

IDS Terms and Conditions Guide
Section M

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(This clause is superseded in its entirety in the event a Management Requirements Document is incorporated in the Purchase Contract).

When requested in writing by Buyer due to a performance concern, Buyer and Seller shall work together to define a mutually agreed upon set of data that will be used to support the successful execution of the contract and to achieve program initiatives. Seller shall submit reports or data that have been mutually agreed upon by Seller and Buyer. Seller's existing format may be acceptable.

Performance areas requiring data may include, but are not limited to:

1. Quality and Delivery. Expected reports or data may include:

- Root Cause and Corrective Action
- Recovery Plan/Production Milestone

2. Risk Management. The Seller shall assess the likelihood and consequence of risks related to schedule, cost, technical and quality. Seller is encouraged to proactively communicate significant issues that affect performance and to solicit Buyer assistance as needed. Sample data or reports may include:

- Mitigation plan, schedule and status
- Staffing and succession plans
- Contingency plan for work stoppage

3. Sub-Tier Supplier Management. Buyer expects Seller to have a robust sub-tier management plan. Data may include:

- Process to perform Source Selection
- Process for flowing down requirements and ensuring adherence
- Metrics used to track sub-tier supplier quality and delivery performance
- Raw Material/Standard procurement plan

4. Continuous Improvement/Cost Reduction. It is expected that Seller will strive for continuous improvement. Seller and Buyer shall each identify cost reduction and continuous improvement opportunities and work together for implementation. Both parties are to determine the amount of savings and share in the savings after implementation. Examples of data demonstrating continuous improvement and cost reduction may include:

- Yearly strategic plan with defined goals (e.g. capital expenditures, personnel, facilities)
- Cost reduction goals and targets
- Lean Strategy with objectives, schedules and report out data (Seller directed or jointly conducted)
- Total Cost Performance Review (can include overhead, man hours, production and support)

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5. Capacity/Rate Readiness/Operations. Buyer may need to evaluate Seller's current and future capacity. Data required may include:

- a. Capacity charts
- b. On-site validation of work in progress
- c. Shop Flow Analysis

This clause is not a condition precedent to Buyer's right to terminate or cancel the Purchase Contract nor does it constitute Buyer's waiver of Seller's obligation to strictly adhere to the shipment or delivery schedule or other requirements of this Purchase Contract.