

GLC - LIA

PURPOSE

This document sets out the General Logistic Conditions (hereafter 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 (<https://www.lisi-aerospace.com/> under “Terms & Conditions”).

This GLC document shall take precedence over any existing and/or future contract(s) between LISI AEROSPACE (hereinafter referred to as the “Supplier”) and its Customer (hereinafter referred to as the “Buyer”), where the logistic conditions are not agreed or are not sufficiently detailed.

In the absence of contract(s) between the Supplier and the Buyer, hereinafter collectively referred to as the “Parties”, this document shall apply automatically.

DATE OF APPLICATION

This GLC document shall apply to all firm and provisional orders upon transmission by the Buyer to the Supplier. Only the latest issue of this document shall be valid. Conditions applicable to the Products the Supplier sells to the Buyer can be reviewed by the Parties. Any updates to the present GLC shall be subject to the prior written agreement of both 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- ORDER AND FORECAST REQUIREMENTS

Supply will be considered **“ERRATIC”** in the following cases and may only be placed as a firm order:

- where the annual volume ordered is less than six (6) Minimum Order Quantity (MOQ) for the FASTENERS business and four (4) Delivery Batch Size (DBS) for the STRUCTURAL COMPONENTS business; or
- supply is in the development or prototype phase; or
- a regular forecast is not provided, or the forecast received lacks sufficient visibility; or
- in the case of price breaks by quantity; or
- where specific raw material is required; or
- where the Parties have not entered into a signed contract.

Supply, manufactured in series and part of a signed contract between the Parties, with a recurrent annual order volume of at least six (6) Minimum Order Quantity (MOQ) for the FASTENERS business and four (4) Delivery Batch Size (DBS) for the STRUCTURAL COMPONENTS business and for which a monthly forecast is provided covering the long cycle corresponding to the manufacturing lead-time, taking into account the Supplier capacity load, and the raw material supplier lead-time, shall 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 (that is excluding inventory held by the Buyer), on at least a monthly basis and over a minimum horizon of twenty-four (24) rolling months (from the date of receipt of the forecast), or more to cover the full horizon described above, in compliance with the firm and flexible periods as indicated below (see paragraphs 1.1 Firm Horizon and 1.2 Flexible Horizon). The GLC applies to the last forecast 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.

For the FASTENERS business, the Customer shall provide clear and accurate information regarding the Average Monthly Usage (“AMU”) for each Product. Coming from annual volumes or forecasts, the Average Monthly Usage (“AMU”) for each Product shall be validated and mutually agreed upon between Supplier and Buyer. No order shall exceed the AMU for the relevant Product, except where the AMU is lower than the applicable Minimum Order Quantity (“MOQ”), in which case the MOQ shall prevail. In addition, no more than one order per month may be placed for the same Product with a delivery date within that same month. Any order placed in breach of the above limitations shall be subject to Supplier’s sole discretion. The Supplier shall be entitled to (i) reject or adjust such order quantities, (ii) postpone the delivery to align with the agreed AMU or MOQ, or (iii) charge the Customer for any additional costs, storage, or handling incurred as a result of the non-compliance. In no event shall the Supplier be held liable for delays, non-deliveries, or any damages resulting from the Customer’s failure to comply with these provisions.

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 » and for which a monthly forecast is provided. The Firm Horizon must cover this short cycle;
- long cycle: corresponds to the short cycle combined with the estimated raw material and components supply cycles and considers the Supplier capacity load. 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 »;
- the above cycle times are applicable in the case of Products where there is an active qualification and compliant tooling is available. They do not include First Article, resumption of manufacture, the time required to obtain an export licence and any factory closure periods.

Each Product is classified as a « 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 the revision and/or requirements checks applied to Products placed as « ERRATIC » 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. The Buyer shall accept all Products manufactured at a previous revision if production had been anticipated based on the forecast.

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.

1.1 FIRM HORIZON

The Firm Horizon represents a purchase commitment in terms of 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 agreed minimum call-off quantity (MOQ or AMU) or delivery batch size. In addition, for the Fastener business, no more than one order per month may be placed for the same Product with a delivery date within that same month.

The Firm Horizon is expressed in weeks and begins on the working day following the receipt of the order by the Supplier and on condition that the order complies fully 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” Products and twenty (20) working days for “ERRATIC” Products. Any order deviating from the stipulated conditions, including quantity, price, revision* (** applicable to « ERRATIC » Products only*), shall be considered 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 the prior agreement of the Buyer:

- any order placed at a lead-time shorter than the Firm Horizon and in the absence of sufficient stock to fulfil the quantity ordered, shall be acknowledged at no less than the lead-time corresponding to the Firm Horizon;
- 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 in the forecast communicated by the Buyer and validated by the Supplier, regardless of the Firm Horizon of the Product;
- the Supplier reserves the right to acknowledge the order delivery date at the long cycle in the absence of a forecast,
- depending on the Supplier’s available capacity, the Buyer’s needs over the Firm Horizon shall respect the agreed maximum volume of Product per month (if applicable). The Supplier reserves the right to schedule the volumes in accordance with this condition.
- in the event an order is placed for the same Product with a delivery date within that same month, the Supplier shall be entitled to (i) reject or adjust such order quantities, (ii) postpone the delivery to align with the agreed AMU or MOQ,

Quantities, whether ordered or forecasted, that were originally scheduled beyond the long cycle horizon shall not be advanced into the long cycle horizon without the Supplier’s prior confirmation of raw material availability.

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.

1.2 FLEXIBLE HORIZON

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

- with respect to the volume of Product where the Flexible Horizon covers the short cycle;
- with respect to the volume of raw materials and components secured by the Supplier to manufacture the quantity of Product 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 agreed minimum call-off quantities or delivery batch size.

The Flexible Horizon shall not be subject to modifications in quantity.

Within the Flexible Horizon, volumes may be modified only once per delivery date and by no more than one (1) month, except for the first (1st) month of the Flexible Horizon, up to the maximum the limit of the Flexible Horizon.

Excluding these variations, the Parties shall collaborate on any changes.

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

In the absence of a Flexible Horizon, the Firm Horizon shall be extended accordingly.

1.3 PROVISIONAL HORIZON

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

The Provisional Horizon must correspond to the remaining period beyond the Firm and Flexible Horizons and the long cycle, scheduled by the expected delivery date for all the quantities of all the Products due to be purchased (that is excluding Buyer inventory) on a monthly basis.

The quantities indicated in the Provisional Horizon shall respect the agreed minimum call-off quantities or the delivery batch size.

The Provisional Horizon may vary in date and quantity over the entire Provisional period. In the absence of a Flexible Horizon, such variations may apply only beyond the long cycle.

Nevertheless, in the event of a variation in volume of more or less than thirty per cent (+/- 30 %) across the Provisional Horizon on one or successive procurement plans, 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 impacting the supply of raw materials and Product components, the Supplier shall be entitled to request financial support for the corresponding volumes, or for finished Products where production has been carried out in advance.

Should the Buyer's forecasts fail to meet the agreed minimum call-off quantities or delivery batch size, the Supplier reserves the right to disregard them.

If the minimum call-off quantity or delivery batch size represents more than four (4) times the Buyer's forecast average monthly consumption (AMC), the Supplier reserves the right to disregard the forecast and to apply the long cycle time.

In the absence regular forecasts from the Buyer, or should the forecasts provided be of poor reliability (see 1.1 Firm Horizon), the Supplier reserves the right to disregard the last forecast communicated by the Buyer where such forecast is more than three (3) months old, and to apply the long cycle times accordingly.

Depending on the Supplier's available capacity, the Buyer's requirements over the Provisional Horizon shall respect the agreed maximum volume of Product per month (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:

- with respect to the volume of Product, where the Provisional Horizon covers part of the short cycle (especially in the absence of a Flexible Horizon);
- with respect to the volumes of raw materials and components secured by the Supplier to manufacture the quantity of Product, covering at least the long cycle, as required to meet the forecasts communicated by the Buyer over the preceding twelve (12) months.

The Parties agree to collaborate on the Provisional Horizon.

1.4 PRODUCT RECLASSIFICATION OR PHASE OUT

If a Product is reclassified from "RUNNER" to "ERRACTIC" as a result of no longer meeting the "RUNNER" conditions or if the Buyer no longer requires supply of the Product, the Buyer shall purchase any inventory and work in progress ("WIP") corresponding to the Flexible and Provisional Horizons available at the date of the reclassification or the date of the first request to stop supply, in addition to the components and raw material ordered by the Supplier for the sole purpose of performing the relevant orders. Any firm orders for such a Product shall be supplied as acknowledged.

2- RAW MATERIAL SUPPLY CONDITIONS

In the event that a raw material supplier imposes a minimum tonnage whose corresponding volume, when converted to the input weight of the part, is equivalent to more than one (1) year of needs, or where the Firm and Flexible Horizons do not cover the raw material supply lead-times, 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.

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.

3- DELIVERIES

A quantity tolerance shall apply as follows:

- a tolerance of plus or minus ten per cent (+/-10%) for MOQs or Delivery Batch Sizes exceeding twenty (20) pieces, and of three (3) pieces for MOQs or Delivery Batch Sizes of twenty (20) pieces or less, for Products delivered on a forecast basis (« RUNNER »);
- a tolerance of plus or minus twenty per cent (+/- 20%) for MOQs or Delivery Batch Sizes exceeding twenty (20) pieces, and of four (4) pieces for MOQs or Delivery Batch Sizes of twenty (20) pieces or less, for Products ordered without a forecast (« ERRATIC »).

Products shall be delivered to the address specified on the order in accordance with the Incoterm agreed between the Parties, within a delivery window of -5/+2 working days from the date acknowledged by the Supplier, and in compliance with the quantity tolerances and applicable quality requirements. Where no forecast has been provided upon receipt of the firm order, the delivery window shall be -10/+5 working days.

In the event that the Supplier's performance is measured by the Buyer, the above delivery conditions shall be taken into account and considered only when a minimum of ten (10) deliveries are scheduled within the month.

Where the Parties agree to exchange all orders via EDI, including those relating to Products not included in the contract, such orders shall be excluded from performance indicator calculations, regardless of the applicable terms and conditions or contractual reference(s) relating to Non-Contract Products.

4- INCOTERMS

The incoterms FCA (Incoterms® 2020) Supplier's facility shall apply for Products to be delivered outside the European Union according to the following provisions:

- at the pick-up time of goods, the Supplier undertakes to provide the necessary documentary bundle, as well as the export declaration used for the export of the goods from the European Customs Union. The Buyer undertakes to fully comply with the agreed incoterm. The Buyer must request its carrier in charge of transportation of goods, to consider properly the complete documentary bundle provided by the Supplier, in particular the export declaration, with mandatory obligation to obtain the "ECS SORTIE" status.
- should the buyer fail to respect its obligations under this point, it will indemnify and hold the supplier harmless from any and all claims, actions, judgments or any other prejudice that may arise from or be related to the breach of the foregoing provision including following inspections of relevant customs and tax authorities.

The incoterms DAP (Incoterms® 2020) Buyer's facility shall apply for Products to be delivered within the European Union. However, should FCA incoterm be used for European Union deliveries, the following provisions shall apply:

- the buyer undertakes to provide the supplier with proof of delivery (POD) within ten calendar days from the date of receipt of goods. The proof of delivery required by the supplier is the consignment note countersigned by an authorized representative of the buyer. In accordance with the applicable regulations, the supplier shall only accept POD which are compliant with applicable legal requirements, recognizable by one of supplier's internal reference, readable, dated and duly signed.
- should the buyer fail to respect its obligations under this point, it will indemnify and hold the supplier harmless from any and all claims, actions, judgments or any other prejudice that may arise from or be related to the breach of the foregoing provision including following inspections of relevant customs and tax authorities.