

Agreement on Order Placement

Korean corporate organizations of 3M Company including 3M Korea Co., Ltd. (the “Contractor” hereinafter) and a Subcontractor to which an order is placed (the “Subcontractor” hereinafter) agree on the following basic terms and conditions of order placement commonly applicable to subcontracting transactions for manufacturing, processing, repairing, etc. (“manufacturing, etc.” hereinafter) of materials, parts, processed products, finished products, etc. (the “contract subject matter, etc.” hereinafter):

Article 1 (Basic Principles)

- ① The Contractor and the Subcontractor will exercise their respective rights and fulfill obligations set forth herein in respect for mutual interests in observance of a duty of good faith and fair dealing.
- ② The Contractor and the Subcontractor will comply with the Fair Transactions in Subcontracting Act (the “Subcontracting Act” hereinafter) and the Monopoly Regulation and Fair Trade Act (the “Fair Trade Act” hereinafter) and other relevant laws and regulations while performing this Basic Agreement.

Article 2 (Basic Agreement & Individual Agreement)

- ① This Basic Agreement provides for basic terms and conditions applicable to contracting of manufacturing, etc. by the Contractor to the Subcontractor and apply to individual agreements entered into in addition to this Basic Agreement (“individual agreements” hereinafter) unless agreed otherwise. The Contractor and the Subcontractor comply with this Basic Agreement and other applicable individual agreement(s).
- ② When an individual agreement is entered into, applicable contract document is documented with the date of a contract subject matter, its product name, specification, quantity, unit price, delivery destination, inspection method and schedule, contract amount (the “subcontract amount” hereinafter), payment terms and schedule, and signed or affixed with seal impression by the Contractor and the Subcontractor, provided, however, that if the terms and conditions of an individual agreement are agreed in advance between the Contractor and the Subcontractor in an appendix hereto, such terms and conditions may replace the information set forth above.
- ③ **If delivery is so frequent that it is difficult to enter into a respective individual agreement, the individual agreement is deemed to have been entered into when an order statement (including electronic order statement) setting forth the transaction details in Paragraph 2 is issued by the Contractor to the Subcontractor and the Subcontractor does not reject the order within 10 days from its receipt of the order statement. In this case, the individual agreement is deemed to be concluded as provided for in the applicable order statement on the day of its receipt by the Subcontractor.**
- ④ This Basic Agreement and individual agreement are amended upon agreement by and between the Contractor and the Subcontractor. In this case, applicable amendments are stipulated in a document which is to be signed or affixed with seal impression by the Contractor and the Subcontractor.
- ⑤ The Contractor issues an individual agreement document or order statement, etc. to the Subcontractor before the Subcontractor starts working on the manufacturing of contract subject matter.

Article 3 (Presumption of Individual Agreement, etc.)

- ① If the Contractor has not issued an individual agreement document or order statement (“order statement, etc.” hereinafter while contracting manufacturing, etc. to the Subcontractor, the Subcontractor may request the Contractor to confirm the contracting. In this case, the Subcontractor may request such confirmation by setting forth the following information in a document, signing or affixing it with seal impression, and sending the document to the Contractor:
 1. Details of manufacturing, etc. contracted by the Subcontractor to the Contractor
 2. Subcontract amount

3. Date of contracting
 4. Trade names and addresses of the Contractor and the Subcontractor (including addresses stated in corporate registry and worksite addresses)
 5. Other contracting details of the Contractor
- ②The Contractor replies to the Subcontractor with a document signed or affixed with seal impression by it to confirm or negate the contracting within 15 days from its receipt of request for confirmation of the contracting from the Subcontractor.
- ③The request for confirmation of the contracting and a reply thereto are sent to the other party's address (including e-mail address or certified electronic address) by any of the following means:
1. Contents-certified mail
 2. An electronic document that is defined in Article 2, Sub-paragraph 1 of the Framework Act on Electronic Documents & Transactions and:
 - a. Is affixed with a certified digital signature defined in Article 2, Sub-paragraph 3 of the Digital Signature Act; or
 - b. Uses a certified electronic address defined in Article 2, Sub-paragraph 8 of the Framework Act on Electronic Documents & Transactions
 3. Other method that can confirm objectively the contents and reception status of notice and reply
- ④If a worksite supervisor or work crew leader, etc. of the Contractor has contracted manufacturing, etc. without issuing an order statement, etc., applicable worksite supervisor or work crew leader, etc. may also be requested to confirm the contracting. In this case, confirmation or negation by the worksite supervisor or work crew leader, etc. is deemed to have been made by the Contractor.

Article 4 (Entry into Special Terms & Conditions)

- ①The Contractor and the Subcontractor may enter into special terms and conditions on an equal footing for matters not provided for herein upon mutual agreement. In this case, the Contractor does not impose a term or condition that violates or restricts the Subcontractor's interest unfairly.
- ②If the special terms and conditions contradict with those herein or violate applicable provisions in the Subcontracting Act, the Fair Trade Act, and/or other relevant laws and regulations, such special terms and conditions are held invalid in principle to the extent of being disadvantageous to the Subcontractor.

Article 5 (Contract Amendment)

- ①In any of the following cases, the Contractor and the Subcontractor may amend the Basic Agreement and/or individual agreement in writing with signature or seal impression upon mutual agreement.
1. A reasonable and objective event that essentially requires contract amendment arises, as agreed by both the Contractor and the Subcontractor; or
 2. Contractual term or condition is to be amended or added upon a request of a client
- ②If, when a contract is amended, contracting details such as specification, work schedule, work quantity, etc. are changed as well upon a request of the Contractor and the subcontracting amount needs to be adjusted accordingly, the Contractor and the Subcontractor adjusts the subcontracting amount reasonably according to the amendments to the contracting details as agreed, provided, however, that the Contractor settles and makes payment for the work already performed by the Subcontractor before the contracting details are amended.
- ③If damage is incurred by amendment to the contracting details, either party responsible for the incurred damage shall be held liable for it. If neither the Contractor nor the Subcontractor is to be held liable or it is unknown who is to be held liable, the Contractor and the Subcontractor shares the liability for the damage as agreed.

Article 6 (Designation of Specification)

- ①The Subcontractor manufactures and delivers contract subject matter in accordance with standards and specifications designated by the Contractor.

- ②The Subcontractor notifies any unclarity or inquiry regarding the standard and specification in Paragraph 1 to the Contractor without any delay and follows applicable instruction from the Contractor.
- ③The Contractor and the Subcontractor may make a suggestion regarding a change to the specification and manufacturing method as necessary, and a party who is responsible for such a change shall be held liable for the disposal of products made obsolete by the change in principle.
- ④When the Subcontractor wishes to change the specification or manufacturing method, the Subcontractor shall give a notice to the Contractor in advance for approval. The Subcontractor shall be held liable for any direct or indirect damage incurred to the Contractor as a consequence of discretionary change made by the Subcontractor to the specification or manufacturing method without such a prior approval.

Article 7 (Sample & Product Fabrication)

- ①Upon a request of the Contractor, the Subcontractor receives work instruction, sample, etc. necessary for product fabrication from the Contractor and fabricates sample using a method requested by the Contractor.
- ②The Contractor confirms the above details and ensures that the Subcontractor proceeds with work in conformance to the fabricated sample.

Article 8 (Specification Document)

- ①When it is deemed necessary during order placement, the Contractor lends applicable pattern, sample, standard document, work instruction document or specification document (the “documents” hereinafter) to the Subcontractor.
- ②The Subcontractor shall manage documents lent according to Paragraph 1 with due care and not use them for a purpose not specified in applicable individual agreement.
- ③Upon finishing the use of the lent documents or upon a request of the Contractor, the Subcontractor shall return the documents without any delay.
- ④The Subcontractor may not duplicate or alter the lent documents without a prior permission of the Contractor in writing and shall not dispose of (including granting access thereto or lending them to a 3rd party) documents duplicated or altered upon permission of the Contractor in any way.
- ⑤The Subcontractor compensates damage arising out of loss or destruction of the lent documents or breach of the provisions in Paragraph 3 to the Contractor.
- ⑥The Subcontractor gives a notice to the Contractor promptly for replacement if a lent document is damaged.

Article 9 (Order Placement)

When contracting manufacturing, etc., the Contractor places an order with enough lead time to allow the Subcontractor to deliver without difficulty. In this case, the Contractor will inform the Subcontractor of long-term ordering plan in principle, providing necessary information as well.

Article 10 (Contractor-Furnished Materials)

- ①If it is reasonably required for maintaining/improving quality or for other reason or requested by the Subcontractor, the Contractor may furnish the Subcontractor with materials, parts, semi-finished products or products, etc. used in manufacturing contract subject matter (the “Contractor-furnished materials” hereinafter) in whole or in part.
- ②The Contractor-furnished materials are delivered at a worksite of the Contractor in principle. The delivery venue of the Contractor-furnished materials may be changed as agreed between the Contractor and the Subcontractor, and charges due and payable for the Contractor-furnished materials, their product name, quantity, delivery date, considerations, payment method and schedule, liability for damage arising out of defective material, etc. are determined in writing as agreed between the Contractor and the Subcontractor.
- ③When the Subcontractor receives a Contractor-furnished material directly from a vendor designated by the Contractor, the Subcontractor sends a certificate of acceptance to the Contractor immediately upon its receipt.
- ④Upon receiving of the Contractor-furnished materials, the Subcontractor inspects them promptly to verify their quality, quantity, etc., and gives a notice to the Contractor immediately for subsequent action as agreed if the Contractor-furnished materials are found to be

defective or more or less than agreed quantity. The same provision also applies to a case in which such materials are received directly from a vendor designated by the Contractor.

- ⑤ The Subcontractor shall be held liable for defect or over/under quantity of Contractor-furnished material not found in the inspection in Paragraph 4 on the account of the Subcontractor's negligence, provided, however, that if such a defect cannot be found immediately upon receipt due to the nature of applicable Contractor-furnished material, the Contractor shall be held liable for damage, etc. attributable to the defect, and if it is deemed that it is difficult to find the defect in 6 months, additional 6 months may be granted for the discovery of defect.
- ⑥ Upon receiving a notice regarding anomaly of Contractor-furnished material from the Subcontractor, the Contractor verifies the notice, and provides replacement or additional material to close the gap.
- ⑦ Upon finding anomaly of Contractor-furnished material during work, the Subcontractor stops working, gives a notice to the Contractor, and proceeds as mutually agreed with the Contractor.
- ⑧ If damage is incurred on the account of the Subcontractor's negligence in taking action on the anomaly of Contractor-furnished material, the Subcontractor shall be held liable for the damage.
- ⑨ If processing defect of the Subcontractor on free-of-charge Contractor-furnished material exceeds tolerance level agreed at the time of contracting, the Subcontractor shall pay the Contractor sum equal to the processing cost corresponding to the violation of the tolerance level and value of applicable Contractor-furnished material. In this case, tolerance level of defect ratio, sum payable and payment method, etc. are determined per item/material as mutually agreed.
- ⑩ With regard to chargeable Contractor-furnished material, the Contractor shall not:
 1. Require the Subcontractor to pay purchase price or considerations for use of the chargeable Contractor-furnished material in whole or in part prior to the due date of subcontracting amount for applicable contract subject matter; or
 2. Have the Subcontractor pay purchase price or considerations for use of the chargeable Contractor-furnished material in accordance with terms and conditions less favorable than those applicable to the Contractor's own purchase or use or delivery to a 3rd party.

Article 11 (Titles to Contractor-Furnished Materials)

Titles to Contractor-furnished materials are retained by the Contractor, provided, however, that materials furnished for charges by the Contractor become properties of the Subcontractor when the Subcontractor pays charges for such materials in full.

Article 12 (Lending of Manufacturing Facility, etc.)

- ① If deemed necessary, the Contractor may assign or lend facilities used in fabricating contract subject matter to the Subcontractor.
- ② When a facility is assigned or lent under Paragraph 1, terms and conditions of pricing, rent, storage, return, etc. are determined as agreed between the Contractor and the Subcontractor.
- ③ Article 11 applies mutatis mutandis to the transfer or titles and risks accompanying the assignment of facility, etc.
- ④ The Subcontractor provides maintenance and repair services for the lent equipment regularly and/or on ad hoc basis to keep the performance and safety of the lent equipment in best conditions during the lending period.
- ⑤ When a part of the lent equipment is replaced, a part whose service life has expired is replaced at the cost of the Contractor whereas another part that is damaged on the account of the negligence of the Subcontractor is replaced at the cost of the Subcontractor.
- ⑥ When the lent equipment gets broken, the Subcontractor gives an immediate notice to the Contractor to enable proper servicing.

Article 13 (Prevention of Hazardous Risks)

- ① The Subcontractor keeps a daily safety check journal of the lent equipment, checks the operating status of the lent equipment before using it, and documents check results in the journal which is to be kept next to the lent equipment.
- ② The Subcontractor shall fulfill its duty as a custodian of the lent equipment to ensure that the built-in safety mechanisms operate as intended. If the safety mechanism are damaged or broken and the Subcontractor is to be held responsible for it, such damage or failure is remedied at the cost of the Subcontractor.
- ③ The Subcontractor shall not remove or render inoperative some or all built-in safety mechanisms of the lent equipment at discretion.

④The Subcontractor shall procure industrial accident insurance as stipulated by the Industrial Accident Compensation Insurance Act for insurance cover of damages and liabilities for safety accidents involving its employees.

Article 14 (Management of Contractor-Furnished Material, etc.)

①The Subcontractor shall manage free-of-charge Contractor-furnished materials owned by the Contractor, lent items, chargeable Contractor-furnished materials, facilities, etc. for which payment is not made in full (the “lent facilities” hereinafter) with due care and attention.

②Without a written prior permission of the Contractor, the Subcontractor shall not:

1. Use the lent facilities for a purpose other than those intended for furnishing or lending;
2. Sell, lend or pledge the lent facilities to a 3rd party
3. Engage in any form of disposition of the lent facilities that infringes on the titles of the Contractor

③The Subcontractor shall publicly announce a proper method of marking the lent facilities of the Contractor to be clearly identified from the assets of the Subcontractor, and document clearly the titles of the Contractor in supplies control journal.

④Scrap and leftover of free-of-charge Contractor-furnished materials are disposed of as instructed by the Contractor.

⑤Upon expiration of the payment term/lending period of the lent facility or cancellation/termination of the contract, the Subcontractor returns the lent facility to the Contractor immediately.

⑥If necessary, the Contractor may access the Subcontractor’s worksite to investigate how the lent facility is used and stored upon the Subcontractor’s consent. The same provision applies to a case in which a party authorized by the Contractor conducts the investigation upon the Subcontractor’s consent.

⑦If any of the provisions in Paragraph 1 through 5 is found during the investigation to have been breached, the Contractor may require remediation of the breach, and the Subcontractor performs necessary action at its own responsibility and cost.

⑧If the lent facility is lost or damaged for a cause attributable to the Subcontractor, the Subcontractor either provides complete replacement or compensate for damage without any delay.

⑨If the Subcontractor is subject to or threatened with disposition for delinquency of public due obligations including taxes or other compulsory execution, the Subcontractor takes proper action to prevent the lent facility from being subject to compulsory execution and the Contractor’s property rights from being breached thereby, and gives an immediate written notice to the Contractor.

⑩If an event described in Paragraph 9 occurs in regard to a sample of Contractor-furnished material for which payment has been made in full, the Subcontractor takes necessary action to prevent any impact on the delivery of contract subject matter, including relocation of its storage, etc.

⑪The Subcontractor may conduct regular inspection or calibration or request the Contractor to do so to keep the lent facility in compliance with precision requirement. In this case, the Contractor extends proactive cooperation.

Article 15 (Special Processing Treatment)

The Contractor provides the Subcontractor with special processing treatment method for the following and necessary guidance and cooperation for workers:

1. Production of product requiring special processing treatment
2. Production of product requiring new technology
3. Modification of production process for more reasonable production

Article 16 (Determination of Unit Price & Subcontracting Amount)

①Unit price is determined as agreed between the Contractor and the Subcontractor in consideration of the nature of contract subject matter, its quantity, ownership of intellectual property right, labor cost, administrative expense, market prices, and proper margin of the Subcontractor, etc.

②Unless agreed otherwise, the unit price in Paragraph 1 includes all costs and expenses including packaging cost, shipping cost to delivery destination designated by the Contractor, unloading cost, insurance premium, etc.

- ③ If the conditions on which unit pricing is based have been changed due to changes in economic circumstances during the contract period, the Contractor or $\frac{1}{2}$ the Subcontractor may request the other party to adjust the unit price. In this case, the unit price is adjusted as mutually agreed within 30 days from the date of request.
- ④ If it is difficult to fix the unit price before order placement as in the case of new product (first article) fabrication, etc., temporary unit price is applied as agreed between the Contractor and the Subcontractor. In this case, the differential between the temporary unit price and the final unit price is settled retroactively when the final unit price is fixed.
- ⑤ The Contractor does not compel unfairly the Subcontractor to accept unit price or subcontracting amount lower than the level generally applied to a product the same as or similar to the contract subject matter.

Article 17 (Advance Payment)

- ① The Contractor may make advance payment to the Subcontractor if upfront cost is expected to be incurred to the Subcontractor for contracted work. In this case, terms and conditions of advance payment application and settlement, etc. are determined as agreed with the Subcontractor.
- ② If the Contractor receives advance payment from a client, the Contractor forwards the advance payment to the Subcontractor within 15 days from the date of the advance payment (date of contracting if the advance payment was made prior to the contracting of manufacturing, etc.) in consideration of the nature and ratio of the advance payment made to the Contractor.
- ③ If the Contractor forwards the advance payment that it received from a client past the period set forth in Paragraph 2, the Contractor pays interest incurred at a rate publicly notified by the Fair Trade Commission for applicable time elapsed past the end of the period.
- ④ If the Contractor makes the advance payment under Paragraph 2 by means of promissory note or other equivalent means of payment, the Contractor pays note discount rate and commission. In this case, $\frac{7}{10}$ note discount rate and commission rates applicable to subcontracting amount are applicable.
- ⑤ The advance payment may not be used for a purpose other than those contemplated in the contract and it shall be used first for wage payment and material purchase. If the Contractor requires a plan for application of advance payment, the Subcontractor provides such a plan within 14 days from the date when the Contractor required it.
- ⑥ The Subcontractor submits a statement of advance payment application to the Contractor after using up the advance payment. If it is used for a purpose other than those contemplated in the contract, the Subcontractor refunds the advance payment with sum equal to interest incurred at agreed rate on the applicable balance of the advancement (if no interest rate is agreed, average loan interest rate of financial institutions in effect then (average loan interest rate in the monthly statistics journal of the Bank of Korea)). In this case, the sum equal to the interest is prorated on the balance of the advance payment until the time of refund.
- ⑦ The Contractor does not restrict the drawdown or application of the advance payment under Paragraph 2 by the Subcontractor with agreement on advance payment bank account joint custody, etc.
- ⑧ The advance payment is settled as calculated under the following equation every time progress payment is made:
Settled advance payment = advance payment amount \times (sum equal to progress payment \div total subcontracting amount)
- ⑨ The Contractor is permitted not to make advance payment if the Subcontractor fails to provide appropriate guarantee for advance payment.

Article 18 (Adjustment of Subcontracting Amount for Design Change, etc.)

- ① If a client increases contract amount for the Contractor on the account of design change or change in economic circumstances after manufacturing, etc. is contracted, and additional cost is required for delivery or completion of contract subject matter for the same reason, the Contractor increases subcontracting amount in proportion to the additional amount payable to the Contractor. If the contract amount is decreased by the client, the subcontracting amount may be decreased in proportion to applicable decrease in the contract amount.
- ② Increase or decrease in subcontracting amount under Paragraph 1 is performed within 30 days from the date when a client increased or decreased contract amount for the Contractor.

- ③ The Contractor notifies the Subcontractor of the reason and description of increase or decrease in contract amount within 15 days from the date when it was increased or decreased by the client unless the client gives a direct notice to the Subcontractor.
- ④ The Contractor pays increased subcontracting amount to the Subcontractor within 15 days from the date when it received increased contract amount from the client. If only a part of the increased contract amount was received from the client, increased subcontracting amount is paid in proportion to the actually received contract amount.
- ⑤ If the increased subcontracting amount is paid past the date stipulated in Paragraph 4, late-payment interest under Article 26, Paragraph 9 is payable, and if the increased subcontracting amount is paid by means of promissory note or other equivalent means (corporate purchase-exclusive card, factoring loan, purchase loan), note discount rate or commission is paid under Article 26, Paragraphs 7 and 8. In this case, “60 days from the date when contract subject matter, etc. is received” is replaced by “15 days from the date when the increased contract amount was received”.

Article 19 (Adjustment of Subcontracting Amount due to Fluctuation of Raw Material Price)

- ① If 60 days or more have elapsed from the contract conclusion date (or the date of contract amount adjustment after contract conclusion if applicable. The same applies hereinafter) and any of the following events occurs to the balance of the quantity to be delivered, the Subcontractor may request the Contractor to adjust contract amount, provided, however, that if it is difficult to keep performing the contract without adjustment of contract amount due to rapid surge in raw material price, the Subcontractor may request contract amount to be adjusted even before 60 days have elapsed from the contract conclusion date.
 1. Price or rate of item included in the bill of quantity fluctuates by 5/100 or more of the contract amount corresponding to the balance of the quantity to be delivered
 2. Price of raw material for the quantity to be delivered accounting for 5/100 or more of the contract amount fluctuates by 20/100 or more
- ② Within 10 days from a request under Paragraph 1, the Contractor initiates consultation for adjustment of subcontracting amount and adjusts it as mutually agreed within 30 days from the request. The Contractor shall not refuse or neglect consultation without a due cause.
- ③ If the Subcontractor is a member of a small and medium-sized enterprise cooperative under Article 3, Paragraph 1, Sub-paragraph 1 or 2 of the Small and Medium-Sized Enterprise Cooperatives Act (a “cooperative” hereinafter), the applicable cooperative may request adjustment of subcontracting amount on behalf of the Subcontractor. In this case, the Contractor consults with the cooperative for adjusting subcontracting amount even when it has already begun consultation with the Subcontractor.
- ④ If the Contractor does not initiate consultation on adjustment of subcontracting amount in 10 days from a request under Paragraph 1 or 3, or the Contractor fails to reach agreement on adjustment of subcontracting amount within 30 days from a request under Paragraph 1 or 3, the Contractor or the Subcontractor may request mediation to the Subcontract Dispute Mediation Council.
- ⑤ Adjustment of contract amount is applied to materials shipped in and services provided after the reference date for the fluctuation of raw material price, except for the portion that should have been already completed prior to the reference date given the delivery schedule submitted before the kick-off of manufacturing unless it was delayed by a cause attributable to the Contractor or a force majeure event such as natural disaster, etc.

Article 20 (Inspection, etc.)

- ① The Contractor may inspect contract subject matter delivered by the Subcontractor. Inspection criteria and methods are determined to be fair and feasible as agreed between the Contractor and the Subcontractor.
- ② The Contractor notifies the Subcontractor of inspection results in writing within 10 days from the receipt of contract subject matter. If the Contractor does not give a notice within the period, contract subject matter is deemed to have passed the inspection unless the Contractor’s notice is delayed for a due cause.
- ③ The Contractor issues a written certificate of delivered contract subject matter passing the inspection to the Subcontractor. In this case, contract subject matter is deemed to have been delivered when the written certificate is issued, provided, however, that if it is agreed that the inspection is to be conducted at the time of receipt, contract subject matter is deemed to be delivered at the time of receipt.

- ④ Inspection cost is due and payable by the Contractor, and the Contractor is also liable for inspection requested to a 3rd party by the Subcontractor as required by the Contractor.
- ⑤ The Contractor manages contract subject matter delivered with due care and attention during inspection.
- ⑥ If contract subject matter is found to be in need of modification or rectification in inspection, the Contractor determines re-delivery method and procedure, etc. as agreed with the Subcontractor. Costs required for re-delivery are determined as mutually agreed in proportion to applicable responsibility and liability.

Article 21 (Treatment of Non-conforming Product, etc.)

- ① If contract subject matter is found to be short in quantity or non-conforming in the inspection by the Contractor, the Subcontractor delivers the quantity in short or replacement promptly as required by the Contractor. In this case, the Subcontractor is still held liable for delay in delivery.
- ② If contract subject matter is found to be more than agreed quantity or non-conforming in the inspection, the Subcontractor reclaims applicable quantity within prescribed period, provided, however, that if the reason for non-conformance is minor, the Contractor may accept applicable non-conforming product and adjust initially agreed contract amount upon mutual agreement.
- ③ If the Subcontractor fails to reclaim non-conforming or excessive quantity within a period designated by the Contractor, the Contractor may return it to the Subcontractor or dispose of it as agreed with the Subcontractor.
- ④ If the Subcontractor fails to reclaim non-conforming or excessive quantity within a period designated by the Contractor, the Subcontractor may not claim damage to the Contractor even if the non-conforming or excessive quantity under the custody of the Contractor is lost, destroyed or deteriorated unless the damage is incurred by a cause attributable to the Contractor within a period designated by the Contractor.
- ⑤ If non-conformance is attributable to a defect of Contractor-furnished material, the Contractor is held liable for the damage.

Article 22 (Delivery Schedule)

- ① The Subcontractor delivers completed contract subject matter to a location determined in individual agreement by delivery date.
- ② The Contractor and the Subcontractor may change delivery date as agreed with the other party in advance.
- ③ If the Subcontractor believes that it is not possible to deliver contract subject matter by delivery time, the Subcontractor notifies the Contractor in writing of applicable cause and planned delivery date in advance.
- ④ If the Subcontractor fails to make delivery by delivery date, the Contractor may claim damage for delay in delivery to the Subcontractor and the scope of damage claim is to be provided for in a separate quality assurance and delivery date guarantee agreement.
- ⑤ The Contractor shall not refuse or delay acceptance of the delivery of contract subject matter by the Subcontractor unless delivery criteria specified in individual agreement are violated. The Contractor compensate for damage incurred to the Subcontractor on the account of its refusal or delay of acceptance.

Article 23 (Delivery)

- ① The Subcontractor delivers contract subject matter to a delivery destination as agreed in individual agreement at its cost and responsibility. The Contractor issues a certificate of acceptance to the Subcontractor immediately even before inspection (immediately upon completion of inspection in accordance with Article 47 if domestic L/C was issued) when the Subcontractor delivers contract subject.
- ② The Subcontractor may return drawings, specifications, handling instructions, spare parts, etc. provided by the Contractor when contract subject matter is delivered.
- ③ Unless agreed otherwise or permitted by the Contractor, the Subcontractor may not deliver contract subject matter in installments.
- ④ If the Subcontractor makes delivery in installments at its discretion, the Contractor may accept or take temporary custody of the delivery installment at its choice.

Article 24 (Shipping)

The Subcontractor may conclude a shipping agreement with a 3rd party for shipping contract subject matter unless it poses risks to delivery management and product quality maintenance. The Subcontractor cooperates with the Contractor's inspection and guidance regarding the shipping.

Article 25 (Prohibition of Contracting Cancellation & Product Return)

- ① Unless the Subcontractor is to be held liable, the Contractor shall not:
 1. Cancel or change contracting terms and conditions at discretion
 2. Refuse or delay acceptance of delivered contract subject matter, etc.
- ② If the contract subject matter is lost, destroyed or deteriorated or damage is incurred to a 3rd party without the Contractor or the Subcontractor being held liable during the refusal or delay of acceptance by the Contractor under Paragraph 1, the Contractor is held liable in principle.
- ③ After receiving contract subject matter from the Subcontractor, the Contractor shall not return the contract subject matter unless the Subcontractor is to be held liable.

Article 26 (Payment of Subcontracting Amount, etc.)

- ① The Contractor pays subcontracting amount to the Subcontractor by a due date set forth in this Basic Agreement or a order statement, etc.
- ② The due date of subcontracting amount shall be no later than 60 days from the receipt of contract subject matter (or issuance date of tax invoice designated as at least once a month if applicable).
- ③ When receiving subcontracting amount directly, the Subcontractor shall submit a receipt affixed with pre-registered seal impression to the Contractor, and if the Subcontractor has lost or got stolen its registered seal or a receipt affixed with pre-registered seal impression, the Subcontractor gives a notice to the Contractor without any delay. In this case, the Subcontractor is held liable for all incidents arising in connection with the loss, theft, etc. of seal or receipt.
- ④ When receiving progress payment or final payment, etc. from a client following completion of manufacturing, etc., the Contractor pays subcontracting amount corresponding to the completed portion of manufacturing to the Subcontractor within 15 days from the receipt of the progress payment or final payment, etc. (due date of subcontracting amount if it is earlier).
- ⑤ The Contractor pays subcontracting amount in sum equal to or greater than the ratio of cash received from the client in connection with applicable contracting of manufacturing, etc., or issues a promissory note whose payment term is earlier or identical to that of the promissory note issued by the client.
- ⑥ When the Contractor pays subcontracting amount in promissory note, it makes payment in a promissory note discountable at a financial institution founded on the basis of law, and pays discount rate from the date of promissory note issuance to its maturity date to the Subcontractor on the date of promissory note issuance, provided, however, that if promissory note is issued within 60 days from the receipt of contract subject matter, only discount rate from the 60th day from the receipt of contract subject matter to the maturity date of the promissory note is payable.
- ⑦ If paying subcontracting amount in alternative means of promissory note, the Contractor pays the Subcontractor commission (including loan interest) incurred from the payment date (date of card payment approval in case of corporate purchase-exclusive card; delivery statement transmission date in case of factoring loan; purchase fund payment date in case of purchase loan) to subcontracting amount repayment date, provided however, that if payment is made in alternative means of promissory note within 60 days from the receipt of contract subject matter contract subject matter, only commission incurred from the 60th date from the receipt date to subcontracting amount repayment date is payable.
- ⑧ Discount rate or commission rate specified by the Fair Trade Commission is applied as the discount rate in Paragraph 6 and the commission rate in Paragraph 7. If such rates are not available, actual discount rate or commission rate is applied.
- ⑨ If the Contractor pays subcontracting amount past the period in Paragraph 2 or 4, the Contractor pays interest incurred at a rate specified by the Fair Trade Commission for the overdue period.

Article 27 (Prohibition of Decrease in Subcontracting Amount)

- ①The Contractor does not decrease subcontracting amount specified herein or in other individual agreement, etc. unless Subcontractor is held liable or the Contractor has an objective and reasonable reason otherwise.
- ②If the Contractor decreases subcontracting amount in accordance with the proviso in Paragraph 1, the Contractor issues a written statement of reason and criteria for decreasing, quantity of contract subject matter, etc. subject to decreasing, amount to be decreased, decreasing method such as deduction, and other evidence that can prove that the Contractor's action is reasonable to the Subcontractor.
- ③If the Contractor pays amount increased without liability of the Subcontractor or other due cause later than 60 days after the receipt of contract subject matter, the Contractor pays interest incurred at a rate specified by the Fair Trade Commission for the period past the 60 days-period.

Article 28 (Set-Off)

- ①The Contractor may set off its payment obligation for delivery by the Subcontractor with sum equal to charges for chargeable Contractor-furnished material, credit accelerated under Article 31, Paragraph 4, and other finalized credit payable by the Subcontractor if any.
- ②The set-off under Paragraph 1 is conducted by exchanging receipt certificates of set-off amount between the Contractor and the Subcontractor in principle, but if it is agreed between the Contractor and the Subcontractor, the Contractor may notify applicable set-off details in writing to the Subcontractor in advance.

Article 29 (Prohibition of In-kind Payment)

- ①The Contractor does not pay subcontracting amount in kind against the intention of the Subcontractor.
- ②Before paying in kind under Paragraph 1, the Contractor provides the following data in writing to confirm rights and obligations for applicable items such as ownership, pledging details, etc.
 1. If applicable item to be provided for in-kind payment is required to be registered in official registry in terms of associated rights and obligations according to applicable laws and regulations: certified copy of applicable official registry (including a copy thereof)
 2. If applicable item to be provided for in-kind payment is not covered in Sub-paragraph 1: notarized copy of the statement of rights and obligations for applicable item (prepared in accordance with the Public Notary Act)
- ③After presenting the data under Paragraph 2, the Contractor prepares and provides a written document stating the following details without any delay and the Contractor and the Subcontractor retain applicable documents.
 1. Date on which the Contractor presented the data
 2. Major contents of the data
 3. The fact that the Subcontractor was provided with the data
 4. Trade names, business site locations and phone numbers of the Contractor and the Subcontractor
 5. Signatures or seal impressions of the Contractor and the Subcontractor

Article 30 (Liquidated Damage, etc.)

- ①If the Subcontractor fails to make delivery by delivery date, the Contractor deducts liquidated damage incurred for the days delayed (the "liquidated damage" hereinafter) from subcontracting amount. The liquidated damage is calculated by multiplying the number of delayed days with 1.5/1000 of the subcontracting amount in principle. If design and manufacturing is performed all at once after contracting and contract subject matter is ordered and manufactured on the basis of the design, the liquidated damage is calculated by multiplying the number of delayed days with 1/1000 of the subcontracting amount.
- ②If the completed portion is fully inspected, the liquidated damage is calculated against the subcontracting amount from which sum corresponding to the completed portion is deducted, provided, however, that acceptance of completed portion is limited only to the acceptance of completed contracted manufacturing portion that can be divided by its nature.
- ③If it is deemed that delivery was delayed by any of the following events, the Contractor does not include the number of applicable days in the number of delayed days in Paragraph 1.
 1. Force majeure event
 2. Kick-off of manufacturing delayed or suspended for a responsibility of the Contractor

3. Joint and several guarantor of the Subcontractor honors guarantee for the Subcontractor's bankruptcy (from the date on which the bankruptcy, etc. is finalized till the date on which the Contractor requires the guarantee to be honored)
 4. Guarantee performing agency designated by the guarantor honors guarantee for the Subcontractor's bankruptcy (from the date on which the Contractor receives request for guaranteed obligation fulfillment to the date immediately before the guarantee fulfillment commencement date, which is limited to 30 days)
 5. Other delay for a cause for which the Subcontractor is not responsible
- ④ The number of delayed days is calculated as follows:
1. If delivery is completed by delivery date, time spent on inspection is not included in the number of delayed days, provided, however, that if contract subject matter, etc. is required to be reworked as it is found to deviate from contractual terms and conditions or have defect, etc. in whole or in part in an inspection after the delivery date, the period from the request for modification to the passing of the final inspection is included in the number of delayed days.
 2. If delivery is completed after delivery date, the period from the date immediately following the delivery date (or final inspection date if rework is required) to the passing of the inspection (final inspection if rework is required) is included in the number of delayed days.
- ⑤ If the Contractor does not pay advance payment or progress payment set forth in this Basic Agreement or individual agreement, the Subcontractor may request the payment to be made within a specified period, and if the Contractor fails to make the payment in spite of the request for payment, the Subcontractor may notify the Contractor of the period in which contracted manufacturing, etc. is suspended and suspend manufacturing, etc. in whole or in part.
- ⑥ The period in which the manufacturing of contract subject matter, etc. is suspended under Paragraph 5 is excluded from the number of delayed days when liquidated damage is estimated.

Article 31 (Cancellation/Termination of Contract)

- ① The Contractor or the Subcontractor may cancel or terminate this Basic Agreement and/or individual agreement in whole or in part in writing if any of the following events occurs:
1. The Contractor or the Subcontractor is suspended from performing transactions by a financial institution
 2. Business operation of the Contractor or the Subcontractor is canceled/suspended by a supervisory authority
 3. The Contractor or the Subcontractor is subject to a material business setback such as dishonoring of note/check, compulsory execution by a 3rd party, bankruptcy, composition or corporate workout proceeding, etc. and unable to keep performing the contract
 4. The Contractor or the Subcontractor is subject to dissolution, assignment of business, or merger with other business enterprise and unable to keep performing the contract
 5. Both parties recognize that either the Contractor or the Subcontractor is unable to keep performing this Basic Agreement or individual agreement on the account of disaster or other reason
 6. Provisions in Article 34 (Confidentiality), 49 (Re-subcontracting), or 58 (Compliance & Anti-Corruption) are breached
 7. The Contractor or the Subcontractor operates its business in other's corporate name or qualification
- ② If any of the following events occurs to the Contractor or the Subcontractor, either party may require the other party to remedy its fault or perform contract within a month, and if the other party fails to act so within the period, either party may cancel or terminate this Basic Agreement or individual agreement in whole or in part:
1. The Contractor or the Subcontractor breaches a material term or condition in his Basic Agreement or individual agreement
 2. The Contractor delays performing items necessary for contract subject matter without due cause and interferes with the Subcontractor's contract performance
 3. The Subcontractor refuses or delays kick-off the manufacturing of contract subject matter without due cause, which is deemed to make it virtually difficult to make delivery by delivery date
 4. The Subcontractor's lack of manpower, manufacturing equipment or quality control capability is deemed to be significantly contributory to the failure of performing contract as agreed

- ③ Either the Contractor or the Subcontractor compensates for damage incurred to the other party if this Basic Agreement or individual agreement is canceled or terminated in whole or in part for a cause attributable to it.
- ④ If contract is cancelled or terminated under Paragraph 1 or 2, all financial obligations of either party to the other party are accelerated and the latter shall repay such financial obligations to the other party without any delay.
- ⑤ Even if contract is cancelled or terminated under Paragraph 1 or 2, the Subcontractor delivers contract subject matter upon the Contractor's request for delivery of outstanding contract subject matter (including work in progress). In this case, the Contractor and the Subcontractor determine necessary details as agreed.
- ⑥ If it is necessary to complete outstanding contract subject matter directly under Paragraph 5, the Contractor may be assigned with or permitted to use materials, devices, drawings, jigs, tools, etc. owned by the Subcontractor ahead of other 3rd parties.
- ⑦ The Contractor and the Subcontractor gives a notice to the other party immediately when an event leading to contract cancellation/termination in Paragraph 1 or 2 occurs.

Article 32 (Suspension of Transaction)

If transactions are to be suspended on the account of unavoidable event other than contract cancellation or termination, the Contractor and the Subcontractor notifies the other party at least 3 months in advance to keep the other party from suffering damage.

Article 33 (Product Liability)

- ① The Subcontractor shall do its best to keep contract subject matter ordered by the Contractor from being subject to defect.
- ② The Subcontractor defends the Contractor against claim for damage or in product liability legal proceedings initiated against the Contractor on the account of contract subject matter delivered by the Subcontractor and pays associated costs necessary for it.
- ③ The Contractor may exercise its right to indemnity to the Subcontractor if it is held liable for costs of claim/legal proceedings under Paragraph 2 on the account of the responsibility of the Subcontractor even if it is not to be held liable.
- ④ The Contractor and the Subcontractor cooperate with each other actively in preventing and defending against claim/legal proceedings under Paragraph 2.

Article 34 (Confidentiality)

- ① The Contractor and the Subcontractor do not disclose the other party's trade secrets (drawing, film, data, mold, and all other know-how) known to it in the course of this Basic Agreement and individual agreement to a 3rd party during the term of this Agreement or its expiration.
- ② The Contractor and the Subcontractor may conclude a confidentiality agreement (CDA) in a separate written instrument, and if terms and conditions therein conflict with those herein, the separate confidentiality agreement shall prevail.

Article 35 (Intellectual Property Right)

- ① In relation to any technologies, ideas and inventions jointly developed by Contractor and Subcontractor in connection with the Object of Contractor ("Jointly Developed Technology"), filing an application for, prosecution of the application, registration and maintenance ("Management") of patent rights, utility model rights, design rights, trademarks, or copy rights ("Intellectual Property Rights"), allocation of the costs and expenses in relation thereto between the Parties, a Party having a priority right to manage the Intellectual Property Rights shall be determined and agreed by and between Contractor and Subcontractor. Any Party shall not determine on the Management of the Intellectual Property Rights to the Jointly Developed Technology in its sole discretion, without prior written consent of the other Party
- ② In the event of any alleged or threatened dispute with a third party in connection with the Intellectual Property Rights of Section (1) of this Article, Contractor or Subcontractor shall immediately notify the other Party to this Agreement of such dispute, and they shall cooperate with each other for the swift resolution of the dispute. Cost sharing and other matters necessary for resolving the dispute shall be determined by Contractor and Subcontractor through consultation.
- ③ The Contractor and the Subcontractor shall give a notice to the other party without any delay if a dispute arises over infringement upon intellectual property right, etc. in connection with contract subject matter. The Contractor and the Subcontractor takes subsequent

action as agreed, and a party who is responsible between the Contractor and the Subcontractor compensate for damage incurred to the other party.

- ④The Subcontractor does not use intellectual property rights licensed by the Contractor beyond the scope of licensing. In addition, the Subcontractor may not license applicable intellectual property rights to a 3rd party without a prior written consent of the Contractor.
- ⑤Subcontractor may acquire intellectual property right, etc. after notifying Contractor with a document in advance with regard to drawings, specifications and guidance of Contractor, or the objects manufactured by applying own techniques and the manufacturing method, etc. (hereinafter referred to as the “improved technology”) during or even after the contract expiration, or cancellation or termination of the contract: Provided, that, upon Contractor’s request, Subcontractor shall have a right to use the Improved Technology on reasonable terms by considering the contribution in original technology by Contractor and the value of improved technology of Subcontractor

Article 36 (Request for Technical Data Supply)

- ①Only with due cause, the Contractor may require the Subcontractor to make available the Subcontractor’s technical data to the Contractor or a 3rd party.
- ②The Subcontractor’s technical data that may be required by the Contractor are as follows:
 - 1. Information/data regarding contracted manufacturing method kept confidential by the Subcontractor with considerable efforts
 - 2. Technical information/data regarding such intellectual property rights as patent, utility right, design right, copyright, etc. kept confidential by the Subcontractor with considerable efforts and found to be useful for the Subcontractor’s R&D, production, business activities and economically valuable in their own rights
 - 3. Enterprise engineering or managerial information/data such as manufacturing process manual, equipment specification, design drawing, product cost breakdown, revenue information, etc. kept confidential by the Subcontractor with considerable efforts and found to be useful for the Subcontractor’s R&D, production, business activities and economically valuable in their own rights
- ③When requesting the supply of technical data to Subcontractor, Contractor shall give Subcontractor the document describing the following information mutually agreed in advance with Subcontractor:
 - 1. Purpose of requesting technical data;
 - 2. Confidentiality-related information of the requested technical data such as ways to keep confidentiality;
 - 3. Possession of rights related to the requested technical data;
 - 4. Cost of the requested technical data and the payment method;
 - 5. Name and scope of the requested technical data;
 - 6. Requested date, provided date and delivery method;
 - 6-2. Period of use of the requested technical data;
 - 6-3. Method of return or discard
 - 6-4. Return date or discard date; and
 - 7. Other information that proves the request for the technical data by Contractor is justifiable.

④The Contractor shall not use technical data unfairly for himself or a third party or provide it to a third party.

⑤If the Contractor requires technical data to be provided without due cause or uses it for a purpose other than those required, and thereby incurs damage to the Subcontractor, the Contractor is held liable for damage incurred to the Subcontractor unless it is a willful misconduct or gross negligence of the Contractor.)

Article 37 (Custody of Technical Data)

- ①The Contractor and the Subcontractor may place “technical data” developed by the work of the Supplier in the custody of a 3rd party agency (the “custodian” hereinafter) to keep knowledge/information work up-to-date and ready for stable use and protect intellectual property rights.
- ②Technical data that can be placed in custody are the technical data in Article 35, Paragraph 2 and the following. The Subcontractor places material modifications made to the functions of knowledge/information work within 30 days from the date of modification.

1. Copy of source codes and object codes
 2. Technical information (manual, design document, specification, flowchart, maintenance data, etc.)
 3. Other data agreed between the Contractor and the Subcontractor such as developer-related information, cost estimation data, etc.
- ③ Custodian that can take the custody of technical data is a 3rd party agency selected by the Contractor and the Subcontractor upon agreement among reputable institutions such as the Copyrights Committee under the Copyrights Act, the Large/Medium/Small Enterprises Cooperation Foundation, banks, etc.
- ④ If any of the following is applicable, the Contractor may request a custodian to take out the technical data. In this case, the Contractor may use the technical data to the extent of keeping it up-to-date and the Subcontractor still retains intellectual property rights.
1. Upon consent of the Subcontractor
 2. The Subcontractor is bankrupt or dissolved by corporate resolution, leading such rights to expire according to the Civil Act and/or other laws
 3. Other event determined as agreed between the Contractor and the Subcontractor
- ⑤ Custody commission is due and payable by the Subcontractor in principle unless agreed otherwise between the Contractor and the Subcontractor.

Article 38 (Prohibition of Forced Purchase, etc.)

- ① The Contractor does not force the Subcontractor to purchase or use (or utilize) items, equipment, or services designated by it unless it is required for due cause such as maintaining/improving the quality of contract subject matter, etc.
- ② In connection with Paragraph 1, the Contractor does not require the Subcontractor to pay purchase price or service considerations in whole or in part prior to the due date of applicable subcontracting amount. In addition, the Contractor does not impose more unfavorable terms and conditions on the Subcontractor than those applicable to its own purchase/use or supply to a 3rd party.

Article 39 (Prohibition of Intervention in Management)

Except for exercising its rights under this Basic Agreement and individual agreement, the Contractor does not intervene in the management practices of the Subcontractor by giving instructions, orders, requirements, etc.

Article 40 (Prohibition of Retaliatory Action)

The Contractor does not restrict contract winning opportunities to the Subcontractor or suspend transaction with it or inflict other disadvantage on it on the account of the Subcontractor or a cooperative with which the Subcontractor is affiliated exercising its valid rights under relevant laws.

Article 41 (Prohibition of Requirement for Economic Interests)

The Contractor does not require the Subcontractor to offer money, item, service, and other economic interest to it or a 3rd party without due cause.

Article 42 (Prohibition of Duplication)

The Subcontractor shall not fabricate, sell, export, etc. products identical or similar to contract subject matter to be delivered to the Contractor to a 3rd party on its own or through another 3rd party, which also includes non-conforming products unless it is approved by the Contractor in advance.

Article 43 (Warranty Liability)

- ① If a defect for which the Subcontractor is deemed to be liable is found within 6 months from the transfer of title to contract subject matter under Article 45, the Subcontractor repairs contract subject matter or replace it with a complete contract subject matter at its cost and responsibility without any delay, provided, however, that if the Contractor and the Subcontractor deem it necessary in consideration of such factors as the characteristics of contract subject matter, the warranty period may be defined otherwise upon mutual agreement.
- ② If the Contractor and the Subcontractor do not reach agreement on the liability in Paragraph 1, the liability is determined by a judgment of a reputable 3rd party or according to other objective procedure and method unless it is stipulated otherwise in other law (excluding Articles 670 and 671 of the Civil Act).

Article 44 (Quality Assurance)

- ①The Subcontractor establishes and operates seamless quality assurance system for contract subject matter covering the entire cycle of planning, design, production, sale, etc.
- ②The Contractor and the Subcontractor conclude a separate quality assurance agreement on quality assurance matters to be performed mutually or individually and conduct the quality assurance activities in Paragraph 1.
- ③The Subcontractor obtains prior written consent from the Contractor on major process and engineering technique modification that can have material impact on the quality of contract subject matter, change of subcontractor, modification of mold, change of material, localization of parts, etc.
- ④**All Goods will be made or processed, and all Services will be performed, in compliance with all laws applicable to Subcontractor and its business and maintain environmental, health and safety, transportation, ethics, human resources and labor programs and management systems that are consistent with '3M Supplier Responsibility Code' regarding EHS, Transportation, Labor/Human Resources, Ethics, Management Systems and Supplied Materials available at <https://multimedia.3m.com/mws/media/16453620/kor-korean-2019-Subcontractor-responsibility-code.pdf>**

Article 45 (Title to Contract Subject Matter)

Title to contract subject matter is vested in the Contractor from the moment when it passes inspection.

Article 46 (Surviving Obligation)

Following obligations of the Contractor and the Subcontractor shall survive expiration, cancellation, and/or termination of this Basic Agreement or individual agreement.

1. Product liability obligations under Article 33
2. Confidentiality obligations under Article 34
3. Obligations associated with intellectual property right, requirement for availability of technical data, custody of technical data, etc. under Articles 35, 36, and 37
4. Warranty obligations under Article 43

Article 47 (Domestic L/C)

- ①The Contractor issues a domestic L/C within 15 days from order placement to facilitate manufacturing by the Subcontractor when it contracts the manufacturing of contract subject matter for exporting to the Subcontractor unless there is a due cause otherwise.
- ②If the Contractor contracts before receiving original L/C in the case of export on L/C, the Contractor issues a domestic L/C within 15 days from the receipt of the original L/C.

Article 48 (Refund of Customs Duties, etc.)

- ①When contracting the manufacturing, etc. of contract subject matter for export to the Subcontractor, the Contractor pays customs duties, etc. refunded under the Act on Special Cases Concerning the Refund of Customs Duties, etc. Levied on Raw Materials for Export to the Subcontractor within 15 days from the refund date.
- ②If 60 days elapse from the receipt of the contract subject matter before the refund of customs duties, etc., the Contractor pays sum equal to the refunded customs duties, etc. to the Subcontractor unless the Subcontractor is to be held liable.
- ③When the Contractor pays sum equal to the refunded customs duties, etc. after the deadline under Paragraphs 1 and 2, the Contractor pays interest incurred at a rate determined and publicly notified by the Fair Trade Commission for the period exceeded.
- ④If the Contractor pays customs duties, etc. as a part of delivery amount in advance to the Subcontractor, the Subcontractor cooperates actively in connection with refund of customs duties to ensure that customs duties, etc. are refunded by the State to the Contractor.

Article 49 (Re-subcontracting)

- ①If the Subcontractor intends to contract manufacturing, etc. of a part of contract subject matter ordered by the Contractor to a 3rd party (the "re-subcontractor" hereinafter), the Subcontractor shall obtain a prior approval from the Contractor by submitting the following information:

1. Re-subcontracting document (standard subcontract document for applicable trade)
 2. Scope and quantity of work to be re-subcontracted
 3. Contract amount payment terms for the re-subcontractor
- ② If any of the following is true, the Contractor pays the portion of subcontracting amount corresponding to the work performed by the re-subcontractor to the re-subcontractor directly.
1. The re-subcontractor requests direct payment as the Subcontractor is incapable of paying re-subcontracting amount on the account of insolvency, bankruptcy and other comparable events
 2. The Contractor, the Subcontractor and the re-subcontractor agree on direct payment to the re-subcontractor
 3. The Subcontractor fails to subcontracting amount twice to the re-subcontractor and the re-subcontractor requests direct payment
- ③ If the Contractor makes payment directly to the re-subcontractor under Paragraph 2, payment obligation of the Contractor toward the Subcontractor corresponding to the applicable direct payment expires and payment obligation of the Subcontractor toward the re-subcontractor also expires.
- ④ If the Contractor makes payment directly to the re-subcontractor, subcontracting amount already paid by the Contractor to the re-subcontractor is deducted.
- ⑤ Even when manufacturing is done under Paragraph 1, the Subcontractor is not discharged from its obligations set forth in this Basic Agreement and individual agreement.
- ⑥ The Contractor does not intervene in the re-subcontracting transaction of the Subcontractor with a 3rd party and restrict the terms and conditions of re-subcontracting by 'selecting a 3rd party/drafting contractual terms and conditions irrelevant to the purpose of subcontracting transaction including maintenance of quality of parts contracted by it and compliance with delivery date, etc.

Article 50 (Assignment of Rights & Obligations)

Unless authorized in writing in advance by the other party, the Contractor and the Subcontractor may not assign, pledge, or dispose of in any other way their respective rights and obligations herein and in individual agreement to a 3rd party.

Article 51 (Technical Guidance, etc.)

- ① If necessary for manufacturing contract subject matter or improving quality or requested by the Subcontractor, the Contractor may send its engineers to the Subcontractor's worksite to provide technical guidance or have the Subcontractor's engineers receive necessary training in the worksite of the Contractor. Costs and expenses of technical guidance are borne as agreed between both parties.
- ② The Contractor may request the Subcontractor's data regarding production management, quality control, etc. in consultation with the Subcontractor.

Article 52 (Improvement Suggestion)

- ① The Subcontractor may present improvement suggestion to the Contractor any time for improvement of contract subject matter quality, compliance with delivery schedule, rationalization of price, etc.
- ② If a suggestion of the Subcontractor turns out to result in benefits, the Contractor and the Subcontractor share such benefits.
- ③ Separate rules may be established in connection with the improvement suggestions.

Article 53 (Trademark & Packaging)

Trademark indication and packaging status of products delivered by the Subcontractor comply with separate regulations of the Contractor.

Article 54 (Safety, Health, & Environmental Obligations)

- ① The Subcontractor shall manufacture contract subject matter in compliance with laws in effect at the time of manufacturing, government regulations and the Contractor's criteria concerning safety, health and environment. The Contractor may investigate compliance in accordance with applicable regulations to verify compliance by the Subcontractor and the Subcontractor shall cooperate with the Contractor.
- ② If handling hazardous chemicals while manufacturing contract subject matter, the Subcontractor shall comply with applicable laws and regulations and cooperate with the Contractor in connection with the Contractors control and supervision activities concerning legal and regulatory compliance.

- ④ The Subcontractor shall cooperate with the Contractor to enable reporting of hazardous chemical handling under the Chemical Substances Control Act.

Article 55 (Legal & Regulatory Compliance)

The Subcontractor shall comply with laws that restrict, regulate or require disclosure of contract subject matter, 3M products containing contract subject matter, and packing of contract subject matter. Such laws include not only laws concerning lawful harvesting such as the US Lacey Act, the EU timber act, the illegal logging prevention act of Australia (“lawful harvesting law”) but also laws regulating substances such as EU directive on restriction of the use of specific hazardous substances in electric and electronic devices (“RoHS”), 2006 control approach of China concerning pollution prevention and control for electronic ICT products, EU 1907/2006 regulation concerning product and packing (“REACH”), and EU Directive 94/62EC concerning packing (“substance regulation law”). Find more details in: 3M.com/Subcontractorregspecs. The Subcontractor warrants the following in connection with contract subject matter and its packing.

- ① Restricted substance – unless higher concentration values are explicitly permitted in relevant specification documents, substances contained in contract subject matter and packing of contract subject matter shall not exceed tolerable concentration levels permitted in the “substance regulation law” and not exceed the following maximum concentration limits (“limits”) in any case.
- 1) Pb, Hg, Hexa-Cr, PBB or PBDE: 0.1% (in terms of weight)
 - 2) Cd: 0.01% (in terms of weight)
- ② Illegally acquired plant-based materials - contract subject matter and packing of contract subject matter shall not contain plant-based materials (including their derivatives) that are illegally acquired, owned, shipped, or sold, and the Subcontractor shall ensure that only materials lawfully purchased, gathered, exported/imported are used.
- ③ Conflict minerals – if contract subject matter contains a conflict mineral defined in Sec. 1502 of the US Dodd-Frank Act and its enforcement rules and the conflict mineral is necessary for production or function of applicable contract subject matter, the Subcontractor shall (i) inform the fact, (ii) provide information on conflict mineral smelting and refining businesses within applicable supply chain and other information using industry standard conflict mineral reporting form, (iii) adopt conflict mineral policy and control system, and require its Subcontractors to adopt such policy and control system.
- ④ Counterfeit - all contract subject matters supplied under this Agreement shall comply with counterfeiting restriction conditions specified in the counterfeit section of 3M.com/Subcontractorregspecs.
- ⑤ Disclosure of other information - the Subcontractor provides the following information to the Contractor:
- (i) Document stating that contract subject matter and packing of contract subject matter do not exceed “limits”
 - (ii) Certificate of applicable substance if a substance listed in REACH candidate substance list (<http://echa.europa.eu/web/guest/candidate-list-table>) or regulated by the “substances regulation law” is contained in contract subject matter or packing of contract subject matter
 - (iii) Certificate of exact content of each regulated substance contained in contract subject matter or packing of contract subject matter
 - (iv) Scientific name of each plant (genus and species), harvesting country, and certificate of other information required by “lawful harvesting law”
 - (v) Report of the presence of a material that is contained in contract subject matter or packing of contract subject matter and likely to be restricted or required to be disclosed by government authority, client, recycling business organization

Article 56 (Compliance with AEO Safety Control Criteria)

- ① The Subcontractor shall obtain AEO certification or develop and implement safety control procedures for the following areas to comply with safety control criteria required by AEO certification to ensure integrity of contract subject matter and enhance safety in its storage/shipping process.
1. Business partner management
 2. Shipping means management
 3. Access control management
 4. HR management

5. Handling procedure management
 6. Facility and equipment management
 7. Information technology
 8. Education & training management
- ② In order to submit evidence of safety control status in the following areas if required by the Contractor, the Subcontractor regularly maintains and stores shipping journal and sealing log, driver training journal, shipping/storing/forwarding manual and exception reporting journal, check facility and equipment, installs and operates GPS devices, and maintains and controls other procedures and records for compliance with safety control criteria.
- ③ The Subcontractor shall notify the Contractor immediately of obtaining of AEO certification and changes to certification grade.

Article 57 (FTA Cooperation)

- ① If requested by the Contractor, the Subcontractor provides a certificate of origin of items covered by FTA customs duties no later than 10 days prior to warehousing at a location requested by the Contractor, and the Subcontractor pays for expenses necessary for issuance of origin certificate requested by the Contractor. The Subcontractor cooperates actively if customs authority requests verification of origin certificate.
- ② The Subcontractor is responsible for compensating for all legal liabilities, damages, costs (including fees of attorneys), etc. resulting from false statement or incorrect or wrong origin certificate of the Subcontractor and protecting the rights of the Contractor.
- ③ If differences between origin certificate provided in advance and other relevant documents are found and it is recognized that such differences need to be removed, or an investigation by government authority or other comparable institution that can impact the accuracy or integrity of origin certificate is conducted, the Subcontractor notifies the Contractor of applicable details immediately and extends sufficient cooperation to ensure that the investigation is wrapped up as early as possible.

Article 58 (Legal Compliance & Anti-Bribery)

- ① The Subcontractor shall always and rigorously comply with applicable domestic/foreign anti-bribery laws and regulations including the US Foreign Corrupt Practices Act, the UK Bribery Act and other relevant laws and regulations, and the anti-bribery rules of the European Council.
- ② The Subcontractor does not promise, offer or propose offering of gift, money, and other economic gains or cause others to do so directly or indirectly to 1) influence government employees, political parties, and their candidates (the "government employees, etc." hereinafter); 2) cause government employees, etc. to act or not to act in violation of their duties; or 3) cause government employees, etc. to exercise their influence over government or government agencies to facilitate the Subcontractor's performance of contractual obligations.
- ③ The Subcontractor and its relevant parties shall always maintain and store complete and accurate financial books and records. All records and information provided by the Subcontractor to the Contractor in connection with the performance of this Agreement shall be complete and accurate.

Article 59 (Protection of Privacy)

- ① The Subcontractor does not process personal information of the Contractor including the Contractor's executives and employees provided by the Contractor to the Subcontractor for a purpose other than those for conclusion and performance of this Agreement. The Subcontractor does not provide or disclose the aforementioned personal information to a 3rd party, and returns it all to the Contractor upon expiration of the contract, and destroys personal information that cannot be returned permanently.
- ② The Subcontractor adopts technical, managerial, and physical safeguards to protect personal information in Paragraph 1 under criteria set forth by relevant laws and regulations including the Personal Information Protection Act.
- ③ The Subcontractor compensates for damage incurred to the Contractor or the subject of personal information as a consequence of violation of privacy protection obligations in this Agreement or relevant laws and regulations.

Article 60 (Compensation for Damage)

- ① The Contractor or the Subcontractor may claim compensation for damage to the other party if it suffers damage for any of the following events:

1. The Contractor or the Subcontractor breaches this Basic Agreement or individual agreement
 2. The Contractor or the Subcontractor cancels/terminates contract under Article 31
 3. The Contractor violates the Subcontracting Act
- ②The Subcontractor is held liable for damage incurred to a 3rd party by a defect in contract subject matter attributable to its willful misconduct or gross negligence.

Article 61 (Dispute Resolution)

- ①If a dispute arises over matters not specified in this Basic Agreement or individual agreement or contractual interpretation, the Contractor and the Subcontractor applies relevant laws and regulations such as the Subcontracting Act, the Fair Trade Act, etc. first, and then data in written instruments if there are no relevant provisions in the aforementioned laws, and resolves disputes upon mutual agreement if there is no such data, and follows generally accepted commercial practices if both parties fail to reach an agreement.
- ②Notwithstanding the foregoing, if a legal dispute or a dispute over technology leakage arises, the Contractor or the Subcontractor may submit to mediation, etc. by the Subcontracting Dispute Mediation Council under Article 24 of the Subcontracting Act or the SME Technology Dispute Mediation/Arbitration Committee under Article 23 of the Act Concerning SME Technology Protection Support or an arbitration by other arbitration institution such as the Korean Commercial Arbitration Board established under the Arbitration Act and Article 32 of the Civil Act.
- ③If either party intends to resolve a dispute by legal proceedings, the party files a suit in the judicial court that have jurisdiction over primary office of the party filing a suit under the Civil Proceedings Act unless agreed otherwise by both parties.

Article 62 (Effect of Contract)

- ①This Basic Agreement goes into effect on November 8, 2018 and remains in effect for one year thereafter, provided, however, that if the Contractor or the Subcontractor does not notifies its intention of amending or terminating contract no later than one month prior to the expiration of the contractual term, this Basic Agreement is extended automatically for another year under the same terms and conditions, but this Basic Agreement may be extended only up to 3 times (4 years in total from initial contract conclusion).
- ②If an individual agreement remains in effect even after the expiration of this Basic Agreement under Paragraph 1, this Basic Agreement remains in effect during the balance of the term of applicable individual agreement in spite of the provision in Paragraph 1.

Addendum

- ①(Transitional measure concerning Basic Agreement) Previous basic agreement is no longer in effect when this Basic Agreement is concluded.
- ②(Transitional measure concerning individual agreement) All individual agreement concluded concerning contracting transactions in accordance with the previous basic agreement when this Basic Agreement is concluded are deemed to have been concluded in accordance with this Basic Agreement.