

Category	#	Variable Name
Financial	1	Base Unit Price (\$/kWh)
Financial	2	Module Price (\$/unit)
Financial	3	Commodity Index: Lithium Reference Price
Financial	4	Commodity Index: Nickel Reference Price
Financial	5	Commodity Index: Cobalt Reference Price
Financial	6	Price Adjustment Frequency
Financial	7	Price Adjustment Calculation Window
Financial	8	Productivity Gain-Share Rate
Financial	9	Annual Target Price Reduction (%)
Financial	10	Payment Terms (days)
Financial	11	Early Payment Discount Rate
Financial	12	Late Payment Penalty Rate
Financial	13	Minimum Annual Purchase Volume (units)

Financial	14	Volume Shortfall Penalty / Make-Whole Payment
Financial	15	Volume Upside Bonus / Priority Capacity Rate
Financial	16	Storage Fee Rate (per unit/day)
Financial	17	Liability Cap (USD / % of annual contract value)
Financial	18	Warranty Recall Cost-Share (%)
Financial	19	Co-development Investment Contribution
Financial	20	Currency Hedging Responsibility
Operational	21	Binding Forecast Window (months)
Operational	22	Forecast Update Frequency
Operational	23	Forecast Accuracy Tolerance (% variance)
Operational	24	Forecast Horizon (months rolling)
Operational	25	Annual Capacity Reservation (% of Supplier capacity)
Operational	26	Capacity Expansion Lead Time (months)

Operational	27	Finished Goods Safety Stock Level (weeks)
Operational	28	Raw Material Safety Stock (weeks of supply)
Operational	29	Production Interruption Notification Lead Time (hours)
Operational	30	Acceptable Defect Rate per Shipment (%)
Operational	31	Defect Rate Corrective Action Trigger (%)
Operational	32	Quality Audit Frequency
Operational	33	Audit Notice Period (business days)
Operational	34	Warranty Response Time (business days)
Operational	35	Corrective Action Plan Submission Deadline (days)
Logistical	36	Incoterms (Delivery Terms)
Logistical	37	Module Collection Window (hours post-notification)
Logistical	38	Pickup Notice Lead Time (hours)
Logistical	39	Readiness Notification Accuracy SLA

Logistical	40	Storage Fee Rate Definition
Logistical	41	Packaging Container Return Window (days)
Logistical	42	Packaging Container Damage Assessment Process
Logistical	43	Logistics Coordination Meeting Frequency
Logistical	44	Transportation Provider Approval Rights
Logistical	45	Emergency Delivery Protocol
Strategic	46	Exclusivity Scope
Strategic	47	Contract Duration
Strategic	48	Contract Renewal Terms (conditions)
Strategic	49	Buyer Termination Notice Period (days)
Strategic	50	Supplier Termination Notice Period (days)
Strategic	51	Capacity Expansion Co-investment Structure
Strategic	52	Alternative Supplier Qualification Rights

Strategic	53	Most-Favored Customer Pricing
Strategic	54	Strategic Partnership Tier Activation Conditions
Strategic	55	Competitive Technology Development Restriction
Strategic	56	Joint Venture / Equity Investment Option
Technical	57	Module Nominal Capacity (kWh)
Technical	58	Module Weight Tolerance (kg)
Technical	59	Design Service Life Target (years/km)
Technical	60	Battery Degradation Specification (% capacity at end of life)
Technical	61	Specification Change Notice Period (weeks)
Technical	62	Specification Change Cost Allocation
Technical	63	Engineering Change Implementation Timeline (weeks)
Technical	64	Battery Management System Integration Protocol
Technical	65	Cell Chemistry Generation Roadmap

Technical	66	Thermal Management Performance Specification
Technical	67	Manufacturing Yield Transparency Floor (%)
Technical	68	Environmental Compliance Standard Reference
Relationship	69	Operational Review Frequency
Relationship	70	Strategic Review Frequency
Relationship	71	Joint KPI Framework
Relationship	72	Escalation Path & Resolution Timeline
Relationship	73	Dedicated Relationship Manager (each party)
Relationship	74	Joint Innovation Forum Frequency
Relationship	75	Transparency on Financial Health
Relationship	76	Sub-supplier Visibility & Approval Rights
Relationship	77	Responsible Sourcing Certification
Relationship	78	Sustainability Reporting Commitment

Relationship	79	Battery Recycling Program Participation
Relationship	80	Confidentiality Survival Period (years)
Legal / Risk	81	Force Majeure Scope Definition
Legal / Risk	82	Force Majeure Duration Before Termination Right
Legal / Risk	83	Assignment Rights (M&A scenarios)
Legal / Risk	84	Governing Law
Legal / Risk	85	Insurance Requirements (USD minimum)
Legal / Risk	86	IP Indemnification Scope
Legal / Risk	87	Data Sharing & Cybersecurity Protocol

Current Contract Position

USD 265/kWh fixed baseline

USD 20,670 per module (78 kWh × \$265)

USD 28,000/MT baseline

USD 21,000/MT baseline

USD 32,000/MT baseline

Quarterly

Average of preceding quarter

Not defined — Supplier retains all efficiency gains

Not defined

Net 90 days

Not defined

Not defined

No minimum — 'planning estimate only'

Not defined

Not defined

Reasonable fee — not defined

Value of modules in preceding 12 months (~USD 133M)

0% — Supplier explicitly excluded from recall costs

Not defined

All payments in USD — no mechanism defined

3 months binding

Monthly

Not defined

12 months

Based on binding forecast only

Not defined

2 weeks of average binding forecast demand

Supplier discretion

Prompt — not defined

Maximum 1.5%

Exceeding 1.5% triggers corrective action

Periodic — not defined

Reasonable notice — not defined

10 business days

Not defined

EXW Austin, Texas

72 hours

48 hours advance notice from Buyer

Not defined — notification triggers 72-hour window

Reasonable fee — not defined

30 days

Damage charged to responsible party

Regular communication — not defined

Buyer's discretion

Not defined

Non-exclusive — both parties free to work with others

3 years

Renewal by written agreement 6 months before expiry

180 days

270 days

Supplier determines economic feasibility alone

Buyer may source from other suppliers

Not defined
Not defined
Supplier may develop and sell competing technology freely
Not defined
78 kWh
~420 kg (estimated)
8 years or 160,000 km
Not specifically defined — 'premature degradation' covered by warranty
Not defined — Supplier evaluates feasibility
Parties discuss if changes significantly impact cost
Reasonable efforts — not defined
Supplier provides BMS interface; Buyer provides vehicle integration specs
Current chemistry only — no forward commitment

Cooling interface system included — performance not quantified

Supplier manages yield internally — no visibility

Applicable safety and environmental standards — not specified

May meet periodically — not defined

Not defined

Not defined

Negotiate → mediate → litigation

Not defined

Not defined

Supplier notifies Buyer if financial difficulty could affect production

Supplier manages raw material sourcing — Buyer has no defined rights

Commercially reasonable efforts — not defined

May provide annual sustainability info upon request

Buyer responsible for end-of-life recycling

3 years post-termination

Natural disasters, government actions, supply chain disruptions, labor strikes

Not defined

Consent required; may be permitted in corporate restructuring

State of Texas

Not defined

Each party retains its own IP

Not defined

Negotiation Range / Options	Quantifiable?	Who Benefits from Current Term
USD 220–290/kWh depending on volume tier, tech generation, multi-year commitment	Quantifiable	Supplier
USD 17,000–23,000 based on kWh content, spec changes, and annual efficiency gains	Quantifiable	Supplier
Adjust baseline annually; negotiate hedging corridors (e.g., ±15% before adjustment triggers)	Quantifiable	Both parties
Negotiate floor/ceiling bands; explore joint forward purchasing above threshold volumes	Quantifiable	Both parties
Bands of ±20% before adjustment triggers; consider cobalt-reduced chemistry roadmap jointly	Quantifiable	Both parties
Monthly / Quarterly / Semi-annual / Annual with true-up	Quantifiable	Supplier
3-month / 6-month rolling average; option for trailing 12-month smoothing	Quantifiable	Neutral
0% (current) to 50/50 split; tiered: >3% cost reduction triggers share, split negotiable	Quantifiable	Supplier
1–5% per year based on manufacturing learning curve and volume growth	Quantifiable	Buyer
Net 30 / 45 / 60 / 90 / 120 days; dynamic discounting options	Quantifiable	Buyer
0.5–2.0% discount for payment within 10–30 days; dynamic discounting platform	Quantifiable	Neutral
SOFR + 2–4% per annum on overdue amounts; grace period of 5–10 business days	Quantifiable	Supplier
300,000–450,000 units/year (60–90% of forecast as floor); tiered adjustments below floor	Quantifiable	Supplier

5–15% of lost margin on shortfall below minimum; lump-sum adjustment or carry-forward credit	Quantifiable	Supplier
Priority capacity rights if Buyer exceeds forecast by >10%; price discount on incremental volumes	Quantifiable	Buyer
USD 5–25 per module per day after 72-hour window	Quantifiable	Supplier
25–150% of annual contract value; sub-caps by claim type	Quantifiable	Neutral
10–30% of recall costs above a defined threshold volume of failures	Quantifiable	Buyer
Buyer funds 20–50% of agreed R&D projects in exchange for preferred pricing or IP rights	Quantifiable	Both parties
Joint FX management policy if international transactions arise; defined hedge windows	Quantifiable	Neutral
3 / 4 / 6 months; tiered partial binding (e.g., M1–3: 100%, M4–6: 70%, M7–12: directional)	Quantifiable	Buyer
Weekly / Bi-weekly / Monthly	Quantifiable	Neutral
±10–20% variance from binding window without penalty; >20% triggers discussion	Quantifiable	Buyer
12 / 18 / 24 months; longer horizon enables better capital and material planning	Quantifiable	Supplier
Buyer reserves 60–90% of Supplier's stated capacity in exchange for volume commitment	Quantifiable	Both parties
6 / 9 / 12 months notice for capacity expansion requests above a % threshold	Quantifiable	Both parties

1 / 2 / 4 / 6 weeks; different levels by SKU or seasonal profile	Quantifiable	Both parties
4 / 6 / 8 / 12 weeks depending on commodity; critical materials separately defined	Quantifiable	Supplier
4 / 8 / 24 / 48 hours depending on disruption severity	Quantifiable	Buyer
0.1–1.5%; declining targets YoY (e.g., 1.5% → 0.8% → 0.3% over contract term)	Quantifiable	Buyer
Define progressive triggers: >1% = monitoring; >1.5% = corrective action plan; >2% = financial remedy	Quantifiable	Both parties
Annually / Semi-annually / Quarterly; with defined scope and notice periods	Quantifiable	Buyer
5 / 10 / 15 business days; emergency audit rights with shorter notice for cause	Quantifiable	Neutral
3 / 5 / 7 / 10 / 15 business days; tiered by defect severity	Quantifiable	Buyer
15 / 30 / 45 days after defect threshold breach; with defined approval process	Quantifiable	Buyer
EXW / FCA / DAP / DDP; FCA or DAP allocates more risk to Supplier post-production	Unquantifiable	Supplier
24 / 48 / 72 / 96 hours; with defined extensions for force majeure or logistics disruption	Quantifiable	Supplier
12 / 24 / 48 / 72 hours; different windows for regular vs. emergency pickups	Quantifiable	Supplier
Define: if Supplier notifies readiness but modules not actually ready within X hours, compensation applies	Quantifiable	Buyer

USD 5–25/module/day; waived for first 24 hours; cap at 30 days then Buyer must collect or compensate	Quantifiable	Supplier
14 / 21 / 30 / 45 days; with tiered fees for late return	Quantifiable	Supplier
Define: inspection protocol on pickup, condition grading, repair cost schedule, dispute resolution	Unquantifiable	Neutral
Weekly / Bi-weekly / Monthly operational calls; defined agenda and escalation path	Unquantifiable	Both parties
Buyer selects carrier; Supplier may maintain approved carrier list for safety/handling requirements	Unquantifiable	Buyer
Define: trigger conditions, expedited production process, premium freight cost allocation, lead times	Both	Both parties
Non-exclusive / Partial (e.g., exclusive on next-gen chemistry) / Full exclusive with volume premium	Unquantifiable	Both parties
1 / 2 / 3 / 5 years; options to extend by 1–2 years with defined trigger conditions	Quantifiable	Both parties
Auto-renewal with price reset / Conditional renewal tied to KPI performance / Evergreen with annual review	Unquantifiable	Both parties
90 / 120 / 180 / 270 days; longer if Supplier has made Buyer-specific capital investment	Quantifiable	Supplier
180 / 270 days; equalize with Buyer notice period for mutual respect principle	Quantifiable	Buyer
Buyer provides offtake guarantee / Buyer co-finances expansion / Buyer provides capex loan with price offset	Both	Supplier
Define conditions: dual-sourcing permitted above/below certain volume thresholds; first-right-of-refusal for Supplier	Unquantifiable	Buyer

Buyer receives pricing no worse than Supplier's most comparable customer at equivalent volume	Both	Buyer
Define KPI thresholds that unlock deeper collaboration: preferred IP access, joint investment, exclusivity tier	Unquantifiable	Both parties
No restriction / Notification right / Right of first refusal on next-gen technology / Exclusivity window	Unquantifiable	Buyer
Option for Buyer to take minority equity stake in Supplier in exchange for long-term volume commitment	Both	Both parties
72–90 kWh depending on cell chemistry generation; performance-based capacity definition	Quantifiable	Both parties
±5% / ±10% / Fixed; weight affects vehicle range, handling, and homologation	Quantifiable	Both parties
8–12 years / 160,000–250,000 km; aligns with warranty and vehicle lifecycle	Quantifiable	Both parties
Define: ≥70% / ≥75% / ≥80% of original capacity at warranty end-point	Quantifiable	Buyer
4 / 8 / 12 / 26 weeks notice depending on change magnitude; fast-track process for safety changes	Quantifiable	Both parties
Define threshold: changes causing >X% cost impact trigger negotiation; below threshold absorbed by Supplier	Both	Neutral
4 / 8 / 12 / 24 weeks depending on complexity and capital investment required	Quantifiable	Both parties
Define: data format standards, communication protocol versions, update and compatibility management	Unquantifiable	Both parties
Define joint roadmap: next-gen chemistry timelines, transition support, dual-supply bridge period	Unquantifiable	Both parties

Define thermal limits: operating range, peak discharge temperature, cooling flow requirements	Quantifiable	Both parties
Buyer receives yield data if below X%; joint improvement plan triggered below Y%	Quantifiable	Buyer
Specify: ISO 14001, IATF 16949, UN 38.3, IEC 62619, or customer-specific standards	Unquantifiable	Both parties
Monthly / Quarterly / Semi-annual operational reviews with defined KPI dashboard	Unquantifiable	Both parties
Annual strategic partnership review at C-suite / VP level; agenda defined contractually	Unquantifiable	Both parties
Define: 5–10 shared KPIs covering quality, delivery, cost, innovation, and relationship health	Both	Both parties
Define tiered escalation: operational (24h) → management (5 days) → executive (15 days) → mediation (30 days)	Unquantifiable	Both parties
Named account managers from both parties; response time SLAs; backup designation	Unquantifiable	Both parties
Quarterly innovation sessions; defined agenda including technology roadmap, market trends, co-development pipeline	Unquantifiable	Both parties
Define: annual financial health disclosure; early warning triggers; agreed response protocol	Both	Buyer
Buyer approval required for Tier 1 critical component sub-suppliers; notification for changes	Unquantifiable	Buyer
Require: RMI (Responsible Minerals Initiative) certification, RMAP audit compliance, annual attestation	Unquantifiable	Buyer
Annual mandatory sustainability report; defined metrics; alignment with GRI or TCFD framework	Unquantifiable	Buyer

Joint recycling program; Supplier provides take-back service; revenue sharing on recovered materials	Both	Buyer
2 / 3 / 5 years; perpetual for trade secrets; tiered by information sensitivity	Quantifiable	Both parties
Add/remove: pandemics, cyber attacks, geopolitical sanctions, extreme weather events	Unquantifiable	Neutral
30 / 60 / 90 / 180 days of FM event before termination right is triggered	Quantifiable	Both parties
Define: change of control triggers consent right; carve-out for intra-group transfers; right to terminate on change of control	Unquantifiable	Both parties
Texas / Delaware / New York / arbitration under ICC or AAA rules	Unquantifiable	Neutral
Product liability: USD 50–200M; property: replacement value; workers' comp: statutory minimum	Quantifiable	Both parties
Define: mutual IP indemnification for third-party claims; carve-outs for Buyer-specified designs	Unquantifiable	Both parties
Define: data classification, access controls, breach notification timeline, liability for data security failures	Unquantifiable	Both parties

Clause Ref	SMARTnership Note
§12	<i>Link price to a volume-performance corridor — lower \$/kWh at higher volumes, rewarding Buyer commitment</i>
§12	<i>Build in annual target price reduction of 2–4% reflecting learning curve — standard in automotive supply</i>
§13	<i>Joint hedging window removes quarterly renegotiation friction and aligns both parties on input cost risk</i>
§13	<i>Shared procurement can reduce cost of capital for raw materials — a genuine co-creation opportunity</i>
§13	<i>Cobalt is the most volatile and ethically sensitive input — joint sourcing strategy adds value beyond price</i>
§13	<i>Less frequent adjustment (semi-annual with true-up) reduces administrative burden and gaming incentives</i>
§13	<i>Longer averaging windows reduce volatility and provide both parties with more predictable planning</i>
§35/§60	<i>Core SMARTnership variable — aligning both parties behind cost reduction is a fundamental value creator</i>
§35	<i>Standard in auto industry (Tier 1 suppliers typically commit 2–3% YoY); should be contractually defined</i>
§22	<i>90 days transfers ~USD 33M working capital burden to Supplier annually; renegotiate to mutual benefit</i>
§23	<i>Supply chain finance arrangement benefits both: Buyer earns return on cash, Supplier reduces cost of capital</i>
§22	<i>Absence of late payment penalty disadvantages Supplier — symmetric financial accountability is fair</i>
§7	<i>Most critical financial variable — without a floor, Supplier has zero commercial protection on a \$400M commitment</i>

§7	<i>Make-whole mechanism is standard in take-or-pay supply contracts — creates genuine shared commitment</i>
§7/§41	<i>Reward Buyer for outperforming forecast — incentivizes over-delivery and builds Supplier confidence</i>
§50	<i>Define symmetrically: Buyer pays for late pickup; Supplier compensates for inaccurate readiness notifications</i>
§71	<i>Cap level reflects risk appetite — consider whether cap is adequate for systemic battery failure scenarios</i>
§33	<i>Some skin in the game for Supplier on downstream recall costs dramatically improves quality investment incentives</i>
§57/§68	<i>Co-investment transforms the IP dynamic from adversarial to collaborative — both parties share upside</i>
§24	<i>Proactively define FX policy before it becomes a dispute — especially relevant if Supplier sources globally</i>
§8	<i>3-month window is misaligned with battery supply chain reality; 6-month tiered structure is more equitable</i>
§8	<i>More frequent updates improve Supplier's planning accuracy — reducing both waste and shortfall risk</i>
§8	<i>Defining tolerance creates predictability for both parties and reduces adversarial dispute over forecast misses</i>
§8	<i>18-month horizon aligns with battery cell procurement lead times — a genuine operational improvement</i>
§9/§41	<i>Capacity reservation is a hard variable with real financial value — should be explicitly priced and agreed</i>
§42	<i>Defining expansion lead time allows Buyer to plan demand signals and Supplier to commit to feasibility</i>

§19	<i>Safety stock level should reflect actual demand volatility — jointly modeled, not unilaterally imposed</i>
§20	<i>Joint visibility into RM safety stock can prevent production surprises — Buyer may offer to co-finance</i>
§39	<i>Define a tiered notification matrix: severity level drives both notice time and escalation path</i>
§27	<i>A static 1.5% ceiling normalizes failure — replace with an improvement roadmap with shared incentives</i>
§27/§34	<i>Tiered triggers create graduated accountability rather than a binary pass/fail quality regime</i>
§28	<i>Define audit frequency in contract — otherwise 'periodic' means never in practice</i>
§28	<i>Balance Buyer's oversight interest with Supplier's operational stability — define both standard and for-cause audits</i>
§32	<i>Critical field failures warrant faster response — tiered SLA based on safety vs. performance defects</i>
§34	<i>Define the CAP process: submission deadline, Buyer approval rights, implementation timeline</i>
§15	<i>Shifting to FCA or DAP gives Supplier downstream quality accountability and simplifies Buyer's logistics</i>
§15	<i>72-hour window may be tight for Michigan-based Buyer — negotiate based on actual logistics lead time</i>
§47	<i>Define both standard and emergency pickup protocols — with different service levels for each</i>
§15	<i>Creates symmetric accountability — mirrors the storage fee clause that penalizes Buyer's late pickup</i>

§50	<i>Define the rate, grace period, and cap to prevent open-ended accrual and disputes</i>
§52	<i>Align container return cycle with actual transportation roundtrip times to avoid artificial penalties</i>
§51	<i>Clear condition assessment protocol prevents disputes that damage the relationship over relatively small amounts</i>
§18	<i>Structure logistics governance to match operational intensity — weekly calls during ramp, monthly at steady state</i>
§49	<i>Battery module transportation has specific handling requirements — joint approved carrier list protects both parties</i>
§39	<i>Emergency delivery capability is a real operational variable with significant cost implications — define proactively</i>
§66	<i>Exclusivity on specific technology tiers can create mutual value — Buyer gets advantage, Supplier gets volume certainty</i>
§75	<i>Longer duration gives Supplier investment security and Buyer supply certainty — value for both if performance is met</i>
§76	<i>Define renewal triggers proactively — conditional renewal based on quality and delivery KPIs rewards performance</i>
§77	<i>Notice period should reflect Supplier's actual re-deployment timeline for dedicated capacity</i>
§77	<i>Asymmetric notice periods signal power imbalance — equalizing to 180/180 is a SMARTnership signal of mutual commitment</i>
§42	<i>Buyer co-investment in Supplier capacity creates genuine alignment and may accelerate expansion timeline</i>
§66	<i>Formalizing dual-source rights and first-refusal creates transparency — reduces uncertainty for both parties</i>

§12	<i>MFC pricing clause is standard in strategic supply relationships — provides Buyer confidence without requiring exclusivity</i>
§63	<i>A tiered partnership structure rewards outperformance — creating a collaborative ladder rather than a static contract</i>
§65	<i>Buyer has invested significantly in relationship — a first-refusal right on technology is reasonable compensation</i>
§62	<i>Equity stake transforms the relationship dynamic entirely — aligns long-term interests more powerfully than any clause</i>
§4	<i>Spec flexibility in capacity range can accommodate future vehicle platform changes without full renegotiation</i>
§4	<i>Define a weight tolerance band to allow manufacturing variation without triggering spec non-conformance</i>
§4/§31	<i>Service life target directly drives warranty exposure — longer life creates Supplier risk but Buyer competitive advantage</i>
§31	<i>Defining degradation threshold precisely removes ambiguity in warranty claims — critical for field failure assessment</i>
§5	<i>Notice periods for spec changes protect Supplier's production planning while ensuring Buyer can adapt platforms</i>
§5	<i>Define the cost materiality threshold in advance to avoid every spec change becoming a commercial dispute</i>
§37	<i>Define implementation timelines by change category — cosmetic, functional, and structural changes have different lead times</i>
§4/§5	<i>BMS protocol is a critical technical interdependency — joint definition prevents costly integration failures</i>
§57	<i>Cell chemistry roadmap alignment prevents Buyer being stranded on legacy chemistry while Supplier advances</i>

§4/§5	<i>Thermal performance is safety-critical — precise specification prevents ambiguous warranty claims</i>
§44	<i>Yield transparency enables Buyer to understand supply risk and potentially co-invest in yield improvement</i>
§6	<i>Naming specific standards removes ambiguity and supports supply chain due diligence and insurance requirements</i>
§63	<i>Mandatory monthly operational reviews are the structural foundation of SMARTnership — make it contractual</i>
§63	<i>Annual executive-level review institutionalizes the strategic relationship — prevents drift to transactional mode</i>
§63	<i>Shared KPIs mean both parties are measured on the same outcomes — the operational expression of alignment</i>
§82	<i>Structured escalation prevents small disputes becoming legal proceedings — protects relationship and reduces cost</i>
§61	<i>Named relationship managers create personal accountability and continuity — essential for a USD 400M partnership</i>
§57/§63	<i>Formalizing innovation dialogue unlocks value that informal relationships often miss — structural collaboration</i>
§25	<i>Early warning system protects Buyer's supply chain while giving Supplier structured support rather than reactive crisis</i>
§11/§55	<i>Sub-supplier visibility is essential for supply chain due diligence, ESG compliance, and risk management</i>
§55	<i>Specific ESG certification requirements protect Buyer's brand and align with investor expectations — increasingly non-negotiable</i>
§56	<i>Mandatory sustainability reporting supports Buyer's own ESG obligations and may be required by OEM customers</i>

§54	<i>Collaborative recycling can recover significant cobalt and lithium value — a genuine mutual financial opportunity</i>
§70	<i>3 years may be insufficient for manufacturing process IP — tiered confidentiality by sensitivity level is more precise</i>
§73	<i>Post-pandemic, cyber and geopolitical events should be explicitly addressed — leaving them implicit creates disputes</i>
§73	<i>Define the duration threshold clearly — without it, parties are left in limbo during prolonged disruptions</i>
§85	<i>Change-of-control provisions are critical in a consolidating battery industry — define Aurora and Voltatek's rights explicitly</i>
§83	<i>Governing law selection affects litigation cost and predictability — arbitration may be preferable for international disputes</i>
§71	<i>Minimum insurance requirements protect both parties — absence of specification creates coverage gaps</i>
§67	<i>IP indemnification gaps can expose one party to third-party patent claims on jointly-used technology</i>
§69/§70	<i>Battery performance data, BMS telemetry, and manufacturing data are valuable and sensitive — define governance explicitly</i>



Negotiable Variables — Summary by C

Category	Count	Quantifiable	Unquantifiable	Both
Financial	20	20	0	0
Operational	15	15	0	0
Logistical	10	5	4	1
Strategic	11	3	5	3
Technical	12	8	3	1
Relationship	12	1	8	3
Legal / Risk	7	2	5	0
TOTAL	87	54	25	8

Category		
Buyer Benefits	Supplier Benefits	Neutral / Both
4	8	8
7	2	6
2	5	3
4	2	5
2	0	10
5	0	7
0	0	7
24	17	46

Priority Negotiation Variables — SMA

Priority	Variable	Current Position
● CRITICAL	Minimum Annual Volume Floor	No minimum defined
● CRITICAL	Binding Forecast Window	3 months only
● CRITICAL	Productivity Gain-Share Mechanism	Not defined — Supplier retains all gains
● CRITICAL	Mandatory Governance Cadence	Optional / 'may meet'
● HIGH	Volume Shortfall Make-Whole Payment	Not defined
● HIGH	Payment Terms	Net 90 days
● HIGH	Defect Rate Improvement Roadmap	Static 1.5% ceiling
● HIGH	Warranty Recall Cost-Share	Supplier excluded from recall costs
● HIGH	Termination Notice Symmetry	Buyer 180 / Supplier 270 days
● HIGH	Technology Roadmap Partnership	Supplier retains all IP; Buyer has no forward rights
● MEDIUM	Incoterms Renegotiation	EXW Austin
● MEDIUM	Commodity Hedging Structure	Quarterly pass-through only
● MEDIUM	Sub-supplier Visibility Rights	Supplier discretion

 MEDIUM	BMS Integration Protocol	Informally defined
 MEDIUM	Battery Degradation Threshold	Premature degradation — not quantified

RTnership Action List

Clause	Why It Matters
§7	<i>Supplier absorbs all demand risk on a \$400M contract — most urgent variable to define</i>
§8	<i>Misaligned with 6–12 month battery supply chain reality — extend to tiered 6-month structure</i>
§35/§60	<i>Without gain-share, Supplier has no incentive to pass efficiency improvements to Buyer</i>
§63	<i>Aspirational cooperation clause — must become structural with defined meeting cadence and KPIs</i>
§7	<i>Defines financial consequence of Buyer volume miss — critical companion to minimum volume floor</i>
§22	<i>Transfers ~\$33M annual working capital burden to Supplier — dynamic discounting can create mutual value</i>
§27	<i>Replace ceiling with declining YoY targets and aligned incentives</i>
§33	<i>No downstream exposure removes quality investment incentive — even 10–20% share changes behavior</i>
§77	<i>Asymmetry signals power imbalance — equalize at 180/180 as SMARTnership foundation</i>
§57/§67	<i>Pre-agreed preferred access to next-gen technology in exchange for Buyer's volume commitment</i>
§15	<i>Shift to FCA or DAP to give Supplier post-production quality accountability</i>
§13	<i>Joint hedging reduces friction and aligns both parties on input cost management</i>
§11/§55	<i>Critical for ESG compliance, supply chain risk management, and insurance requirements</i>

§4/§5	<i>Technical interdependency — joint definition prevents costly integration failures</i>
§31	<i>Define precisely (e.g., ≥75% capacity at warranty endpoint) to remove warranty ambiguity</i>

Variables by Quantifiab

Type	#	Variable	Category
Quantifiable	1	Base Unit Price (\$/kWh)	Financial
Quantifiable	2	Module Price (\$/unit)	Financial
Quantifiable	3	Commodity Index: Lithium Reference Price	Financial
Quantifiable	4	Commodity Index: Nickel Reference Price	Financial
Quantifiable	5	Commodity Index: Cobalt Reference Price	Financial
Quantifiable	6	Price Adjustment Frequency	Financial
Quantifiable	7	Price Adjustment Calculation Window	Financial
Quantifiable	8	Productivity Gain-Share Rate	Financial
Quantifiable	9	Annual Target Price Reduction (%)	Financial
Quantifiable	10	Payment Terms (days)	Financial
Quantifiable	11	Early Payment Discount Rate	Financial
Quantifiable	12	Late Payment Penalty Rate	Financial
Quantifiable	13	Minimum Annual Purchase Volume (units)	Financial
Quantifiable	14	Volume Shortfall Penalty / Make-Whole Payment	Financial
Quantifiable	15	Volume Upside Bonus / Priority Capacity Rate	Financial

Quantifiable	16	Storage Fee Rate (per unit/day)	Financial
Quantifiable	17	Liability Cap (USD / % of annual contract value)	Financial
Quantifiable	18	Warranty Recall Cost-Share (%)	Financial
Quantifiable	19	Co-development Investment Contribution	Financial
Quantifiable	20	Currency Hedging Responsibility	Financial
Quantifiable	21	Binding Forecast Window (months)	Operational
Quantifiable	22	Forecast Update Frequency	Operational
Quantifiable	23	Forecast Accuracy Tolerance (% variance)	Operational
Quantifiable	24	Forecast Horizon (months rolling)	Operational
Quantifiable	25	Annual Capacity Reservation (% of Supplier capacity)	Operational
Quantifiable	26	Capacity Expansion Lead Time (months)	Operational
Quantifiable	27	Finished Goods Safety Stock Level (weeks)	Operational
Quantifiable	28	Raw Material Safety Stock (weeks of supply)	Operational
Quantifiable	29	Production Interruption Notification Lead Time (hours)	Operational
Quantifiable	30	Acceptable Defect Rate per Shipment (%)	Operational
Quantifiable	31	Defect Rate Corrective Action Trigger (%)	Operational

Quantifiable	32	Quality Audit Frequency	Operational
Quantifiable	33	Audit Notice Period (business days)	Operational
Quantifiable	34	Warranty Response Time (business days)	Operational
Quantifiable	35	Corrective Action Plan Submission Deadline (days)	Operational
Quantifiable	37	Module Collection Window (hours post-notification)	Logistical
Quantifiable	38	Pickup Notice Lead Time (hours)	Logistical
Quantifiable	39	Readiness Notification Accuracy SLA	Logistical
Quantifiable	40	Storage Fee Rate Definition	Logistical
Quantifiable	41	Packaging Container Return Window (days)	Logistical
Quantifiable	47	Contract Duration	Strategic
Quantifiable	49	Buyer Termination Notice Period (days)	Strategic
Quantifiable	50	Supplier Termination Notice Period (days)	Strategic
Quantifiable	57	Module Nominal Capacity (kWh)	Technical
Quantifiable	58	Module Weight Tolerance (kg)	Technical
Quantifiable	59	Design Service Life Target (years/km)	Technical
Quantifiable	60	Battery Degradation Specification (% capacity at end of life)	Technical

Quantifiable	61	Specification Change Notice Period (weeks)	Technical
Quantifiable	63	Engineering Change Implementation Timeline (weeks)	Technical
Quantifiable	66	Thermal Management Performance Specification	Technical
Quantifiable	67	Manufacturing Yield Transparency Floor (%)	Technical
Quantifiable	80	Confidentiality Survival Period (years)	Relationship
Quantifiable	82	Force Majeure Duration Before Termination Right	Legal / Risk
Quantifiable	85	Insurance Requirements (USD minimum)	Legal / Risk
Both	45	Emergency Delivery Protocol	Logistical
Both	51	Capacity Expansion Co-investment Structure	Strategic
Both	53	Most-Favored Customer Pricing	Strategic
Both	56	Joint Venture / Equity Investment Option	Strategic
Both	62	Specification Change Cost Allocation	Technical
Both	71	Joint KPI Framework	Relationship
Both	75	Transparency on Financial Health	Relationship
Both	79	Battery Recycling Program Participation	Relationship
Unquantifiable	36	Incoterms (Delivery Terms)	Logistical

Unquantifiable	42	Packaging Container Damage Assessment Process	Logistical
Unquantifiable	43	Logistics Coordination Meeting Frequency	Logistical
Unquantifiable	44	Transportation Provider Approval Rights	Logistical
Unquantifiable	46	Exclusivity Scope	Strategic
Unquantifiable	48	Contract Renewal Terms (conditions)	Strategic
Unquantifiable	52	Alternative Supplier Qualification Rights	Strategic
Unquantifiable	54	Strategic Partnership Tier Activation Conditions	Strategic
Unquantifiable	55	Competitive Technology Development Restriction	Strategic
Unquantifiable	64	Battery Management System Integration Protocol	Technical
Unquantifiable	65	Cell Chemistry Generation Roadmap	Technical
Unquantifiable	68	Environmental Compliance Standard Reference	Technical
Unquantifiable	69	Operational Review Frequency	Relationship
Unquantifiable	70	Strategic Review Frequency	Relationship
Unquantifiable	72	Escalation Path & Resolution Timeline	Relationship
Unquantifiable	73	Dedicated Relationship Manager (each party)	Relationship
Unquantifiable	74	Joint Innovation Forum Frequency	Relationship

Unquantifiable	76	Sub-supplier Visibility & Approval Rights	Relationship
Unquantifiable	77	Responsible Sourcing Certification	Relationship
Unquantifiable	78	Sustainability Reporting Commitment	Relationship
Unquantifiable	81	Force Majeure Scope Definition	Legal / Risk
Unquantifiable	83	Assignment Rights (M&A scenarios)	Legal / Risk
Unquantifiable	84	Governing Law	Legal / Risk
Unquantifiable	86	IP Indemnification Scope	Legal / Risk
Unquantifiable	87	Data Sharing & Cybersecurity Protocol	Legal / Risk

Ability	
Current Value / Range	Clause
USD 220–290/kWh depending on volume tier, tech generation, multi-year commitment	§12
USD 17,000–23,000 based on kWh content, spec changes, and annual efficiency gains	§12
Adjust baseline annually; negotiate hedging corridors (e.g., ±15% before adjustment triggers)	§13
Negotiate floor/ceiling bands; explore joint forward purchasing above threshold volumes	§13
Bands of ±20% before adjustment triggers; consider cobalt-reduced chemistry roadmap jointly	§13
Monthly / Quarterly / Semi-annual / Annual with true-up	§13
3-month / 6-month rolling average; option for trailing 12-month smoothing	§13
0% (current) to 50/50 split; tiered: >3% cost reduction triggers share, split negotiable	§35/§60
1–5% per year based on manufacturing learning curve and volume growth	§35
Net 30 / 45 / 60 / 90 / 120 days; dynamic discounting options	§22
0.5–2.0% discount for payment within 10–30 days; dynamic discounting platform	§23
SOFR + 2–4% per annum on overdue amounts; grace period of 5–10 business days	§22
300,000–450,000 units/year (60–90% of forecast as floor); tiered adjustments below floor	§7
5–15% of lost margin on shortfall below minimum; lump-sum adjustment or carry-forward credit	§7
Priority capacity rights if Buyer exceeds forecast by >10%; price discount on incremental volumes	§7/§41

USD 5–25 per module per day after 72-hour window	§50
25–150% of annual contract value; sub-caps by claim type	§71
10–30% of recall costs above a defined threshold volume of failures	§33
Buyer funds 20–50% of agreed R&D projects in exchange for preferred pricing or IP rights	§57/§68
Joint FX management policy if international transactions arise; defined hedge windows	§24
3 / 4 / 6 months; tiered partial binding (e.g., M1–3: 100%, M4–6: 70%, M7–12: directional)	§8
Weekly / Bi-weekly / Monthly	§8
±10–20% variance from binding window without penalty; >20% triggers discussion	§8
12 / 18 / 24 months; longer horizon enables better capital and material planning	§8
Buyer reserves 60–90% of Supplier's stated capacity in exchange for volume commitment	§9/§41
6 / 9 / 12 months notice for capacity expansion requests above a % threshold	§42
1 / 2 / 4 / 6 weeks; different levels by SKU or seasonal profile	§19
4 / 6 / 8 / 12 weeks depending on commodity; critical materials separately defined	§20
4 / 8 / 24 / 48 hours depending on disruption severity	§39
0.1–1.5%; declining targets YoY (e.g., 1.5% → 0.8% → 0.3% over contract term)	§27
Define progressive triggers: >1% = monitoring; >1.5% = corrective action plan; >2% = financial remedy	§27/§34

Annually / Semi-annually / Quarterly; with defined scope and notice periods	§28
5 / 10 / 15 business days; emergency audit rights with shorter notice for cause	§28
3 / 5 / 7 / 10 / 15 business days; tiered by defect severity	§32
15 / 30 / 45 days after defect threshold breach; with defined approval process	§34
24 / 48 / 72 / 96 hours; with defined extensions for force majeure or logistics disruption	§15
12 / 24 / 48 / 72 hours; different windows for regular vs. emergency pickups	§47
Define: if Supplier notifies readiness but modules not actually ready within X hours, compensation applies	§15
USD 5–25/module/day; waived for first 24 hours; cap at 30 days then Buyer must collect or compensate	§50
14 / 21 / 30 / 45 days; with tiered fees for late return	§52
1 / 2 / 3 / 5 years; options to extend by 1–2 years with defined trigger conditions	§75
90 / 120 / 180 / 270 days; longer if Supplier has made Buyer-specific capital investment	§77
180 / 270 days; equalize with Buyer notice period for mutual respect principle	§77
72–90 kWh depending on cell chemistry generation; performance-based capacity definition	§4
±5% / ±10% / Fixed; weight affects vehicle range, handling, and homologation	§4
8–12 years / 160,000–250,000 km; aligns with warranty and vehicle lifecycle	§4/§31
Define: ≥70% / ≥75% / ≥80% of original capacity at warranty end-point	§31

4 / 8 / 12 / 26 weeks notice depending on change magnitude; fast-track process for safety changes	§5
4 / 8 / 12 / 24 weeks depending on complexity and capital investment required	§37
Define thermal limits: operating range, peak discharge temperature, cooling flow requirements	§4/§5
Buyer receives yield data if below X%; joint improvement plan triggered below Y%	§44
2 / 3 / 5 years; perpetual for trade secrets; tiered by information sensitivity	§70
30 / 60 / 90 / 180 days of FM event before termination right is triggered	§73
Product liability: USD 50–200M; property: replacement value; workers' comp: statutory minimum	§71
Define: trigger conditions, expedited production process, premium freight cost allocation, lead times	§39
Buyer provides offtake guarantee / Buyer co-finances expansion / Buyer provides capex loan with price offset	§42
Buyer receives pricing no worse than Supplier's most comparable customer at equivalent volume	§12
Option for Buyer to take minority equity stake in Supplier in exchange for long-term volume commitment	§62
Define threshold: changes causing >X% cost impact trigger negotiation; below threshold absorbed by Supplier	§5
Define: 5–10 shared KPIs covering quality, delivery, cost, innovation, and relationship health	§63
Define: annual financial health disclosure; early warning triggers; agreed response protocol	§25
Joint recycling program; Supplier provides take-back service; revenue sharing on recovered materials	§54
EXW / FCA / DAP / DDP; FCA or DAP allocates more risk to Supplier post-production	§15

Define: inspection protocol on pickup, condition grading, repair cost schedule, dispute resolution	§51
Weekly / Bi-weekly / Monthly operational calls; defined agenda and escalation path	§18
Buyer selects carrier; Supplier may maintain approved carrier list for safety/handling requirements	§49
Non-exclusive / Partial (e.g., exclusive on next-gen chemistry) / Full exclusive with volume premium	§66
Auto-renewal with price reset / Conditional renewal tied to KPI performance / Evergreen with annual review	§76
Define conditions: dual-sourcing permitted above/below certain volume thresholds; first-right-of-refusal for Supplier	§66
Define KPI thresholds that unlock deeper collaboration: preferred IP access, joint investment, exclusivity tier	§63
No restriction / Notification right / Right of first refusal on next-gen technology / Exclusivity window	§65
Define: data format standards, communication protocol versions, update and compatibility management	§4/§5
Define joint roadmap: next-gen chemistry timelines, transition support, dual-supply bridge period	§57
Specify: ISO 14001, IATF 16949, UN 38.3, IEC 62619, or customer-specific standards	§6
Monthly / Quarterly / Semi-annual operational reviews with defined KPI dashboard	§63
Annual strategic partnership review at C-suite / VP level; agenda defined contractually	§63
Define tiered escalation: operational (24h) → management (5 days) → executive (15 days) → mediation (30 days)	§82
Named account managers from both parties; response time SLAs; backup designation	§61
Quarterly innovation sessions; defined agenda including technology roadmap, market trends, co-development pipeline	§57/§63

Buyer approval required for Tier 1 critical component sub-suppliers; notification for changes	§11/§55
Require: RMI (Responsible Minerals Initiative) certification, RMAP audit compliance, annual attestation	§55
Annual mandatory sustainability report; defined metrics; alignment with GRI or TCFD framework	§56
Add/remove: pandemics, cyber attacks, geopolitical sanctions, extreme weather events	§73
Define: change of control triggers consent right; carve-out for intra-group transfers; right to terminate on change of control	§85
Texas / Delaware / New York / arbitration under ICC or AAA rules	§83
Define: mutual IP indemnification for third-party claims; carve-outs for Buyer-specified designs	§67
Define: data classification, access controls, breach notification timeline, liability for data security failures	§69/§70