

## ANNEX 2 OF PURCHASE ORDER NO.

### COMMERCIAL TERMS

- a. Project Name : Supply of Labor and Materials for the Installation of Fire Suppression System at LAMCO Mabalacat Warehouse(PH.1 and PH.2)
- b. Contract Price - The Contract Price for the Scope of Work described in the Purchase Order is **Eighteen Million Five Hundred Sixty Five Thousand Two Hundred Fifty and 97/100 Pesos (PHP 18,565,250.97)** VAT Inclusive.
- c. Terms of Payment – The following is the agreed terms of payment:
  - c.1 Downpayment – to be released within seven (7) days upon complete submission of billing invoice and:
    - c.1.1 Guarantee/Surety Bond equivalent to 30% of the Contract Amount (VAT Inclusive).
    - c.1.2 Signed/Accepted Purchase Order;
    - c.1.3 Work Methodology; and
    - c.1.4 Signed Implementation Schedule.
  - c.2 Progress Billing - Payment of Monthly Progress Billing of the accomplished works including value of delivered materials (as per approved schedule of delivery) shall be released within twenty one (21) days after submission of complete billing documents to CONTRACTOR including Progress Report signed by CONTRACTOR's Project Manager and/or Project Engineer with the other standard requirements of CONTRACTOR as attachments.
  - c.3 Retention or Final Billing - Ten percent (10%) Retention or Final Billing shall be released two (2) months after Issuance of Certificate of Completion and Final Acceptance Report corresponding to the Supply, and/or such other documents as may be required by CONTRACTOR to process and effect such payment; or immediately if a Retention Bond / Warranty Bond equivalent to 10% of the Contract Price (VAT Inclusive) is provided together with the Certificate of Completion and Final Acceptance Report.

### 3.2 Payment Related Terms

- 3.2.1 Where an advance payment is agreed, these funds shall be for the exclusive use in connection with the Supply and release of such advance payment maybe staged to coincide with actual and substantiated mobilization or pre-payment needs of the SUBCONTRACTOR. Repayment of the advance payment shall be by means of deduction from progress payments.
- 3.2.2 Any substantiated contra charges by the CONTRACTOR upon the SUBCONTRACTOR may be offset and deducted from the progress payment applications for the Supply or any other receivables of SUBCONTRACTOR from CONTRACTOR.
- 3.2.3 All progress payments shall be accompanied by a statement under oath that all bills for labour, other than current wages and materials relative to the Works have been fully paid.

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- 3.2.4 The CONTRACTOR in addition to any other deduction may make deductions from interim payments in respect of such matters as but not limited to:
- a) Delayed or non-payment by the SUBCONTRACTOR to his/its labour or vendors;
  - b) Uncorrected defects;
  - c) Untested or incomplete works;
  - d) Incomplete as built drawings or O&M manuals;
  - e) Demobilization or other obligations;
  - f) Delayed completion and/or liquidated damages as specified in the Master Agreement for Subcontractors

Any such deductions maybe reinstated when the obligation in question is fulfilled by the SUBCONTRACTOR or maybe taken over and executed by the CONTRACTOR at his discretion in which case such deduction shall not be reinstated.

- 3.2.5 Variations shall be paid for as and when certified by the CONTRACTOR provided that Change Order Request has first been accepted and approved by the CONTRACTOR.
- 3.2.6 Payment of unfixed permanent materials delivered and stored on the Project shall be made to the SUBCONTRACTOR in the same quantity and value allowed by the CONTRACTOR subject always that upon payment, legal title to such goods shall pass from the SUBCONTRACTOR to the CONTRACTOR as is appropriate.
- 3.2.7 In case the SUBCONTRACTOR is unable to provide for office, construction materials or services needed to complete the works and seek the assistance of the CONTRACTOR in the procurement of such materials or services, such accommodation by the CONTRACTOR will be subject to **FIVE PERCENT (5%)** administrative fee in favor of the CONTRACTOR.