

Contract No. \_\_\_\_\_

# Shanghai POSI Certification Co., Ltd.

## Management System Certification Contract

Client (Party A) \_\_\_\_\_

CB (Party B)

Shanghai POSI Certification Co.,Ltd.

In accordance with the provisions of the Civil Code of the People's Republic of China, Party A and Party B enter into this contract on the basis of true and full expression of the will of each party through equal consultation for the management system certification project, and both parties shall abide by and perform it.

**一、 Contents and Requirements of Management System Certification Projects**

1、 Party A applies following management system certifications from Party B

- |   |   |
|---|---|
| <input type="checkbox"/> Quality Management System                        | <input type="checkbox"/> Environmental Management System                            |
| <input type="checkbox"/> Occupational Health and Safety Management System | <input type="checkbox"/> Medical Device Quality Management System                   |
| <input type="checkbox"/> Hazardous Substances Process Management System   | <input type="checkbox"/> Electrostatic Discharge (ESD) Protection Management System |
| <input type="checkbox"/> Information Security Management System           | <input type="checkbox"/> Food Safety Management System                              |
| <input type="checkbox"/> Security Management System for the Supply Chain  | <input type="checkbox"/> Hazard Analysis and Critical Control Point (HACCP) System  |
| <input type="checkbox"/> Business Continuity Management System            | <input type="checkbox"/> Integrity Management System of Enterprise                  |
| <input type="checkbox"/> Asset Management System                          |   |
| <input type="checkbox"/> Other: _____                                     |   |

The criteria that Party A establish a management system based on, the type of certification applied for, the accreditation symbol applied for and the sites applied for and other basic information can be seen in the relevant Management System Certification Application Form.

2、 The production, operations and services activities scope covered by Party A's applied management system certification(which will be finally confirmed after the certification decision making by Party B):

\_\_\_\_\_

3、 Total number of employees cover \_\_\_\_\_ the date of on-site audit that Party A would like to be based on the final consensus of both parties.

4、 Certification Type     Initial certification     Re-certification     Other: \_\_\_\_\_

**二、 Implementation of the management system certification project**

1、 Party B shall conduct certification audit for Party A according to the certification procedures, and after confirming that the management system conforms to the audit basis agreed in the contract, Party B shall apply for certification registration for Party A and issue or renew the management system certification certificate. The certificate is valid for three years, and the starting date of the validity period is the date of issuance of the certification certificate. (The ESD certification cycle is one year, and the validity period of its certificate is also one year.)

2、 The signature of Party A on Party B's "Audit Plan" serves as a confirmation of the contract's fulfillment. In case one party is unable to carry out the audit due to a certain reason, they should notify the other party in writing in advance.

3、 On-site audits shall be conducted during normal operations of activities covered by Party A's management system, in which:

1) Initial audit:

The initial certification audit process (initial audit) is divided into two stages (stage 1 and stage 2);The time interval between the two stages of audits should be no less than 5 days at the shortest. Before the first stage of the audit, the management system should have been effectively operating for no less than three months. The quality management system of the applying organization for the production of implantable medical devices has been effectively operating for no less than six months. If the corrective actions and corrective measures for serious non-conformities cannot be effectively verified within six months after the completion of the initial two-stage audit, Party B shall conduct another two-stage audit before recommending certification.

2) Surveillance audit:

- a) After the initial certification and re-certification ,the first sur. audit shall be conducted within 12 months from the date of issuance of the certification certificate. Thereafter, the interval between surveillance audits should not exceed 12 months.. If there are significant changes to Party A's management system or changes that affect the basis of its certification, the frequency of surveillance audits should be increased;
- b) If Party A fails to accept the surveillance audit on schedule, Party B will suspend Party A's use of the certification certificate and logo in accordance with relevant regulations;
- c) If the serious non-conformities of the surveillance audit are not verified within three months, Party B will suspend or revoke the certification certificate in accordance with relevant regulations.

(The surveillance audit clause shall not apply to the ESD certification program.)

3) Re-certification audit:

Re-certification audits should be conducted before the expiration of the three-year validity period of the certificate (Party A shall apply for and pay the certification fees according to the requirements of this contract at least 3 months prior to the expiration of the certificate, sign the re-certification audit contract, accept on-site audits, pay the certification fees and meet the certification conditions to ensure the completion of certification approval.), and the non-conformities found during the audit shall be completed by Party A within the validity period of the certificate and verified by Party B;

- a) When the re-certification audit exceeds the current certification validity period, the certification fee will be charged according to the initial certification requirements and the audit will be conducted;
- b) If Party A fails to accept Party B's re-certification audit on time, Party B will suspend Party A to use the certificate and logo;
- c) When Party A has significant changes in the management system or its operating environment (such as changes in the law) after the certification, the re-certification audit may require a stage 1 audit.

**4) Special audit:**

When Party A apply for scope extension certification after obtaining a certificate or Party B investigate complaints, or carry out tracking to Party A's changes or certification suspension, Party B may need carry out a special audit. Special audit can carry out combined with the surveillance audit.

**三、 Certification service fees and payment**     RMB     Other

**1. Party A shall deliver the following fees to Party B:**

Certification type	Fee
<b>Initial Certification fee (including Including application fee, review fee and certificate registration fee)</b>	
<b>Surveillance fee(including audit fee and annuity)</b>	
<b>Re-certification fee(including audit fee and registration fee)</b>	
<b>Fees for an additional certificate(Chinese/English certificate)</b>	

2. Party A shall pay 100% of the certification fee to Party B within 30 days from the date of signing this contract.

3. The fee for maintaining the certificate shall be fully paid by Party A to Party B within 30 days after the issuance of each surveillance and audit notice and 10 days before the start of the audit.

4. Any additional certificate fees should be paid in full within 5 days before the certificate is made.

5. Party A shall bear Party B assigned auditor's accommodation and traffic fees.

6. If the number of audit days or the cost increases due to the reasons of Party A, the increased part shall be borne by Party A. If Party A refuses to bear it, Party B has the right to terminate the certification process. Six months from the date when Party B gives notice of termination and the two parties fail to reach an agreement on the additional parts, Party B has the right to terminate this agreement. If the number of days or the cost of the reviewer increases due to the reasons of Party B, the increased part shall be borne by Party B.

7. Other requirements:

**四、 Rights and obligations of the parties**

**1. Rights and obligations of party A**

**Rights:**

- 1) Have the right to put forward the requirements of the scope of management system certification (including products/services/activities/sites) under the premise of complying with relevant laws and regulations and relevant requirements.
- 2) Have the right to file appeal or complaints against Party B's violations and certification audit conclusions during the certification service process or activities.

**Obligations:**

- 1) Observe the relevant provisions of laws, regulations, and certifications (See the public documents published on party b 's website <http://www.posicert.com>), pay and bear all costs on time. Overdue payment shall pay Party B's breach of contract damages in accordance with the total amount of arrears 5‰ a day.
- 2) When Party A submits a management system certification application, it shall also provide the relevant documents and information of the certification application in accordance with the requirements of the management system certification application. (e.g: proof of legal status, qualification documents, etc.).And Party A must ensure that the documents and materials provided are true and legal.
- 3) Make comprehensive and reasonable arrangements for Party B's on-site audit (if applicable, provide conditions for admission of observers (such as accredited assessors or intern auditors), Including:
  - a) Provide Party B with documented information required for initial, surveillance and re-certification audits, open the places required by auditors (confidential areas shall be explained to Party B in advance), and provide sufficient evidence to prove the effectiveness of system operation.
  - b) The initial audit should provide valid evidence of the effective operation of the quality management system for no less than three months (for special industries such as the production of implantable medical devices and construction applications,

the effective operation of the quality management system should be no less than six months), including the conduct of effective internal audits and management reviews.

- c) During the certification audit process, if the use of ICT is necessary to ensure the effective implementation of the audit, the client should provide the necessary equipment, facilities, networks, technical personnel, etc., and ensure the security and confidentiality of information and data.
- 4) Ensure the truth and accuracy of the information related to the management system .Due to the concealment of information such as the number of people covered by the management system, the number of multiple locations, and the inspection results of the regulatory authorities (when it occurs), resulting in insufficient audit hours, insufficient sampling from multiple locations, invalid audit results or the invalidation of certification certificates, the losses caused thereby shall be fully borne by Party A, and Party A shall also bear the economic and reputational losses caused to Party B.
- 5) Within the year before the date of applying management system certification, Party A promises that no one of the following situations has occurred:
- a) Other certification bodies have issued conclusions of not recommending certification registration (for initial audit), not recommending recertification registration, or not recommending the continued use of the certification certificate (for surveillance audit);
  - b) The certification certificate has been suspended, revoked or cancelled by other certification bodies due to Party A's own reasons;
  - c) The original certification body that issued the certificate has had its certification qualification revoked by the Certification and Accreditation Administration of the People's Republic of China (CNCA) for less than three months (if applicable);
  - d) Party A is currently ordered by the administrative supervision department to suspend production/business operations for rectification;
  - e) Party A has been investigated by law enforcement and supervision departments or ordered to suspend business for rectification due to serious incidents or violations of laws;
  - f) Party A is currently listed in the List of Seriously Untrustworthy Entities with Illegal and Unlawful Acts published on the National Enterprise Credit Information Publicity System or Credit China;
  - g) Products within the scope of the certification application have failed the national supervised random inspection on product quality, and such failure has not been rectified and qualified in accordance with relevant provisions.

**If the management system certification certificate issued by Party B becomes invalid due to Party A's failure to truthfully declare, resulting in losses to Party A, Party A shall bear the responsibility on its own. Any losses caused to Party B thereby (including actual losses, additional expenses incurred for remediation and damage to Party B's reputation) shall be borne by Party A.**

- 6) After obtaining the certificate, Party A shall continue to operate the management system effectively; It shall comply with the relevant laws, regulations and rules of certification and accreditation, cooperate with and assist the supervision and inspection carried out by the CNCA and local certification supervision and management departments, and truthfully provide relevant materials and information for the inquiry and investigation of relevant matters.
- 7) After obtaining the certificate, Party A shall use the certification certificate correctly in accordance with the requirements of Party B's public documents:
- a) It is prohibited to use the management system certification certificate and related words and symbols without authorization to mislead the public into believing that its products or services have been certified;
  - b) Only promote within the scope of the approved certification;
  - c) During the period when the management system certification certificate is suspended, Party A shall not use the certification certificate, certification mark or quote the certification information in any way;
  - d) If the management system certification certificate is revoked, Party A shall immediately cease using any advertising materials that refer to the certification qualification and return the certificate to Party B;
  - e) If the scope of certification is narrowed down, Party A shall modify the relevant documented information;
  - f) Party A shall not make misleading statements regarding the certification qualification and shall not use the certificate or any part thereof in a misleading manner;
  - g) When Party A uses the certificate, it shall not damage the reputation of Party B or the certification system, nor lose public trust.

**All responsibilities arising from the violation of any of the above requirements shall be borne by Party A. If any losses or impacts are caused to Party B as a result, Party A shall bear the liability for compensation.**

- 8) After Party A obtains certification, the following situations occur: The certification body shall be notified in a timely manner and shall accept the special review or on-site verification decided by Party B in accordance with the relevant regulations, and pay the costs incurred by Party B for review (including the food, accommodation and transportation costs of the auditor):
- a) Customers and related parties have major complaints;
  - b) The products or services that are produced or sold are Identified as unqualified by the quality or market regulator.

**When the products within the certification scope of Party A are found to be substandard during the random inspection by the market supervision department, Party A shall accept the supervision and audit within 30 days from the date of the notice issued by the market supervision department. Non-conformities in other aspects shall be implemented by reference.**

- c) The occurrence of product or service quality and safety, environmental or safety accidents;
- d) Changes in the relevant circumstances, including legal status, production and operating conditions, organizational status or

ownership changes. Change in the qualification of the administrative license obtained, mandatory certification, or other changes to the qualification certificate. Legal representative and top management change. Change of workplace for production, operation or service. Changes in the scope of activities covered by the management system, the number of people, and the number of multi-sites. Major changes in management systems and important processes.

e) Other important situations that occur and affect the operation of the management system.

9) Accept the task of witness review and the necessary special audits arranged by party b and relevant authorized institutions, Accept the non-routine inspection of the certification authority, The accredited institution directly conducts on-site verification of the operation of the certified organization management system and the audited process, and gives the necessary cooperation in the process of witness assessment or non-routine inspection or field verification.

10) If Party A's certification scope of products covered by the "export only", can not be sold in the domestic market, such as sales in the domestic market by the local administrative departments to investigate and deal with, resulting in Party B subject to administrative penalties and other joint and several liabilities, Party A shall be held fully responsible, and Party B retains the right to appeal to Party A for compensation.

11) The re-certification contract can't be conducted before the validity of the certificate for the reason of Party A; Or Party A can't make the corrective actions and submit the object evidence to make sure the approval of certification decision, Party A will take charge of all the responsibilities and the loss of Party B.

12) The information related to Party a published on Party B 's website <http://www.posicert.com> and on the official website of the Certification and Accreditation Administration of the people' s republic of China <http://www.cnca.gov.cn> is also the obligation of party a during the performance of this contract.

13) Bear the risk that the certification certificate cannot be used due to the revocation of the qualification of the selected certification body.

**If Party A fails to promptly notify Party B of the above information, Party B will, in accordance with relevant regulations, take measures such as suspending or revoking the certificate for Party A.**

## **2. Rights and obligations of party B**

### **Rights:**

1) If Party A fails to provide the "relevant documents and materials for the application for certification" as requested in the management system certification application, Party B has the right to refuse to arrange the review.

2) Party B has the right to define the certification range of Party A pursuant to relevant laws and certification regulations, and decide whether to approve the registration and award of certificate to Party A.

3) Based on Party A's violations, it has the right to suspend or revoke the qualifications of Party A's certification and to withdraw the certificate.

4) The right to arrange special audit in time when abnormal situation occurs in Party A's management system; The time and expenses shall be separately agreed upon by both parties.

5) Have the right to release audit report information to the recognized regulatory authorities.

6) It has the right to publicly disclose the certification status information of Party A on the website of the recognized regulatory body, including the name and address of Party A, the scope of certification, the validity period of the certification certificate and the status of the certificate, etc., and update this information regularly.

7) If the performance of this contract cannot be continued or is terminated due to reasons not attributable to Party B, the fees collected by Party B will not be refunded.

### **Obligations:**

1) Strictly comply with national laws, regulations and the provisions of the approved body.

2) In accordance with the standards of certification procedures and certification and the provisions of this contract, the certification service shall be provided to Party A in an objective and fair manner.

3) Strict confidentiality commitment shall not disclose to any third party any non-public information of party a in operation, production, technology, management and other aspects. Except: a) Party A's public information; b) the written consent of Party a; b) when required by law:

a) Party A's public information; b) The written consent of Party A; c) When required by law.

**Except as prohibited by law, Party B shall notify Party A in advance of the information it intends to provide. In special circumstances, upon the request of Party A (such as for security reasons), restrictions may be imposed on the extent to which Party B discloses the name of Party A, relevant normative documents, certification scope and geographical location.**

4) Responsible for publishing Party A's certified registration information on related media.

5) If the certification certificate of Party A cannot be effectively maintained due to the cancellation or revocation of the institution's approval qualification, Party A shall promptly inform Party A and make proper handling, and bear the economic losses agreed upon in the contract or recognized by law caused thereby.

## **五、 Effectiveness of the contract**

1. This contract is made in two copies. It shall take effect on the date of signing and stamping by both parties and signing. The parties A and B shall each hold one copy and shall have equal legal validity.

2. During the execution of this contract, all official information of both parties shall be expressed in written form (facsimile and e-mail is allowed).

3. This contract shall be valid for a long period of time until a new contract is signed, except in the case where our certification expires naturally and is not re-audited, revoked or canceled.

4. For the ESD certification program, this contract is valid for three years. The first and second re-certification applications only need to provide the "Certification Application Form," unless there are special requirements.

**六、 Handling of contract disputes**

The disputes arising out of the execution hereof shall be settled by both parties through negotiation. If the mediation fails to be reached, the procedure may be legally filed with the court where Party B is located.

**七、 Liability for breach of contract**

Party A and Party B must seriously implement the contract. If one party fails to perform the contract after the signing of the contract, both parties shall negotiate a settlement. The economic losses caused by the unilateral termination of the contract shall be borne by the responsible party. Except for cases of force majeure (force majeure shall be legally recognized).

**八、 Contract change**

During the period of validity of the contract, when a party to the contract proposes to change the terms of the contract, the two parties shall sign the *Contract Supplemental Agreement* after mutual communication. After the new clause in the Supplemental Agreement comes into force, the clauses in this contract that are inconsistent with it shall become invalid.

**九、 Other matters**

1. Party A shall submit relevant information for contract review in accordance with the requirements of the *Management System Certification Application Form*.

2. After the contract is signed, the audit planning can be started.

3. If the contract is inconsistent with the existing laws and regulations and rules, it shall be subject to the existing laws and regulations, the rules shall be subject to and promptly amended, and both parties shall comply with the provisions.

4. Phone number for application/complaints: **021-68583895** Application /complaint process can be accessed: **<http://www.posicert.com>**

**All branches of Party B are non-critical location, and the specific address and contact information can be found on Party B's official website [www.posicert.com](http://www.posicert.com).**

5. Party B determines the audit time according to the regulatory and accreditation requirements, and informs Party A in the form of *Audit Program Planning* attached to the contract review form after determining the audit time, and the *Audit Program Planning* is part of this contract. When Party A has any objection to the audit time in the *Audit Program Planning*, it should raise the objection in writing, and Party A has the responsibility to explain the reasons for the determination in order to reach a consensus.

6. For matters not covered herein, Party A and Party B may negotiate and sign the *Supplementary Agreement on Modification of Contract* as an annex to this Contract, which has the same efficiency as this Contract.

7. The audit report may be submitted to the regulatory body when required.

<b>Party A (Seal)</b>		<b>Party B (Seal)</b>	Shanghai POSI Certification Co., Ltd.
<b>Representative</b>		<b>Representative</b>	
<b>Date</b>		<b>Date</b>	
<b>Address</b>		<b>Address</b>	Room 1402A, No. 1500, Century Avenue, Pilot Free Trade Zone, China (Shanghai)
<b>Contact</b>		<b>Contact</b>	Yulan Wang
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<b>E-mail</b>		<b>E-mail</b>	market@posicert.com
<b>Web</b>		<b>Web</b>	<a href="http://www.posicert.com">http://www.posicert.com</a>
<b>Account name</b>		<b>Account name</b>	Shanghai POSI Certification Co., Ltd.
<b>Account bank</b>		<b>Account bank</b>	China Construction Bank Corporation, Dongfang Branch, Shanghai
<b>Tax No.</b>		<b>Tax No.</b>	91310115MA1K3UNX1B
<b>Account No.</b>		<b>Account No.</b>	31050161363700000286

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