

Supplier Requirements for Buyer/Government/Customer Property Management (Variable)

Scope:

Buyer Provided Property is defined as: Buyer, U.S. Government or Customer-owned Special Tooling, Special Test Equipment, Equipment and Material that is:

- a. Currently in the possession of Seller; or
- b. Furnished to Seller under this Contract; or
- c. Acquired or fabricated by Seller under this Contract; or
- d. Deliverable line items shipped in-place for use by Seller on this Contract; or
- e. Items physically removed from Provided Property/Material

This clause does not apply to:

- a. Perishable or Hand Tools
- b. Shop Aids / Manufacturing Aids which are consumed during manufacturing process
- c. Material that has or may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item as defined in FAR 45.101.

1. General Requirements

- a. Seller shall establish and implement plans, systems, and procedures, which are subject to audit by Buyer, to ensure the effective management of Buyer Provided Property in accordance with this clause and FAR 52.245-1. Seller will provide Buyer and U.S. Government (USG) with access to all locations where property accountable to this contract resides, including sub-tiers, for the purpose of said audit.
- b. Seller assumes all risk of loss, destruction or damage of Buyer Provided Property while in Seller's possession, custody or control, including any transfer to Seller's subcontractors.

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- c. If Buyer Provided Property is owned by U.S. Government the terms of the prime contract for which the property is accountable determines liability provisions per FAR 52.245-1. Seller may review the Customer Contract Requirements (CCR) for liability provisions of the accountable prime contract.
- d. Seller agrees Buyer may incorporate Clause E017 (Government Property – Risk of Loss) if:
 - i. Seller does not meet the requirements of this clause, or
 - ii. Seller's property management system is reviewed by the United States Government (USG) and the Government rescinds limitation of liability.
- e. If Seller's property management system is reviewed by the USG, Seller shall provide Buyer a copy of Seller's US Government system status letter indicating current status of Seller's property-control system and any supporting documentation if applicable. Seller will provide subsequent property system review letters as released to Seller. If Seller's property management system has not been reviewed by the USG, Seller shall provide Buyer with property control procedures for review and approval.
- f. Seller will perform periodic internal reviews, surveillances, self-assessments or audits to assess compliance of Seller's property management system. Seller will notify Buyer in writing of any significant findings or issues that potentially impact or jeopardize the adequacy of Seller's property management system.
- g. Seller will perform periodic reviews, surveillances, assessments or audits to assess compliance of Seller's subcontractors and Seller's alternate locations. Seller will notify Buyer in writing of any significant findings or issues.
- h. In the event Buyer or Seller identify a significant deficiency or Seller's property management system is rated inadequate by the USG, Seller will submit to Buyer a corrective action plan acceptable to Buyer.
- i. Seller will have adequate security processes and procedures in place to protect Buyer Provided Property, and will limit access to authorized personnel.
- j. Seller will include the substance of this clause in all subcontracts at all tiers in which Buyer Provided Property is acquired or furnished.
- k. The Seller's responsibility and liability for Buyer Provided Property extends from the initial acquisition and receipt of property, through stewardship, custody, and use until relieved of responsibility by Buyer in writing.

2. Process Outcome Requirements

A. Acquisition

1. Upon submission of the invoice, Seller will submit a property list to Buyer's Authorized Procurement Representative.
2. In the event Buyer Provided Property is not delivered to Seller by the dates stated in this Contract or property is received in a condition not suitable for its intended use, Seller will promptly notify Buyer in writing.
 - a. In the event Buyer Provided Property is furnished in an "as-is" condition, any repairs, replacement and/or refurbishment shall be at Seller's expense.
3. Buyer may increase, decrease or substitute the amount of Provided Property, in accordance with the Changes article of this Contract.

B. Receipt

1. Seller will perform an inspection for count, condition, verification to shipping documentation and damage promptly upon receipt of Provided Property.
2. Seller will notify Buyer in writing when property is received in a condition not suitable for its intended use.
3. Seller will promptly notify Buyer's Authorized Procurement Representative upon receipt of Buyer Provided Property and provide the information required by paragraph 2.C.1 of this clause.
4. Seller will physically mark property as directed by Buyer.
5. Seller will ensure that items delivered to the Department of Defense (DoD) conform to UII requirements.
 - a. Seller will notify Buyer if it receives Government property which does not have a UII marking/label and/or a virtual UII annotated on a DD Form 1149 Requisition and Invoice/Shipping Document when applicable.

C. Records

1. Seller will create property records which contain a complete, current, auditable record of all transactions within a timely manner upon receipt or fabrication. The property records will contain the following:

- a. The nomenclature, part or tool number, serial number, Manufacturer, model number, and National Stock Number (if available)
 - b. Buyer's Property control number (after such number is provided by Buyer)
 - c. Quantity received (or fabricated), issued, and balance-on-hand
 - d. Unit acquisition cost
 - e. Unique-item identifier or equivalent (if available and necessary for individual item tracking)
 - f. Unit of measure
 - g. Accountable contract number or equivalent code designation, (e.g. purchase contract number).
 - h. Location
 - i. Disposition
 - j. Posting reference and date of transaction
 - k. Date placed in service (if required in accordance with the terms and conditions of the contract)
2. Seller will manage, safeguard and control property records, artifacts, and documentation in accordance with FAR 4.7 or an industry accepted practice.
 3. Seller will immediately notify Buyer's Authorized Procurement Representative in writing if the documentation associated with the Buyer Provided Property does not contain the information in paragraph 2.C.1. The required data elements shall be provided to the Seller.

D. Physical Inventory

1. Seller will conduct a physical inventory of Buyer Provided Property, including property in the possession of Seller's subcontractors and interdivision sites, as directed by Buyer. Seller will be required to perform inventories on an annual or triennial basis.
2. Seller will provide Buyer's Authorized Procurement Representative a written report upon their completion of the physical inventory.

E. Utilization

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1. Seller will notify Buyer in writing if replacement and/or capital rehabilitation of Buyer Provided Property is required.
2. Seller will notify Buyer's Authorized Procurement Representative, in writing, of provided property in its possession that is excess to Contract requirements.
3. Seller may not cannibalize Buyer Provided Property without written consent from Buyer's Authorized Procurement Representative.

F. Reports/Data Deliverables

1. Seller will submit periodic reports regarding Seller accountable property, according to the schedule in Attachment (1) of this clause.
2. Reports, documents, inventories and correspondence regarding Buyer Provided Property will contain the information identified in paragraph 2.C.1.

G. Relief of Stewardship Responsibility and Liability

1. In the event of loss, damage, destruction or theft of Buyer Provided Property, including property at subcontractor and alternate locations, Seller will provide the following information regarding such property to Buyer:
 - a. Date of incident
 - b. The data elements required under paragraph 3.c.1 of this clause.
 - c. Accountable purchase contract number
 - d. A statement indicating current or future need
 - e. Estimated repair or replacement costs.
 - f. All known interests in commingled material of which includes Government material.
 - g. Cause and corrective action taken or to be taken to prevent recurrence.
 - h. A statement reflecting whether the Seller has insurance to cover the incident
 - i. Copies of all supporting documentation (as requested by the Buyer)
 - j. Last known location
 - k. A statement that the property did or did not contain sensitive, export controlled, hazardous, or toxic material, and that the appropriate agencies and authorities were notified

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1. Seller will submit any documentation / forms required by Buyer related to the loss, damage, destruction or theft of Buyer property, provide a corrective action acceptable to Buyer for each incident, and provide assistance to resolve and/or participate with investigations required.
2. Seller will dispose of Buyer Provided Property as directed by Buyer or the U.S. Government. Seller will notify Buyer's Authorized Procurement Representative in writing of any such direction by the U.S. Government.

H. Shipment of Buyer Provided Property

1. Seller will promptly comply with Buyer's direction to prepare and ship Buyer Provided Property.
2. Seller will pack Buyer Provided Property to prevent damage and deterioration and will comply with Buyer packaging specifications, if any.
3. Seller will include the following on all shipping documents:
 - a. The nomenclature, part or tool number, serial number, Manufacturer, model number, and National Stock Number (if available)
 - b. Boeing property control number
 - c. Quantity
 - d. Unit acquisition cost
 - e. Unique-item identifier or equivalent (if available and necessary for individual item tracking)
 - f. Unit of measure
 - g. Accountable contract number or equivalent code designation, (e.g., purchase contract number).

I. Maintenance

1. Seller will conduct routine preventative maintenance and repair on Buyer Provided Property.
2. Prior to modification of Buyer Provided Property, Seller will obtain written consent from Buyer's Authorized Procurement Representative.

J. Property Closeout

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1. Upon completion of performance of this Contract, Seller will, perform an inventory of residual property, including subcontractors and alternate locations, and provide a report of such inventory to Buyer reflecting a retention recommendation.
2. If Seller recommends retention of Buyer Provided Property, Seller will provide the following information to Buyer, in writing:
 - a. Purchase contract number which necessitates retention of said property
 - b. Boeing property control number(s).

3. This Section Applies only if this Contract is issued in support of a NASA Prime Contract

1. Financial reporting of Government property in the possession of Seller (and its sub-tier suppliers or interdivisional entities), or for which Seller has responsibility, will be performed, recorded, and reported as set forth within the applicable Seller Data Requirements List (SDRL).
 - a. Seller will complete and provide to Buyer NASA Form 1018 in accordance with NASA FAR Supplement 1845.7101; Instructions for Preparing NASA Form 1018, 1852.245-73.
 - b. In addition to any inventory requirements contained in this Contract, Seller will comply with NASA FAR Supplement 1852.245-78 Physical Inventory of Capital Personal Property.

4. Buyer Provided Property Authorized for Use in the Performance of this Contract

Buyer Provided Property authorized for use in the performance of this Contract is identified below, or may be identified elsewhere in this Contract (clause D001 or D501) or funded as a fabrication /acquisition item(s) on this Contract. Buyer Provided Property may not be used in support of any other contract unless specifically authorized in writing by Buyer and identified within this clause or equivalent terms and conditions of the said contract.

Buyer Provided Property Listing

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Property Name/Description	Tool Part Number	Property ID Number (e.g. Property Control #, Boeing Asset ID or Tag #)

5. Attachment (1)

Outcome / Business Process	Frequency	Documentation Required
Changes to the status of a Government approved property control system	Upon receipt of the Government letter	Government issued letter
Seller's internal assessment / corrective action plans associated with Buyer or Seller identified significant deficiency or the USG determines the Seller's property management system as inadequate	As released	Report of audit findings and corresponding corrective action plan
Revision or modification to the Seller's property control procedure approved by Boeing	As revised	Copy of revised procedure
Acquisition/fabrication	Upon receipt or upon completion of fabrication	Can be in the form of: - Tool Completion Report - Accountable Property List - Receiving Documentation
Confirmation of receipt	Immediately after receiving inspection	- For St Louis and Huntsville sites, Change Request in the Vendor Inventory Process (VIP) - All other sites email notification or copy of

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Outcome / Business Process	Frequency	Documentation Required
		receiving document - Seller's Invoice
Receiving / notification of discrepancies or damage upon receipt	Immediately after receiving inspection	Email notification or copy of receiving document
Report of Active Property	As requested by Buyer	Report in format as directed by the Buyer for purposes of meeting customer requests
Use of Buyer Provided Property other than as authorized by this contract	Prior to use	Written request to the Buyer's Authorized Procurement Representative
Physical inventory results	Within the specified timeframe issued by the Buyer	For St Louis and Huntsville sites, VIP inventory confirmation All other sites email notification with the completed inventory form
Loss, Damage, Destruction or Theft	As soon as the facts are known	For St Louis and Huntsville sites, VIP Change Request Email notification all other sites
Request to Modify or Re-Work Buyer Provided Property	Prior to work	Written request to the Buyer's Authorized Procurement Representative
Modification or Re-Work of Buyer Provided Property	Upon completion of work	Can be in the form of: - Tool Completion Report - Accountable Property List
Declaration of Excess	Immediately upon completion of use or engineering changes to affect the need to utilize the property.	SF1428 form or a VIP excess change request
Property disposal (Relief of Stewardship)	Upon physical disposal by shipment, scrap or sale.	For St Louis and Huntsville sites, VIP Change Request Email notification all other sites