

SMART ELECTRONIC TECHNOLOGIES LTD

STANDARD PURCHASING TERMS AND

CONDITIONS

1. Definitions and Interpretation

- (a) In these conditions 'Buyer' means Smart Electronic Technologies Ltd trading as Energy Efficient Solutions Group (EESG) and/ or Energy Saving Lighting (ESL) and/ or Netzo Lighting. 'Seller' means the person or entity with whom the purchase order is placed. 'Goods' shall mean all deliverable goods, items, parts, products, materials or services described in this order.
- (b) References to any statute, enactment, order, regulation or similar instrument is a reference to it as in force from time to time taking into account any amendment or re-enactment and shall include any subordinate legislation made under it.

2. Orders Authorisation and Conditions of Order

The Buyer shall not be liable in respect of any orders other than those issued or confirmed on its official forms or approved by the Buyer on its electronic ordering system. The conditions set out herein shall be the conditions of the contract. No written or printed terms inconsistent herewith or additional hereto shall be binding upon the Buyer unless expressly accepted in writing by one of its authorised officials, and unless so accepted in writing, delivery of the Goods shall be deemed to be an unconditional acceptance of this order. The Seller's terms and conditions will not apply to any order.

3. Specifications and markings

- (a) The Goods must be supplied exactly in accordance with this order and any specification, drawing, process instruction or procedure defined therein. No variation from the requirements shall be permitted without the Buyer's written authority.
- (b) No marking not authorised by the Buyer shall appear on any part of the Goods, except, for standard products of the Seller, the manufacturer's name, address and reference number, the date of manufacture, safety information and any other information relating to the function of the Goods usually incorporated by the manufacturer.

4. Price

The price payable for the Goods will be the price set out in the order. Unless otherwise expressly agreed, the contract price will be a fixed price and will include the cost and risk of delivery to the Buyer's premises.

5. Payment Terms

- (a) Unless otherwise agreed in writing payment of the price will be made 60 days following the end of the month of delivery. The invoice in duplicate must be forwarded to the Accounts Department of the Buyer at the postal address on the order, unless otherwise stated.
- (b) The Buyer may withhold payment of any amount due to the Seller if the Buyer asserts any credit, set-off or counterclaim against the Seller.

6. Buyer Property

- (a) All materials, patterns, dies, jigs, fixtures and tooling together with any specifications, drawings, process sheets and the like or any other property or intellectual property whatsoever supplied to the Seller by the Buyer or to the Buyer's order, or procured or developed by the Seller specifically for the supply of Goods to the Buyer, shall be and remain the property of the Buyer and must not, without the Buyer's written consent, be used for or in connection with the production of any goods whatsoever other than the Goods ordered by the Buyer. The Seller shall ensure that such items are always identified as the property of the Buyer and must be returned to the Buyer immediately on demand.
- (b) Insurance
All the Buyer's property including that mentioned in condition 6(a) hereof together with materials and components provided free of charge by the Buyer in connection with this order must be insured by the Seller to its full replacement value against all risks until it has been received back by the Buyer or used or forwarded in accordance with its instructions.

7. Development Work

If any work or the production of any Goods involves development which is funded in whole or in part by the Buyer then all rights in the development and in the results thereof will vest in the Buyer. The Seller shall execute or procure the execution of all documents as the Buyer may reasonably require in order to transfer the full benefit of any such rights to the Buyer.

8. Patent Rights etc.

If the supply or use of any Goods under this order (other than any such Goods or things manufactured by the Seller in accordance with designs supplied by the Buyer) shall be held to constitute an infringement or an alleged infringement of any third party patent, copyright, registered design, trademark or other

intellectual property right, the Buyer or any person at any time in possession of such Goods shall be indemnified by the Seller against all damages, costs, losses, charges or expenses incurred as a result of such infringement or alleged infringement and the Seller will further, if required by the Buyer, conduct any legal proceedings which may be necessary to protect the Buyer at the Seller's sole risk and expense.

9. Indemnities

The Seller shall indemnify and hold harmless the Buyer from any loss, damage and expense, including all legal fees, incurred or sustained by the Buyer which is caused by or arises as a result of any defects in the Goods or by reason of the negligence of the Seller or the failure of the Seller to conform to the terms of this order or applicable statutory duty or regulation.

Seller shall have in place general liability insurance, product liability insurance and employer liability insurance for amounts acceptable to the Buyer and shall provide evidence of such insurance on request.

10. Publicity

All orders placed by the Buyer are strictly confidential. The Seller must not publish or cause to be published by any means whatsoever any details concerning the Goods which are the subject of this order without the Buyer's previous consent in writing.

11. Confidentiality, Data Protection and Electronic Security

(a) All information of the Buyer and its customers which is or may be disclosed to or accessed by the Seller in the course of carrying out this order shall be treated by the Seller as strictly confidential and shall not without the prior written consent of the Buyer be disclosed to any third party or parties nor be used or copied for any purpose(s) other than for the execution of this order. The provisions of this condition do not apply to information which is or comes into the public domain otherwise than through a breach of this condition.

(b) If this order requires or permits the entry by the Seller or its permitted or approved sub-contractor onto the Buyer's premises it is a condition of this order that the Seller and any sub-contractor and their employees shall treat as strictly confidential any technical or commercial know-how processes, specifications or other information which shall come into its knowledge in the course of such entry and any such technical or manufacturing know-how processes, specifications and other information shall not be disclosed to any third party without the Buyer's previous consent in writing. The Seller shall obtain from any such sub-contractor an undertaking in the terms of this condition.

(c) In relation to any personal information provided or made available to the Seller by the Buyer, the Seller must (i) process the information only in accordance with the Buyer's lawful instructions; (ii) take appropriate technical and organisational measures against unauthorised or unlawful processing and against accidental loss of the information; (iii) not disclose such personal data to any party who carries on business outside the European Economic Area (EEA) if it originated in the EEA; (iv) cooperate fully with the Buyer to enable the Buyer to adequately discharge its responsibility as a data controller including assisting with data subject access requests; and (v) on request by the Buyer allow the Buyer to audit the Seller's compliance with this condition.

(d) Each party will provide appropriate security measures to: (a) ensure that all electronic transmissions relating to the order are authorized and their confidentiality is maintained; and (b) protect data and documents relating to the order from unauthorized access, alteration and/or loss. Each party will use same level of care, but not less than reasonable care, to maintain the confidentiality of transmissions and documents, as it would use for its own paper documents of like kind and importance. If the Seller is granted access to any electronic system or electronic data ('Buyer Systems'), the Seller shall protect password(s) and other means of system or data access. The Seller shall not access or use Buyer Systems for any purpose other than performance of the order.

(e) BUYER SYSTEMS ARE PROVIDED ON AN "AS IS" AND AS AVAILABLE BASIS, AND THE SELLER EXPRESSLY AGREES THAT THE BUYER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RELIABILITY AND AVAILABILITY OF ANY BUYER SYSTEMS. The Seller acknowledges that it has no reasonable expectation of privacy in any communications or data, personal or otherwise, transiting or stored on Buyer Systems and that any communications and/or data transiting and/or stored on Buyer Systems may be monitored, intercepted, recorded and searched at any time and for any lawful purpose, and may be used or disclosed for any lawful purpose.

(f) The Seller shall immediately notify the Buyer in the event of any unauthorised use, to include but not limited to suspected breach of data, unauthorised use of password(s) or data accessed from Buyer Systems and shall take immediate action to mitigate any potential harm, loss or damage to the Buyer.

(g) Any breach by the Seller of its obligations in this condition 11 shall not be capable of remedy for the purpose of condition 19 (b) (i). The Seller shall indemnify and hold harmless the Buyer from any loss, damage and expense, including all legal fees incurred or sustained by the Buyer which is caused by or arises as a result of a breach of this condition 11. This condition 11 shall survive termination or expiry of the contract.

12. Sub-Contracting, etc.

(a) The Seller shall not without the Buyer's consent in writing assign or sub-contract this order or any part thereof other than for materials or for any part of the Goods of which the makers are named in the order or

specification. Any such consent shall not relieve the Seller of any of his obligations under the contract.

(b) The Seller shall ensure that it includes corresponding conditions to those set out in the Buyer's order in the Seller's contracts with its supply chain, particularly in relation to inspection, customer flow-down requirements, regulatory and quality compliance and rights of recourse, including on termination.

(c) No third party shall have the right to enforce any provision of this contract.

13. Time for delivery

(a) Time for Delivery and Extensions

Time shall be of the essence of this contract. The Goods shall be delivered at the time specified in the order. Goods may not be delivered more than 5 days early. If, as a result of any event outside the Seller's control, the Seller is unable to deliver the Goods within the specified time then provided that the Seller shall have given notice in writing without delay of such event and its intention to claim an extension of time, the Buyer may grant the Seller such extension as the Buyer may consider reasonable. In the event of significant delay the Buyer reserves the right to terminate this order, in whole or in part, without incurring any liability to the Seller.

(b) Deferment of Delivery and/or Stop Work Situations

In the event of the Buyer's normal course of manufacture being interrupted, restricted, hindered or delayed by any cause whatsoever beyond its control or by any exceptional causes whatsoever, it may without additional cost defer the date or dates of delivery. Such a cause may include the Buyer being affected by a 'stop work' notice; if that applies or is likely to apply then the Buyer may require the Seller to stop work immediately and to cease to incur costs in respect of this order.

(c) Delay in Delivery

If the Goods or any part thereof are not delivered within the time or times specified in the order or any agreed deferment or extension of such time or times the Buyer shall be entitled to:

(i) cancel the order in whole or in part without incurring any liability to the Seller; and/or

(ii) refuse to accept any subsequent delivery of Goods; and/or

(iii) purchase substitute items elsewhere; and/or

(iv) pursue additional remedies including but not limited to recouping any and all liquidated damages, penalties and claims paid or payable by the Buyer to the Buyer's customer(s) as a result of the Seller's failure or delay in delivery.

14. Delivery

(a) The Goods are to be delivered to the destination stated in the order. They must be delivered in good order and condition. Quantities must not exceed those ordered or specified.

(b) Unless specifically ordered, no cases, wrappers nor packaging of any kind will be paid for. Should any cases, wrappers or packaging be ordered, charges therefore are to be shown on a separate invoice and such cases may be returned to the Seller who, forthwith on receipt thereof in good order, shall refund such charges.

(c) Subject to any special instructions from the Buyer, an advice note shall accompany every delivery which shall state: the number of the order, quantity of the delivery, the quantity already delivered under the order, and the balance of the order still to be delivered.

15. Quality Assurance

(a) The quality assurance requirements of Goods shall comply with the Seller's quality procedures as authorised by the Buyer, and with the Buyer's applicable quality requirements.

(b) Goods delivered shall, as applicable, meet the requirements for release documentation as stated on the face of the Buyer's order.

(c) The Seller warrants that its minimum quality standard accreditation shall be in accordance with the Buyer's requirements.

16. Inspection

(a) The Seller shall ensure that authorised Buyer representatives, customers of the Buyer and other authorities shall be allowed access to the Seller's premises and premises of suppliers and subcontractors of the Seller at mutually agreed times to carry out inspection of quality systems, the Goods, parts and materials and any relevant documentation when necessary.

17. Defects

(a) It is a condition that the Seller must replace promptly free of charge or pay the cost of local replacement of any Goods or parts thereof which may prove defective through faulty design (other than a design made or furnished by the Buyer) material or workmanship within 36 months from the date of delivery.

(b) If any Goods supplied or to be supplied under this order shall not be in full compliance with this order or any defined specification, drawing, process instruction or procedure, the Buyer shall be entitled to recover from the Seller any and all costs, expenses and damages related to the Seller's non-compliances, including but not limited to the Buyer's or its customer's or the end-user's costs of removal, disassembly, failure analysis, fault isolation, reinstallation, reinspection and retrofit of non-compliances from the Buyer's end-product; and liquidated damages, penalties and claims payable by the Buyer to its customer(s) as a

result of the non-compliances. These remedies do not affect any other legal rights which the Buyer may have in respect of such defective Goods.

18. On-site Equipment

The Buyer shall not be responsible for or accept any liability in respect of damage or claims resulting from the use by or on behalf of the Seller of Buyer's on-site equipment. The Buyer's on-site equipment shall be used only with its prior authority and in strict compliance with its site procedures and the Seller shall indemnify the Buyer against any failure to do so.

19. Termination

- (a) The Buyer shall be entitled at any time by 14 days' notice in writing to terminate the contract.
- (b) The Buyer shall be entitled without liability to the Seller to terminate the contract immediately for the Seller's default:
 - (i) If the Seller fails to perform any condition or requirement of this contract and, if capable of remedy, fails to remedy such breach within 14 days of written notice;
 - or
 - (ii) The Seller makes any arrangement with its creditors or enters into administration or goes into liquidation; or
 - (iii) A receiver or manager is appointed of any of the property or assets of the Seller; or
 - (iv) The Seller ceases or threatens to cease to carry on business; or
 - (v) Any distress, execution or other process is levied on any of the assets of the Seller; or
 - (vi) Any event similar to those mentioned in conditions 19(b)(ii) to 19(b)(v) occurs in another jurisdiction.
- (c) On any such termination:
 - (i) The Seller shall be entitled to be paid:
 - a. The sums under the terms of the contract in respect of work done and Goods delivered up to the date of termination.
 - b. Any sums which, consistent with applicable lead times, have necessarily and reasonably been paid by the Seller to its suppliers or contractors to carry out the Seller's obligations under the contract. The Seller will not be entitled to any payment other than under a. and b. above.
 - (ii) The Seller shall use all reasonable endeavours to assign to the Buyer on request the benefit of any sub-contract entered into by the Seller in connection with the Goods or to terminate any such sub-contract;
 - (iii) The Seller shall promptly return all Buyer Property;
 - (iv) In the event of termination for the Seller's default:
 - a. The Buyer shall have the right to use or have used without charge any technical information and intellectual property rights of the Seller or its subcontractors necessary for it to continue the provision of the Goods, including all services contracted for under Buyer's order;
 - b. The Seller shall reimburse the Buyer any claims and excess procurement costs incurred by the Buyer as a result of the Seller's default, and the Buyer shall be entitled to set off any such claims and costs against amounts owed to the Seller;
 - c. The Seller shall provide the Buyer or its nominee without charge with such assistance as the Buyer requires to facilitate transfer of provision of the Goods, including all services contracted for under Buyer's order, to another provider.
 - (d) The termination/expiry of the contract howsoever arising is without prejudice to the rights, duties and liabilities of either the Seller or the Buyer accrued prior to termination/expiry and the conditions which expressly or impliedly have effect after termination/expiry will continue to be enforceable notwithstanding termination/expiry.

20. Conflict Minerals Disclosure

The Seller shall support the Buyer's compliance with sourcing obligations to certain customers subject to requirements to report sourcing of tin, tantalum, tungsten and gold ('Conflict Minerals') from certain countries in the African subcontinent. The Seller shall have due diligence processes in place to make reasonable enquiries, including with its supply chain, into the country of origin of Conflict Minerals included in the Goods sold to Buyer.

The Seller shall disclose to the Buyer in writing those Goods containing Conflict Minerals prior to acceptance of this order. Seller shall report such data as may be required by Buyer to fulfil its obligations to its customers on sourcing of Conflict Minerals.

21. Safety and Environmental Regulation

The Seller shall comply in all respects with the applicable environmental and health and safety laws and regulations and shall indemnify and hold harmless the Buyer from and against all damages costs, losses, charges, expenses or liabilities whatsoever caused by or arising out of any breach by the Seller of such laws and regulations.

22. Hazardous Materials

The Seller must advise the Buyer upon receipt of the order if the Goods to be supplied contain any hazardous or harmful materials requiring special handling or treatment. The Seller shall comply with all applicable requirements contained in laws, regulations and directives including but not limited to national,

EU, provincial and local environmental, health and safety laws, regulations and directives relating to the supply of goods and hazardous materials.

23. Documentation

Where appropriate the Seller shall provide documentation including operating instructions, parts lists and comprehensive spares listings. All documentation supplied shall be in the English language.

24. Compliance with Laws

(a) The Seller shall comply and shall ensure that each of its subcontractors complies in all respects with all applicable laws and regulations and shall indemnify the Buyer against all damages, costs, losses, charges, expenses or liabilities whatsoever caused by or arising out of any breach by the Seller of such legislation or regulation.

(b) The Seller shall comply with all of the Buyer's mandatory customer terms that it is required to flow down to its suppliers.

25. Export, Import and Regulatory Compliance

(a) The Seller shall obtain all export authorisations and/or licences necessary for the delivery of the Goods, software or information to the Buyer at the time specified in the order. The Buyer will obtain import authorisations necessary for the import of the Goods.

(b) The Buyer and the Seller each agree to comply with all applicable governmental regulations as they relate to the import, export, transfer and re-export of information, software and/or Goods and/or the Buyer or Seller property. Without limiting the foregoing, neither the Buyer nor the Seller shall disclose or deliver any information, software or Goods and/or Buyer or Seller property provided hereunder in any manner contrary to any applicable export or import laws and regulations. The Buyer and the Seller acknowledge that these laws and regulations impose restrictions on import, export, transfer and re-export to third countries of certain categories of information, software and Goods, and that authorisations/licences from the applicable regulatory agency may be required before such information, software and Goods and/or Buyer or Seller property can be disclosed or delivered hereunder, and that such authorisations/licences may impose further restrictions on use and further disclosure or delivery of such information, software and Goods and/or Buyer or Seller property.

(c) In relation to both domestic and international transactions, the Seller shall provide the Buyer with export classification information for all Goods, Seller property, software and information delivered to the Buyer. Export classification information includes the applicable export control number, the country of origin and the Harmonised Tariff Code. The Buyer will supply the Seller with similar export classification information for relevant Buyer property and/or information for which the Buyer has design authority. The Buyer and the Seller will each promptly notify the other upon a change in classification information.

(d) The Seller shall indemnify and hold the Buyer harmless to the fullest extent permitted by law in respect of any loss, damage or expense, excluding lost profits, for any failure of the Seller to comply with such laws and regulations and/or the foregoing provisions of this condition 25.

26. Counterfeit Goods

(a) All Goods provided by the Seller to the Buyer, including any that are provided by the Seller's subcontractors, must be original and genuine, and in full compliance with all of the Buyer's contract requirements, specifications, certifications, and any supporting data representing contract performance. The Seller warrants that it has received from all of its subcontractors and suppliers all data necessary to comply with this obligation and the Seller has validated all such data. The Seller will ensure that none of the Goods are counterfeit, inaccurately marked, or in any manner misrepresented.

(b) The Seller shall operate a counterfeit control process for all Goods regardless of industry sector consistent with these provisions and reasonable commercial terms for applicable industry sectors and the Buyer shall have the right to audit, inspect and/or approve the process at any time before or after delivery of the Goods.

(c) If any of the Goods delivered or to be delivered under this order is discovered to be a counterfeit item or suspected to be a counterfeit item, then the Buyer shall have the right to impound the item for further investigation of its authenticity. The Buyer's investigation may include the participation of third parties or governmental investigative agencies as required by law or regulations or by the Buyer's customer, or by the Buyer, in its sole discretion. The Seller shall cooperate in good faith with any investigation conducted by the Buyer, including, but not limited to, cooperation by the Seller with respect to the disclosure of all design, development, manufacturing and traceability records in respect of the item. Upon the Buyer's request, the Seller shall provide the Buyer certificates of conformance with respect to the item under investigation. The Buyer shall not be required to return the item to the Seller during the investigation process or thereafter. The Buyer shall not be liable for payment to the Seller of the price of any suspected counterfeit items under investigation.

27. Anti-Corruption, Ethics and Policies

(a) The Seller warrants that its directors, employees, agents, representatives, contractors and subcontractors, and any other person acting on its behalf will not:

(i) offer, give or agree to give or receive, request or accept any financial or other advantage of any kind as

an inducement or reward for doing or not doing any improper act or for the improper performance of any function associated with the order or the Goods; nor

(ii) act in any way which would constitute an offence by the Seller or would cause the Buyer to commit an offence under any anti-bribery legislation; nor

(iii) employ any workers under the age of 15 or, in the countries subject to the developing country exception of the ILO Convention 138, employ any workers under the age of 14; nor

(iv) breach applicable anti-slavery legislation, nor any applicable anti-corruption legislation.

(b) If the Seller breaches any of the above warranties, the Buyer shall be entitled to terminate the order by written notice with immediate effect. Any termination shall be without prejudice to the accrued rights of the Buyer.

(c) The Seller shall indemnify and hold harmless the Buyer from any loss, damage and expense, including all legal fees, incurred or sustained by the Buyer which is caused by or arises as a result of a breach of this condition 27.

28. Customer Flow-Down Requirements

(a) In order to meet the requirements of its customers, the Buyer may have to accept terms which are to be flowed down to its supply chain, and the Seller shall accept the application of corresponding terms to the Buyer's order. The Seller shall promptly cooperate with the Buyer and implement and carry out the procedures and requirements which the Buyer adopts and disseminates to meet its own and its customers' requirements.

29. Governing Law and Dispute Resolution

(a) The Order and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

(b) Each Party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with the Order or its subject matter or formation.