CONTRACT AGREEMENT
(Negotiated Procurement – Sagip Saka)

PROCUREMENT OF RICE FOR THE RICE FOR ALL (RFA) PROGRAM UNDER REPUBLIC ACT NO. 11321 FOR REGION X – LOT 6

KNOW ALL PERSONS BY THESE PRESENTS:

SEP 0 1 2026

This Contract Agreement ("Contract") is made and executed this _____ day of _____ 20_____, by and between: **FOOD TERMINAL, INC. (FTI)**, a government-owned or controlled corporation of the Republic of the Philippines, with principal office at 4/F FTI Admin Bldg., Radian St., Brgy. Western Bicutan, Taguig City, represented herein by its President and Chief Executive Officer, **JOSEPH RUDOLPH C. LO**, duly authorized for this purpose, hereinafter referred to as the "PROCURING ENTITY" or "FTI";

– and –

SOUTHERN MINDANAO AGRI-SUPPLY MULTI-PURPOSE COOPERATIVE a duly accredited and registered Farmers and Fisherfolk Cooperative or Enterprise (FFCE) under the Farmers and Fisherfolk Enterprise Development Information System (FFEDIS), Registration No. CN-19-202608-00007, with business address at **Ungap, Sultan Kudarat, Maguindanao del Norte, BARMM** represented herein by its General Manager/Chairman, **SABILA HARON SAMPAYAN**, Filipino, of legal age, married, with residence and postal address at Purok Awal, MB Rosary Heights, Cotabato City, hereinafter referred to as the "SUPPLIER."

FTI and the SUPPLIER are collectively referred to as the "Parties."

WITNESSETH:

WHEREAS, Section 11 of Republic Act No. 11321, otherwise known as the "Sagip Saka Act," authorizes government agencies, including government-owned or controlled corporations, to directly purchase locally produced agricultural and fishery products from accredited FFCEs when necessary, in the performance of their mandates, subject to negotiated procurement under applicable Government Procurement Policy Board (GPPB) guidelines;

WHEREAS, the procurement is undertaken pursuant to Republic Act No. 12009, otherwise known as the "New Government Procurement Act," its Implementing Rules and Regulations (IRR), GPPB Circular No. 02-2025 (Guidelines for the Procurement of Agricultural and Fishery Products under Republic Act No. 11321), and other applicable laws, rules, regulations and issuances;

WHEREAS, FTI included Negotiated Procurement – Sagip Saka (NP-SS) as the procurement mode in the duly approved Project Procurement Management Plan (PPMP) and Annual Procurement Plan (APP), after validation of the budget and subject to market scoping, price validation, posting, due diligence, and all other applicable requirements;

WHEREAS, the BAC, through its Secretariat, caused the required posting of the procurement opportunity and thereafter evaluated the SUPPLIER's eligibility, capacity, proposal, price, quality and responsiveness, and conducted the required due diligence;

WHEREAS, the SUPPLIER represented that it is a qualified FFCE, that the rice offered is locally produced and eligible under the Sagip Saka Act and applicable GPPB Guidelines, and that it possesses the legal, technical, logistical and financial capacity to make available the required quantities within the prescribed schedule;

WHEREAS, upon recommendation of the BAC through BAC Resolution No. 2026-40, the Head of the Procuring Entity (HoPE) issued the Notice of Award, which the SUPPLIER accepted;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants herein, the Parties agree as follows:

1. CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE

1.1 The following documents, to the extent applicable and duly approved, form integral parts of this Contract:

a) approved PPMP and APP;
b) approved project profile/proposal and implementation plan;
c) certification of availability/appropriation of funds and pertinent budget, accounting or trust-fund documents;
d) market scoping, price validation and price reasonableness records, including applicable DA/DTI price monitoring and Data Price Index references;
e) proof of posting required by GPPB Circular No. 02-2025;
f) SUPPLIER's written proposal/offer and price breakdown;
g) valid FFEDIS registration or equivalent DA-recognized accreditation/registration;
h) duly accomplished Omnibus Sworn Statement and proof of authority, when applicable;
i) BAC evaluation, due-diligence records and BAC Resolution recommending award;
j) Notice of Award and conformity;
k) this Contract;
l) Notice to Proceed;
m) approved Product Specifications, pick-up/make-available schedule, and inspection and acceptance requirements;
n) performance security bond or performance security declaration; and
o) other documents required by law or applicable GPPB issuances.

1.2 In case of conflict, mandatory provisions of law and applicable GPPB/COA/DBM/DA issuances shall control. Subject thereto, this Contract and its approved amendments shall prevail, followed by the Notice of Award, Technical Specifications, approved schedule, SUPPLIER's accepted proposal, and ancillary documents, in that order.

2. LEGAL BASIS; CONTINUING QUALIFICATIONS; NO WAIVER

2.1 This procurement is Negotiated Procurement – Sagip Saka under Republic Act No. 11321 and GPPB Circular No. 02-2025, implemented consistently with Republic Act No. 12009 and its IRR.

2.2 The SUPPLIER's accreditation/registration, eligibility, capacity, product origin, price reasonableness, and compliance with the Sagip Saka requirements are continuing conditions of this Contract. Any material falsity, expiration, suspension, cancellation, or loss of qualification shall constitute a material breach.

2.3 No delivery, withdrawal, payment, amendment or act of FTI shall be construed as a waiver of mandatory procurement, budget, accounting, auditing, tax, food-safety, or other legal requirements.

3. QUANTITY AND TECHNICAL SPECIFICATIONS

3.1 The SUPPLIER shall supply TWO THOUSAND TWO HUNDRED TWENTY AND FIFTY HUNDREDTHS (2,220.50) METRIC TONS, equivalent to 2,220,500 kilograms, of locally produced Regular Milled Rice, packed in sealed ten-kilogram (10 kg) bags.

3.2 Minimum specifications: regular milled rice; not more than three (3) months from milling date unless a stricter approved specification applies; broken kernels not exceeding twenty-five percent (25%); 1,110,250 kgs - Within the first fifteen (15) calendar days from receipt of the Notice to Proceed (NTP), 1,110,250 kgs - Within the succeeding fifteen (15) calendar days from receipt of the Notice to Proceed (NTP); moisture content not exceeding fourteen percent (14%), wet basis; clean, wholesome and fit for human consumption; free from live stored-grain insect pests, infestation, objectionable odor, mold, moisture damage and adulteration; and compliant with PNS/BAFS 290:2025 and other applicable food-safety standards, as amended or superseded.

3.3 Each bag shall contain a net 10 kgs. Packaging, labeling and traceability requirements imposed by applicable law or the approved Technical Specifications shall be complied with.

3.4 FTI may require representative sampling and competent laboratory/field testing when reasonably necessary. Costs of failed testing, re-testing and replacement attributable to non-compliance shall be borne by the SUPPLIER.

4. PICK-UP / AVAILABILITY SCHEDULE AND LOCATIONS

4.1 The SUPPLIER shall make available: (a) **1,110.25** metric tons within fourteen (14) calendar days from receipt of the Notice to Proceed; and (b) the remaining **1,110.25** metric tons within the succeeding fourteen (14) calendar days, subject to any more detailed written schedule duly approved by FTI.

4.2 Approved location: Tagoloan, Misamis Oriental Region X or another location lawfully authorized in writing by FTI.

4.3 All costs necessary to place the goods at the approved location in the required condition for inspection and turnover, to the extent allocated to the SUPPLIER in its accepted offer, are included in the Contract Price. No additional charge is payable without a lawful written amendment.

4.4 The SUPPLIER shall promptly notify FTI of likely delay and its cause, expected duration and mitigation. No extension is effective unless granted in writing by competent authority on lawful grounds.

5. CONTRACT PRICE AND PRICE REASONABLENESS

5.1 The total Contract Price is **ONE HUNDRED EIGHT MILLION EIGHT HUNDRED FOUR THOUSAND FIVE HUNDRED (₱108,804,500.00)**, equivalent to ₱49.00 per kilogram or ₱490.00 per 10-kg bag, inclusive of applicable taxes, duties, fees, charges and costs included in the accepted offer, subject to statutory withholding taxes.

5.2 The Parties acknowledge that the price must satisfy GPPB Circular No. 02-2025, including the requirement that it be higher than prevailing farmgate price while remaining

reasonable, not grossly disadvantageous to Government, and supported by validated price-monitoring references.

5.3 The Contract Price is fixed except where adjustment is expressly authorized by law and a duly approved written amendment.

6. SAGIP SAKA ELIGIBILITY, LOCAL ORIGIN AND TRACEABILITY

6.1 The SUPPLIER warrants throughout the Contract that it remains an eligible accredited/registered FFCE and possesses capacity to supply the required quantity, quality and schedule.

6.2 All rice shall be locally produced and eligible under Republic Act No. 11321 and GPPB Circular No. 02-2025. Imported rice or rice of unverifiable origin shall not be substituted.

6.3 For each lot, the SUPPLIER shall furnish reasonable performance and traceability records needed by FTI to verify compliance, including source/producer identification, locality of production, quantity attributable to sources, milling/production dates, aggregation or purchase records, warehouse records, and delivery/withdrawal records. These are performance, traceability and audit records and shall not be construed as additional eligibility documents beyond applicable GPPB rules.

6.4 Agricultural products obtained through government assistance, subsidy or project support shall not be supplied where prohibited by applicable Sagip Saka Guidelines, except where an applicable exception is established and documented.

6.5 Substitution, commingling or sourcing that defeats the direct-purchase policy, conceals origin, or introduces ineligible products is material breach.

7. INSPECTION, REJECTION, ACCEPTANCE AND TRANSFER OF RISK

7.1 Each lot is subject to inspection, representative sampling, weighing/count verification, quality verification and acceptance by duly authorized FTI personnel.

7.2 FTI may reject goods that are short in quantity/net weight; damaged; wet; contaminated; moldy; insect-infested; adulterated; beyond allowable age; non-compliant with technical/food-safety standards; of unverifiable or ineligible origin; or otherwise, non-conforming.

7.3 Rejected goods shall be segregated, removed and replaced by the SUPPLIER at its cost within three (3) calendar days from written notice, or a shorter reasonable period required for food safety or program continuity.

7.4 Mere arrival, storage or physical presence at a location is not acceptance. Acceptance shall be evidenced by the duly accomplished Inspection and Acceptance Report or equivalent authorized document.

7.5 Title and risk of loss for an accepted lot pass to FTI only after inspection and acceptance and actual turnover to FTI or its duly authorized carrier/representative, whichever occurs later.

8. PAYMENT

8.1 Payment shall be made only for quantities actually delivered/withdrawn, inspected, verified and accepted by FTI and supported by complete and valid documents required under applicable budgeting, accounting, auditing and tax rules.

8.2 Payment shall be processed consistently with GPPB Circular No. 02-2025, applicable DBM disbursement rules and subsequent issuances.

8.3 The SUPPLIER shall issue the invoice, receipt or acknowledgment prescribed by applicable law and the Sagip Saka Guidelines. FTI shall withhold taxes as required by law.

8.4 FTI may withhold disputed or unsupported portions of a billing, without prejudice to payment of undisputed amounts lawfully due. No interest or finance charge shall accrue for delay caused by incomplete/defective supporting documents, lawful audit verification or withholding, force majeure, or causes not attributable to FTI.

9. SAGIP SAKA PERFORMANCE SAFEGUARDS; NO SEPARATE PERFORMANCE SECURITY

9.1 Consistent with the special procurement procedure and documentary requirements under Republic Act No. 11321 and GPPB Circular No. 02-2025, no separate performance security, performance bond, or Performance Securing Declaration shall be required from the SUPPLIER as a condition for contract signing or effectivity, unless a subsequent law, rule, or binding GPPB issuance expressly applicable to this procurement requires otherwise.

9.2 The absence of a separate performance security does not diminish the SUPPLIER's obligations or FTI's remedies. Performance is protected through strict inspection and acceptance, payment only for accepted quantities, replacement of rejected goods, liquidated damages, warranty, traceability/local-origin requirements, termination/default remedies, lawful withholding or set-off, and recovery of supplier-attributable losses and damages.

10. WARRANTY AND FOOD-SAFETY RECALL

10.1 The SUPPLIER warrants that all rice is fit for human consumption, conforms to the Contract, is free from patent and latent defects, and complies with applicable food-safety and quality standards.

10.2 Latent defect, contamination, adulteration, false origin, shortage attributable to pre-turnover acts, or other non-conformity discovered after acceptance shall require replacement or refund where replacement is no longer practicable, without prejudice to lawful damages and remedies.

10.3 Where a food-safety risk is reasonably established, FTI may suspend distribution, quarantine affected stocks and require immediate replacement/recall at the SUPPLIER's cost to the extent attributable to the SUPPLIER.

11. LIQUIDATED DAMAGES

11.1 For failure to satisfactorily deliver within the specified schedule, inclusive of duly granted extensions, the SUPPLIER shall be liable for liquidated damages equal to one-tenth of one percent (0.1%) of the cost of the delayed goods for every day of delay until delivery and acceptance.

11.2 FTI need not prove actual damages. Liquidated damages may be deducted from amounts lawfully due. When cumulative liquidated damages reach ten percent (10%) of the total Contract Price, FTI may terminate/rescind the Contract and impose applicable sanctions, without prejudice to other remedies.

12. ANTI-FRAUD, ANTI-CORRUPTION, CONFLICT OF INTEREST AND BENEFICIAL OWNERSHIP

12.1 The SUPPLIER shall comply with Republic Act No. 3019, Republic Act No. 12009 and its IRR, and applicable anti-graft, anti-corruption, conflict-of-interest, beneficial-ownership and blacklisting rules.

12.2 No commission, kickback, gift, fee or improper consideration shall be given, directly or indirectly, to any government official, employee or representative in connection with this procurement.

12.3 Material false statements, collusion, falsified records, concealment of beneficial ownership, prohibited relationships, or corrupt/fraudulent acts constitute material breach and shall be referred to proper authorities when warranted.

13. AUDIT, RECORD RETENTION AND VISITORIAL RIGHTS

13.1 The SUPPLIER shall maintain complete, accurate and auditable contract records, including source/traceability records, inventories, production/milling and warehouse records, delivery/withdrawal records, invoices, receipts/payment acknowledgments, test results and replacement records, for the period required by law and auditing rules.

13.2 Upon lawful request, relevant records shall be made available to FTI, COA, DA, DBM, GPPB-TSO and other competent authorities for verification, monitoring, audit or evaluation.

13.3 Nothing herein limits COA's constitutional/statutory audit jurisdiction or the authority of any competent government body.

14. INDEMNITY; SUPPLIER-ATTRIBUTABLE AUDIT DISALLOWANCE

14.1 To the extent legally permissible, the SUPPLIER shall indemnify FTI for direct losses, excess procurement costs, damages, refunds, liabilities and final audit disallowances established to have resulted from the SUPPLIER's fraud, material misrepresentation, falsified documents, ineligible/non-conforming goods, breach of warranty or material contractual breach.

14.2 This clause does not predetermine or transfer liabilities that by law attach personally to public officers or other persons, and does not impair the independent authority of COA, the Ombudsman, courts or other competent bodies.

15. TERMINATION, TAKE-OVER AND REMEDIES

15.1 FTI may terminate this Contract, in whole or in part, on grounds authorized by Republic Act No. 12009, its IRR and applicable procurement rules, including material breach, default, fraud, misrepresentation, failure to deliver or replace rejected goods, loss of eligibility/accreditation, supply of ineligible/falsely sourced products, or violation of anti-corruption requirements.

15.2 Upon lawful termination, FTI may procure the undelivered requirement from lawful sources, impose liquidated damages and sanctions, withhold or set off amounts to the extent allowed by law, and pursue civil, criminal, administrative, audit or blacklisting remedies.

15.3 Contractual and statutory rights and remedies are cumulative to the extent permitted by law.

16. FORCE MAJEURE

16.1 A Party shall not be liable for failure or delay caused solely by an event beyond its reasonable control qualifying as force majeure under applicable law, provided prompt written notice, proof of causation and reasonable mitigation are made.

16.2 Force majeure does not excuse obligations already due, ordinary lack of financing, foreseeable market-price movements, avoidable source failure, or non-compliance with eligibility, quality, origin or food-safety requirements.

17. NO ASSIGNMENT OR UNAUTHORIZED SUBCONTRACTING

17.1 The SUPPLIER shall not assign, transfer or subcontract material obligations, nor substitute another supplier/source inconsistently with Sagip Saka direct-purchase requirements, without FTI's prior written approval and only were permitted by law.

17.2 Any approved arrangement does not relieve the SUPPLIER of full responsibility for performance and Sagip Saka compliance.

18. REPORTORIAL AND POSTING COMPLIANCE

18.1 The Parties shall cooperate in mandatory posting and reporting under GPPB Circular No. 02-2025, including the applicable posting of the Notice of Award, approved Contract and Notice to Proceed and FTI's required reports to GPPB and DA.

18.2 The SUPPLIER shall timely furnish information reasonably necessary for FTI's mandatory procurement, audit and program reports.

19. DISPUTE RESOLUTION AND GOVERNING LAW

19.1 Philippine law governs. Disputes shall first be addressed through good-faith consultation and, if unresolved, through appropriate alternative dispute resolution under Republic Act No. 9285 and applicable procurement rules or the proper court/tribunal.

19.2 Nothing restricts the constitutional, statutory or regulatory authority of COA, the Ombudsman, GPPB, DA, DBM, courts or other competent authorities.

20. AMENDMENTS; SEVERABILITY; ENTIRE AGREEMENT

20.1 No amendment, variation, extension, change in quantity, price, delivery arrangement or material term is valid unless written, supported by lawful factual/legal basis, approved by competent FTI authority and compliant with procurement, budget, accounting and auditing rules.

20.2 Invalidity of any provision shall not affect remaining provisions to the extent legally permissible.

20.3 This Contract and integral documents constitute the entire agreement and supersede inconsistent prior representations, without prejudice to liability for fraud or misrepresentation.

21. EFFECTIVITY

21.1 This Contract becomes effective only upon: (a) execution by duly authorized representatives; (b) satisfaction of applicable budget/fund requirements; (c) approval by competent authority; and (d) issuance and receipt of the Notice to Proceed, whichever occurs last, unless applicable law validly provides otherwise.

21.2 No payment shall be made except for obligations lawfully incurred and supported by complete documentation.

IN WITNESS WHEREOF, the Parties have signed this Contract on the date and place first above written.

FOOD TERMINAL, INC. (FTI)

JOSEPH RUDOLPH C. LO
President and CEO

SOUTHERN MINDANAO AGRI-SUPPLY MULTI-PURPOSE COOPERATIVE

SABILA HARON SAMPAYAN
General Manager/Chairman

Signed in the presence of:

ATTY. MARK CHRISTOPHER A. BABOR
Vice-President for Operations / BAC Chairperson

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S.

SEP 0 1 2026

BEFORE ME, a Notary Public for and in TAGUIG CITY, this _____ day of _____ 20____, personally appeared the following persons, who exhibited competent evidence of identity:

NAME	GOVERNMENT ID	DATE/PLACE ISSUED
Joseph Rudolph C. Lo		
Sabila Haron Sampayan	[illegible]	06/01/2030

known to me and to me known to be the same persons who executed the foregoing Contract Agreement, consisting of _____ (_____) pages, including this page on which this Acknowledgment is written, together with its integral annexes, if any, and they acknowledged that the same is their free and voluntary act and deed and the free and voluntary act and deed of the entities they respectively represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and at the place first above written.

Notary Public

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Series of 2026

ATTY. BRENDA C. GARCIA
Notary Public City of Taguig
Until 31 December 2026
IBP O.R. No. INV584820/1-3-2026/Makati City
PTR No. A-6736209 on Nov. 27, 2025 at Taguig City
Appointment No. 125(2025-2026)
MCLE Compliance No. VIII-0009332 APRIL 14, 2028
BGC, Taguig City
Roll No. 39443

BAGONG PILIPINAS

NOTICE TO PROCEED

SABILA HARON SAMPAYAN
General Manager/Chairman
SOUTHERN MINDANAO AGRI-SUPPLY
MULTI-PURPOSE COOPERATIVE
UNGAP, SULTAN KUDARAT,
MAGUINDANAO DEL NORTE, BARMM

Dear **Mr. Sampayan**:

This Notice to Proceed is hereby issued to formally authorize **SOUTHERN MINDANAO AGRI-SUPPLY MULTI-PURPOSE COOPERATIVE** to commence the implementation and delivery of the project entitled **"PROCUREMENT OF RICE FOR THE RICE FOR ALL (RFA) PROGRAM UNDER THE SAGIP SAKA ACT (RA No. 11321) FOR REGION X – LOT 6,"** in accordance with the terms and conditions of the Contract Agreement, with the following details:

Procurement Mode:	Negotiated Procurement – Sagip Saka (NP-SS)
Approved Budget for the Contract (ABC):	₱ 108,804,500.00
Contract Amount:	₱ 108,804,500.00

Pursuant to the approved procurement documents, BAC Resolution No. 2026-40, Notice of Award, and the executed Contract Agreement, you are hereby directed to commence the delivery and performance of your obligations effective upon receipt of this Notice.

You shall comply in accordance with the terms, conditions, specifications, schedule of pick-up, and other requirements stated in the Contract Agreement and its supporting documents.

Failure to comply with the contract requirements within the prescribed period shall subject the Supplier/Contractor to applicable remedies and sanctions provided under existing procurement laws, rules, and regulations.

Please acknowledge receipt of this Notice by signing the conforme portion below and returning four (4) copies to the BAC Secretariat of FTI.

Very truly yours,

JOSEPH RUDOLPH C. LO
President & CEO

I acknowledge the Receipt of Notice on : Sept. 02, 2026

Name of Representative of the Bidder :

Authorized Signature :