
CONSIGNMENT MANUFACTURING AGREEMENT

BETWEEN

[full legal name entity 1]

AND

[full legal name entity 2]

DATED

[date, year]

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CONSIGNMENT MANUFACTURING AGREEMENT

This consignment manufacturing agreement (“the Agreement”) is considered a written confirmation of what has been agreed as from [starting date of agreement] (“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 “Supplier”;

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 “Manufacturer”;

Jointly hereinafter referred to as “Parties”

WHEREAS:

- Both Supplier and Manufacturer form part of the [XYZ] group.
- Supplier is engaged in the business of designing, manufacturing, selling and distributing to various customers the Products (as hereinafter defined).
- Manufacturer is engaged in the business of manufacturing goods similar to the Products and Manufacturer has adequate production capacity and is technically capable of manufacturing the Products.
- Manufacturer and Supplier desire to enter into an agreement pursuant to which Manufacturer will provide to Supplier Manufacturing Services (as hereinafter defined) relating to the Products on the terms and conditions set forth herein.
- 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.

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

and perform its duties under this Agreement without the prior approval of Supplier unless such approval is otherwise expressly required under this Agreement.

Article 3 Production

1. Manufacturer may employ its existing manufacturing processes, adopt Supplier's manufacturing processes, or establish its own new production methods as the Parties may agree; provided, however, that Manufacturer will employ proper equipment, machinery and production methods to ensure that the Products will at all times meet the Product Specifications. All rights related to any new production method developed by Manufacturer relating to the Manufacturing Services or the Products shall be the sole and exclusive property of Supplier.
2. Upon reasonable notice and during Manufacturer's regular hours of business, Supplier (or its representatives) shall have the right to (a) examine Manufacturer's purchasing records to determine whether parts, components and materials acquired for use in the Products have been purchased (by order of and for the sole account of Supplier) from approved vendors; (b) inspect work in progress to determine the adequacy of production methods and equipment employed by Manufacturer; and (c) conduct spot inspections of finished Products to verify that the Products have been manufactured in accordance with the Product Specifications. All representatives of Supplier conducting such inspections shall comply with all applicable safety and security rules of Manufacturer.
3. The finished Products shall be tested by Manufacturer in accordance with procedures established by the Parties from time to time. Supplier shall design all Product tests and testing equipment, and shall, at its own expense, provide Manufacturer with all testing equipment, technical instruction and information necessary for the performance of Product testing.

Article 4 Specifications

1. Manufacturer shall manufacture all Products in conformity with the Product Specifications, and shall perform all Manufacturing Services in accordance with the Specifications.
2. Supplier will provide to Manufacturer copies of all documents, designs and other data comprising Product Specifications that Manufacturer will require to manufacture the Products. Such Product Specifications will include any data, know-how and other technical information concerning manufacturing procedures that have been used by Supplier or its representatives to manufacture the Products. If the Product Specifications are improved, enhanced or otherwise revised by Supplier during the term of this Agreement, Supplier shall promptly provide Manufacturer a data package

Article 13 Title and Risk of Loss

Title to all Products, including all parts, components and materials comprising the Products, shall be held by Supplier. Supplier shall bear all risk of loss arising from the manufacture, sale, transportation, storage, handling or other use of Products, including all parts, components and materials comprising the Products, from any cause whatsoever other than any loss solely resulting from the gross negligence or wilful misconduct of Manufacturer. Without limiting the generality of the foregoing, Supplier shall bear all risk of loss relating to delinquencies, defaults and insolvencies of suppliers and third-party claims relating to the Products and sales thereof.

Article 14 Intellectual Property Rights

1. Manufacturer shall use all Intellectual Property Rights made available to Manufacturer by the Supplier solely in accordance with the terms and conditions and within the scope of this Agreement. All Intellectual Property Rights made available to Manufacturer by or on behalf of Supplier during the term of this Agreement and as developed during the term of this Agreement, are and shall remain the property of Supplier and shall be returned upon termination of the Agreement.
2. Manufacturer will not incorporate anything in the Manufacturing Services which involves the use of a trade secret, patent, copyright or other intellectual property right of a third party under which Supplier has no license rights or any other right of use.

Article 15 Warranties and Liabilities

1. Manufacturer warrants that the Products, at the time of their delivery to Supplier or the common carrier designated by Supplier will be conform to the Product Specifications. Manufacturer shall promptly replace, at its own expense, any quantity of defective or nonconforming Products supplied to Supplier, provided Supplier shall notify Manufacturer in writing upon discovery of any defect or nonconformity and provide Manufacturer a reasonable period of time in which to evaluate Supplier's claim.
2. Manufacturer's obligation to replace nonconforming Products as provided in this section is the sole and exclusive warranty made by Manufacturer with respect to the Products. any and all other warranties express or implied by law, including, but not limited to, any implied warranties of merchantability, fitness for any particular purpose or noninfringement are hereby specifically excluded. under no circumstances shall Manufacturer be liable for any damages, including, without limitation damages resulting from, or attributable to, the failure of any of the Products to conform to the