

## **PENTA ESP STOCKING DISTRIBUTOR AGREEMENT**

**THIS AGREEMENT** is effective as of the date it is accepted and approved by PENTA ESP (Electrical Safety Products) LLC ("PENTA ESP") as shown by its signature below ("the Effective Date").

### **Recitals:**

- PENTA ESP and its affiliated companies design, manufacture, and sell world-renowned products in the field of electrical safety ("Products").
- The Distributor signing below wishes to become, and PENTA ESP wishes to appoint Distributor as, a Stocking Distributor with the responsibilities and benefits set out in this Agreement.

### **Agreement:**

1. **Term.** This Agreement takes effect as of the Effective Date, and will continue unless and until it is terminated as provided in Paragraph 7.
2. **Distributor Eligibility.** All Distributors will be eligible to become Stocking Distributors at their option once they have been active PENTA ESP Distributors in good standing for a full calendar year.
3. **Distributor Performance.** For each calendar year during the Term, Distributor will receive Stocking Distributor benefits if it meets the performance goals established by PENTA ESP. Performance goals for the 2025 calendar year are:
  - 3.1. Place orders for Products throughout the calendar year in a minimum amount of US\$250,000; and
  - 3.2. Make total purchases of Products from PENTA ESP equal to at least one hundred twenty-five percent (125%) of Distributor's total purchases of Products from PENTA ESP in the preceding calendar year; and
  - 3.3. Maintain an inventory of Products to facilitate prompt fulfillment of sales to Distributor's customers, in a minimum amount equal to at least ten percent (10%) of Distributor's total purchases of Products in the then-current calendar year; and
  - 3.4. Maintain qualified staff who provide competent and responsive post-sale service and support for Products sold to Distributor's customers.

Any change in performance goals for future calendar years will be noticed to Distributor by PENTA ESP by no later than March 31 of each calendar year. Absent such a notice of change, the performance goals for the preceding calendar year will continue in effect.

4. **Verification of Distributor Performance.** At reasonable times and upon reasonable notice, PENTA ESP or its designated representatives may visit Distributor's facilities for the purpose of verifying Distributor's fulfillment of the requirements established pursuant to Paragraph 3.

5. **Stocking Distributor Benefits.** Within thirty (30) days after the close of each calendar year during the Term, and upon verification by PENTA ESP of Distributor's fulfillment during the preceding calendar year of all the performance goals established for that year pursuant to Paragraph 3, PENTA ESP will provide a rebate to Distributor in an amount equal to two percent (2%) of Distributor's total purchases of Products (net of returns and excluding shipping, taxes, and fees) during the calendar year just completed.
  - 5.1. The rebate will be in the form of a credit to Distributor's account, and may be used for future purchases of Products only. It may not be applied to any outstanding balance from previous Product purchases.
  - 5.2. The determination each year of whether Distributor fulfilled the requirements of Paragraph 3 will be in PENTA ESP's sole and exclusive judgment, and PENTA ESP's decision will be final and binding.
6. **Consequences of Distributor Nonperformance.** The sole consequence of any failure by Distributor to fulfill any or all of the requirements of Paragraph 3 in any calendar year will be that Distributor will not receive the rebate described in Paragraph 5 for that calendar year. Such a failure will not otherwise be a breach of this Agreement, will not terminate this Agreement, and will not disqualify Distributor from future participation in this Agreement.
7. **Termination.** Either party may terminate this Agreement at any time, for any reason or no reason and solely in that party's discretion, by giving notice of termination to the other party as specified in Paragraph 8. Any such termination will be effective as of December 31 of the calendar year in which notice is given. Notwithstanding such termination, if Distributor meets the performance goals for that calendar year established pursuant to Paragraph 3, Distributor will receive the rebate described in Paragraph 5.
8. **Notice.** Any notice to a party permitted or required by this Agreement will be deemed given when dispatched by email to the email address set out for that party with its signature below. If the noticing party becomes aware that the email failed to reach the party to be noticed for any reason, then the notice will not be effective, and any reasonable, reliable, and documentable alternative mode of communication may be used. Such alternative notice will be effective as of the time that it in fact reaches the party addressed or any officer, member, or manager of that party.
9. **Modification and Waiver.** This Agreement may not be modified except in a writing signed by both parties. Any waiver or failure by a party to require strict performance of any provision of this Agreement shall not waive, affect, or diminish any right of that party thereafter to demand strict compliance with the same.
10. **Beneficiaries.** The parties agree and intend that they are the only beneficiaries of this Agreement. No other person or entity is intended to or shall have the right to enforce any of the terms of this Agreement.
11. **Assignment.** Neither this Agreement nor any rights or obligations hereunder may be assigned, transferred, or subcontracted by any party without the prior written consent of the other, except

that Penta ESP may transfer all of its rights and obligations under this Agreement as part of a corporate reorganization, merger, sale, or transfer of substantially all of its assets and operations.

**12. Governing Law and Forum.** This Agreement and all questions of contracting, contractual interpretation, performance, and breach shall be governed by the substantive law of the State of North Carolina, applied without regard to its choice of law rules. Any claim arising out of or relating to this Agreement may be brought solely in the state or federal courts sitting in or having jurisdiction over Mecklenburg County, North Carolina. Each party hereby consents to the jurisdiction of such courts, and waives any defenses of lack of personal jurisdiction, lack of venue, inconvenient venue, or forum non conveniens.

**13. Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, on the same subject. Neither party is relying on any promises or representations except those set out in or referred to in this Agreement.

**14. Execution.** This Agreement may be signed in counterparts, and when identical copies have been executed and delivered by each party, such execution shall be deemed to have the same effect as if both parties had signed the same original. Transmission of digitally-imaged signatures shall have the same effect as delivery of an original paper signature.

_____ (Distributor)	PENTA ESP (Electrical Safety Products) LLC
By _____	By _____
Title _____	Title _____
Date _____	Date _____
Email _____	Email _____