

GLC - LIA

PURPOSE

The purpose of this document is to establish the General Logistics Conditions (hereinafter referred to as the “GLC”) used to describe the methods of supply and the logistic conditions for the parts manufactured and sold (hereinafter referred to as the “Product(s)”) by LISI AEROSPACE. These GLC are available on the LISI AEROSPACE website (www.LISIAEROSPACE.com under “Terms & Conditions”).

This GLC document shall take precedence over any general logistic conditions defined in any existing and/or future contract(s) between LISI AEROSPACE and its Customer.

In the absence of specific logistic conditions agreed between LISI AEROSPACE and its Customer, this document shall apply automatically.

The GLC are applicable to all firm and provisional orders received by LISI AEROSPACE (hereinafter referred to as the “Supplier”) from its Customer (hereinafter referred to as the “Buyer”), hereinafter collectively referred to as the “Parties”.

DATE OF APPLICATION

This GLC document shall apply to all firm and provisional orders upon transmission by the Supplier to the Buyer. Only the most recent version of the document is valid. A PRODUCT ANNEX is attached to these GLC in which the conditions applicable to the Products supplied by the Supplier to the Buyer are defined and may be reviewed by the Parties. Any update must be subject to a prior written agreement between the Parties.

CONFIDENTIALITY

This document is confidential and is the property of LISI AEROSPACE. This document must not be disclosed, copied, or transmitted, for any purpose, to a third Party without the express written consent of LISI AEROSPACE.

The Parties are mutually bound by a general obligation of confidentiality with regards the information (irrespective of the medium used) exchanged in the context of the performance of these GLC.

IT IS HEREBY AGREED AS FOLLOWS:

1- SCOPE

ANNEXE 1 describes the agreed parameters for each Product reference and shall be revalidated by both Parties in the event of significant changes in volume or may be reviewed annually at the request of one of the Parties.

2- ORDER AND FORECAST REQUIREMENTS

Supply, where the annual volume ordered is less than six (6) Minimum Order Quantity (MOQ) for the FASTENERS business and four (4) for the STRUCTURAL COMPONENTS business or that is in the development phase (prototype), or without forecast or with price quantity breaks, will be considered "**ERRATIC**" and placed as firm orders only.

Supply, manufactured in series and with an annual order volume of at least six (6) MOQ for the FASTENERS business and four (4) for the STRUCTURAL COMPONENTS business and for which a forecast is provided, will be considered a "**RUNNER**" and follow the forecast process.

The Buyer shall provide the Supplier with a reliable forecast by expected delivery date for the quantities of all the Products it plans to purchase (i.e. excluding inventory held by the Buyer), at least on a monthly basis and over a minimum horizon of eighteen (18) rolling months (from the date of receipt of the forecast) in compliance with the firm and flexible periods as indicated below (see paragraphs 2.1 Firm Horizon and 2.2 Flexible Horizon). The GLC apply to the last forecasts received by the Supplier from the Buyer dated less than three (3) months previously as well as to all the firm orders received by the Supplier.

The Product contract cycle is as follows:

- short cycle: corresponds to the average manufacturing cycle of the Product (based on planning and production) and is applicable only to the Products identified as « RUNNER » in ANNEX 1 and for which a monthly forecast is provided. The Firm and Flexible horizons must cover this short cycle;
- long cycle: corresponds to the short cycle combined with the raw material and components supply cycle. The latter is always provided for information only and will be confirmed on receipt of a firm order and systematically applied to the Products identified as « ERRATIC » in ANNEX 1 in the absence of a forecast;
- above cycle times are applicable in the case of active qualifications and compliant and available tooling. They do not include First Article, resumption of manufacture, obtaining the export licence and any factory closure periods.

Each product is classified as « RUNNER » or « ERRATIC » respectively depending on whether it is supplied with or without a forecast. Firm orders received for « RUNNER » Products that may be launched in production by the Supplier based on the forecast provided by the Buyer, will not be subject to checks of the revisions and/or requirements applicable to the Products placed as firm orders. The Buyer shall alert the Supplier by a separate written notification or through its document management system in the event of minor or major changes that may impact its Products.

In the event of a change in product mix and/or significant variations in volume, the Parties agree to review the cycle times and/or forecast horizons.

The Parties agree to exchange all data through a system that can be used electronically by the Supplier (Portal, Excel). Exchanges of forecast data on PDF format are not permitted.

2.1 FIRM HORIZON

The Firm horizon represents a purchase commitment in volume and date on the part of the Buyer. The Buyer commits to place its firm orders respecting the Firm horizon as well as the minimum call-off quantity (delivery MOQ) agreed in the contract and detailed in ANNEX 1.

The Firm horizon is expressed in weeks and begins on the working day following the receipt of the order by the Supplier and shall comply in all respects with the commercial conditions agreed between the Parties.

The Supplier shall acknowledge receipt of Firm orders within a maximum of ten (10) working days for "RUNNER" parts and twenty (20) working days for "ERRATIC" parts. Any order deviating in quantity, price, revision* (**applicable to « ERRATIC » products only*), etc. will be deemed non-compliant. In this case, the Parties shall reach an agreement prior to acceptance and the launch in production of the order. The Buyer shall issue a compliant order amendment to the Supplier as soon as possible, the Firm horizon starting only upon receipt of said amendment.

Without prior agreement of the Buyer:

- any order placed at a lead-time shorter than the Firm horizon defined in ANNEX 1 and in the absence of stock to fulfil the quantity ordered, shall be entered, as a minimum, at the lead-time corresponding to the Firm horizon defined in ANNEX 1;
- the Supplier reserves the right to schedule the quantities ordered by the Buyer if they are higher than the agreed maximum call-off quantity and/or not in line with the latest forecasts and/or out of step with the agreed market share and aircraft build rates;
- the Supplier reserves the right to position the quantities ordered by the Buyer on the first due delivery date provided for in the forecast communicated by the Buyer and validated by the Supplier, regardless of the short cycle of the Product;
- depending on the Supplier's available capacity, the Buyer's needs over the Firm horizon shall respect the maximum volume of parts per month detailed in ANNEX 1 (if applicable). The Supplier reserves the right to schedule the volumes in accordance with this condition.

Any order deemed accepted by the Supplier shall in no way be modified or cancelled without the prior written consent of the Supplier and the receipt of an order amendment from the Buyer. The Supplier reserves the right to apply fees associated with any modification and/or cancellation of an order.

2.2 FLEXIBLE HORIZON

The Flexible horizon begins the day after the Firm horizon and is expressed in weeks. It constitutes a commitment from the Buyer:

- in respect of the volume of parts when the Flexible horizon covers the short cycle,
- and on the volumes of raw material and components secured by the Supplier to manufacture the volume of parts required to meet the forecasts communicated by the Buyer over the last twelve (12) months.

The quantities defined in the Flexible horizon must respect the minimum call-off quantities (delivery MOQ) agreed in the contract and detailed in ANNEX 1.

Within the Flexible horizon, volumes may vary only once by date by more or less than one (1) month except for the first (1st) month of the Flexible horizon, but not in overall quantity over the entire Flexible horizon. Apart from these variations, the Parties shall collaborate.

Depending on the Supplier's available capacity, the Buyer's needs over the Flexible horizon shall respect the maximum volume of parts per month detailed in ANNEX 1 (if applicable). The Supplier reserves the right to schedule the volumes in accordance with this condition.

2.3 PROVISIONAL HORIZON

The Provisional horizon starts the day after the Flexible horizon and is expressed in weeks or months.

The Provisional horizon must correspond, at least, to a minimum horizon of twelve (12) rolling months (from the date of receipt of the forecast) scheduled by the expected delivery date for all the quantities of all the Products due to be purchased (i.e., excluding Buyer inventory) on a monthly basis.

The quantities indicated in the Provisional horizon shall respect the minimum call-off quantities (delivery MOQ) agreed in the contract and detailed in ANNEX 1.

The Provisional horizon may vary in date and quantity over the entire Provisional period. Nevertheless, in the event of a variation in volume of more or less than thirty per cent (+/- 30 %) across the Provisional horizon, the Buyer shall inform the Supplier of the reasons for this variation. The Supplier will analyse the impact on the supply of raw materials and components as well as on the capacity load of the plant. The Supplier reserves the right to apply fees associated with any variation in forecast.

In the event of successive variations in the Buyer's forecasts having an impact on the supply of raw materials and Product components, the Supplier reserves the right to request financial support for the corresponding volumes or even the finished Products in the case of production in advance.

In the event the Buyer's Forecasts do not meet the minimum call-off quantities (delivery MOQ) agreed in the contract and detailed in ANNEX 1, the Supplier reserves the right to disregard them.

If the MOQ represents more than four (4) times the Buyer's forecast average monthly consumption (AMC), the Supplier reserves the right not to consider the forecast and to apply the long cycle.

In the absence of a regular forecast from the Buyer or in the case of the poor reliability of the forecasts provided (see 2.1 Firm Horizon), the Supplier reserves the right to no longer consider the last forecast communicated by the Buyer, if the latter is more than three (3) months old and apply the long cycle. Where the Supplier has not taken the forecast into account, the Supplier shall notify the Buyer and provide evidence to justify this action.

Depending on the Supplier's available capacity, the Buyer's requirements over the Provisional horizon shall respect the maximum volume of parts per month detailed in ANNEX 1 (if applicable). The Supplier reserves the right to schedule the volumes in accordance with this condition.

The Provisional horizon constitutes a commitment from the Buyer

- in respect of the volume of parts, when the Provisional horizon covers part of the short cycle (especially in the absence of a Flexible horizon)
- and on the volumes of raw materials and components secured by the Supplier to manufacture the volume of parts required to meet the forecasts communicated by the Buyer over the last twelve (12) months.

The Parties agree to collaborate on the Provisional horizon.

3- RAW MATERIAL SUPPLY CONDITIONS

In the event a raw material supplier imposes a minimum tonnage for which the corresponding volume, when broken down to the implementation weight of the part, would be equivalent to more than one (1) year of needs, the Supplier may require the Buyer to assume responsibility for the raw material.

In this case, the Buyer:

- shall pay for or supply the material to the Supplier and orders will be placed at the sales price minus raw material implementation cost;
- or shall increase the volume of orders consistent with the raw material supplier's minimum.

The Supplier will only commit to purchase the corresponding raw material after agreement with the Buyer, the cycle time starting only upon receipt of said agreement.

4- DELIVERIES

A tolerance is applied as follows:

- plus or minus ten per cent (+/-10%) quantity tolerance for MOQs of more than twenty (20) pieces and three (3) pieces for MOQs of less than or equal to twenty (20) pieces for Products delivered on the basis of a forecast (« RUNNER »)
- and plus or minus twenty per cent (+/- 20%) quantity tolerance for MOQs of more than twenty (20) pieces and four (4) pieces for MOQs of less than or equal to twenty (20) pieces on receipt of an order without forecast (« ERRATIC »).

The parts will be delivered to the address specified on the order according to the incoterm indicated in ANNEX 1, respecting -5/+2 working days of the date acknowledged by the Supplier, within the quantity tolerances and in conformance with the expected quality requirements. In the event a forecast has not been provided on receipt of the firm order, the delivery window will be -10/+5 working days.

Should the Supplier's performance be measured by the Buyer, the above delivery conditions must be taken into account and will only be considered when a minimum of ten (10) deliveries are scheduled in the month.

5- CUSTOMER FORECAST MEASUREMENT

The Supplier shall send, at the request of the Buyer, a « Scorecard » measuring the quality of its forecast and indicating the variation in expected volumes from one forecast to another and the rate of conversion to firm orders.

Reliability is measured by combining the forecasts received six (6) to twelve (12) months ago (depending on the average planning and production cycle) and the real monthly consumption recorded. If the actual consumption recorded is more or less than fifteen per cent (+/- 15%) of the declared monthly forecast, then the forecast is considered reliable.

In the event of excessive variations in the Buyer's forecast impacting industrial operations and production, the Supplier reserves the right to disregard these forecasts for all or some of the Products.

The Supplier shall inform the Buyer who may correct the forecast within five (5) working days following the Supplier's notification and/or explain the reasons for such variation.

Once the Buyer has been notified by the Supplier, the long cycle times will apply for the references concerned for as long as the successive variations from one forecast to another are deemed unacceptable by the Supplier or not sufficiently stable.

Rate of forecast attainment over 12 months	Status
95 % → 100%	Excellent
85 % → 95%	Satisfactory
75 % → 85%	Unsatisfactory
< 75 %	Poor

The Parties agree to work on a progress plan to achieve an optimal level of maturity and in the long term attain « Excellent » status.



CONDITIONS GENERALES LOGISTIQUES



PRODUCT ANNEX – LIST OF REFERENCES COVERED BY THE « GLC – LIA »

Customer name:

Applicable incoterms:

Supplier	PN	Part Number	LISI Reference	Programme	Coefficient / ac	MOQ / delivery	Firm Period (weeks) (short cycle)	Flexible Period (weeks)	Provisional Period (months)	Long cycle (weeks)

The above list may be revised by both Parties on an annual basis.