

**SECOND SCHEDULE**

**Form No. 01**

**STANDARD FORM  
AGREEMENT FOR CONTRACT FARMING**

*Made under Regulation 40*

**AN AGREEMENT** made this.....day of.....20.....

**BETWEEN**

(1) ....., whose registered office is at  
..... (hereinafter called “the Company”) of the one part.

**AND**

(2) ..... whose registered office is at  
..... (hereinafter called “the Outgrowers”) of the other part.

This agreement shall be divided into clauses, subclauses and appendices. References to this agreement shall be made in respect of clauses, subclauses and appendices thereof

**Preamble;**

WHEREAS the Outgrower is desirous to grow and sell green leaf tea harvested from his tea field located at.....

WHEREAS the Company is desirous to process and market tea sourced from the Outgrower at the company premises located at .....

WHEREAS the out growers are desirous to access .....(hereinafter referred to as “facility”) for tea growing activities and the financier is willing to provide ..... to the grower on terms and conditions set forth in this agreement

AND FOR the purpose of optimizing green leaf production and encouraging a sustainable tea production system

AND FOR reasons of ensuring that green leaf harvests reach acceptable quality and standards that coincide with company production standards and capacity.

AND FOR reasons that the out grower's agronomic and management inputs are coordinated in order to have maximum benefits on yields and income.

**NOW THEREFORE the parties agree as follows:**

**1.0 Joint undertaking**

1. The contract shall operate from.....to.....and may be extended by mutually agreed terms and conditions
2. Any alteration, extension or renewal of the contract shall form an addendum to this Agreement and shall be submitted to the Board for approval and registration.
3. This contract is not transferable and cannot be assigned save as agreed by the parties.
4. A green leaf sale agreement drawn between the parties, if any, shall be countersigned in four copies and delivered to the Board as an appendix to this contract.
5. The parties shall, in addition to this agreement, sign other agreements in quadruplets which shall form as appendices to this agreement. The other agreements referred herein include;
  - Green leaf sale agreement specified at clause 4
  - Agreement entered into by the parties on plucking and quality standards.
  - Inputs supply and financing agreement.
  - Out grower expansion plans relative to installed capacity agreement.
  - Agreements that are already in force shall be adopted accordingly.
6. The parties to the contract shall adhere to their obligations in the contract and failure of which, a party in default shall be required to remedy the other.
7. The parties shall agree and observe provisions on transparency, accountability and general regulation and law

## **7.0 Responsibilities of the Out grower**

- 7.1 To ensure that all leaf produced by it is of acceptable standard and shall be sold to the Company, to the exclusion of other buyers, unless mutually agreed by the parties.
- 7.2 Where if the outgrower is a cooperative society, association or a company, to ensure that all its members are adequately informed of the outgrower and Company development and commitments.
- 7.3 To act on the Company's behalf and in their best interests with regards to public relations and the dissemination of information.
- 7.4 Not to enter into any other agreement that contradicts or frustrates this agreement.
- 7.5 To disclose and give status on any previous or existing contractual obligations.
- 7.6 To adhere to agreements forming an appendix to this agreement.

## **8.0 Responsibilities of the Company**

- 8.1 To install sufficient processing capacity to reasonably cope with Outgrower production demand.
- 8.2 To transport all leaf that meets the agreed quality standards from leaf collection centres to factory, and to and conforms with the agreed delivery schedules.
- 8.3 To facilitate any agreement on the financing and supply of inputs to the Outgrowers and act according to that agreement.
- 8.4 To provide coordination and extension services as may be agreed between the parties from time to time.
- 8.5 To actively participate in the development of Outgrower capacity to maximize yield potential.
- 8.6 Not to enter into any other agreement that contradicts or frustrates this agreement.

8.7 To adhere to agreements forming an appendix to this agreement.

8.8 To disclose and give status on any previous or existing contractual obligations where applicable.

## **9.0 Force Majeure**

9.1 The parties shall not be considered to be in default in the performance of their duties hereunder if such performance is prevented or delayed by war, hostilities, actual or reasonably disrupted by acts of violence, strike, lock-out, epidemic, accidents, floods, act of God or any other cause of any kind whatsoever outside the reasonable control of the parties.

## **10.0 Early termination of the contract period**

10.1 Neither party hereto shall give notice of termination of the Contract Period pursuant to this Section without first seeking an opportunity of discussing the matter with the other party hereto with a view to establishing whether an alternative course acceptable to both parties can be found.

10.2 Either of the parties hereto shall, by notice given to the other party in writing, be entitled to terminate the contract period immediately or on a date specified in the notice if such other party becomes subject of a judicial order or proceedings, whether voluntarily or involuntarily, under any bankruptcy or insolvency law or becomes subject to analogous proceedings having substantially similar effect or becomes subject to proceedings providing for its dissolution or winding-up or shall have a Receiver appointed of its assets or any substantial part thereof.

10.3 If either party hereto shall commit any material breach of this agreement and in the case of a breach capable of being remedied fails to remedy that breach within the period of sixty days after being required to do so in writing by the other party hereto, such other party shall be entitled by notice in writing given to the party in default to terminate the contract period immediately or on a date specified in the notice.

10.4 Any contract to be entered into between the out grower and the company will observe development plans of the out growers.

## **11.0 Dispute Resolution**

11.1 Any dispute or difference arising out of this agreement or in connection therewith which cannot be amicably settled between the parties hereto shall in the first instance be mediated pursuant to the Laws applicable in Tanzania.

11.2 Any dispute shall be finally settled under the rules of arbitration of the International Chamber of Commerce by one or more arbitrators appointed in

accordance with the said rules and the place for such arbitration shall be Tanzania, or such other place as both parties may agree upon in writing. Any award shall be final and binding on the parties and shall be in lieu of any other remedy.

**12.0 Miscellaneous**

12.1 Any provision in this Agreement which is or may become prohibited or unenforceable under the laws of Tanzania shall be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remaining provisions of this Agreement.

12.2 Any notice to be given under this Agreement may be given by sending the same by post by the quickest mail available addressed to the party at its address or email address, as given below or at such other address for this purpose as the party to receive the notice may have notified in writing to the party giving the notice or by delivering the same by hand to the party at such address and any notice so given shall be deemed to have been given ten days after it was posted or, as the case may be, on the day on which it was delivered by hand or sent by telex as aforesaid. The initial addresses for service of notices hereunder shall be -

**Notices to the Company -**

.....

P.O. Box .....

.....

Email address:.....

Office telephone/mobile.....

**Notices to Outgrower-**

.....,

P.O. Box .....

.....

Email address:.....

Office telephone/mobile.....

This Agreement shall be governed and construed in all respects in accordance with the Tea Regulations, 2010 and the laws of Tanzania

**13.0 Law Applicable**

13.1 This agreement shall be governed by the Laws of the United Republic of Tanzania.

**14.0 Annextures**

14.1 The following documents shall form part of this contract

.....  
.....

IN WITNESS WHEREOF the parties have executed these presents on the date first above written and in the manner appearing herein below;

SIGNED and sealed by )  
 )  
and on behalf of the Company )  
 )

In the presence of -  
Name.....  
Signature .....  
Date.....

SIGNED by )  
 )  
for and on behalf of the Outgrowers )

Name.....  
Signature .....  
Date.....