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## LIMITED RISK DISTRIBUTOR AGREEMENT

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BETWEEN

[full legal name entity 1]

AND

[full legal name entity 2]

DATED

[date, year]

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# LIMITED RISK DISTRIBUTOR AGREEMENT

This limited risk distributor agreement (“the Agreement”) is considered a written confirmation of what has been agreed as from [date,year] (“Effective Date”),

## BETWEEN

1. [full legal name entity 1], a company established under the laws of [country] and having its registered office at [full address], [country], duly represented by [full name and function], hereinafter referred to as “Principal”;

## AND

2. [full legal name entity 2], a company established under the laws of [country] and having its registered office at [full address], [country], duly represented by [full name and function], hereinafter referred to as “Distributor”;

Jointly hereinafter referred to as “Parties”

## PRELIMINARY STATEMENTS

1. The Principal is a manufacturer of certain Products (as defined below) and has been selling its Products directly to distributors located in various countries.
2. The Principal has decided that it is cost effective to centralize the distribution of its Products with respect to [country] through the Distributor.
3. The Distributor will purchase the Products and re-sell the same to Customers (defined below) in its Territory (defined below).
4. The Distributor will hold legal title to the Products but most of the commercial risks with respect to such Products will remain with the Principal and only limited risks will be assumed by the Distributor.
5. Parties have discussed in sufficient detail the organization necessary to meet the objectives set forth in this Agreement, the related costs, and have verified the reciprocal benefit pursuant to the signing of this Agreement.
6. Consequently, Principal and Distributor desire to enter into an agreement for an indefinite term subject to the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, PRINCIPAL AND DISTRIBUTOR AGREE AS FOLLOWS:

## Article 1 Definitions

1. For the purpose of this Agreement, the following terms shall have the meaning assigned to them below unless the context requires otherwise:
  - a) Agreement means this Limited Risk Distributor Agreement together with the Appendices hereto, as may be amended, modified or supplemented by the Parties from time to time.
  - b) Bank Account means an account or accounts established with a bank designated by the Principal which shall be in the name of the Distributor for receipt of Customer payments.
  - c) Compensation Percentage means a percentage, as calculated in Appendix C, representing the discount that the Distributor will receive from the recommended Price List attached hereto as Appendix E.
  - d) Confidential Information means any information disclosed by one Party to the other Party pursuant to this Agreement which is written, graphic, machine readable, or in other tangible form and is marked "Confidential," "Company Secret," or disclosed under such circumstances which indicate that information is confidential. Confidential Information may also include secret and confidential oral information disclosed by one Party to the other Party pursuant to this Agreement.
  - e) Customer means any customers with whom the Distributor enters into a sales contract for the Products.
  - f) Customer Specifications means any and all requirements, directions, criteria, procedures and other specifications established by Principal and furnished to Distributor from time to time concerning the selection of Customers to which Distributor is authorized to market the Products and terms for the sale of Products on credit. The Customer Specifications may specifically identify some, all or none of the Customers.
  - g) Effective Date means the date first hereinabove written.
  - h) Intellectual Property Rights means the Trademarks and other intellectual property rights covering or associated with the Products.
  - i) Price List means the recommended Product prices attached hereto as Appendix E which may be revised from time to time by agreement between the Parties.
  - j) Price Specifications means any and all requirements, directions, criteria, procedures and other specifications established by Principal and furnished to Distributor concerning the prices, ranges of prices or price structures for the Products subject to this Agreement.
  - k) Products means the products purchased by the Distributor from the Principal and listed on Appendix A.

hereto as Appendix E. The Compensation Percentage may be adjusted at any time by agreement between the Parties.

3. Distributor shall pay for the Products within thirty (30) days of receipt of the proceeds for the sale of such Products in the Bank Account.
4. Principal reserves the right, upon written notice to Distributor, to declare all sums immediately due and payable in the event of a breach by Distributor of any of its obligations to the Principal, including the failure of Distributor to comply with credit terms and limitations. Furthermore, Principal reserves the right to vary, change, or limit the amount or duration of credit to be allowed to Distributor, either generally or with respect to a particular order.

## **Article 8            General Payment Terms**

1. All payments between the Principal and Distributor are considered to be exclusive of VAT. If applicable, VAT shall be charged in addition.
2. All risks with regard to exchange rates will be borne by the Principal.
3. Except as otherwise agreed by the Parties, payments made by one Party to the other Party under this Agreement will be calculated in [currency].

## **Article 9            Insurance**

1. Principal shall obtain and maintain during the term of this Agreement, product liability insurance with respect to all liabilities, including but not limited to bodily harm and death, caused by any defective Products. Principal shall obtain and maintain insurance covering any claims, demands, suits, losses, damages and liabilities including without limitation interest and reasonable attorney's fees arising out of, relating to, or resulting from the activities of Distributor under this Agreement. Such insurance shall be adequate in scope and coverage considering the potential liability exposure, and shall include Distributor as an additional insured. Principal shall use its best efforts to obtain a waiver of subrogation in favor of Distributor.
2. Principal shall obtain and maintain any other types of insurance commonly obtained and maintained by a company selling products similar to the Distributor.

## **Article 10        Records and Reporting Requirements**

1. Distributor shall maintain such records and accounts as are requested by Principal relating to the performance of Distributor's obligations under this Agreement. Principal shall have access to Distributor's premises for inspection during normal business hours. Distributor shall also comply with all other reporting requirements imposed by Principal under this Agreement.

5. This Agreement shall contain the entire agreement and understanding between the Parties hereto with respect to the subject matter hereof. The Appendices A up to and including E attached to this Agreement form an integral part thereof.
6. In the event that this Agreement is executed in more than one language, the English language version shall prevail in the case of any discrepancy.
7. If any Article, term, provision, or clause thereof in this Agreement is found or held to be invalid or unenforceable in any jurisdiction in which this Agreement is being performed, the remainder of this Agreement shall be valid and enforceable and the Parties shall negotiate in good faith, a substitute, valid and enforceable provision which most nearly effects the Parties' intent in entering into this Agreement.
8. No alteration, amendment, waiver, cancellation or other change in any term or condition of this Agreement shall be valid or binding on either Party unless the same has been agreed to in writing by both Parties.
9. This Agreement may be executed in two (2) or more counterparts, all of which, taken together, shall be regarded as one and the same instrument.

**IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT, TO BE EFFECTIVE AS OF THE EFFECTIVE DATE.**

**[full legal name of legal entity 1]**

**[full legal name of legal entity 2]**

\_\_\_\_\_  
Signed by

Name:

Title:

Date:

\_\_\_\_\_  
Signed by

Name:

Title:

Date: