

Supplier Service Level Agreement

Template for reference only. Legal advice is recommended before signing.

SUPPLIER SERVICE LEVEL AGREEMENT

This Supplier Service Level Agreement (“this Agreement”) is made on the _____ day of _____ 20_____

BETWEEN

_____ (SSM Registration No. _____) of _____ (hereinafter referred to as “**the Buyer**”) of the one part;

AND

_____ (SSM Registration No. _____) of _____ (hereinafter referred to as “**the Supplier**”) of the other part.

WHEREAS the Buyer wishes to purchase, and the Supplier wishes to supply, the goods described in Clause 3 below, on the terms and conditions set out in this Agreement, subject to the Contracts Act 1950 (Act 136), the Sale of Goods Act 1957 (Act 382), the Consumer Protection Act 1999 (Act 599) and all applicable laws of Malaysia.

IT IS HEREBY AGREED as follows:

1. Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Goods**” means the products described in Clause 3 and any specifications attached;
- (b) “**Delivery Location**” means _____ or such other location as the Buyer may notify in writing;
- (c) “**Order**” means a written purchase order issued by the Buyer in accordance with Clause 5;
- (d) “**Specifications**” means the product specifications, grade, packaging, unit of measure and any quality standards agreed between the parties;
- (e) “**Term**” means the period set out in Clause 2.

2. Term and Renewal

- (a) This Agreement shall commence on _____ (“Effective Date”) and shall continue for an initial term of _____ months (“Initial Term”).
- (b) Upon expiry of the Initial Term, this Agreement shall automatically renew for successive periods of _____ months (“Renewal Term”), unless either party gives written notice of non-renewal not less than _____ days before expiry.

3. Scope of Supply

(a) The Supplier shall supply the Buyer with the following goods:

Category: _____ (e.g. fresh produce / dry goods / beverages / packaging / cleaning chemicals)

Detailed list: as per Schedule attached or as agreed in writing from time to time.

(b) **Minimum Order Quantity (MOQ):** _____ per delivery.

(c) **Exclusivity:** [] The Supplier shall be the exclusive supplier of the above category to the Buyer / [] Non-exclusive (delete as appropriate).

4. Forecasts

The Buyer shall provide the Supplier with a non-binding rolling _____-week demand forecast by every _____ (day of week), to assist the Supplier's planning. Such forecast shall not constitute a binding order.

5. Orders and Lead Time

(a) The Buyer shall issue Orders by _____ (cut-off day and time).

(b) The Supplier shall deliver Orders within _____ hours / days of receipt.

(c) Each Order shall constitute a binding contract on the terms of this Agreement upon written acknowledgement by the Supplier.

6. Delivery and Risk

(a) The Supplier shall deliver the Goods to the Delivery Location during the agreed delivery window: _____.

(b) **Partial delivery:** [] permitted with tolerance \pm _____% of order quantity / [] not permitted.

(c) **Risk of loss** in the Goods shall pass to the Buyer upon physical delivery to the Delivery Location and signed acknowledgement by the Buyer's authorised representative, in accordance with the Sale of Goods Act 1957.

(d) Each delivery shall be accompanied by a Delivery Order (DO) and tax invoice.

7. Acceptance, Quality and Warranty

(a) **Inspection.** The Buyer shall inspect the Goods within _____ hours of delivery and notify the Supplier in writing of any non-conformity.

(b) **Quality standards.** The Goods shall conform to:

(c) the Specifications agreed in writing;

(ii) all implied conditions and warranties under the Sale of Goods Act 1957, including merchantable quality and fitness for purpose;

(iii) the Food Act 1983 and Food Regulations 1985;

- (iv) where applicable, JAKIM Halal certification, MeSTI / HACCP / GMP certification – the Supplier shall maintain such certification throughout the Term and shall notify the Buyer in writing within seven (7) days of any change in certification status.
- (v) **Shelf life requirement:** remaining shelf life at delivery shall not be less than _____% of total shelf life.
- (vi) **Rejection of non-conforming goods.** The Buyer may reject Goods that fail to conform. The Supplier shall, at the Supplier’s cost, collect rejected Goods within _____ hours and either replace them within _____ hours or issue a credit note for the rejected value.

8. Pricing

- (a) **Prices** are as set out in the Supplier’s price list dated _____, attached as a schedule to this Agreement, in Ringgit Malaysia, [] inclusive / [] exclusive of Sales and Service Tax (SST).
- (b) **Price validity:** prices shall be fixed for _____ months from the Effective Date.
- (c) **Price adjustment.** The Supplier may request a price adjustment by giving the Buyer not less than _____ days’ written notice with documented justification (e.g. raw material index, foreign exchange rate, statutory cost increase). The Buyer may, in its sole discretion, accept the adjustment or terminate this Agreement under Clause 14 if the adjustment exceeds _____% of the prevailing price.

9. Payment

- (a) **Payment terms:** _____ days from the date of valid tax invoice (e.g. Net 30 / Net 60).
- (b) **Payment method:** bank transfer to the Supplier’s designated account.
- (c) **Early payment discount:** _____% if paid within _____ days (optional).
- (d) **Late payment:** interest at _____% per annum on overdue amounts, capped at the statutory rate.
- (e) **SST and e-Invoice compliance.** The Supplier shall issue valid SST tax invoices in accordance with the Sales Tax Act 2018 / Service Tax Act 2018, and shall comply with the LHDN e-Invoice mandate as applicable to the Supplier’s annual revenue tier.

10. Service Level Metrics (KPIs)

The Supplier shall meet the following service levels measured monthly:

Metric	Target
On-time delivery rate	≥ _____%
Order fill rate (complete order)	≥ _____%
Quality reject rate	≤ _____%
Response time to written complaints	within _____ hours
Credit note turnaround	within _____ days

11. Liquidated Ascertained Damages (LAD)

- (a) Where the Supplier fails to meet the service levels in Clause 10 for two (2) consecutive measurement periods, or otherwise breaches a material term of this Agreement, the Buyer shall be entitled to claim Liquidated Ascertained Damages, which the parties agree are a genuine pre-estimate of loss and not a penalty.
- (b) **Service credit schedule:**
- (c) On-time delivery below target: _____% credit on the following month's invoices;
- (ii) Quality rejection exceeding threshold: _____% credit plus replacement at the Supplier's cost;
- (iii) Missed delivery without prior written notice: the Buyer may procure substitute goods from any alternative source, and the excess cost above the agreed price shall be borne by the Supplier, capped at _____% of the monthly invoiced value.
- (iv) **LAD cap:** the Supplier's total liability under this Clause 11 shall not exceed _____ months' value of the Goods supplied. This cap is intended to satisfy the reasonableness requirement under Section 75 of the Contracts Act 1950 (as interpreted in *Cubic Electronics Sdn Bhd v Mars Telecommunications Sdn Bhd* [2019] 6 MLJ 15).

12. Force Majeure

Neither party shall be liable for any failure to perform its obligations under this Agreement to the extent caused by circumstances beyond its reasonable control, including natural disasters, government action, epidemics, pandemics, war, civil unrest, or supply chain disruptions affecting the relevant industry generally. The affected party shall notify the other party in writing within _____ days, with supporting documentation. If the Force Majeure event continues for more than _____ days, either party may terminate this Agreement without further liability.

13. Confidentiality and Data Protection

- (a) Each party shall treat as confidential all recipes, pricing, forecasts, customer data and trade secrets disclosed under this Agreement, both during the Term and for _____ years after termination.
- (b) Both parties shall comply with the Personal Data Protection Act 2010 (Act 709) in respect of any personal data processed under this Agreement.

14. Termination

- (a) **For convenience.** Either party may terminate this Agreement by giving the other party not less than _____ days' written notice.
- (b) **For breach.** The non-defaulting party may terminate by giving _____ days' written notice to the defaulting party to cure the breach. If the breach is not cured within the notice period, this Agreement shall terminate immediately upon expiry of the notice period.

- (c) **For insolvency.** This Agreement shall terminate automatically if either party becomes insolvent, enters into liquidation (other than for the purposes of solvent reorganisation), or has a receiver, administrator or judicial manager appointed.
- (d) **Effect of termination.** Upon termination:
- (e) outstanding undisputed invoices for Goods already delivered shall be paid in accordance with Clause 9;
- (ii) pending Orders not yet shipped may be cancelled by either party without further liability;
- (iii) Clauses 13 (Confidentiality), 11 (LAD), 17 (Governing Law) and 19 (Boilerplate) shall survive termination.

15. Insurance and Product Liability

- (a) The Supplier shall maintain product liability insurance of not less than RM _____ throughout the Term and shall provide a copy of the policy upon the Buyer's written request.
- (b) The Supplier acknowledges its obligations under Part X of the Consumer Protection Act 1999 (Product Liability).

16. Intellectual Property

- (a) Each party retains ownership of its pre-existing intellectual property.
- (b) Where the Buyer provides specifications, recipes, branding or packaging artwork to the Supplier, all intellectual property in such materials shall remain the sole property of the Buyer. The Supplier shall not use such materials except for the purpose of fulfilling Orders under this Agreement.

17. Governing Law and Dispute Resolution

- (a) This Agreement shall be governed by and construed in accordance with the laws of Malaysia.
- (b) Any dispute, controversy or claim arising out of or in connection with this Agreement shall first be referred to senior representatives of each party for amicable negotiation for a period of not less than _____ days.
- (c) Failing settlement, the dispute shall be referred to mediation administered by the Asian International Arbitration Centre (AIAC) under its Mediation Rules.
- (d) Failing mediation, the dispute shall be finally resolved by arbitration administered by the AIAC in accordance with its Arbitration Rules. The seat of arbitration shall be Kuala Lumpur. The language of arbitration shall be English. The number of arbitrators shall be one (1).

18. Stamp Duty (Effective 2026)

This Agreement shall be stamped at the Lembaga Hasil Dalam Negeri (LHDN) within thirty (30) days of execution. Stamp duty: RM10.00 for the original and RM10.00 for each duplicate. Stamp duty shall be borne by the Buyer.

19. Boilerplate

- (a) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior negotiations, representations and agreements.
- (b) **Amendment.** Any amendment shall be in writing and signed by both parties.
- (c) **Notices.** All notices shall be in writing and delivered by hand, registered post or email to the addresses set out above.
- (d) **Severability.** If any provision is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.
- (e) **Assignment.** Neither party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other party.
- (f) **Language.** This Agreement is executed in English. In the event of any conflict between the English text and any translation, the English text shall prevail.
- (g) **Time.** Time shall be of the essence of this Agreement.

IN WITNESS WHEREOF the parties have signed this Agreement on the day and year first written above.

SIGNED for and on behalf of the Buyer	SIGNED for and on behalf of the Supplier
<hr/>	
_____	_____
Name: _____	Name: _____
Designation: _____	Designation: _____
Company stamp: _____	Company stamp: _____
Date: _____	Date: _____
 WITNESS (for Buyer)	 WITNESS (for Supplier)
_____	_____
Name: _____	Name: _____
NRIC: _____	NRIC: _____
Date: _____	Date: _____