****Example contract with supplier****

**GEAR@SME: G**enerate **E**nergy-efficient **A**cting and **R**esults at **S**mall and **M**edium-size **E**nterprises

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# Introduction

Once a choice of a supplier has been made, a purchase contract must be drawn up. In practice, two scenarios are conceivable:

1. Collective purchasing / framework agreement: contract between park manager and supplier. With this approach, customized agreements will also have to be made between the park manager and companies located on the site;
2. Individual purchase: contract between entrepreneurs and supplier.

This example version can serve as a stepping stone when drawing up the contract. We recommend that you have the contract draft additionally checked by a lawyer and/or a purchasing specialist.

# 2  Example contract

*Concerning the supply/implementation of the product and/or service ………………. For the benefit of ………………., the undersigned declare that both parties will commit themselves to a close cooperation with regard to the product group indicated above and the related services.*

**Parties**

***Park management organization …/ Company…***

*with its registered office in …, with its principal place of business in …, legally represented in this matter by its chairman/director Mr. / wife …*

***and***

***Supplier****…*    
*with its registered office in …, legally represented in this matter by Mr / Mrs …*

**1 Product description**

1. *The delivery and placement/installation of …. offers the companies in the field the following benefits:*

*• Regarding energy savings:*

*• Regarding quality and comfort:*

*• Regarding lifespan:*

**2 Prices/Rates**

*2.1 The agreed total price for the delivery and/or installation of … is €.*

*2.2 The agreed price per unit of product/service is €.*

*2.3 The hourly rate for the activity to be performed is €.*

*2.4 Other rate agreements depending on the situation.*

**3 Conditions/Assumptions**

*3.1 All prices, discounts and conditions mentioned are exclusive of VAT.*

*3.2 All prices, discounts and conditions mentioned are fixed up to complete delivery of the product/service.*

*3.3 Costs that have not been budgeted in advance can only be reimbursed if written permission has been given by the client before the costs are incurred.*

*3.4 Reference to purchasing conditions of the own organization.*

*3.5 References to standards that should be followed. Standards in the area of:*

* *Quality Management*
* *Environmental Management*
* *Health and safety regulations (helmets / shoes / lifelines)*
* *Energy Management and related services*

*3.6  Other principles/special features.*

**4 Deliveries**

*4.1 Deliveries must take place at the location indicated on the order.*

*4.2 The building/interior/outdoor requirements for the application of the measure are (e.g. for the building owner): …*

*4.3 The products and/or services to be delivered and the prices indicated must be in accordance with the description on the purchase order.*

*4.4 Agreements on the transfer of ownership and risk for the delivered products and/or services.*

**5 Schedule**

*5.1 The delivery of the product and/or service must take place no later than …*

*5.2 The implementation of the measure must be completed by … at the latest.*

*5.3 Service and maintenance must take place once a…*

**6 Warranty & Maintenance**

*6.1 The warranty period of the product/service is ... and starts at the time of delivery.*

*6.2 The invoice serves as proof of warranty.*

*6.3 A list of advised spare parts should be provided well before the final delivery so that buyer has ample time to decide on spare parts to be ordered in advance.*

*6.4 A maintenance contract for off-site or on-site maintenance help including specification of warranted response time and system uptime.*

**7 Invoices**

*7.1 Invoicing by the Supplier will take place immediately after delivery. For larger projects possibly including a payment schedule such as:*

* *20% upon order*
* *60% up on delivery of goods on site*
* *20% on final acceptance*

*7.2 All invoices must at least include a purchase order number, order numbers and a clear item description.*

*7.3 In principle, payment of the invoices takes place 30 days after the invoice date, net.*

**8 Insurance**

*8.1 The Supplier undertakes to take out product liability insurance and/or must be in possession of a valid product liability insurance during the term of the agreement.*

*8.2 The Supplier is liable for all damage suffered by ……… through direct or indirect actions of the Supplier's personnel and is obliged to pay this damage to ………….. on the next claim.*

*8.3 The Supplier undertakes to take out liability insurance covering the risk of his liability, as described under 8.2.*

**9 Confidentiality**

*9.1 Both parties guarantee mutual confidentiality towards third parties of all company information originating from parties that has come to their knowledge or has been brought to their attention in any way.*

**10 Project organization**

*10.1 Consultations regarding current orders, services and the further course of events will take place as required between Mr / Mrs ... of the park management organization ... / company ... and Mr / Mrs ... of the Supplier.*

**11 Termination agreement**

*11.1 If the Supplier does not comply with the conditions, as described in this agreement and as a result of this there is an attributable shortcoming, then ... will notify the Supplier of this in writing, whereby a reasonable period of time will be set, depending on the seriousness of the violation of the conditions, within which the complaints must be resolved.*

*11.2 If the complaints are not resolved within the stipulated period, then … is entitled to terminate the agreement prematurely. This without … being obliged to pay any compensation, without prejudice to any rights accruing to …, including the right of … to full compensation.*

*11.3 In the event of bankruptcy, liquidation or business takeover of the Supplier, the Supplier shall be in default by operation of law and …. shall have the right, immediately and without judicial intervention, to unilaterally terminate this agreement in whole or in part by means of a written notice to the Supplier, without ... being obliged to pay any compensation, without prejudice to any rights accruing to ..., including the right of ... to full compensation.*

*11.4 If the Supplier invokes a non-attributable shortcoming, … reserves the right to cancel orders already placed.*

*11.5 As soon as it appears that the products and/or services do not meet the specified quality, … has the right to return products and/or services delivered, with the result that these products and/or services are not eligible for payment. If additional costs are associated with the return of the products and/or services, for example because additional provisions must be made in order to be able to continue the business without hindrance, these will be recovered from the supplier. Also … reserves the right to cancel orders already placed without … being obliged to pay any compensation.*

**12 Standards**

*12. 1 The services provided under the contract will comply with the standards presented by the provider in the technical proposal.*

**13 Penalties**

*13.1 If, through its sole fault, the service provider fails to fulfil its obligations under the contract, the purchaser shall be entitled to deduct from the contract price, as penalties, an amount equivalent to 0.1%/day of the price of the services not performed****.***

**14 Law applied to the contract**

1. *The contract shall be interpreted in accordance with the laws of* [insert country]

**15 Force Majeure**

*15.1 Neither Party shall be liable for the total or partial non-fulfillment or for the late fulfillment of the obligations assumed according to the contract, if the non-execution or late execution is due to the intervention of force majeure circumstances. For the purposes of the contract, “Force Majeure” is defined as any unpredictable, unavoidable event beyond the control of the Parties, which occurred after the conclusion of the contract and which prevented or delayed the fulfillment in whole or in part of the contractual provisions (as for example, we mention wars, strikes, revolutions, insurrections, earthquakes, floods, etc.).*

*15.2 The party invoking Force Majeure shall will notify the other Party within 5 days from the date of occurrence of such a situation. Failure to comply with the obligation to notify shall result in the liability of the Party at fault for any damage caused to the other Party.*

*15.3  Any Force Majeure event will have the effect of extending the contractual terms by a period equal to the duration of the Force Majeure.*

*15.4 If the Force Majeure situation lasts more than 30 calendar days, the Parties shall meet and decide, by mutual agreement, to amend the contract or terminate it.*

*thus signed by*

*Buyer name* *Supplier name*

*…………………………..…………...* *……………………………………....*

*Buyer signature* *Supplier signature*

*…………………..…………………..* *…………………………………..…..*

*date* *date*

*………………….…………………...* *………………………………..…....*