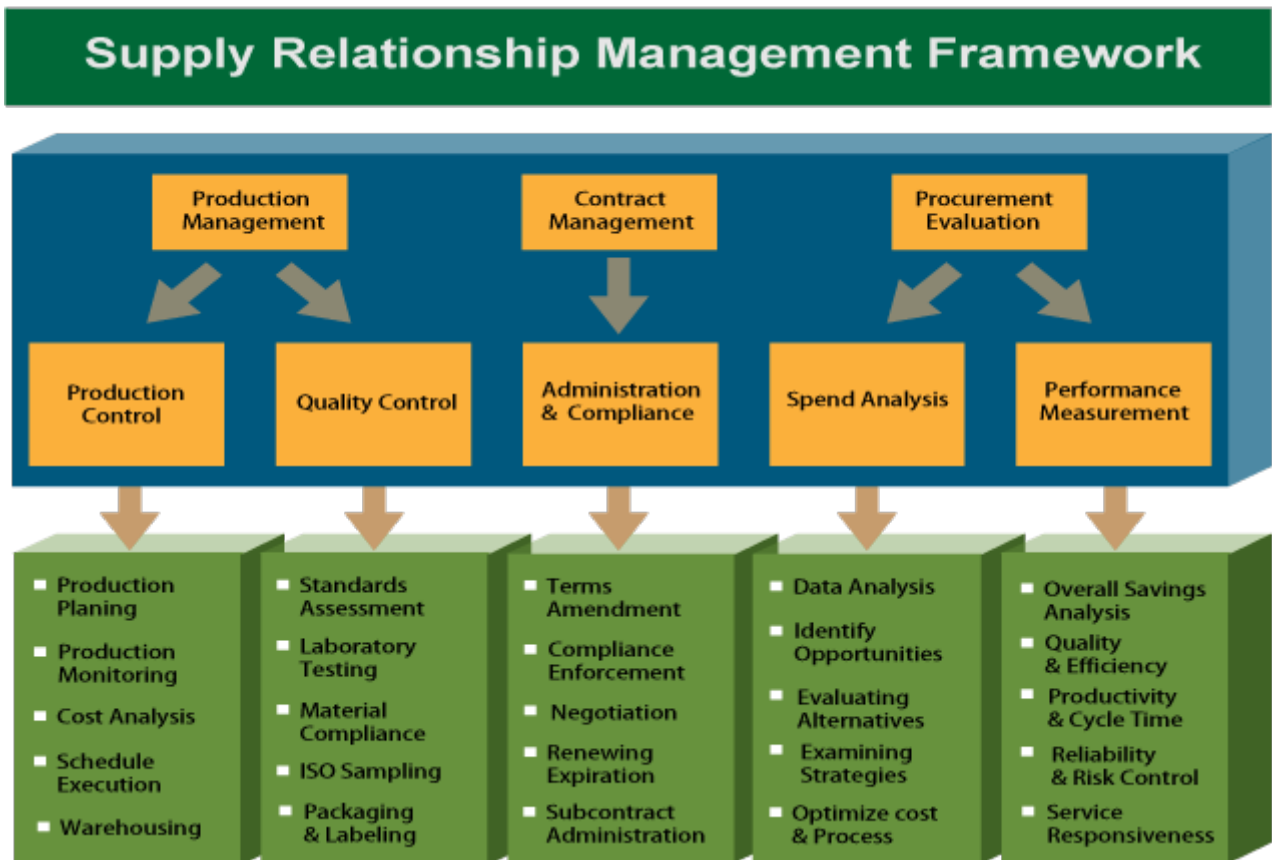


Enables Supplier Collaboration & Performance

We strive to work with suppliers that are willing to support our business objectives and embrace our values. We are looking for capable, experienced and cooperative suppliers to join our supplier affiliate program from China region.

Supplier management encourages the close cooperation between suppliers and consolidates procurement value through cost reduction, risk control and performance management throughout the sourcing cycle. It develops the supplier management integrity and continuously optimizing our suppliers performance by centralizing sourcing, contract management, performance evaluation and implement refined strategy to improve procurement efficiency and result.

Pars Flame Controls supplier management framework is used as a tool to collect relevant information of the performance assessment and to monitor supplier management process. The framework optimizes supplier selection, performance improvement, risk control, and effective operation and cooperation.



Supplier Performance Assessment

We continuously keep track of supplier performance and provide visibility of supplier's performance in each stage of procurement process. In order to manage the offshore supply chain with sustainable success in the long term, it ultimately depends upon the consistency of supplier performance, and it requires optimizing supplier management by closely monitoring and analyse all relevant evaluation metric, it includes:

- Supplier price and cost performance
- Product receipt quality
- Delivery performance
- Contractual and standard compliance
- Financial stability payment
- Participation in product development
- Cooperativeness in third-party production management

The supply chain management presents different types of risks that constantly requires to be checked in order to lower down the possibility of damage to the company operation system. By the current time, there are three major risks have been identified:

- Risk of extra portion of order per supplier: we consider the level of purchase (impartiality in the choice of suppliers) that takes place from our suppliers to not be insatiable in terms of quantity
- Quality of supply: it is therefore the main strategy of the company to make number of tests and examination of the offered components from supplier
- Operational and financially risks: this includes the assessment of supplier's status of financial
- Continuity of supply: to make sure the supply of components is stable under any social circumstances.
- Regular supplier audits: periodic audits relating to quality are carried out in connection with non-compliances and non-conformity components from supplier, and to work together with them to take an appropriate action.

Some of our KPI's for supplier assessment include:

- Inbound Cost/order value
- On-time deliveries
- Lead Time
- Fill Rate
- IT / Technology Resources
- Service Flexibility
- Attitude
- Return Policy
- Value Added Services

- Ease of Doing Business
- Ethics / Compliance

Competition Between Suppliers

We promote the health competition between supplier on price and quality. Based on each supplier's performance evaluation, we continuously explore other suppliers in same category with better price and capability offering. This is a useful strategy that alleviates the symptom of over-reliance on single supplier and lead to corrosion of leverage advantage, rather they have to thrive for improvement for staying in the contract.

Commitments towards suppliers

- To behave according to our Value and Behaviour Framework
- To treat quality certification
- To endorse the sharing of knowledge and stand-in long-term partnerships
- To pay suppliers according to the agreement
- To reject gifts from suppliers that exceed the normal standards