



Management Service

Terms and Conditions for services of Freelance Auditors for TÜV SÜD (MALAYSIA) SDN BHD

Section 1. Assignment

The Contractor shall perform the tasks of an external auditor within the scope of auditing management systems based on - refer to Appendix 1- for individual certification and combined procedures. Deployment shall be subject to the terms and conditions laid down in the present Framework Agreement and in single assignments. The present Agreement does not give reason for the Contractor to claim assignments from the Principal.

Section 2. Qualification

1. Only those Contractors whose technical auditing expertise has been recognised by the principal (Certification Body of TÜV Management Service GmbH or its subsidiaries) shall be eligible for participation in audits carried out on behalf thereof (of the Certification Body). The Contractor shall verify his/her technical qualification to the principal (Certification Body) through submission and filing of the required documents.

The general requirements pertaining to Freelance Auditors shall apply (cf. Quality Manual of the Certification Body of TÜV Management Service GmbH or its subsidiaries). Within the scope of accreditation audits documents containing an offer of an appointment may be examined by the accreditation body.

Appointment as an external auditor shall be limited to the period of validity of the certificate of appointment.

2. The Contractor shall be made aware of his/her obligation to participate in regular courses for further training in order to uphold the appointment/qualification as an external auditor and provide the principal with the required proof of such measures. He/she shall also agree to attend the principal's (Certification Body's) annual exchange programme at his/her expense. No fee will be charged by the principal for the contractor's participation in this annual exchange programme.

Section 3. Assignment

1. The Contractor shall receive a separate assignment in writing from the principal for every audit which is to be performed. The principal is entitled to cancel assignments.



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Cancellation of assignments has to take place at least 10 (ten) days before the audit date.

2. The Contractor may reject an offer for the execution of an audit in writing without indication of reasons.

Section 4. Authority to give instructions

Insofar as Subsection 7.1 does not apply, neither the principal nor the Customer shall be authorized to issue directives to the Contractor. The Contractor shall also have no authority to issue directives to the staff of either the principal or the Customer.

Section 5. Amount of work

From experience the type and scope of the tasks assigned to the Contractor in accordance with Section 1 requires eight hours per day as a rule. The concrete scope of the work expended shall depend on the size of the audited company and the type of audit and is laid down in the assignment. In all other respects the Contractor shall not be subject to restrictions in the arrangement of his/her work schedule. No recording of the time shall be carried out by the principal. However, any fixed appointments and deadlines specified within the scope of work performed for the principal shall be observed.

Section 6. Remuneration

1. The principal shall pay a lump-sum fee based on daily rates

- see annex 1 -

per day (8h). Payment of such remuneration shall be effected after the Contractor submits a corresponding order-related invoice to be issued by the Contractor within 10 days after the audit and after release of the documents by TÜV SÜD (Malaysia) Sdn Bhd. The invoice has to be in accordance with statutory provisions as well as the Principal's special provisions for invoices (inter alia invoices shall include the audit order number, the name of the Company audited, the date of audit and the time frame, indicating the time required for preparation, the actual audit time and reporting).

The principal shall also pay the respective, legally valid Sales & Service Tax when stated in the invoice.

2. All of the work performed by the Contractor shall be covered by the fee agreed upon. Any non-personnel costs and disbursements incurred in the performance of such work shall be borne solely by the Contractor.



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3. Expenses, e.g. overnight accommodations and travel expenses, shall be separately invoiced and shall be reimbursed on submission of the corresponding receipts. Audit-related travel costs may be calculated according to the statutory Human Resource guidelines, railway and air travel shall be reimbursed on submission of receipts. The principle of economy shall apply for reimbursable expenditure.

4. The Freelance Auditor shall ensure the proper taxation of earnings and government contributions in this context. Taxes and government contributions as well as other levies shall be paid by the Contractor. The Contractor shall be responsible for taking out his/her own sickness and accident insurance policies, life policy and/or any other necessary insurance cover. Any failure of the Contractor to pay the necessary contribution amounts shall entitle the Principal to curtail the Contractor's fee in those cases in which the Principal can be committed to render payment in place of the Contractor.

Section 7. Job Execution

1. The Contractor undertakes to carry out the audits in compliance with the requirements of the principal's management systems applicable in each case, which are described in greater detail in the management handbook and in the principal's jointly applicable supporting documents. The principal's technical specifications within the scope of the management system must be observed to the extent that this is required for the orderly carrying out of the audits.

In other respects, the Contractor shall be free with regard to the manner of carrying out the audits as an appointed auditor within the framework of the principles of his profession.

2. If the Contractor transfers an incomplete performance and/or documentation on the agreed date, he / she is obliged to pay the expense incurred in making a complaint for each case of rejection without documentary proof. After three warning notices by the client, the agreed daily rate of the corresponding audit service shall be reduced by 25%. The amount shall be deducted from the remuneration.

3. The Contractor undertakes to the principal as well as the customers to remain neutral and objective as well as independent of economic or other interests.

4. The Contractor himself/herself is responsible when carrying out his /her activity for the principal for compliance with all applicable safety/security regulations and compliance with required measures for safeguarding traffic. If he /she or a third party suffers damage or losses of any kind as a result of non-compliance with such regulations, the principal shall not be liable for these.



Section 8. Place of Work

To the extent that such is not required for performance of the tasks assigned in accordance with Section 1, the Contractor shall, as a rule, perform the tasks assigned outside of the business premises of the principal. Performance of the tasks in accordance with Section 1 may also require that the task/audits be performed on the business premises of the Customer.

Section 9. Rejection of Auditor

The Contractor shall be aware of the fact that the Customer shall be entitled to reject him/her as an auditor.

The principal, however, shall inform the Contractor of such rejection at least three days prior to the agreed audit date. In the event that this time limit is exceeded, the Contractor shall then be compensated in the amount of up to one daily rate in accordance with Section 6, insofar as he/she is not assigned another audit within the same time period.

Section 10. Conflict of interests

1. The Contractor undertakes to the principal to disclose his / her other clients, insofar as these are competing certification companies, as an Annex to this Agreement. Competing certification companies as client of the Contractor supervening after the conclusion of the framework agreement shall be notified in writing without delay to the principal.

2. In the event of any material breach of this Section 10, the principal in this case is entitled to terminate this framework agreement without notice.

3. The Contractor may not have advised or trained a customer when installing, developing and maintaining its management system within two years before the audit to be carried out; this includes in particular carrying out in-house training courses and internal audits. In-house training courses are only permitted when the contents are limited to general information available to the general public and no solutions specific to the particular company are taught. If the Contractor is still in an employment relationship in addition to the freelance activity for the principal, such a consultation, training or internal auditing, even through his / her employer, may also not have taken place in this period. The Contractor is obliged to inform the principal about such cases without delay after obtaining notice or rather after receiving the assignment and reject the assignment accordingly.

4. The Principal's duty of neutrality as certifier also requires that no business is initiated as regards consultancy and/or training in direct connection with the certification. The



Contractor therefore undertakes to offer the respective client neither training courses, consultancy nor internal auditing within a fair and reasonable time limit after the completed audit. The earliest that the Contractor is permitted to render consultancy, training or internal audit services to the client he/she audited under contract to the Principal is when the regular follow-up audit, in which he/she or his/her organisation is no longer involved, is completed (usually two years later).

5. If the external auditor is introduced to customers by the Principal while conducting certification audits, the following rule shall apply: During the term of this agreement and for the duration of two years after this agreement has expired, the external auditor shall not be permitted to directly or indirectly work as a consultant or auditor for customers for which they have conducted certification audits as part of this agreement, or support other auditors/consultants in this matter.

Section 11. Issuance of business cards and name badges

The Contractor may ask the Principal for issuance of business cards and name badges for freelance auditors. The Contractor is only allowed to use the business cards / name badges for customer visits following an assignment from the Principal based on the Framework Agreement. The Contractor may use the business cards / name badges only in the form as provided by the Principal. The Contractor is not allowed to make any changes to the business cards / name badges and he shall not reproduce it or provide it to third parties for their use.

The Contractor is not entitled to use the TÜV SÜD company logo or any other TÜV SÜD trademark. If the Contractor gets an assignment from the Principal, the Contractor is only allowed to refer verbally or in written form to the contractual relationship with the principal by saying “contract partner of TÜV SÜD (Malaysia) Sdn Bhd”. This reference to the contractual relationship shall not be used in any misleading manner and especially not in mandatory business information sections on business letters.

Section 12. Confidentiality

1. The Contractor shall be obliged to maintain strict secrecy with regard to any business and operational secrets and all other business-related and operational facts (of the Principal as well as of the Principal’s customers) of which he/she has gained knowledge in conjunction with the Contractor’s activities for the Principal, even after termination of contractual relations and not to make use thereof for his/her own purposes.

2. The Contractor shall be made aware of the fact that he/she may be held liable by the customer(s) for violation of the duty to observe secrecy.



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3. In all other respects the Contractor shall be obliged to comply with the relevant data protection regulations.
4. The declaration of confidentiality shall be deemed to be a major integral part of the present Agreement and is appended hereto as **Annex**.
5. The secrecy provision under this clause shall survive the termination or expiry of this Agreement.

Section 13. Storage and Return of Documents

1. Any documents provided to the Contractor by the principal or the client in conjunction with this framework agreement and/or an order shall remain the property of the principal or the client.
2. The Contractor shall be obliged to carefully store any documents provided by the principal and, in particular, to ensure that they are not accessible to third parties. All documentation shall be returned immediately and unrequested to the principal upon termination of this framework agreement. The Contractor shall not be entitled to exercise any right of retention to such documents.
3. This provision shall also apply to documents provided to the Contractor by the principal or clients in connection with an order. These documents may only be used for the respective order and shall be returned immediately to the principal and/or clients unrequested upon completion of the audit.
4. This provision shall also apply to data media of any kind.

Section 14. Warranty / Liability

1. The Contractor guarantees that he/she will comply with the applicable regulations, in particular standards ISO 17021 and ISO 17065 including the applicable documents, as well as legal and other pertinent provisions.
2. In cases of wilful misconduct the Contractor shall be completely liable for any damage which he/she causes the principal or the client within the scope of his/her activity in accordance to the general principles of law applicable in Malaysia. In cases of negligence the liability of the Contractor shall be limited to an amount of RM10,000,000 (10 million Ringgit Malaysia) per calendar year.
3. Warranty of the Contractor shall extend to reworking the assignment free-of-charge or, if this is not possible, to carrying out the inadequate work again.



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4. Rights of the client as a result of delay or poor performance remain unaffected.

5. The Contractor shall take out at his/her own cost a professional indemnity insurance and a general liability insurance to cover property loss and damage to person and material with a sufficient level of coverage in respect of the expertise provided under the terms of the present Agreement. -The cover note of the insurance is to be submitted to the principal as proof.

Section 15. Commencement / Termination

1. This framework agreement shall take effect upon being executed by the parties and can be terminated by giving three months' notice to the other party.

2. The right to immediate termination for cause remains unaffected.

3. Upon expiry of the appointment as auditor this framework agreement lapses automatically without requiring notice of termination.

4. Any notice of termination shall be made in writing.

Section 16. Data storage

1. The Contractor shall agree to have his/her personal data, (e.g. name, title, date of birth, special qualifications, audit-related training courses attended within the scope of his/her activities) stored in a computerized form as proof of fulfilment of the quality requirements specified by the respective Accreditation Body.

2. The Contractor shall agree to allow the principal to use the personal data he/she has submitted for job assignments and for the principal to forward it to customers for assignment purposes.

Section 17. Compliance

1. Contractor hereby confirms its awareness of the TÜV SÜD Code of Ethics available online at: <https://www.tuvsud.com/code-of-ethics>

2. Contractor hereby undertakes all necessary actions in order to ensure that any of its employees comply with all applicable laws and refrain from any illegal activities within



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their professional activity. Contractor represents to TÜV SÜD that neither it nor any of its employees have committed any act in connection with this agreement that may constitute bribery, nor shall Contractor or its employees commit such acts in the future. Contractor hereby represents to TÜV SÜD that it shall refrain from all activities, which could constitute a criminal act of fraud, fraudulent breach of trust, criminal offence under insolvency law, criminal offence under unfair competition law, granting of an undue advantage or bribery.

3. Contractor hereby represents and warrants to TÜV SÜD that all necessary consents and authorizations have been obtained prior to providing services to TÜV SÜD.

4. In the event of any violation of the provisions in this clause attributable to Contractor's fault, TÜV SÜD shall be entitled to terminate all negotiations with Contractor, and to terminate all contractual agreements with Contractor or withdraw from such agreements. In the event that TÜV SÜD is held liable by any third party based on a violation of any undertaking in this section by Contractor, Contractor hereby agrees to indemnify TÜV SÜD from any such claims. In addition, Contractor hereby agrees to reimburse TÜV SÜD for all damages related to such third party claim.

Section 18. Final Provisions

1. No additional agreements to this framework agreement shall exist. This agreement supersedes all previous oral communication of the parties.

2. Additional agreements, supplements and amendments to the framework agreement shall only be valid if made in writing; this shall also apply to the revocation of the requirement of written form itself.

3. Should one provision of this framework agreement be or become invalid, this shall not affect the framework agreement in other respects. The invalid provision must be replaced by a valid provision that is equivalent as far as possible economically and corresponds to the same purpose.

4. Assignments under the present Agreement shall also be subject to the Principal's General Terms of Purchase (see www.tuev-sued.de/AEB)

5. The governing law of this framework agreement is Malaysian law and place of jurisdiction for any dispute resolution shall be the Malaysian courts.