



**Vendor Managed Inventory (VMI) Contract**

**This Vendor Managed Inventory (VMI) Contract** (the "Contract") is entered into by and between ABC Inc. and ABC Inc., XYZ Corp. as of the April 10, 2024 (the "Effective Date").

**1. Purpose of Contract:**

The purpose of this Contract is to establish the terms and conditions under which ABC Inc. will manage inventory on behalf of the Parties. This includes but is not limited to inventory procurement, storage, tracking, and replenishment.

**2. Term of Contract:**

This Contract shall commence on the Effective Date and shall remain in full force and effect until the April 10, 2025, unless earlier terminated as provided herein (the "Term").

**3. Inventory Management:**

ABC Inc. shall be responsible for managing the inventory of the Finished Goods (FGs) listed below on behalf of the Parties. This includes maintaining optimal stock levels, ensuring product quality, and timely delivery of goods.

Finished Goods (FGs)	Quantity
Product A	1,000 units
Product B	500 units

**4. Penalties:**

In the event of any breach of this Contract, the Parties agree to the following penalties:

Late Delivery	10% of invoice amount
Quality Issue	5% of invoice amount

**5. Key Performance Indicators (KPIs):**

The Parties agree to the following Key Performance Indicators (KPIs) to measure the performance of ABC Inc.:

On-time Delivery Rate	95%
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Inventory Turnover	8 times/year
Inventory Accuracy	99%
Customer Satisfaction	90%

**6. Legal Terms and Conditions:**

The Parties hereby agree to the following terms and conditions:

- **Confidentiality:** Both Parties agree to maintain the confidentiality of any proprietary or sensitive information exchanged during the course of this Contract.
- **Indemnification:** ABC Inc. shall indemnify and hold harmless the other Parties from any claims, damages, or liabilities arising out of the performance of this Contract.
- **Force Majeure:** Neither Party shall be liable for any failure or delay in performance under this Contract due to circumstances beyond their reasonable control.
- **Assignment:** This Contract shall not be assigned by either Party without the prior written consent of the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract as of the Effective Date.



**John Doe**  
April 10, 2024  
ABC Inc.



**Signature**