

**ZAMA PRECISION INDUSTRY  
MANUFACTURING PHILIPPINES, INC.**



L6, First Philippine Industrial Park-Special Economic Zone 2,  
Brgy. Sta. Anastacia, Sto. Tomas, Batangas 4234, Philippines  
Telephone: +63 (0)43 425 9262

CONTRACT NO.: ZM50\_GPC\_0001\_2022

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## **Purchase Contract**

Between

**ZAMA Precision Industry Manufacturing Philippines, Inc.**

First Philippines Industrial Park II, Special Economic Zone (FPIP II-SEZ),  
Barangay Sta. Anastacia, Sto. Tomas, Batangas, 4234

-hereinafter referred to as 'Zama'

And

**Supplier**

Address

-hereinafter referred to as 'SUPPLIER'

### **1. General Provision**

- 1.1 In order to guarantee both parties' business go on legally, reasonably, smoothly, both parties make clear their duties and responsibilities according to the related laws and regulations of the Philippines and sign this contract.
- 1.2 All articles of this contract are applied for all business between both parties. If an implementing contract is inconsistent with this contract, this contract prevail, unless otherwise agreed in writing by the parties.

### **2. Additional agreements/ communication**

- 2.1 Additional supplemental agreements may be made between Parties on various specific aspects, e.g. quality assurance, logistics, the use of small load carriers, EDI communications and the like. An additional agreement, dealing with quality assurance and logistics, has to be concluded if deemed necessary by both parties. Should the content of this Contract conflict with that of the other agreements between the Parties the content of this Contract shall prevail.
- 2.2 The communication between the Parties shall be effected by telephone, facsimile, e-mail or EDI.

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**3. Supply contract, forecast delivery schedule**

- 3.1 Offers to supply shall be made by SUPPLIER free of charge or without cost to ZAMA for the preparation and submission of the offer. Any deviation from the inquiry of ZAMA shall be explicitly pointed out in the offer of the SUPPLIER, and the corresponding drawings shall be attached if appropriate. Should the offer contain obvious mistakes, typographical or arithmetical errors, it shall not be binding upon ZAMA.
- 3.2 An order to purchase shall not be deemed to have been placed unless it has been confirmed by ZAMA in writing through e-mail or facsimile.
- 3.3 SUPPLIER shall issue a confirmation of acceptance of order to purchase which explicitly states the price and delivery date without delay, not later than one week after receipt of the formal order to purchase. Deviations from the content of the order and subsequent alterations to the contract shall not be deemed to have been agreed upon until ZAMA has explicitly confirmed them in writing.
- 3.4 Should ZAMA become aware of circumstances that put SUPPLIER's ability to perform the contract in question, ZAMA shall be entitled to rescind the contract. Circumstances that put SUPPLIER's ability to perform the contract in question are, in particular, long-term attachments or other compulsory enforcement measures and the application for initiation of insolvency proceedings.

**4. Partial deliveries, delivery dates and periods, default**

- 4.1 Within the framework of the requirements planning and delivery schedule provided to it, SUPPLIER undertakes to have sufficient tools and production capacity available to ensure that it can supply ZAMA with the necessary quantities on time. In the event that additional or replacement tools become necessary, SUPPLIER shall notify ZAMA in a timely manner, leaving sufficient time for the sampling and release of the tools.
- 4.2 The agreed upon delivery periods or dates are fixed dates. Delivery periods run from the date when the order given to and received by the SUPPLIER. The product must be delivered to receiving station designated by ZAMA within the delivery period.
- 4.3 If delays or deviations in quantity are to be expected, SUPPLIER must notify ZAMA orally or in writing without delay. ZAMA decision on further procedure shall be communicated to SUPPLIER orally or in writing without delay. If the periods and dates are not met, SUPPLIER shall automatically be in default even without a reminder.
- 4.4 Should SUPPLIER be in default with a delivery, ZAMA shall have the right to demand a contractual penalty in the amount of 0.5 % of the value of the delivery per week commenced, but at most 5 % of the value of the delivery.
- 4.5 Should it be necessary to use unscheduled transportation or air freight to limit the damage for late delivery, the costs incurred thereby shall be passed on to SUPPLIER.

**5. Prices**

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5.1 Orders shall be placed based on the prices agreed upon in the current delivery schedules copy of which is attached as Annex \_\_\_\_ The prices listed are deemed inclusive of the value added tax (VAT) if any. Prices may change from time to time based on the written agreement of the parties. Should no agreement on a new delivery and price schedule be reached before the current one expires, the old delivery and price schedule shall continue to apply until a written agreement has been reached.

5.2 ZAMA shall not pay remuneration for the preparation of offers, cost estimates, plans and the like.

**6. Delivery, transfer of risk, packaging**

6.1 The delivery terms and conditions, the transfer of risk and the packing modalities shall be set out by ZAMA.

6.2 Unless otherwise agreed upon in writing by the parties, the risk of loss or damage shall not pass to ZAMA until the product been accepted by ZAMA at its receiving station. In case of installation or assembly is required before the delivered product may be used by SUPPLIER, the risk of loss or damage shall pass to ZAMA once the products have been put it into operation in its plant.

6.3 In the event of a deviation from the agreed packaging terms, SUPPLIER shall assume the proven additional or consequential costs (e.g. for repackaging, sorting, returns, etc.).

**7. Proof of origin**

7.1 SUPPLIER shall be obligated to submit a written declaration of the origin of the delivery items pursuant to the customs regulations. This declaration shall be sent to ZAMA.

7.2 SUPPLIER shall inform ZAMA of any change in origin for goods specified in Clause 7.1 without delay. Should SUPPLIER culpably breach this duty, it shall be responsible for all the disadvantages suffered by ZAMA arising from the change in origin.

7.3 For items originating from other countries overseas, SUPPLIER shall declare the country of origin in the respective invoice.

**8. Mode of payment, transfer of title, assignment and setoff**

8.1 The Contract Price shall be fixed. Unless otherwise agreed by the Parties, the Contract Price shall include any and all costs for packaging, freight, and insurance relating to the delivery of the item.

The products ownership shall be passed to ZAMA free of burdens at the latest upon payment. No claims may be assigned to third parties.

8.2 SUPPLIER shall only be entitled to perform a set-off or assert rights of retention if its counterclaims have been determined with legally binding force or otherwise are undisputed.

**9. Requirements for the delivery items**

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- 9.1 SUPPLIER warrants that the delivery items have the agreed and guaranteed qualities and functionalities specified in the Order of ZAMA and accepted by the SUPPLIER; that they are in compliance with the generally accepted industry standards; and do not contain defects which would eliminate or reduce their value or suitability for the intended use and/or purpose.
- 9.2 Should one party learn about any safety related product defect, the party shall inform the other party without delay. The parties shall come to an agreement about the measures to be carried out.
- 9.3 If these regulations are violated, ZAMA may not only pursue legal claims, but also refuse acceptance, demand a correct subsequent delivery recover indemnify demand reimbursement of all costs incurred and seek remedies that may be provided by the applicable laws.

**10. Warranty**

- 10.1 ZAMA shall be entitled, but not obligated, to inspect the delivery items before they are sent to ZAMA at SUPPLIER's plant and to assert warranty rights.
- 10.2 ZAMA shall be entitled to the statutory warranty rights – including damages claims – subject to the following provisions:
  - 10.2.1 If individual spot checks in a shipment are defective, ZAMA has the right of request SUPPLIER sort, repair and replace the entire shipment. Should SUPPLIER fail to meet its duty to provide subsequent performance within a reasonable time period set by ZAMA, then ZAMA shall be entitled to remedy the defect itself or have it remedied by a third party at SUPPLIER's expense. With SUPPLIER's consent, ZAMA may perform the remediation itself right away or have it remedied by a third party regardless of other claims. The costs incurred thereby shall be borne by SUPPLIER.
  - 10.2.2 If defects are subsequently found after initial checking or inspection upon delivery, ZAMA shall also have the right to take appropriate measures to protect its interests as stipulated above.
- 10.3 ZAMA shall have duty to notify the SUPPLIER of defects discovered as follows for obvious defects within 14 days of delivery and for hidden defects within 14 days from discovering them. The receipt of the goods and the processing, payment and reorder of goods which have not yet been recognized and notified as defective shall not be construed as an approval of the delivery or waiver of defect claims.
- 10.4 To the extent SUPPLIER is obligated to keep emergency stocks on hand at ZAMA's disposal, ZAMA shall be entitled to verify the existence of such stocks on site at appropriate intervals after scheduling an appointment in advance.
- 10.5 The SUPPLIER warrants that it has the permits, licenses, approvals and consents required by the appropriate government agency of the Philippines for the implementation and consummation of the transactions contemplated herein, particularly the sale and delivery of the items that may be ordered by ZAMA.
- 10.6 The SUPPLIER warrants that it has the right to sell the thing (or the goods) at the time when the ownership is to pass, and that ZAMA shall from that time have and enjoy the legal and peaceful

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possession of the thing (or the goods). The SUPPLIER further warrants that the thing ( or the goods) shall be free from any hidden faults or defects, or any charge or encumbrance not declared or known to the ZAMA, and that the thing (or the goods) is/are new and unused.

10.7 The SUPPLIER warrants that the thing (or the goods) is/are fit for the particular purpose intended by ZAMA, and acknowledges that ZAMA is relying on SUPPLIER's skill or judgement in selecting the thing ( or the goods) to buy for that purpose.

**11. Product liability, release from liability**

11.1 SUPPLIER shall be obligated to indemnify ZAMA against third party product liability claims. SUPPLIER shall not be held liable where a product defect provably has not occurred or where ZAMA is actually responsible for the product defect.

11.2 SUPPLIER shall be insured with coverage sufficient to reimburse expenditures pursuant to Clauses 11.1. SUPPLIER shall provide ZAMA with proof of such coverage of its own accord. As an alternative, a reserve corresponding to the risk can be formed or established by SUPPLIER, subject to the verification by ZAMA.

**12. Damages claims of SUPPLIER**

Each party agrees to indemnify the other party concerned, the latter's agents, and employees, against all claims, damages, losses and expenses, including reasonable attorney's fees, that the latter may incur or suffer, resulting from or arising out of the acts or omissions of anyone employed by the former party for whose acts or omissions it may be liable.

**13. Indemnification against rights of third parties**

SUPPLIER shall be responsible for ensuring that no third party rights are infringed upon in connection with the delivery of its products. In this connection, ZAMA calls SUPPLIER's attention to the fact that ZAMA products are distributed worldwide. Should a third party assert claims against ZAMA or an affiliate of ZAMA due to an infringement of its rights, SUPPLIER shall be obligated to indemnify ZAMA against such claims. The indemnification duty pertains to all expenditures which ZAMA or a ZAMA affiliate would necessarily incur in connection with the assertion of claims by a third party.

**14. Force majeure, labor disputes**

14.1 Unless otherwise provided herein, the failure or delay of a party to perform any obligation under this agreement solely by reason of acts of God, acts of government, riots, wars accidents, force majeure, or other similar causes beyond its control, shall not be deemed to be a breach of this agreement. Notwithstanding the foregoing, the party prevented from complying with this agreement shall continue to take all actions within its power and control to comply as fully as possible with this agreement, and to use its best efforts to remove or remedy the force majeure with all reasonable dispatch. Except where the nature of the event prevents it, the party suffering the force majeure shall notify the other party of such event three (3 ) calendar days after its occurrence.

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14.2 Equivalent to force majeure shall be unforeseeable circumstances beyond ZAMA's control which make it unreasonably difficult or temporarily impossible for ZAMA to fulfill its duties. Examples of this are labor strikes or concerted labor action beyond the control of the management of ZAMA.

14.3 If these obstacles last longer than four months, then both Parties shall have the right to rescind this Contract.

**15. Protection of trademarks and intellectual property**

15.1 Products with ZAMA trademarks shall not be delivered to third parties except with the written consent of ZAMA. This also applies to goods which ZAMA has not accepted from SUPPLIER on legitimate grounds.

15.2 Should any improvements or inventions arise with SUPPLIER in connection with the order or the daily cooperation between SUPPLIER and ZAMA, ZAMA shall have a non-exclusive right to realize commercially the improvement and any intellectual property rights registered by SUPPLIER free of charge, including the right to issue sublicenses to third parties. If SUPPLIER does not have an interest in registering the intellectual property right, then such right shall pass to ZAMA. SUPPLIER shall then receive a simple right of use.

**16. Objects provided or handed over by ZAMA; tools**

16.1 Where ZAMA provides objects to SUPPLIER, ZAMA shall reserve its ownership of them. The objects shall be labeled as ZAMA's property and stored separately from items not belonging to it. Any processing or alterations by SUPPLIER shall be carried out for ZAMA. If the reserved objects of ZAMA are combined with other objects not belonging to ZAMA, then ZAMA acquires the co-ownership of the new object in relationship of the value of the objects provided by ZAMA (cost price plus VAT) to the other combined objects at the time of the combination.

16.2 If the item provided by ZAMA is indivisibly blended or mixed with other objects not belonging to ZAMA, then ZAMA acquires the co-ownership of the new object in relationship of the value of the reserved objects of ZAMA (cost price plus VAT) to the other mixed objects at the time of the mixing. If the mixing is carried out in such a way that the other item is to be considered the main item, then it shall be deemed to have been agreed that SUPPLIER will transfer co-ownership to ZAMA pro rata; SUPPLIER shall keep the sole ownership or co-ownership in safe custody for ZAMA.

16.3 ZAMA reserves the ownership of design patterns, models, drawings, printer's copies, technical instructions, production equipment such as tools (hereinafter: Patterns and Production Equipment). SUPPLIER shall be prohibited from making copies of ZAMA's Patterns and Production Equipment - even at its own costs - and using them to manufacture goods.

**17. Secrecy**

The provisions of the Framework Confidentiality Agreement, as agreed upon between the parties, shall apply (see **Appendix**).

**18. Advertising**

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The business relationship of SUPPLIER with ZAMA may only be used by SUPPLIER for advertising purposes upon prior written consent of ZAMA.

**19. Termination of the cooperation, additions or amendments to the Contract**

- 19.1 This Contract shall enter into force with immediate effect.
- 19.2 A desired termination of the cooperation without cause shall be announced by registered letter with return receipt or courier, observing a 12-month notice period. For components with a shorter replacement period, a correspondingly briefer period may be agreed upon in writing by the parties. The possibility of terminating the cooperation for cause and with immediate effect remains unaffected.
- 19.3 Should any problems arise in the cooperation in the areas of quality, logistics and competitiveness, the Parties shall discuss them in good faith to arrive at a reasonable and fair solution. Continuing problems in the areas of quality, logistics and competitiveness which cannot be resolved in the joint talks may constitute a ground for termination with cause.
- 19.4 Additions or changes to this Contract must be in written form. Should individual provisions of this Contract be or become wholly or partially invalid or unfeasible, or should there prove to be an omission in this Contract, this shall not affect the validity of the remaining provisions. In the place of the invalid or unfeasible provision, a valid provision shall be deemed agreed upon which corresponds to the purpose and meaning of the invalid and unfeasible one. In the event of an omission, a provision shall be deemed agreed upon which corresponds, on the basis of the purpose and meaning of this Contract, to what the members would have agreed upon, had they considered the matter at the outset.

**20. Place of fulfillment, legal venue, choice of law**

- 20.1 All disputes arising from this Contract shall be settled by an arbitration tribunal in accordance with the Arbitration Rules of Philippine law.

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This contract has two copies. Each party holds one.

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**SUPPLIER NAME**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
**MR. RONALD WIENHOLTS**  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
**MR. SHERWIN GLORIOSO**  
Senior Purchasing Manager

\_\_\_\_\_

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## **Appendix A**

### **Confidentiality Agreement**

Zama and SUPPLIER maintain a close supply relationship in which Zama obtains goods and /or services from SUPPLIER. In the course of this supply relationship Zama continuously discloses information to SUPPLIER for several purposes. For their continuous cooperation, Zama and SUPPLIER reach the following agreement on the handling of this information.

1. In the course of cooperation, ZAMA will probably make available to SUPPLIER technical know-how or business or company secrets, give insight to documentation, hand over documents or material and/or grant SUPPLIER admittance to the company premises (hereinafter referred to as "INFORMATION")
2. Unless otherwise agreed upon, all INFORMATION that is disclosed to SUPPLIER by ZAMA or Vendor shall be treated as confidential INFORMATION. This also applies to the cooperation itself and the conclusion of this agreement. In particular, SUPPLIER is not entitled to mention the cooperation in advertising without ZAMA's consent.
3. SUPPLIER shall keep confidential the INFORMATION received from ZAMA (even before the effective day of this agreement) and make it available only to those employees who require it for the purpose of performing the work within the scope of this agreement, and do its utmost to prevent its employees from passing the INFORMATION on to unauthorized persons. IF SUPPLIER in performance of its duties owed to ZAMA should collaborate with other companies, it may only make INFORMATION available to these other companies after the written permission of ZAMA and after a confidentiality agreement with identical content has been concluded with these other companies.
4. Any materials or documents supplied by ZAMA shall be retained in a secured location at all times. SUPPLIER shall secure electronic INFORMATION according to the respective state-of-the-art, e.g. by using password protection, firewalls and antivirus software. By taking adequate measures, it shall prevent its data processing equipment from unauthorized use by both its own employees and third parties. If data or storage media gets lost, is spied out or if unauthorized copies are made or if other comparable irregularities should occur on data processing, ZAMA shall notified immediately. The notification shall contain a detailed description of the sort and extent of the affected data.
5. The knowledge and INFORMATION received from ZAMA shall be used by SUPPLIER only for the purpose agreed upon. In particular, SUPPLIER is neither entitled to use the INFORMATION commercially nor to use it for research purposes, unless otherwise agreed. ZAMA reserve all rights in all INFORMATION transmitted to SUPPLIER, especially in technical drawings, summaries or other documents that were handed over; this pertains in particular to the right of application for and grant of national or foreign industrial property rights.
6. An INFORMATION shall cease to be considered as confidential in terms of this agreement, if SUPPLIER can prove that
  - at the time of disclosure by ZAMA to SUPPLIER the INFORMATION has already been known by the general public or the INFORMATION subsequently becomes generally known without a breach of the terms of this agreement by SUPPLIER, or

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- the INFORMATION has lawfully been acquired or is subsequently lawfully acquired by a third party that does not violate the agreement by disclosing the INFORMATION to SUPPLIER, or
  - the INFORMATION was known by SUPPLIER prior to handling over and was not obtained from a third party by violating the agreement, or
  - the INFORMATION has been or is subsequently independently elaborated by employees of SUPPLIER who did not have access to the confidential INFORMATION.
7. This agreement does not entitle SUPPLIER to claim for the disclosure of INFORMATION or the conclusion of a cooperation agreement.
  8. The obligation to maintain confidentiality shall be valid for an indefinite period of time. In case of any inconsistency between the agreement and other agreements that the parties concluded, such as research and development agreements, these other agreements shall prevail.
  9. This agreement shall be valid for an indefinite period of time. It will end automatically on the termination of the parties' cooperation. The confidentiality obligation shall remain unaffected of the ending or termination of this agreement.
  10. Amendments and additions to this agreement must be made in written form. Should any provision of this agreement be or become invalid or unenforceable, or should there be an omission herein, this shall not affect the validity of the Agreement as a whole. In place of the invalid or unenforceable provision, that valid provision shall be deemed agreed which corresponds most closely to the intended spirit and purpose. In the event of an omission, that provision shall be deemed agreed which corresponds to what would have been agreed, judging by the spirit and purpose of this agreement, had the matter been considered at the outset.