



KESP SDN BHD (109984-W)

PLOT 253, JALAN KAMPUNG JAWA
BAYAN LEPAS FREE INDUSTRIAL ZONE (PHASE 3)
11900 PULAU PINANG, MALAYSIA.

TEL:04-6435922-3-4, FAX:046443848

PURCHASING DIRECT LINE:04-6420915 (INDIRECT MATERIAL)

04-6430734 (DIRECT MATERIAL)

KESP PURCHASING TERMS AND CONDITIONS

1) General Terms & Conditions

- a) Original Invoices, Delivery order (DO) or Purchase order (PO) should be submitted and shall include PO number, KESP part number, manufacturing part number, line item number, quantity, unit price with the currency, lot code and date code information.
- b) No goods to be delivered without a written order
- c) Seller shall paste label on all boxes with KESP PO number, manufacturing part number, manufacturer name, KESP part number, quantity and name of vendor. For custom made parts (such as PCB, Wires & etc), date code information must be clearly indicated on each outer box.
- d) Seller shall deliver items as per KESP required date. Any delivery made too early from the required date (subject to KESP's discretion), will be rejected or payment for that shipment or goods will be delayed.
- e) All original Invoices should be sent to Finance Department at KESP.
- f) This PO is awarded contingent upon the seller delivering to KESP genuine component, machine parts or products etc based on specification provided, if failing to do so KESP reserves the right to undertake legal redress.
- g) Seller shall attach Certificate of Compliance (COC) report for every delivery.
- h) All parts supplied must be ROHS compliance.
- i) It is seller responsibilities to admit acceptance of this PO within 1 working day and to confirm the estimated delivery date or ETD within 3 working days. Otherwise, KESP shall assume that seller able to deliver based on our required date as stated in the PO.
- j) Seller is responsible to verify the manufacturer part number, manufacturer name and unit price stated in the PO. Any disagreement or error shall feedback to KESP within 2 working days. Otherwise, KESP shall assume that you've accepted the order and will proceed accordingly based on the information stated in the PO.
- k) Kindly refer to the respective Buyer in charge for the shipment mode and delivery arrangements. Seller will be responsible to pay for any shipments made without prior approval obtained for the mode of delivery (sea, air or land) or KESP appointed courier/forwarding agent.
- l) KESP receiving hour is from 8am to 6pm on normal working day. Any delivery outside the aforementioned pre-set time zone and on Saturday, Sunday and Public Holiday, prior approval from the respective Buyer is required.

2) Delivery

- a) Products will be delivered at the location that Buyer stated or required and accompanying with the delivery orders as per stated in the General Terms and Conditions.

- b) If seller for any reason anticipates that deliveries will not be made as required, seller shall immediately give Buyer a written notice for the cause of the anticipated delay. Under such circumstances, Buyer have the rights without liability to take any or all of the following actions if for any reason seller does not substantially comply with its delivery requirement:
 - i. Assess a late delivery fee of not more than 1.0% per day of the invoice amount of late deliveries of Products.
 - ii. Revise the required date.
 - iii. Terminate the PO or this Contract. Seller shall be liable for any resultant loss.
- c) If seller fails to deliver the part as per committed to KESP (ETD/ETA), and caused a line down situation, KESP have the rights to take any or all of the following actions:
 - i. Seller shall bear all cost of repair, replacement and transportation of the nonconforming Goods, and shall reimburse in respect reasonably incurred by KESP in connection therewith.
 - ii. Seller to purchase the part from other reliable source or supplier and meet the required date at seller's own cost.
 - iii. KESP will purchase the part from other reliable source and seller shall pay for the premium cost, freight charges and any other additional charges incurs for this transaction.
- d) For products that require sea mode delivery, seller must ensure the goods are ready for collection or sent to KESP's appointed forwarder or warehouse (based on Incoterm quoted and agreed). Any failure on the date committed will subject to expediting shipment mode via air freight. Seller will need to ship the goods via air mode under seller's own cost. KESP may consider sharing anything not more than the cost amounting to the sea freight cost but subject to KESP's discretion. In the event seller fails to arrange for their own forwarder, KESP may consider to use own air forwarder and seller to issue CN (or KESP issue DN) against the respective PO involved.

3) Containers and Packaging: Expect when arranged, no charge is to be made on packing including cases, barrels, drums, etc. Products supplied must be packed in a proper manner suitable for sea or air mode handling. KESP holds the right to reject any shipment, on hold payment or request for compensation/replacement for any shipments receipt with poor packaging.

4) Carriage: All goods to be delivered carriage and paid unless otherwise arranged

5) Rejection:

- a) Goods found to be defective, inferior in quality, or in excess of quantity ordered, may be returned at seller's own risk and expenses. If any replacement of goods needed, KESP will inform the seller. Substitution or extra charges under this order are not permissible without KESP prior approval.
- b) KESP holds the right to reject shipments if encountered any discrepancy or non-conformance in document or goods delivered.
- c) KESP will recover all customer charges as they related to seller quality defects/rejects along with any charges KESP incurs for overtime.

6) Sorting Cost: In the events products delivered are in not acceptable condition, such as reject parts encountered, packaging issue or other conditions that requires sorting process, KESP will apply sorting charge at USD 8 per hour or RM25 per hour for standard sorting process based on the existing currency used by KESP and seller for

business transactions. This cost per hour may be increased if it requires special handling such as equipment or highly skilled personnel. The sorting cost will be deducted against the PO/Invoice of the effected product or other outstanding invoices via Credit Note or Debit Note.

7) Quality Complaint Response Time

- a) Complaint must be responded in ONE hour (local supplier) or 24 hours (overseas supplier) time by phone call or e-mail.
- b) If no response within the time frame, KESP have the right to make own disposition without supplier acknowledgement. KESP will not be responsible for any lost involved due to this disposition and holds the right to reject the effected parts.

8) Accountability and Cost of Quality

Seller are selected based on their ability to provide cost effective, superior defect-free products, compliance to RoHS and any future requirements, expert knowledge of their product and manufacturing processes; and provide responsive and proactive support. With these expectations, Seller may be held accountable and responsible for all costs incurred due to defective product identified during KESP/KESP appointed/representative agent or end-customer manufacturing/installation, or use of the product.

- a) Recovery costs due to a product 'recall'
- b) 3rd party sorting or reworking costs
- c) Labour for sorting or reworking of raw stock
- d) Labour for sorting or reworking finished goods
- e) Labour for sorting or reworking of finished goods installed in the end customer product
- f) Scraping or reworking of "finished goods" due to defective supplier product
- g) Shipping fees and taxes related to return of defect product
- h) Warehousing/storage fees accumulates through to disposition of suspect product
- i) Rework or repair materials, tooling, gauges, testing equipment, or third party testing
- j) Excess and additional freight charges and air shipments
- k) Production downtime at KESP/end-customer manufacturing facilities
- l) Production overtime at KESP/end-customer manufacturing facilities
- m) Administrative, corporate, and management support fees
- n) Follow up actions and assessments, as appropriate
- o) Any other fees associated with defective condition

All costs are calculated based on existing currency used by supplier & customer for business transactions. Appropriate debts are issued to the supplier through the Finance Department in cooperation with Purchasing.

9) Approved Samples

- a) Supplier shall use KESP approved samples as reference when performing the quality inspection for mass production.
- b) Supplier shall be responsible to ensure the approved samples are properly kept and made available when needed.
- c) Supplier shall maintain, control and review a master list of all KESP approved samples from time to time.
- d) Supplier shall inform KESP to re-issue a new approved sample if the existing one is lost or damaged.
- e) KESP shall issue ONE approved sample to supplier for every successful new part.
- f) Each approved sample is prepared and verified by KESP-Engineering and KESP-QA respectively.

- g) Approved samples are the property of KESP and must be returned upon request, EOL (end of life) or ECN (engineering change notice).
- h) Colour Limit Samples (for related parts only)
 - i. All printed parts shall have individual colour limit sample (lower, standard, and upper) for checking colour variances.
 - ii. The colour limit sample shall be prepared by the seller in 3 sets and forward to KESP for approval.
 - iii. Upon approval, 1 set shall be returned to seller and 2 sets shall be maintained at KESP for references.

10) Cancellation:

- a) Excessive delays in delivery, quality below the standard of KESP or continued supply of defective materials may entitle us to cancel the order.
- b) Cancellation of the order or contract will be subject to KESP's discretion with no liability.

11) Suspension: In the event of strikes, accidents, or other unforeseen contingencies, delivery may be suspended or cancelled at our request.

12) Delivery Order: Accompanying two (2) sets of Delivery Order (DO) to the store at the time of delivery. For PCB, the date codes must be included in the DO.

13) Invoices: At least two sets of invoices, quoting our purchase order number should be sent to the Finance Department or by post on the same day.

14) Specification: Specifications, drawings and patterns, etc. supplied by us in connections to this order remain our property.

15) Liability for Injury or Damage: Where work under this order is carried out on our premises or elsewhere to our instructions, seller accept liability for and will indemnify KESP against all claims, costs or expenses in connection with such work as a result of injury to or death of any person or to a loss of or damage to any property, unless it is proven such claims arise solely from KESP's fault.

16) RoHS Compliance: All parts supplied must be ROHS compliance and seller is responsible to update and seek for approval from KESP if non-ROHS compliance. KESP holds the right to reject the parts if it is not ROHS compliance.

17) Environmental: Supplier needs to incorporate environmental protection, concept or design (such as energy savings & eco design) when providing service, fabricating and manufacturing tools, equipments, custom made machines and other related product and services for KESP.

18) Product Documents: Supplier is responsible to provide REACH, IMDS and other relevant products as and when required by KESP.

19) Conflict Minerals: Supplier is responsible to perform the due diligence on their supply chain and avoid the complications of Conflict Minerals. KESP need to be informed prior to PO processing in the event there are any parts ordered are involved or related to conflict minerals.

20) Publication: Without our prior written consent, seller should not advertise, promote or publish the contract of purchase and disclose information relating to this contract.

21) Protection and Confidential Information: No information disclosed by seller which in any relates to purchase contract or products otherwise we shall acquire that all such information free from any restrictions as part of the consideration of this contract.

22) Payments:

- a) Payment by KESP will be made following issuance of a Purchasing order (PO), acceptance of product by KESP and relate to receipt of seller invoice. This is also subject to Credit Term agreed by both KESP and Seller.
- b) Additionally, KESP has the rights to charge seller if fails to submit accurate invoices, reports or other documents or data required by KESP.
- c) In the event of any quality issue caused by parts or raw materials supplied by the seller, KESP holds the right either to hold on or delay the payment until the issue is solved or recovered or based on mutual agreement to release the payment in partial or full. Alternatively, if the seller provides sufficient evidence and agreed by KESP that the quality issue is not caused by the parts or raw parts supplied to KESP, KESP will not on-hold or delay the payment to respective seller.
- d) KESP reserves the right to combine and accumulate invoices for amount up or close to USD100.00 for payment processing due to the bank charges applied may not be economical for both seller and KESP if the amount involved for payment is low.
- e) KESP will not bear any bank charges applied by the recipient's or supplier's bank.

Effective as of Jan 28, 2019