

PROCUREMENT AGREEMENT

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This Procurement Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[BUYER LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. corporation] with its principal place of business at [BUYER ADDRESS] ("**Buyer**"); and

[SUPPLIER LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [SUPPLIER ADDRESS] ("**Supplier**").

Buyer and Supplier are each a "**Party**" and together the "**Parties**."

Recitals. Buyer wishes to procure goods and services from Supplier on an ongoing basis under a single set of master terms, and Supplier wishes to supply those goods and services. Specific purchases will be authorized through purchase orders that reference this Agreement. The Parties wish to establish the terms that govern those purchases. In consideration of the mutual promises below, the Parties agree as follows.

1. Framework and Purchase Orders

1.1 Framework. This Agreement governs the overall procurement relationship. It does not by itself obligate Buyer to purchase, or Supplier to supply, any specific quantity. Specific purchases are authorized only through a purchase order issued under this Agreement (a "**Purchase Order**").

1.2 Purchase Orders. Each Purchase Order will describe the goods or services (the "**Products**"), quantities, specifications, prices, delivery dates, and delivery location. A Purchase Order is accepted when Supplier confirms it in writing or begins performance.

1.3 Order of precedence. If a conflict exists between this Agreement and a Purchase Order, this Agreement controls unless the Purchase Order expressly states that it overrides a specific section of this Agreement and identifies that section. Any pre-printed or conflicting terms on Supplier's acknowledgment or invoice are rejected and have no effect.

1.4 Forecasts. Buyer may provide non-binding forecasts of its anticipated requirements to assist Supplier's planning. A forecast is not a commitment to purchase unless reflected in a Purchase Order.

2. Specifications and Quality

2.1 Specifications. Supplier will supply Products that conform to the specifications, drawings, and samples set out in the applicable Purchase Order or in **Schedule A (Specifications)**.

2.2 Quality standards. Supplier will maintain a quality management system appropriate to the Products and will perform the inspection and testing reasonably necessary to ensure conformity. Supplier will retain quality records and make them available to Buyer on reasonable request.

2.3 Inspection and acceptance. Buyer may inspect and test Products on or after delivery. Buyer may reject Products that do not conform to the specifications by giving written notice within **[NUMBER, e.g. 15]** days of delivery. Acceptance of a Product does not waive Buyer's rights for latent defects or breach of warranty.

2.4 Nonconforming Products. For rejected or nonconforming Products, Supplier will, at Buyer's option and Supplier's expense, promptly repair, replace, or refund the price, and bear the cost of return shipping. Repeated supply of nonconforming Products is a material breach.

3. Pricing and Payment

3.1 Prices. Prices are stated in each Purchase Order or in **Schedule B (Price List)**. Unless stated otherwise, prices are in **[CURRENCY]**, are exclusive of taxes, and include standard packaging.

3.2 Price changes. Supplier may change prices only on at least **[NUMBER, e.g. 60]** days' prior written notice, and a price change applies only to Purchase Orders issued after the change takes effect. Prices for accepted Purchase Orders are firm.

3.3 Most-favored pricing. Supplier represents that the prices charged to Buyer are no less favorable than those Supplier charges other customers of comparable volume for comparable Products, except as the Parties agree in writing.

3.4 Invoicing and payment. Supplier will invoice Buyer on or after delivery. Buyer will pay each undisputed invoice within **[NUMBER, e.g. 30]** days of the later of the invoice date or acceptance of the Products.

3.5 Disputed amounts. Buyer will pay all undisputed amounts on time and will notify Supplier in writing of any disputed amount within **[NUMBER]** days of the invoice date. The Parties will resolve disputed amounts in good faith.

3.6 Late payment. Undisputed amounts not paid when due accrue interest at the lesser of **[e.g. 1.5%]** per month or the maximum rate permitted by applicable law.

3.7 Taxes. Buyer is responsible for applicable sales, use, and similar taxes, except taxes based on Supplier's net income. Supplier is responsible for taxes on its inputs and operations.

4. Delivery and Title

4.1 Delivery terms. Supplier will deliver Products to the location and by the date stated in each Purchase Order, in accordance with the delivery term stated in the Purchase Order or, if none, **[e.g. DDP Buyer's facility (Incoterms 2020)]**. Time of delivery is of the essence.

4.2 Title and risk. Title and risk of loss pass to Buyer in accordance with the applicable delivery term. Until that point, Supplier bears the risk of loss of or damage to the Products.

4.3 Late or short delivery. If Supplier fails to deliver conforming Products by the required date, Buyer may, without limiting its other remedies, cancel the affected Purchase Order, procure substitute Products from a third party, and recover from Supplier the reasonable excess cost of cover.

4.4 Packaging and documentation. Supplier will package Products to prevent damage in normal transit and include packing lists, certificates, and other documentation required by the Purchase Order or applicable law.

5. Warranties

5.1 Product warranties. Supplier warrants that the Products will: (a) conform to the specifications; (b) be new, of merchantable quality, and fit for their intended purpose where that purpose has been made known to Supplier; (c)

be free from defects in materials and workmanship for [NUMBER, e.g. 12] months after delivery; and (d) be free of liens and encumbrances.

5.2 Compliance warranty. Supplier warrants that the Products and their manufacture comply with all applicable laws, including product safety, environmental, and labor laws, and that Supplier has all rights necessary to supply the Products.

5.3 Remedy. For breach of warranty, Supplier will, at Buyer's option and Supplier's expense, repair, replace, or refund the price of the affected Products, and reimburse reasonable related costs.

5.4 Disclaimer. Except for the warranties expressly stated, the Parties disclaim all other warranties to the maximum extent permitted by law.

6. Supplier Obligations and Compliance

6.1 Supplier conduct. Supplier will comply with all laws applicable to its performance and with Buyer's reasonable supplier code of conduct provided in writing, including anti-bribery, anti-slavery, and conflict-minerals requirements where applicable.

6.2 Subcontracting. Supplier may subcontract the manufacture or supply of Products only with Buyer's prior written consent, and remains fully responsible for the acts and omissions of its subcontractors.

6.3 Records and audit. Supplier will maintain accurate records relating to the Products and, on reasonable prior notice, allow Buyer to audit Supplier's compliance with this Agreement, subject to Supplier's confidentiality requirements.

6.4 Business continuity. Supplier will maintain reasonable business continuity and contingency plans appropriate to the Products and notify Buyer of any event likely to disrupt supply.

7. Confidentiality and Intellectual Property

7.1 Confidential Information. "Confidential Information" means non-public information disclosed by one Party to the other that is marked confidential or that a reasonable person would understand to be confidential, including specifications, pricing, forecasts, and business plans.

7.2 Obligations. The receiving Party will use Confidential Information only to perform under this Agreement, protect it with at least reasonable care, and disclose it only to personnel and advisors who need it and are bound by comparable obligations.

7.3 Intellectual property. Each Party retains its pre-existing intellectual property. Where Buyer provides designs, specifications, tooling, or other materials, Buyer retains all rights in those materials, and Supplier may use them only to supply the Products.

7.4 Buyer-funded developments. Any improvement, tooling, or work product developed specifically for Buyer and paid for by Buyer belongs to Buyer, subject to Supplier's pre-existing background intellectual property, which Supplier licenses to Buyer to the extent embedded and necessary to use the Products.

8. Term and Termination

8.1 Term. This Agreement begins on the Effective Date and continues for an initial term of [NUMBER] year(s), after which it renews for successive [NUMBER]-year periods unless either Party gives written notice of non-renewal at least [NUMBER, e.g. 60] days before the end of the then-current term.

8.2 Termination for cause. Either Party may terminate this Agreement or any Purchase Order on written notice if the other materially breaches and fails to cure within **[NUMBER, e.g. 30]** days after written notice describing the breach.

8.3 Termination for convenience. Buyer may terminate this Agreement or any Purchase Order for convenience on **[NUMBER, e.g. 30]** days' prior written notice, in which case Buyer will pay for conforming Products already delivered and for work in progress on a reasonable basis, less Supplier's avoidable costs.

8.4 Effect of termination. Termination does not affect accepted Purchase Orders that the Parties agree to complete. Sections 3 (for amounts accrued), 5, 7, 9, and 10, and any others that by their nature should survive, survive termination.

9. Indemnification and Limitation of Liability

9.1 By Supplier. Supplier will defend Buyer against third-party claims that the Products, as supplied, infringe intellectual property rights, cause personal injury or property damage due to a defect, or violate applicable law, and will indemnify Buyer for resulting damages, subject to Section 9.4.

9.2 By Buyer. Buyer will defend Supplier against third-party claims arising from Buyer's designs or specifications or Buyer's misuse of the Products, and will indemnify Supplier for resulting damages, subject to Section 9.4.

9.3 Procedure. The indemnified Party will give prompt written notice, allow the indemnifying Party to control the defense, and provide reasonable cooperation.

9.4 Limitation of liability. Except for indemnification obligations, breach of confidentiality, a Party's gross negligence or willful misconduct, and amounts owed for Products delivered, neither Party is liable for indirect, incidental, special, consequential, or punitive damages, and each Party's total aggregate liability will not exceed the total amounts paid or payable under the Purchase Orders giving rise to the claim in the **[NUMBER, e.g. 12]** months before the event.

10. General Provisions

10.1 Independent contractors. The Parties are independent contractors. Nothing creates a partnership, joint venture, agency, or employment relationship.

10.2 Governing law and venue. This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in **[COUNTY, STATE]**. The Parties exclude application of the U.N. Convention on Contracts for the International Sale of Goods.

10.3 Dispute resolution. Before filing suit, the Parties will attempt in good faith to resolve any dispute through senior-management discussion within **[NUMBER]** days of written notice. **[OPTIONAL: arbitration clause — discuss with counsel.]**

10.4 Assignment. Neither Party may assign this Agreement without the other's prior written consent, except to a successor in connection with a merger, acquisition, or sale of substantially all assets, on written notice.

10.5 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

10.6 Force majeure. Neither Party is liable for delay or failure caused by events beyond its reasonable control, provided it gives prompt notice and uses reasonable efforts to mitigate. If a force majeure event prevents Supplier's performance for more than **[NUMBER]** days, Buyer may cancel the affected Purchase Orders.

10.7 **Entire agreement; amendment.** This Agreement, together with its Schedules and Purchase Orders, is the entire agreement between the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

10.8 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.

10.9 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

BUYER	SUPPLIER
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: [TITLE]
Date: _____	Date: _____

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