the same degree as original signatures.

25.9 Publicity

The Supplier shall not issue a press release or make any other disclosure regarding this Agreement, the parties' business relationship or Pentamaster or any other aspect of Pentamaster's business, without Pentamaster's prior written consent.

25.10 Communications

25.10:1 Any notice or other communication required to be given by a party to this Agreement shall be in writing and in the English Language and shall (without prejudice to any other manner of service) be deemed duly given if:

25.10:1.1 delivered by hand; or

25.10:1.2 sent by registered post, facsimile transmission or courier to the other party at the address stated below or such other address as may be notified by either of the party to the other from time to time:

Correspondence address and fax

Pentamaster Corporation Berhad

Plot 18 & 19, Technoplex,
Medan Bayan Lepas, Phase IV,
11900 Penang
Fax No: 04-6427752

25.10:1.3 Any notice or other communication sent by facsimile transmission shall be deemed to have been given when dispatched and any notice or other communication given by courier or registered post shall be deemed given 3 Business Days after posting or collection by the courier service for dispatch (as the case may be).

25.10:2 In proving that a notice or other communication has been given, it will be sufficient to prove in the case of:

25.10:2.1 a letter that such letter was (if sent by registered post) properly stamped, addressed and placed in the post or (if sent by courier) was properly addressed and was collected by the courier service for dispatch or (if by hand) was delivered or left at the address given in accordance with clause 25.10:1.2.

25.10:2.2 a facsimile transmission that such facsimile was duly dispatched to the facsimile number of the addressee given in clause 10.2:1 or subsequently notified in accordance with such clause for the purposes of this Agreement.

25.10:3 Notwithstanding the preceding provisions of this clause 25.10 (Communications), if a notice or other communication is received by the recipient on a day which is not during the hours 8.30 am. to 6.00 pm. (being the time as in the place where the recipient is located) on a Business Day, such notice or communication shall be deemed given on the next following Business Day at the commencement of such hours.

25.11 JURISDICTION

The parties submit to the exclusive jurisdiction of the courts of Malaysia.

25.12 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of Malaysia.

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SCHEDULE 1

Labour Standards

The Supplier is committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees and any other type of worker.

The labour standards are:

1) Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons shall not be used. This includes transporting, harbouring, recruiting, transferring or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive fees are unacceptable and all fees charged to workers must be disclosed.

2) Child Labour Avoidance

Child labour is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which workers are being paid is to be provided in a timely manner via pay stub or similar documentation.

5) Humane Treatment

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

6) Non-Discrimination

The Supplier should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring

and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.

7) Freedom of Association

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. The rights of workers to associate freely, join or not join labour unions, seek representation, and join workers' councils in accordance with local laws shall be respected. Workers shall be able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment.

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SCHEDULE 2

Health and Safety Standards

The Supplier recognizes that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. The Supplier also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplaces.

The health and safety standards are:

1) Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment. Workers shall not be disciplined for raising safety concerns.

2) Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

3) Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

6) Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7) Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Supplier or a labour agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

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SCHEDULE 3
Environmental Standards

The Supplier recognizes that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

The environmental standards are:

1) Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

2) Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3) Hazardous Substances

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

4) Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal.

5) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

6) Product Content Restrictions

The Supplier is to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.

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SCHEDULE 4

Ethics

To meet social responsibilities and to achieve success in the marketplace, the Supplier are to uphold the highest standards of standards of ethics including:

1) Business Integrity

The highest standards of integrity are to be upheld in all business interactions. The Supplier shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). All business dealings should be transparently performed and accurately reflected on Participant's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

3) Disclosure of Information

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

4) Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

5) Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

6) Protection of Identity

Programs that ensure the confidentiality and protection of supplier and employee whistleblower (any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body) are to be maintained.

7) Responsible Sourcing of Minerals

The Supplier shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products its manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. The Supplier shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to customers upon customer request.

8) Privacy

The Supplier is to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. The

Supplier is to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

9) Non-Retaliation

The Supplier should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

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SCHEDULE 5

Management System

The Supplier's management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to its operations and products; (b) conformance with EICC Code; and (c) identification and mitigation of operational risks related to the EICC Code. It should also facilitate continual improvement.

The management system should contain the following elements:

1) Company Commitment

A corporate social and environmental responsibility policy statements affirming its commitment to compliance and continual improvement, endorsed by executive management.

2) Management Accountability and Responsibility

The Supplier shall clearly identify company representative[s] responsible for ensuring management reviews the status of the management system on a regular basis.

3) Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of the EICC Code.

4) Risk Assessment and Risk Management

A process to identify the environmental, health and safety (areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories) and labour practice and ethics risks associated with its operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

5) Improvement Objectives

Written performance objectives, targets and implementation plans to improve the social and environmental performance, including a periodic assessment of its performance in achieving those objectives.

6) Training

Programs for training managers and workers to implement its policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

7) Communication

A process for communicating clear and accurate information about its policies, practices, expectations and performance to workers, suppliers and customers.

8) Worker Feedback and Participation

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by the EICC Code and to foster continuous improvement.

9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

10) Corrective Action Process

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

11) Documentation and Records

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

12) Supplier Responsibility

A process to communicate EICC Code requirements to suppliers and to monitor supplier compliance to the Code.

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