



KUSGRP Quality Requirements

1. Quality assurance

- 1.1** The Supplier shall establish a quality control system that ensures production and delivery of products that would conform with the specifications and requirements of KUSGRP.
- 1.2** Supplier must possess relevant quality control policies and procedures to suit the KUSGRP's production standard requirements and the policies. KUSGRP will have the discretion whether such policies and procedures of the Supplier are acceptable to the standards of KUSGRP.
- 1.3** It is to be deemed that supplier's commitment to quality agreements by submitting quality certificates, test reports, mill certificates, etc.
- 1.4** Failure to sustain the quality as assured, KUSGRP has the right to remove the Supplier in the list of partner suppliers or be considered Blacklisted.

2. Inspection

- 2.1** Supplier must conduct quality, packaging and quantity check before arrange delivery. Necessary measurement, checking, test shall be done to ensure delivered products free from defects. Picture of measurement, inspection video and test report if applicable shall be provided to KUSGRP as proof.
- 2.2** Sampling of the products shall be based on the K.U.S requirements and standards.
- 2.3** KUSGRP has the right, but not the duty, at all reasonable times to inspect and test the product at supplier's factory. Supplier shall provide all necessary assistance, documents, tools & equipment, experienced and knowledgeable staff to the inspection personnel to carry out the inspection efficiently.
- 2.4** If inspection shows any non-conformity with KUSGRP requirements. Supplier shall do a rework or replace the defected items without delaying scheduled delivery date.
- 2.5** It is within KUSGRP's discretion and decision if there is a need for a 2nd time inspection based on the seniority of the non-conformity issue. Should there be a 2nd time inspection, all cost incur shall bear by supplier.
- 2.6** KUSGRP inspects products delivered on sample basis, on product dimension, finishing and appearance and visible defects. For the defects that KUS not immediately notified, supplier is responsible for the defects.

3. Defective Products

- 3.1** The Supplier warrants that all products delivered conform with the specifications, drawings and requirements of KUSGRP.
- 3.2** If any of the products delivered are found to be defective and does not conform with the specifications and requirements, Supplier shall immediately investigate the cause and must provide preventive method. Supplier must also develop and provide to KUSGRP an option to resolve the issue (such as repair or reproduce within a reasonable period agreed by KUSGRP, or compensation to cover damages caused by the non-conformity item). The resolve option is subject to KUSGRP's acceptance. Supplier must work with KUSGRP until non-conformity issue has been solved.
- 3.3** KUSGRP may opt to return such products at Supplier's cost for their rectification, replacement, and/or compensation through credit notes issued by Supplier, at the option of KUSGRP.
- 3.4** Suppliers are responsible on product defects raised by KUSGRP's end user. If KUSGRP need to repair or rework the products that Supplier has delivered due to defects, KUSGRP has the right to claim the expense occur from Suppliers.
- 3.5** KUSGRP has the rights to request Supplier to compensate the whole batch of products if a serial defect spotted. A serial defect considered there are at least two (2) same or similar defects arising from different customers. The compensation can be settled either by replacing the whole batch with new products delivered, or withdraw payment request for the whole batch. Any extra cost incurred during the replacement or withdraw payment process, shall be borne by supplier, that included but not limited: delivery cost from KUSGRP's end user,



inspection or sorting cost, cost of exchange of defected products to KUSGRP's end user, cost of scraping defected products, cost of KUSGRP's end user claimed from KUSGRP or penalty that KUSGRP has to pay as per contract agreement, etc.

- 3.6** If KUSGRP placed several purchase orders with the Supplier, KUSGRP may cancel the relevant Purchase Order if supplier is not able to propose effective solution for quality assurance from same type of defects.
- 3.7** The Supplier is strictly prohibited from using, displaying, or selling any goods bearing the KUSGRP's trademark, logo, or other intellectual property ("KUSGRP's Trademark") that have been classified as Rejected Goods. Under no circumstances shall the Supplier sell, distribute, offer for sale, or otherwise dispose of Rejected Goods, whether domestically or internationally, with or without the KUSGRP's Trademark.
- 3.8** Upon rejection of any goods, the Supplier shall, at the KUSGRP's sole discretion, either: a) Promptly destroy the Rejected Goods at the Seller's expense, ensuring that the KUSGRP's Trademark is removed or obliterated, or b) Return the Rejected Goods to the Client, at the Supplier's expense, in accordance with the instructions provided by KUSGRP. The Supplier acknowledges and agrees that it has no right, title, or interest in any Rejected Goods bearing the KUSGRP Trademark, and any sale or distribution of such goods constitutes a breach of this Agreement and an infringement of KUSGRP's intellectual property rights. The Buyer reserves the right to claim damages for any breach of this condition or of the main contract and to claim the legal costs associated therewith.
- 3.9** The Supplier agrees to fully indemnify and hold harmless KUSGRP from and against all claims, damages, liabilities, costs, and expenses, including legal fees, arising out of or related to the sale, distribution, or use of Rejected Goods bearing KUSGRP's Trademark in violation of this Agreement

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