

Example of a Master Agreement for Purchase and Supply of Goods

This is an example only, not a template for actual use. Similar agreements may be named Quality and Technical Agreement, Performance and Compliance Agreement, etc., depending on their scope. The master agreement serves as the blanket approval, providing the framework for ordering materials for operational needs (call-off against the master agreement).

An excerpt of terms and conditions relevant to the deliveries may be included with each purchase order. Any specific data such as the number of days, etc., mentioned in this example are for reference only, and do not represent a standard. This agreement is specific to supply of packaging materials.

Summary of the Agreement

- **Parties:** The Buyer and the Supplier.
 - **Purpose:** To establish general terms for all future product orders (Requisition Orders).
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1. Definitions & Interpretation

- Clarifies key terms like “Business Day” and rules for interpreting the Agreement.

2. Ordering Process

- Orders must be in writing and include details like quantity and delivery date.
- Orders become binding once accepted or fulfilled by the Supplier.

3. Pricing, Invoicing & Taxes

- Prices are pre-agreed and listed in Schedule A [to be included in the agreement].
- Invoices are due 15 days after submission; taxes are added unless exempted.

4. Packing, Shipping & Delivery

- The Supplier must follow packing and documentation instructions.
- Risk transfers to the Buyer only upon delivery.

5. Acceptance & Returns

- Products are not automatically accepted upon delivery.
- The Buyer may return or reject defective or non-conforming items.

6. Warranties & Ownership

- Supplier guarantees product quality, compliance, and no IP violations.
- Buyer owns all deliverables developed under this agreement.

7. Legal Compliance

- Supplier must comply with all applicable international and local laws, including environmental and labor laws.

8. Confidentiality

- Both Parties must keep business and customer information confidential, with limited exceptions.

9. Indemnification & Liability

- Each Party is responsible for damages caused by its own actions.
- Supplier must cover damages for defective products or legal violations.
- Liability for indirect damages is excluded.

10. Insurance

- Supplier must maintain liability, auto, workers' compensation, and other relevant insurance policies.

11. Quality & Audits

- Supplier must maintain or share their quality standards and cooperate with audits.
- Strives toward "zero-defect" deliveries and continuous improvement.

12. Subcontracting

- Allowed with Buyer's written approval; Supplier remains fully responsible.

13. Force Majeure

- Natural disasters or events beyond control can excuse delays if promptly reported.

14. Termination

- Agreement can be terminated for cause (e.g., breach, insolvency) or convenience with notice.
- Buyer may cancel specific orders under similar conditions.

15. Inspection & Environmental Compliance

- Buyer can inspect facilities; Supplier must comply with environmental and safety standards.

16. Governing Law & Dispute Resolution

- Governed by California law (or Ontario for Canadian business).
- Disputes resolved through binding arbitration.

17. General Terms

Covers non-solicitation, non-circumvention, publicity limits, severability, and survival of key clauses post-termination.

The Agreement

A. Agreement Overview

This Master Agreement is made on [insert date] at [insert place] between:

- The Buyer: A company registered in [country] with its office at [address], referred to as 'the Buyer' or 'the Purchaser'.
- The Supplier: [supplier details], a business registered in [insert country], with its office at [insert address]. Referred to as 'the Supplier'.

Together, they are called 'the Parties' and individually a 'Party'.

B. Purpose of the Agreement

The Buyer needs [the required material(s)] to safely ship its products locally and internationally. The Supplier provides these materials and has the skills and resources to meet the Buyer's quality and technical standards.

This Agreement outlines the general terms for all future orders (called 'Requisition Orders') between the Buyer and the Supplier.

Section 1: Definitions and Interpretation

Key Terms

- Business Day: Any day banks are open, excluding Friday, Saturday, and Sunday.
- Purchaser: The Buyer.
- Business: The Buyer's ongoing operations as described in this agreement.
- Agreement: This Master Agreement, including any related schedules or attachments.

Interpretation Rules

- Headings don't change the meaning.
- References to one gender apply to all genders.
- Singular words include plural, and vice versa.
- "Including" means examples, not a full list.
- Written communication includes faxes but not emails unless stated.

Section 2: General Use and Orders

Applicability

- This Agreement applies to all orders placed by the Buyer.
- It provides a standard set of terms unless a specific order says otherwise.

Ordering Process

- The Buyer will place written orders for goods, specifying quantity, delivery date, and special instructions.
- The Supplier accepts an order by confirming it or starting work on it.
- Accepting an order means agreeing to the terms in this Master Agreement.

Conflicting Terms

- Any conflicting terms from the Supplier not agreed to in writing by the Buyer are not valid.
- If there's a conflict between this Agreement and an order, this Agreement takes priority.

Section 3: Pricing, Invoicing, and Taxes

Pricing

- Prices for products will be agreed upon ahead of time and listed in 'Schedule A – Schedule of Charges.'
- The Supplier guarantees the Buyer gets the lowest price available for the same product grade and quantity.

Invoicing

- After delivering the products, the Supplier must send an invoice within 7 days.
- Invoices must include delivery date, product quantity and quality, and match the prices in Schedule A [to be included in the agreement]
- The Buyer will pay every 15 days, provided the invoice matches the agreed prices.

Taxes

- Prices in Schedule A do not include taxes.
- The Supplier will include any applicable sales or withholding taxes unless the Buyer provides tax exemption documents.

Section 4: Packing, Shipping, and Delivery

Packing and Shipping

- The Supplier must pack and label goods according to Buyer's and the shipping company's instructions.
- No extra charges for packing or storage are allowed.
- The Supplier must include all required shipping documents, including size, style, weight, and quantity per skid.
- The Buyer may reject deliveries without complete documentation.

Delivery and Risk

- The Supplier must deliver the correct quantity by the date in the Requisition Order.
- Delivering extra items without Buyer's permission may lead to returns at Supplier's expense.
- The Buyer may adjust the shipment schedule, and Supplier must follow the new plan.
- Time is critical. Late or early deliveries without approval are not allowed.
- The Supplier must keep delivery records and share performance reports at least every three months.

Ownership and Risk of Loss

- The Buyer owns the products only once they are delivered and unloaded at the agreed location.

- If the Buyer pays before delivery, ownership transfers at payment, but risk remains with the Supplier until delivery.

Section 5: Product Acceptance and Changes

Product Acceptance

- Signing for, inspecting, or paying for the products does not mean they are accepted.
- Products are only accepted when the Buyer confirms in writing or after a set number of days with no objections.

Non-Conforming Products

- If products do not meet requirements, the Buyer can reduce the order amount accordingly.
- The Buyer can return them for a refund or hold them at the Supplier's risk until further instructions.
- Payment does not mean acceptance or limit the Buyer's rights regarding defects.

Changes

- The Buyer can request changes to product specifications at any time.
- The Supplier must make the changes and adjust the price or delivery time as needed.
- The Supplier must give at least 3 months' notice for any planned changes that could affect product quality or regulations.
- For legal compliance changes, notice must be given as soon as possible.

Section 6: Warranties and Ownership

Warranties

- The Supplier guarantees that products will match the specifications, be high quality, and free from defects.
- No substitutes are allowed without written approval from the Buyer.
- The Supplier confirms that selling or using the products won't violate anyone else's intellectual property rights.

Ownership Rights

- The Buyer (or its customer) owns all product specifications and related inventions.
- The Supplier assigns all ownership of items created for the Buyer, including tools, dies, and work in progress.
- The Supplier may not use or sell such work for others unless the Buyer allows it.
- The Supplier keeps ownership of inventions created before working with the Buyer but gives the Buyer a license to use them as needed.
- Any trademarks or branding provided by the Buyer remain the Buyer's property and must not be used after the agreement ends.

Section 7: Legal Compliance

- The Supplier promises to follow all relevant laws and regulations in countries like the U.S., Canada, Europe, and others.
- This includes laws on safety, labor, labeling, environmental rules, and more.
- The Supplier must also make sure that its products meet rules on materials, safety, and labeling.

- If the Supplier includes claims about product performance or environmental benefits, it must have documents to support those claims.
- All Supplier representatives visiting Buyer sites must follow the Buyer's rules and safety policies.
- The Supplier must comply with the Buyer's Supplier Code of Conduct and report any violations immediately.

Section 8: Confidentiality

- Both Parties must keep any confidential information they receive secret and only use it to fulfill this Agreement.
- Confidential information includes business plans, product details, customer information, and the terms of this Agreement.
- Exceptions: Information that is public, was known before, or was received legally from another source is not considered confidential.
- Upon termination, confidential documents must be returned or destroyed unless laws require them to be kept.
- If legally required, a Party may disclose confidential information but must try to protect it and notify the other Party first.

Section 9: Indemnification and Liability

Indemnification

- Each Party will protect the other against any losses or claims caused by its own negligence or misconduct.
- The Supplier must cover losses if:
 - Its products infringe on intellectual property,
 - It fails to meet its obligations or legal requirements,
 - Its goods cause harm or fail to meet agreed standards,
 - There's contamination or environmental damage linked to its products.
- If there's a legal claim, the responsible Party must handle it and inform the other Party in a timely way.

Limitation of Liability

- Except for certain sections like indemnity and confidentiality, neither Party is liable for indirect or special damages like lost profits or production delays.

Section 10: Insurance Requirements

- The Supplier must maintain insurance coverage during the term of this Agreement, including:
 - Workers' Compensation and employer's liability insurance.
 - General liability and vehicle insurance.
 - Errors and omissions or cyber liability insurance (if applicable).
- The Supplier's insurance must:
 - List the Buyer as an additional insured party.
 - Remain valid for a period after the Agreement ends.

- Be primary and not require contribution from the Buyer's insurance.
- Certificates of insurance must be provided to the Buyer and updated with any changes.

Section 11: Quality Standards and Improvement

- If certified under standards like ISO 9001, the Supplier must maintain certification and inform the Buyer of any changes.
- The Supplier must:
 - Cooperate with audits by the Buyer.
 - Aim for zero-defect deliveries.
 - Regularly update the Buyer on improvement activities and attend review meetings if needed.

Section 12: Subcontracting

- The Supplier can subcontract parts of its work, but only with written approval from the Buyer.
- Even with subcontractors, the Supplier remains fully responsible for meeting Agreement terms.

Section 13: Force Majeure

- Events outside a Party's control (like natural disasters, strikes, or government actions) may excuse delays.
- The affected Party must inform the other within 10 days, explaining the situation.
- During delays, the Buyer can:
 - Buy from other suppliers and adjust orders.
 - Cancel any affected orders if the delay lasts more than 30 days.

Section 14: Ending the Agreement

Termination for Cause

- Either Party can end this Agreement immediately if the other:
 - Breaks a major term and doesn't fix it within 30 days,
 - Goes out of business or enters bankruptcy.

Termination for Convenience

- Either Party may end the Agreement by giving written notice [insert notice period, e.g., 30 days].

Cancelling Orders

- The Buyer can cancel an order if the Supplier fails to deliver or breaches terms.
- The Buyer can also cancel any order before it is accepted or before work starts.
- If an order is cancelled, the Buyer will:
 - Pay for completed goods that meet the order terms.
 - Pay a small cancellation fee for custom items (up to 10% of order value).
- No other costs or damages will be paid by the Buyer upon cancellation.

Section 15: Inspection, Safety, and Environmental Compliance

Inspection and Safety

- The Buyer or its customers may inspect the Supplier's facility, goods, or materials during normal business hours with notice.
- The Supplier is fully responsible for workplace safety and compliance with all safety laws and regulations.

Environmental and Quality Compliance

- The Supplier must certify that its products meet the applicable environmental and safety regulations.
- The Supplier must also ensure products are not adulterated or misbranded and comply with the respective rules.
- Records must be kept for at least five years [seven years in some countries] to show compliance.

Section 16: Governing Law and Dispute Resolution

- This Agreement is governed by the laws of the [State or province, country] .
- All rights and remedies are cumulative; using one does not waive others.
- Confidential information and customer relationships are protected by law and can justify a court order (injunction) to prevent harm.
- Any disputes will be resolved through arbitration in English, following American Arbitration Association (AAA) [or other agreed body].

Section 17: General Provisions

- **Publicity**: Neither Party may use the other's name or logos publicly without written permission.
- **Waiver**: Not enforcing a term once doesn't mean giving up the right to enforce it later.
- **Assignment**: Neither Party may transfer this Agreement without the other's written consent.
- **Independent Parties**: This Agreement does not create a partnership or employer-employee relationship.
- **Severability**: If part of the Agreement is invalid, the rest remains in effect.
- **Entire Agreement**: This document and any referenced orders represent the full agreement between the Parties.
- **Notices**: Formal notices must be in writing and sent via personal delivery, mail, courier, or approved electronic communication.
- **Non-Solicitation**: For 12 months after the Agreement ends, neither Party may hire or approach the other's employees without permission.
- **Non-Circumvention**: The Supplier may not bypass the Buyer to deal directly with its customers or contacts introduced under this Agreement.
- **Survival**: Some terms, like confidentiality and indemnity, continue to apply even after the Agreement ends.