

1. GENERAL

- 1.1 These General Terms and Conditions of Purchase (“**Terms & Conditions**”) shall apply to any and all purchase orders together with the incorporated attachments or annexes issued by ESCATEC Sdn Bhd and any of its subsidiaries (“**ESCATEC**”) to supplier (“**Supplier**”) relating to any products provided to ESCATEC (the “**Product**”). A subsidiary shall mean any entity controlled or owned, directly or indirectly, from time to time by ESCATEC Sdn Bhd.
- 1.2 “**Applicable Laws**” means applicable federal, national, provincial, state, coalition, municipal or local laws, rules, regulations, bylaws, guidelines, standards (whether of Malaysia or other applicable jurisdictions) and generally known practices applicable to the Parties.
- 1.3 “**Blanket Purchase Order**” (or “**Blanket PO**”) means a blanket purchase order placed by ESCATEC to the Supplier which allows subsequent deliveries of Product by way of issuance of a Pull Signal by ESCATEC.
- 1.4 “**Country of Origin**” means the country or countries of manufacture, production, design, or brand origin where an article or product comes from and in accordance to the rules of origin under various national applicable laws and international treaties.
- 1.5 “**Customer**” means any customer of ESCATEC.
- 1.6 “**PO**” means single purchase order.
- 1.7 “**Price**” means the price of the Products as set out in the Supplier’s latest quotation and accepted by ESCATEC in writing.
- 1.8 “**Pull Signal**” means the written notification from ESCATEC to the Supplier for the delivery of Product.
- 1.9 “**Specifications**” means the functions, capabilities, features, drawings, samples, chemical substance compliance data, test reports and specifications of the Products (“**Data Sheet**”) required by ESCATEC and/or Customer. In the absence of a Specifications agreed in writing between the Parties, the original manufacturer’s Data Sheet shall be deemed as the Specifications.
- 1.10 “**Working Day**” means any day other than a Saturday, Sunday or gazetted public holidays in the country in which either Party’s address for service of notices under these Terms and Conditions is located.

1A. INTERPRETATION

- 1A.1 Words importing the singular include the plural and vice versa.
- 1A.2 Words importing the masculine includes the neuter and vice versa, and each includes the feminine.
- 1A.3 The inclusion of (TBA) and/or TBA indicates areas to be agreed.
- 1A.4 If any period of time is specified from a given day, or the day of a given act or event, it is to be calculated exclusive of that day and if any period of time falls on a day which is not a Working Day, then that period is deemed to only expire on the next Working Day.
- 1A.5 The headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.
- 1A.6 The expression “**includes**” and “**including**” is to be construed as meaning includes without limitation and including without limitation.
- 1A.7 Any reference to a statute or statutory provision shall be construed as a reference to the same as from time to time amended, modified, extended, re-enacted, consolidated or replaced.
- 1A.8 All notices, instructions or instruments of whatsoever nature to be provided, issued or served under or in accordance with this Agreement shall be in writing and shall be in the English language only.
- 1A.9 No rule or construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Agreement or any part of it.
- 1A.10 A reference to a Party includes that Party’s successors-in-title and permitted assigns.

2. SCOPE AND RELATIONSHIP OF THE PARTIES

- 2.1 General business terms and conditions of the Supplier shall not apply in any event. Any variation to these Terms and Conditions shall have no effect unless expressly agreed in writing and signed by an authorised signatory of both parties. If there is a conflict between these Terms and Conditions and any other terms, the other terms shall only prevail where expressly agreed in writing and signed by an authorised signatory of both parties, save and except that (a) delivery terms and Price stipulated in the Blanket PO or PO; and (b) payment terms as agreed otherwise in writing by both Parties, shall take precedence over these Terms and Conditions.
- 2.2 These Terms and Conditions do not render Supplier an employee or partner of ESCATEC and will not be construed in any manner to do so. These Terms and Conditions shall not be construed as creating an association, joint venture, or partnership between the parties or as imposing any partnership obligation or liability upon either party. Except as otherwise set forth herein, neither party shall have the right, power or authority to enter into agreements or undertakings for, or act on behalf of, or as an agent or representative of, or to otherwise bind, the other party.
- 2.3 Escatec Sdn Bhd’s obligations and liabilities under these Terms and Conditions is separate from Escatec Sdn Bhd’s subsidiaries and vice versa.

3. PRICE

- 3.1 Supplier undertakes to work diligently on reducing the product cost with the target of a minimum of five percent (5%) reduction of the Price every half-year. The Supplier further agrees to immediately extend to ESCATEC any Price decrease that is a result of changes in market conditions, Supplier’s cost reduction

- programs, Product materials price reductions, or cost reductions negotiated and agreed between Supplier and ESCATEC's Customer on whose behalf ESCATEC is purchasing Products.
- 3.2 The Product price stated in the purchase order released to Supplier shall be as stated in Supplier's quotation or as agreed in writing by ESCATEC. In the event of any unavoidable product price increase Supplier will notify ESCATEC at least sixty (60) days in advance. For any price increase to be effective it must be agreed in writing by ESCATEC.
- 3.3 The price shall include all applicable taxes (including VAT as applicable and sales taxes) and other charges relating to any Products such as handling, loading, freight, transport, finance, insurance, packaging, shipping, duties, customs, tariffs, and other government imposed surcharges.
- 4. PAYMENT**
- 4.1 Supplier shall issue its invoice for a Pull Signal or PO after delivery of the Product in accordance with **Clause 5.7**. The Parties agree that the quantity of Product delivered to ESCATEC shall be the same as stated in a Pull Signal or PO unless agreed otherwise in writing by both Parties. Supplier shall invoice ESCATEC for the quantity of Product delivered to ESCATEC.
- 4.2 Payment will be made net sixty (60) days from the date of receipt by ESCATEC of correct invoice or as otherwise agreed in writing between the parties. Payment of invoices will not constitute acceptance of Products and will be subject to adjustment for errors, shortages, defects in the Products or other failure of Supplier to meet the requirements of the purchase order and/or these Terms and Conditions.
- 4.3 ESCATEC may in its sole discretion offset against payments due to Supplier amounts due to ESCATEC as refunds for rejected Products, past overpayments, or other charges under these Terms and Conditions. Supplier shall issue proper receipts and/or credit notes upon request by ESCATEC.
- 5. ORDERING, PLANNING PROCEDURE AND DELIVERY**
- 5.1 ESCATEC shall issue to the Supplier a monthly, rolling, twelve (12) month (or more) forecast ("**Forecast**") for each of the Products, to be updated and issued in writing fortnightly. ESCATEC shall initiate purchases by issuing a Blanket PO setting out, amongst others, the Product description, Prices, destination and shipping instructions, followed by a Pull Signal which sets out the quantities and required delivery dates.
- 5.2 Parties agree that the Forecast is only an estimate for indicative purposes and shall not be binding on either Party, provided that Supplier must maintain at least 1 month safety stock based on the latest Forecast. For the avoidance of doubt, neither party shall be liable for any loss, expense or damage suffered by the other party, whether direct or indirect, arising from, in relation to or reliance on the Forecast
- 5.3 PO shall only be used if a Forecast does not apply.
- 5.4 Subject to **Clause 5.8**, a Pull Signal or PO shall constitute firm and binding purchase order from ESCATEC to Supplier. The delivery date(s) stated on the purchase order is the delivery date at ESCATEC's premises. The Supplier must take the shipping instructions into consideration when shipping the Products to ensure on time delivery of the Products at ESCATEC's premises.
- 5.5 Only written Pull Signal or PO issued by ESCATEC shall be valid. Verbal or telephone orders, as well as any additions, changes or different conditions, shall only be valid if they have been confirmed by fax, e-mail or other writing by ESCATEC and accepted by the Supplier. The Supplier shall confirm released orders within two (2) Working Days by fax or e-mail, otherwise a Pull Signal or PO is deemed confirmed by Supplier after 2 Working Days have lapsed.
- 5.6 (a) Supplier acknowledges that time is of the essence with respect to all delivery dates. Meeting the scheduled delivery date is a material term of these Terms and Conditions. Supplier agrees to one hundred percent (100%) on time delivery. On time delivery window is defined as three (3) days early, zero (0) days late from the committed delivery date. If Supplier is unable to supply Products on the delivery date, Supplier shall immediately notify ESCATEC verbally and followed by e-mail notification of the situation. Both Parties will jointly develop in good faith, alternatives to resolve any late delivery of Product in order to minimize adverse consequences resulting from such late delivery.
- (b) If Products are not delivered in accordance with the delivery schedule stipulated in the purchase order and/or agreed upon by both ESCATEC and Supplier and if the delay in delivery is not due to Force Majeure events, both Parties agree that ESCATEC reserves the right to demand liquidated damages from the Supplier, in the amount of five percent (5%) per week of the order value of undelivered quantities as late delivery charges until actual delivery of the Products subject to a maximum of thirty percent (30%).
- (c) In case of a delay is in excess of four (4) weeks, ESCATEC is entitled to cancel the purchase order without any cost and liability to ESCATEC. If the Supplier repeatedly defaults due to late deliveries, ESCATEC is entitled to claim compensation for all damage, loss and expenses caused by any late delivery of the Products. ESCATEC's resort to liquidated damages for the delay period does not preclude ESCATEC's right to other remedies, damages, and choices under the transaction including ESCATEC's right to reject shipments or deliveries not then made and terminate the Pull Signal or PO. Such damages may include, but shall not be limited to, the amount of any compensation or liquidated damages which ESCATEC is required to pay its Customer by reason of late delivery of the final products.
- 5.7 Unless ESCATEC otherwise agrees in writing, Supplier shall deliver the Products based on Delivered At Place (D.A.P.) (Incoterms 2020) ESCATEC's premises as stated on the pull signal or PO, at which point delivery shall be made and title and risk of loss and damage shall pass from the Supplier to the

- ESCATEC.
- 5.8 ESCATEC may cancel standard Product at no charge with written notice prior to Supplier's shipment date. ESCATEC may cancel non-standard or unique Product (such as printed circuit board) ("**Custom Product**") with written notice prior to Supplier's shipment date. Upon cancellation of Custom Product, ESCATEC shall remain liable to pay for work in process at a price equal to the completed percentage of the Product multiplied by the Price as of the date that Supplier received the notice. The Supplier is responsible to update ESCATEC at the earliest opportunity on any changes to the order lead time. ESCATEC will keep its ERP system updated according to the latest lead times provided by Supplier.
- 5.9 Upon ESCATEC's issuance of any Engineering Change Requests ("ECRs"), Supplier shall inform ESCATEC of the impact thereof on delivery schedule, Price and any obsolete material within five (5) Working Days of receiving the ECRs.
- 5.10 In addition to the change control requirements in **Paragraph 3 of Appendix C**, Supplier shall not change the components (including raw materials used to produce the Products), Specifications, manufacturing process, or implement any changes which alter any of the Product even if the Product is still within the Specification, without providing advance notice to and obtaining the prior written consent of ESCATEC and/or ESCATEC's Customer. Such notice should be given six (6) months in advance so that ESCATEC and its Customer have an opportunity to consider the proposed changes and evaluate potential effects prior to implementation.
- 5.11 Unless otherwise agreed, each delivery of Products will be accompanied by the Supplier's certificate of conformity ("**COC**") confirming the compliance of the Products with the Specifications as may be further detailed in the COC and Country of Origin Certificates/documentation. Additional test and inspection reports shall be made available without any charges upon request by ESCATEC.
- 6. QUALITY ASSURANCE**
- 6.1 Supplier is expected to:
- continuously work toward zero defects; and
 - comply with the quality assurance requirements as set out in **Appendix C**.
- 6.2 Supplier must ensure proper and safe handling, storage and packing corresponding to the means of transportation. The cost of any shipment damage due to improper handling, storage or packing will be solely borne by Supplier.
- 6.3 Supplier shall ensure that ESCATEC's purchase order number appears on all packing lists and bills of lading or other shipping documents and shall appear on each package, container or each shipment.
- 6.4 Each new product shall be subject to a First Article qualification. Supplier shall submit a First Article report to ESCATEC together with samples of the products produced. ESCATEC shall evaluate the samples and give the Supplier a written feedback. If the samples are accepted, and upon receiving written authorisation from ESCATEC, Supplier can start volume production.
- 6.5 Where the Supplier is not an authorised distributor, authorised agent or the original manufacturer then upon request by ESCATEC, Supplier will provide evidence of origin of the Products, which may include but not limited to, the delivery orders, purchase orders or invoices between the Supplier and the authorised distributor, authorised agent or the original manufacturer. A Letter of appointment shall be furnished to ESCATEC if the Supplier is the authorised distributor or authorised agent. Supplier must ensure that all Products provided to ESCATEC under these Terms and Conditions are:
- new Products and do not contain anything used or reconditioned unless otherwise agreed in writing by ESCATEC; and
 - sourced from an authorised distributor, authorised agent or the original manufacturer.
- 7. WARRANTIES, REPRESENTATIONS, INDEMNITIES AND UNDERTAKINGS**
- 7.1 Supplier represents and warrants to ESCATEC that the Products delivered are free from all defects in materials and workmanship for a period of eighty four (84) months after ESCATEC's acceptance of Products. All Products shall conform strictly to any Specifications which may have been provided to or furnished by ESCATEC. Supplier further warrants that it has good title to the Products free and clear of all liens and encumbrances and will transfer such title to ESCATEC.
- 7.2 In the event of any breach of the Supplier's warranty under **Clause 7.1**, without prejudice to other rights and remedies that ESCATEC may have, ESCATEC shall have the right to reject such Products and shall notify Supplier of such rejection following a review, inspection or test. For the avoidance of doubt, the result of such review, inspection or test conducted by ESCATEC shall be final and binding on both Parties. Where the result of such review, inspection or test conducted by ESCATEC indicates that the Supplier has breached its warranty under **Clause 7.1**, ESCATEC reserves the right to offset the cost of such review, inspection or test against the payment for Supplier's invoice.
- 7.3 Upon ESCATEC's written notice of such rejection, ESCATEC shall inform Supplier which of the following options for rectification of the non-conformity or deficiency ESCATEC wishes, in its sole discretion, to pursue with such determination being binding on Supplier. ESCATEC may require Supplier to promptly perform at Supplier's own cost (i) to re-work or make good the Products; (ii) to replace such defective Products as may be necessary to correct any such deficiencies, or (iii) to refund to ESCATEC the Price of the non-conforming Products plus actual transportation costs, insurance premiums, duties and taxes, if any, paid thereon by ESCATEC. Regardless of which option is pursued by ESCATEC, Supplier undertakes to bring the provision of the Products up to the standard and Specification agreed by the Parties, and until the applicable Products are determined satisfactory by ESCATEC. In the event of such replacement, re-working or making good all additional expenses shall

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- be solely borne by Supplier.
- 7.4 Supplier must approve the return of rejected Products within two (2) Working Days upon receiving ESCATEC's reject notice. A replacement is expected within five (5) Working Days. If Supplier does not perform any necessary action within seven (7) Working Days ESCATEC reserves the right to order the goods from other sources and all costs and expenses shall be solely borne by Supplier. In any such instance Supplier will be advised in writing by ESCATEC.
- 7.5 ESCATEC will issue a Corrective Action Request (CAR) to Supplier where defects are identified, Supplier shall provide a root cause analysis and corrective action response within five (5) Working Days or a mutually agreed time, in accordance with the requirements as set out in **Paragraph 5 of Appendix D**.
- 7.6 Unless agreed otherwise by the Parties, all Products delivered shall conform to the shelf life in **Appendix A**.
- 7.7 Where the Supplier is not the original manufacturer of the Products the Supplier shall, without limiting its other obligations, extend to ESCATEC the benefit of any warranty or other terms given by the original manufacturer.
- 7.8 In the event of any claims relating to the Products where such claims arise as a result of any breach of Supplier's obligations under this Terms and Conditions, the Supplier shall be liable for and shall indemnify, defend and hold harmless ESCATEC and its Customer from and against all losses incurred or suffered by them as a result, including the recall of a product incorporating the Product to the extent such recall arises as a result of the non-conformance of the Products.
- 7.9 Any acceptance by ESCATEC of the Products, or any payment by ESCATEC shall not constitute a waiver by ESCATEC of its rights to inspect or reject such Products.
- 8. CONFIDENTIALITY**
- 8.1 In the absence of a separately signed Non-Disclosure Agreement with Supplier, the terms and conditions of the Non-Disclosure Agreement in **Appendix B** will apply. If this Agreement expires or terminates prior to the expiration or termination of the Non-Disclosure Agreement the Parties hereto will still be bound by the terms and conditions set forth in the applicable Non-Disclosure Agreement. Where the confidentiality obligations stipulated in the Non-Disclosure Agreement expire, both Parties agree that the confidentiality obligations shall continue to subsist during the term of the Blanket PO or PO and survive the expiry or termination of the Blanket PO or PO.
- 9. END-OF-LIFE AND SPARE PARTS**
- 9.1 To the extent that the Supplier has been informed by the original manufacturer, Supplier shall provide a minimum of twelve (12) months notification to ESCATEC prior to end-of-life production of any Product. A last time buy schedule shall be provided by Supplier to ESCATEC at least 12 months in advance for the necessary order planning.
- 9.2 Subject to **Clause 9.1** and unless otherwise agreed by the Parties, for a period of seven (7) years after the date upon which Supplier makes delivery of the Products under ESCATEC's last issued Pull Signal or PO, Supplier shall make available to ESCATEC the Products necessary to satisfy ESCATEC's requirement to fulfil Customer demand at the Prices mutually agreed to and justified by and between the Parties.
- 10. SURVIVAL**
- 10.1 The following clauses of these Terms and Conditions will survive the termination or completion of the Blanket PO or PO between ESCATEC and Supplier: **Clauses 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 16**.
- 11. INFRINGEMENT**
- Supplier warrants that it has the right and license to make and sell the Products to ESCATEC and that there are no actions, claims or other proceedings pending or otherwise made against Supplier or original manufacturer of the Products in any way relating to the Products. Supplier further warrants that ESCATEC's use of the Products in the commercialisation, manufacture, sale or incorporation of the Products into other product, anywhere in the world, does not infringe or otherwise violate the intellectual property rights of any third party. Supplier will defend, indemnify and hold ESCATEC and its Customer harmless at Supplier's own expense from and against any claim, loss, damage, expense or liability, including attorney's fees on a solicitor-client basis, arising out of any action by a third party that is based upon a claim that the Products supplied/delivered under the Blanket PO or PO infringe or otherwise violate the intellectual property rights of any person or entity. Supplier will at its own expense procure the right to continue using the Products or replace or modify the same so that they become non-infringing. If Supplier does not promptly undertake its obligations under this Clause and pursue them diligently and in good faith, then after thirty (30) days' notice and opportunity to cure, ESCATEC may take any and all actions it reasonably deems necessary to protect its interest, including the defence or settlement of any infringement claim, at Supplier's sole cost and expense.
- 12. COMPLIANCE WITH LAWS; COMPLIANCE WITH THE PRINCIPLE OF THE UN GLOBAL COMPACT; ETHICAL CONDUCT**
- 12.1 (a) Supplier warrants that Supplier's performance hereunder and the performance of any Subcontractor, employee, representative or agent of Supplier hereunder shall not breach any Applicable
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- Laws. Supplier shall defend, indemnify and hold harmless ESCATEC and/or its Customer from any and all costs, expenses, damages, liabilities, penalties and/or any other effects of such breaches, including without limitation all direct, indirect, and consequential damages by reason of any alleged breach by Supplier, any Subcontractor, employee, representative or agent of Supplier hereunder.
- (b) In respect of **Clause 12.1(a)**, upon request by ESCATEC, Supplier agrees to declare, in a timely manner, that Products supplied or to be supplied to ESCATEC comply with the latest European Union RoHS Directives, China RoHS Regulations REACH Regulations, E.U. Waste Framework Directives, U.S. and E.U. Legislation and Directives on Conflict Minerals and other applicable Product compliance regulations.
- (c) With respect to conduct of business, Supplier agrees to confirm compliance to the Responsible Business Alliance (“**RBA**”) Code of Conduct, any business ethics code of conduct required by ESCATEC, including but not limited to anti-bribery guidelines such as Guidelines on Adequate Procedure issued by the Prime Minister’s Department of Malaysia or an equivalent.
- (d) The Supplier will provide any requested evidence of compliance for **Clause 12.1** to ESCATEC’s authorised data partner using the requested industry standardized formats. These declarations will be provided on a timely basis, in any case no later than fourteen (14) Working Days, from the date of request and the Supplier agrees to respond to and support fulfilment of the declaration and to respond to any requests for feedback or notifications of errors.
- 12.2 The Parties shall respect and comply with the following principles of the United Nations Global Compact (“**UNGC**”) and shall not subcontract to an outsourcing company which violates the principles of the UNGC. Below are the principles of the UNGC.
- (a) Businesses should support and respect the protection of internationally proclaimed human rights.
- (b) Businesses should make sure that they are not complicit in human rights abuses.
- (c) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- (d) Businesses should uphold the elimination of all forms of forced and compulsory labour.
- (e) Business should uphold the effective abolition of child labour.
- (f) Business should uphold the elimination of discrimination in respect of employment and occupation.
- (g) Businesses are asked to support a precautionary approach to environmental challenges.
- (h) Businesses are asked to undertake initiatives to promote greater environmental responsibility.
- (i) Businesses are asked to encourage the development and diffusion of environmentally friendly technologies.
- (j) Businesses should work against corruption in all its forms, including extortion and bribery.
- The Supplier shall provide an annual UNGC progress report to ESCATEC and agree to be audited by ESCATEC or its designated consultant at least on an annual basis on the UNGC principles. The Supplier shall allow duly authorised representatives of ESCATEC, to audit and inspect the relevant documents and information at any time upon reasonable written notice
- 13. RECORD KEEPING AND AUDIT RIGHTS**
- 13.1 Supplier will maintain (and provide to ESCATEC upon request) all relevant business and accounting records to support invoices pursuant to the Pull Signal or PO, its financial report for each fiscal year, all quality-related documents, and proof of the required permits and professional licenses (“**Records**”), for a period of time as required by local law, rules, regulations, or ESCATEC, but not for less than seven (7) years following last purchase of the Products by ESCATEC unless otherwise specified in writing. All accounting records will be maintained in accordance with generally accepted accounting principles.
- 13.2 Upon ESCATEC’s reasonable advance notice to Supplier but in any case shall not be more than 2 weeks, ESCATEC may audit the Records and the status of compliance with the obligations under these Terms and Conditions, during ordinary working hours at Supplier’s business place or facility, for the period of time set forth in the foregoing **Clause 13.1**.
- 14. FORCE MAJEURE**
- 14.1 Neither Party shall be liable for delays in or failures of performance due to causes beyond such Party’s reasonable control, including without limitation, occurrence of natural disasters, epidemics, pandemics, lockdown, shortages of energy or raw materials, times of war or civil unrest, terrorist attacks, fire, extensive damage to or long-term suspension of the operations of the Parties, acts or omissions of any nature by any relevant government bodies, embargoes, disruption of the means of transport, industrial action and so forth.
- 14.2 In the event of any such delay or failure, the affected Party shall send written notice of the same and the reason thereof to the other Party within seven (7) days from the time the affected Party knew, or should have known, of the force majeure in question. The performance of the affected Party shall be deemed suspended so long as and to the extent that any such force majeure continues; provided however, that after thirty (30) consecutive or cumulative days of such suspension on the part of either Party, the other Party may terminate without liability its obligations hereunder to the extent that the affected Party’s performance has been prevented or delayed.
- 15. SUPPLIER’S SUBCONTRACTING**
- 15.1 The Supplier shall not subcontract any obligations under these Terms and Conditions without prior written approval from ESCATEC. Notwithstanding the written approval from ESCATEC, the Supplier shall be fully: (a) responsible for the performance and deliverables of the Subcontractor; and (b) liable

for any non-conforming Product.

16. MISCELLANEOUS PROVISIONS

- 16.1 Neither party may delegate its obligations or assign or transfer its rights under purchase order, in whole or in part, without the prior written consent of the other party. These Terms and Conditions shall inure to the benefit of the parties' successors and assigns.
- 16.2 No waiver by either party of any default of defaults by the other party in the performance of any of the provisions of these Terms and Conditions shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character.
- 16.3 Supplier shall obtain ESCATEC's approval before making publicity announcements regarding the Products or Supplier's activities relating hereto. Supplier shall also cause its Subcontractors to comply with this requirement.
- 16.4 If any clause or provision of these Terms and Conditions shall be found to be invalid, illegal or unenforceable then, notwithstanding such finding, these Terms and Conditions shall remain in full force and effect and any invalid, illegal or unenforceable clause or provision or portion thereof shall be replaced with a legal and enforceable one approximating the original intent of the parties subject to the same being permitted by the Applicable Laws.
- 16.5 These Terms and Conditions shall be governed and construed in accordance with the laws of Malaysia.
- 16.6 (a) In the event that a dispute arises between the Parties concerning these Terms and Conditions, both parties shall attempt in good faith to settle such dispute by discussion between members of their respective staffs.
(b) If within ten (10) Working Days of the Parties commencing discussions pursuant to **Clause 16.6(a)**, such dispute has not been resolved the dispute shall be referred to the Chief Executive Officer of ESCATEC and Supplier, or the designated representative(s) of the respective Chief Executive Officers
(c) In the event that the Parties are unable to resolve the dispute within thirty (30) Working Days (or such longer period as the Parties may agree) after the dispute is referred to the Chief Executive Officers (or their designated representatives, as the case may be) of ESCATEC and Supplier, then either Party to the dispute may commence court proceedings in Penang. Both Parties agree to submit to the exclusive jurisdiction of the Court of Malaysia.
(d) Notwithstanding anything in these Terms and Conditions to the contrary, the existence of any dispute, including without limitation, the pendency of any court proceeding, shall not excuse nor suspend the obligation of the Parties to continue performance of their obligations under these Terms and Conditions.

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Appendix A Products Shelf Life

(A) PCB Shelf Life

No	Surface Finishing	Shelf Life (from the date of manufacture)	Remaining Shelf Life At Incoming Inspection of ESCATEC
1	HAL (Tin-Lead)	12 months	≥ 3 months
2	LF-HAL (Tin)		
3	Immersion Gold		
4	Gold Flash		
5	Immersion Silver	6 months	≥ 3 months
6	OSP		

(B) Component Shelf Life

No	Components	Shelf Life (from the date of manufacture)	Remaining Shelf Life At Incoming Inspection of ESCATEC
1	Semiconductor	24 months	≥ 3 months
2	Passive Components		
3	Batteries		
4	Transformer	12 months	≥ 3 months
5	Switch	24 months	≥ 3 months
6	Connector		
7	Wire and Cable		
8	Relays		

(C) Chemical Shelf Life

No	Chemical	Shelf Life	Remaining Shelf Life At Incoming Inspection of ESCATEC
1	All Chemicals	Follow individual label on the container	≥ 3 months

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Appendix B

Non-Disclosure Agreement

This NON-DISCLOSURE AGREEMENT (“**Agreement**”) is entered into on _____ (“**Effective Date**”), between **ESCATEC Sdn. Bhd.** (Company No. 199601009063), a company duly incorporated and existing under the laws of Malaysia and having its principal place of business at Industrial Zone 4, 11900 Bayan Lepas, Penang, Malaysia and its Affiliates (“**ESCATEC**”), and [**SUPPLIER NAME**] (Company No. _____), a company duly incorporated and existing under the laws of _____ and having its principal place of business at [_____ Address _____] (“**Company**”). ESCATEC and Company may each referred to as a “**Party**” or collectively referred to as the “**Parties**”.

The Parties desire to engage in discussions relating to (i) the evaluation of any potential business relationships and/or transactions between the Parties; and/or (ii) any actual business relationship and/or transactions between the Parties (collectively, referred to as the “**Purpose**”).

For purposes of this Agreement, disclosing Party may disclose to receiving Party certain information that is proprietary, and which is considered confidential (as hereinafter defined). Disclosing Party is willing to disclose such information only on the condition that receiving Party enters into this Agreement and agrees to keep such information confidential in accordance with the terms and conditions hereinafter contained.

1. Confidential Information: Confidential Information means any and all proprietary or non-public information, regardless of whether such information is specifically designated as confidential and regardless of whether such information is in written, oral, electronic, graphic, by inspection of tangible objects or other form, relating directly or indirectly to disclosing Party, any of its Affiliates or any third party entrusting its own Confidential Information to disclosing Party, that is delivered, disclosed or furnished in connection with the Purpose by or on behalf disclosing Party or its Affiliates or third parties to the receiving Party or its Representatives (as hereinafter defined), or which the receiving Party or its Representatives otherwise learns or obtains, through observation or through analysis of such information. The existence, terms and conditions of this Agreement, and the Parties’ discussions relating to the Purpose, shall be considered Confidential Information.

2. Exceptions to Confidential Information: This Agreement will not apply to information that receiving Party can establish by competent evidence which

- (a) is or becomes generally known or available to the public other than as a result of a disclosure by the receiving Party or its Representatives without violation of this Agreement or any other obligation of confidentiality;
- (b) is known by the receiving Party prior to disclosure by the disclosing Party, provided that the source of such information was not bound by any obligation of confidentiality with respect to such information;
- (c) is rightfully received by the receiving Party from a third Party free to lawfully disclose such information to the receiving Party; or
- (d) is independently developed by the receiving Party without use of or reference to the Confidential Information.

Information disclosed under this Agreement shall not be deemed to be within the foregoing exceptions merely because it is embraced by more general knowledge in the public domain or by more general information in the possession of the receiving Party. In addition, any combination of information shall not be deemed to be within the foregoing exceptions merely because all individual parts of such information are in the public domain or in the possession of the receiving Party.

3. Use and Disclosure of Confidential Information: Receiving Party shall receive and use the Confidential Information only in furtherance of the Purpose, shall not use Confidential Information for any other purpose, and shall not disclose any Confidential Information to any third party other than as allowed herein. Receiving Party may only disclose disclosing Party’s Confidential Information to its employees, directors, officers, contractors, agents or consultants (including, without limitation, accountants, bankers, financial advisors and its attorneys) (collectively, referred to as the “**Representatives**”) and Representatives of receiving Party’s Affiliates who have a need to know the information in connection with the Purpose and his or her job duties and who are subject to a written agreement or professional obligation that prevents unauthorised use or disclosure of the Confidential Information. Receiving Party shall protect disclosing Party’s Confidential Information against unauthorised use and disclosure by using the same degree of care as it employs with respect to its own confidential and proprietary information and, at a minimum, shall exercise reasonable care. Receiving Party shall be fully liable for any unauthorised disclosure of the Confidential Information by Representatives or Representatives of its Affiliates.

“**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with a Party with respect to a Party. An entity shall be deemed to control another entity if such entity owns or controls, directly or indirectly, more than fifty percent (50%) of the voting equity or has the power to appoint more than half the members of the supervisory board, board of directors or boards legally representing the undertaking of another entity.

Receiving Party may disclose disclosing Party’s Confidential Information pursuant to a valid judicial or governmental order or as required by applicable law, provided that, prior to disclosure, in each case as far as it is lawful to do so, give the disclosing Party reasonable advance notice of such requirement to disclose and reasonably cooperate with disclosing Party’s efforts to seek a protective order or otherwise avoid or minimise the disclosure.

4. Ownership; No Other Right or Obligation: All rights, title and interest in and to the Confidential Information shall be and remains the property of disclosing Party, its Affiliates or any third party entrusting its own Confidential Information to disclosing Party, where applicable. This Agreement does not grant any right or license, whether express or implied, to the intellectual property rights of disclosing Party, except for the limited right to use such Confidential Information for the Purpose. Receiving Party acknowledges and agrees that it does not acquire any right, title or interest in or to disclosing Party's Confidential Information. This Agreement imposes no obligation on either Party to enter into any agreement or business transaction. This Agreement does not preclude either Party from independently developing or acquiring from a third party products, services or technology competing with the other Party's products, services or technology.

5. No Warranty: Disclosing Party is not liable to receiving Party relating to or resulting from the use of Confidential Information or any inaccuracies, errors or omissions in the Confidential Information. The disclosing Party is providing Confidential Information on an "as is" basis, without any warranty of any kind. The disclosing Party disclaims all warranties whether express, implied or statutory, including without limitation, all warranties regarding completeness, condition, title, non-infringement, merchantability, and fitness for a particular purpose.

6. Return or Destruction of Confidential Information: At the request of the disclosing Party or upon termination of this Agreement, the receiving Party shall cease using the Confidential Information and return or destroy all Confidential Information and copies thereof and destroy all notes and any other written reports or documents which may have been made by the receiving Party to the extent they contain any part of or reference to the Confidential Information in whole or part, and cause an officer of receiving Party to certify to such return or destruction. The provisions of this **section 6** shall not apply to copies of electronically disclosed or stored Confidential Information made as a matter of routine information technology back-up and the Confidential Information or copies thereof which must be stored by the receiving Party or its advisors according to the provision is of mandatory law or industry practice, provided that such Confidential Information or copies thereof shall continue to be subject to the confidentiality obligations according to the terms and conditions set forth herein.

7. Injunctive Relief: Each Party acknowledges that damage suffered by the disclosing Party for improper disclosure of Confidential Information may be irreparable; therefore, in the event of any actual or threatened breach of this Agreement, the disclosing Party is entitled to seek equitable relief, including injunction and preliminary injunction without posting any bond, in addition to all other remedies at law or in equity from any court of competent jurisdiction, and such action shall not be deemed to incompatible with or a waiver of the agreement to arbitrate under **section 10**. All remedies under this Agreement, provided by law, or otherwise, shall be cumulative and not alternative or exclusive.

8. Term and Confidentiality Period: This Agreement shall be effective as of the Effective Date and shall continue until terminated by either Party by giving thirty (30) days' notice in writing to the other Party of its intent to terminate this Agreement. Notwithstanding such termination, the confidentiality obligations of the receiving Party under this Agreement shall survive the termination of this Agreement.

9. Export Control: Receiving Party acknowledges that Confidential Information may be subject to import and/or export control laws and regulations. Receiving Party shall comply with all applicable laws and regulations relating to the export of technical data, and shall not export or re-export any technical data, any Confidential Information received from disclosing Party, or the direct product of such technical data to any prescribed country (or to nationals or residents of such countries) listed in such applicable laws and regulations unless properly authorised.

10. Governing Law and Dispute Resolution: This Agreement shall be governed by the laws of Malaysia without regard to its conflicts of law principles. Both Parties agree to submit to the exclusive jurisdiction of the Court of Malaysia in Penang. In any action to enforce this Agreement, the prevailing Party shall be entitled to recover, in addition to all other relief, its reasonable attorneys' fees, costs and expenses incurred in such action.

11. Miscellaneous:

(a) This Agreement represents the entire understanding and agreement of the Parties and supersedes all prior communications, agreements and understandings, if any, between the Parties relating to the subject matter hereof.

(b) This Agreement may not be modified, amended or waived except by a written instrument duly executed by both Parties.

(c) Failure by either Party to enforce the other Party's strict performance of any provision of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement.

(d) If any clause or provision herein shall be judged invalid or unenforceable, it shall not affect the validity of any other provisions, which shall remain in full force and effect.

(e) Neither Party shall assign its respective rights or obligations under this Agreement to a third Party without the prior written consent of the other Party.

(f) This Agreement shall be binding upon the respective heirs, personal representatives and successors-in-title of the Parties herein.

(g) This Agreement may be executed in counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile, or e-signature or other means of electronics transmission and upon such delivery the facsimile, e-signature or other means of electronic transmission will be deemed to have the same legal effect as if the original signature had been delivered to the other Party.

(h) All notices hereunder shall be in writing and shall be mailed, faxed, e-mail or hand-delivered to the addresses above.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their duly authorised representatives effective as of the day and year first above written.

ESCATEC

Company

By: _____

By: _____

Name:
Title:

Name:
Title:

Appendix C

Quality Assurance Requirements

1) Quality Assurance and Environmental System

1.1 Supplier undertakes to:

- a) establish and maintain an industry recognized quality management system (QMS) with scope that is equivalent to the ISO 9001 standards. In the absence of a QMS, certification, Supplier shall document a quality roadmap with target date of ISO 9001 certification; and

Note : Supplier of automotive products are required to develop, implement and improve its quality management system certified to ISO 9001 with ultimate objective of becoming certified to Automotive QMS Standard, unless otherwise authorized by the Customer.

- b) introduce and maintain an Environmental Management System (EMS) with scope equivalent to the ISO14001 standards. Supplier is fully responsible and shall identify all activities that needed to ensure parts/products processes are in conformance with Applicable Laws.

1.2 Where applicable, Supplier shall comply with applicable regulatory requirements including, but not limited to FDA 21 CFR Part 820 (Quality System Regulations), J-GMP Japan and CMDR Canada.

2) Statistical Process Control and Measurement System Analysis

2.1 The Supplier shall implement and maintain a system where all classified/critical characteristics are under statistical process control (SPC). The Supplier agrees to reduce variation through improvements in process capability. The Supplier shall perform measurement system analysis in order to make a proper evaluation of the measurement results.

3) Change Control

3.1 Significant changes or alterations affecting the Product, including but not limited to those listed below, shall require prior written approval from ESCATEC. All changes are to be verified and validated by Supplier and relevant documentations shall be provided to ESCATEC upon request. In addition, Supplier is responsible for implementation of any changes without compromising deliveries to ESCATEC.

- a) Change in address of Supplier;
- b) Change of Subcontractor / sub-tier supplier(if any);
- c) Change in ownership or control of Supplier. "Control" means owns or controls, directly or indirectly, more than fifty percent (50%) of Supplier or has the power to appoint more than half the members of the supervisory board, board of directors or boards legally representing the undertaking of the Supplier;
- d) Change in key person (manager level and above) in quality/technical department;
- e) Change of production process;
- f) Change of equipment;
- g) Change of certifications (including obtaining new certifications);
- h) Change of materials;
- i) Change of product design;
- j) Change affecting safety and reliability;
- k) Change affecting compliance with Applicable Laws;
- l) Change of affecting form, fit and function;
- m) Change affecting form, fit and function; and
- n) Change of Product labelling, visual appearance and weight.

4) Incoming Inspection

4.1 Prior to delivery of Products, Supplier shall conduct appropriate final inspections to ensure that all Products comply with the Specifications. ESCATEC may, but is not obliged to, inspect the Products for compliance with the ordered quantity, type or other visible defects such as apparent damages resulting from transport. Any non-conformance shall be addressed by Supplier through appropriate and timely corrective and preventive actions. The absence of an incoming inspection by ESCATEC does not relieve the responsibility of Supplier under this Paragraph.

5) Corrective and Preventive Activities

- 5.1 All non-conformance claims shall be addressed according to the 8D problem solving methodology. Supplier shall furnish the containment actions (3D) within two (2) Working Days to ensure ESCATEC's production continuity. The 8D corrective actions (5D) shall, where practical, be planned within fourteen (14) Working Days after nonconformity has been notified or otherwise to be closed within a timeframe mutually agreed with ESCATEC.

6) Post-Delivery Inspection

- 6.1 In the event of recurrence of non-conformance parts/Products, post-delivery inspection (PDI) shall be implemented at Supplier's sole expense until the defects are eliminated.
- 6.2 The criteria for lifting of PDI shall be determined solely by ESCATEC supplier quality engineer and shall be dependent upon the future performance of new delivery improvement lots. A minimum of three (3) lots of monitoring with no defects found is required to lift PDI.

7) Supplier Development Program

- 7.1 In the event of poor performance even after the implementation of PDI, additional and necessary inspection will continue at Supplier expenses and the quality of Products shall be re-evaluated by Supplier together with ESCATEC's management for further disposition. Supplier may then be categorized into poor performance category and may either be disqualified, or a supplier development program shall be initiated by ESCATEC to improve the Supplier's quality to the expected performance level.

8) Part Approval

- 8.1 All parts/Product supplied must be approved by ESCATEC. All sample submissions require some or all of the following supporting documents according to the characteristics and Specifications of the Products (as determined by ESCATEC and the list below is not exhaustive).
- a) Supplier First Article/Inspection Report;
 - b) Five Sample parts;
 - c) Mechanical drawings including PCB drawing;
 - d) Test report;
 - e) CPK on critical dimension data and other special characteristics;
 - f) Certificate of Compliance (material property);
 - g) RoHS compliance report/Declaration;
 - h) REACH compliance report/Declaration;
 - i) Conflict Minerals Declaration;
 - j) Raw materials specifications;
 - k) UL/CSA/VDE certificate (Safety requirement);
 - l) PPAP, Control Plan, FMEA, Inspection Plan;
 - m) Material Safety Data Sheets (MSDS);
 - n) X-Ray Inspection, Cross Section; and
 - o) SEM-EDX, FTIR.

9) Subcontractor Management

- 9.1 Supplier is responsible for ensuring the ESCATEC Quality Policy (a copy of which is acknowledged received by Supplier), applicable procedures and Product/service documentation and subsequent changes are relayed to Subcontractor. Supplier is responsible for the Subcontractor's quality of incoming materials for implementing appropriate controls for their verification. Supplier is fully responsible and shall ensure that all Subcontractor's activities/parts/products/processes are in conformance with Applicable Laws. Supplier undertakes to actively manage Subcontractor's performance and communicate to ESCATEC of any known and potential risks and improvement opportunities.

10) Concession/Waiver

- 10.1 Without prejudice and subject to ESCATEC's rights under **Clause 7**, if Supplier wishes to deliver Products to ESCATEC with known deviations from the Specifications, the Supplier may use their own waiver format to inform ESCATEC in writing using a waiver requisition form. The extent of waiver shall be reviewed and approved by

ESCATEC in writing. ESCATEC reserves the right to withhold its consent to the waiver.

11) Material Identification and Traceability

10.1 Supplier is responsible to maintain a system to ensure traceability of processes and materials used to manufacture the Products. Supplier shall ensure that the processes and materials used to manufacture and supply the Products are traceable to production lot, shift, line, operator, component, material lots, build-ship date and any rework and replacement of defective Products as applicable to ESCATEC Specifications. This will include proper identification and incoming acceptance of materials, components, production and outgoing inspection and test of Products including material safe data sheet, temperature, humidity, ESD, MSD controls (electrostatic discharge and moisture sensitive device), FIFO (First-In First-Out) controls to ensure product conformity throughout the manufacturing cycle.

Note : Rework shall be made according to industrial standard unless otherwise specified by ESCATEC . Any rework activity shall consider potential adverse effect of the rework on the Product. After completion of rework, Product shall be verified to ensure that it meets applicable acceptance criteria and Applicable Laws. Repair is not allowed unless otherwise specified by ESCATEC.

10.2 Supplier shall make available detailed build and test data for all production lots in a database or in clearly readable manual records for ESCATEC review on request.

12) Record Storage, Retrieval and Disposal

12.1 Supplier shall maintain records and retrieval of its quality assurance activities, especially all documentation regarding characteristics, measured value, test results and be retained for 20 years unless otherwise specified. The relevant records defined shall be made available for future reference and analysis, in case of product issues.

12.2 After the prescribed storage period, Supplier shall notify ESCATEC in writing before destroying any of such records and documents. Records disposal shall be controlled and records on documentation regarding characteristics, measured value, test results shall not be destroyed without prior authorisation from ESCATEC. Once authorisation is given the records must be destroyed in a secured manner.

13) Tooling, Gauges and Equipment

13.1 Supplier is responsible for the safekeeping and maintenance of any ESCATEC consigned as well as Supplier owned equipment and tooling used for the manufacture of the Products. Unless otherwise agreed in writing, Supplier is responsible for the calibration and maintenance of ESCATEC owned tools and measuring equipment and the updating and safekeeping of any documentation for such tools.

13.2 The maintenance and servicing shall be traceable to manufacturer recommendations and records shall be readily available for audit by ESCATEC. The tooling, gauges, drawing, equipment and other property that belongs to ESCATEC must be returned to ESCATEC upon request. An updated list of tooling, gauges, equipment and other property owned by ESCATEC shall be provided to ESCATEC at least annually together with maintenance records reflecting the status of tool wear and usable tool life.

14) RESTRICTED SUBSTANCES

14.1 Supplier shall ensure that forbidden hazardous substances are not used in materials, parts, Products and in the production process.

15) AUDIT

15.1 Supplier shall grant ESCATEC the right to audit the quality assurance system and inspect the areas of its production facilities used to manufacture the Products and the related records during normal operating hours at a mutually agreed time within one week's notice. In the event if there is an unannounced audit from the notified body of a medical device, the Supplier shall allow the audit to be carried out and ESCATEC shall not be deemed in breach of this Paragraph.

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