

Logistics Agreement

For the supply of fasteners

1/ Purpose

This Logistics Agreement is the frame contract that defines, in the absence of particular agreement between the Parties, the terms of the Supplier's "logistical" commitments regarding the products supplied by it; this Agreement transposes the professional practices for the mechanical fasteners, with regard to the logistical procedures.

It has been drawn up in addition to the "General sales conditions for the supply of fasteners " (hereafter "GSC") and it refers to the best practices of the profession with regard to quality (cf. Quality Agreement) for the fasteners, available from Artema (www.artema-france.org).

Bearing in mind the specific features of this document, these terms apply even when the GSP would not apply. The Logistics Agreement is a stand-alone à part document that supplements the GSP.

2/ Definitions

- Forecast schedule: expression of the needs within the framework of an open order.
- Firm Programme or Schedule: firming up of the Forecast Schedule (placing the Order through calls for delivery or Calls-off).
- Open Order: contractual document in which the Parties agree on the definition of the product to be delivered, its price, its level of quality required and logistics, but in which the Client does not make any firm commitment regarding the quantity and the timetable, which is subject to Calls-off¹.

¹ Translator's note: Translation of « appel de livraison » to be confirmed. Other possibility: "call-off order".



- Closed Order: order constituting a supply contract, firmly specifying the quantities, prices and date of delivery.
- Logistical non-compliance: proven deviation from the agreed logistical procedures.

3/ Basis of the logistical commitment

The Supplier's logistical commitment is defined by its offer including the logistical conditions and particularly the Incoterms, in accordance with the GSP, the Quality Agreement and this Logistics Agreement.

Bearing in mind the multiplicity of clients with a sizeable number of sites to be delivered to, this agreement will, in all cases, be the reference framework for the Supplier's logistical commitment, including the negotiated transport terms and condition.

Derogatory terms must always be requested in writing to the other party, within an appropriate and reasonable time frame, and are expressly agreed in writing.

In any event, in case the Client proposes other logistics conditions, there is no tacit acceptance thereof. Only this Agreement and the documents to which it refers are contractual documents.

The Client acknowledges and accepts its general obligation to inform, advise and collaborate with the Supplier, to ensure the proper performance of their contract.

4/ Form of submitting orders

Subject to the Supplier's prior validation, orders must be sent by the Client by:

- EDI,
- Emails,
- Fax,
- Post.



The Client must make sure that the order is safely received by the Supplier, in particular in the case of deadlines (notifications, confirmations, firming up), or in the light of the nature of the order (quantities and specific products, essential date of delivery, special logistical provisions, etc.).

Because of the multiplicity of clients, the Supplier is not obliged to check the portals and other informational tools to acknowledge the orders and the changes thereto. Any order, particularly significant in terms of volumes or logistical conditions, which the Client places on its portal, must be notified to the Supplier by any usual and appropriate means; no presumption of receipt can arise from this method of expression of its needs.

5/ Expression of needs

5.1 Forecast Schedule and Firming Up

The Forecast Schedules of orders are received by the Supplier on a weekly basis and are expressed over a period of at least four months.

The Client must make sure that the expression of its needs is in line with the Supplier's ability to manufacture and supply and must, where applicable, ensure that the means of transportation is booked in accordance with the Incoterms agreed.

For these reasons, the Forecast Schedule must be firmed up by the Client and received by the Supplier no later than two calendar weeks before the requested shipment date (Firming Up deadline). The procedures for placing orders are defined in the GSP. If this deadline needed for the supply, manufacture and order preparation cycle in particular is not complied with by the Client, the latter may not require the Supplier to comply with the conditions and date of delivery of the **Forecast Schedule** not confirmed within the deadlines.

Nonetheless, depending on the nature of its production cycle, the Supplier reserves the right to accept this delay on an exceptional basis, or to reduce the Firming Up



deadline, but in any event it cannot be less than forty-eight hours and it must be previously agreed in writing. In any event, if the Client does not firm up the **Forecast Schedule**, it is expressly agreed that the Supplier is not obliged to remind or warn the Client; consequently, the Supplier may not be held liable for the consequences of its Client not Firming Up the **Forecast Schedule**.

In the absence of agreed amendments duly received by the Supplier in accordance with the conditions hereof, the first four weeks of the Forecast Schedule are deemed by the Supplier to be firm commitments legally binding, which the Client acknowledges and accepts.

To allow for flexibility, a variation of (+) or (-) 20% of the volumes of such **Forecast Schedule**, which shall be notified in the two months preceding the requested shipment date, will be accepted by the Supplier without any financial consequence as far as the Client is concerned. Conversely, if the quantities with regard to such **Forecast Schedule** expressed in the two months preceding the requested shipment date should vary by more than or equal to 20%, the Supplier will not be committed to supply the quantities exceeding to this permissible variation.

In a supplementary manner and excluding the closed Orders and the firmed up programmes that cannot be amended or cancelled, any change including, in particular, (i) postponements, (ii) cancellations, (iii) additional one-off needs with regard to the timescales of the **Forecast Schedule**, must be subject to a written request from the Client justifying the change, sent within an appropriate and reasonable time frame, and to the Supplier's prior written acceptance.

Any substantial and sustained reduction or increase in the nature and the volumes of the Calls-off compared to the **Forecast Schedule**, or to the practices established between the Client and the Supplier must be notified and justified in writing by the Client, so as to possibly initiate a negotiation regarding the terms and conditions of the logistical change requested.



In any event, the Client, in respect of its orders, must take into account the manufacturing lead time mentioned on the price offer, which is several weeks.

5.2 Minimum Order and end of life

Any amendment, non-performance, suspension or partial or total termination of the contract, the conditions and time frames of which would not allow the stocks to be used up or the raw materials or components purchased or ordered by the Supplier in accordance with the conditions stipulated in the contract, shall give rise to a renegotiation of the initial financial conditions or of a settlement agreement, allowing in particular compensation for the Supplier's costs, expenses, losses and damage, taking account in particular of the size of the batches.

Minimum order

The minimum quantity of a Client order must correspond to the minimum delivery indicated in the Supplier's offer rounded to the nearest packaging unit (PU), unless exceptionally agreed for a specific packaging.

In accordance with the GSP and the Quality Agreement, and amendment to the contract that may have an impact on the logistical conditions, in particular place of delivery, the specific material, etc., must be subject to a written request giving the reason(s) therefore, sent by the Client within a reasonable time frame which is compatible with the nature of the contract and with at least one month's prior notice; such a request will be subject to the Supplier's express acceptance.

Size of the production batch

Any order from the Client must comply with the batch size specified in the supplier's offer.

Reduction of needs and end of life

Any stoppage, substantial order reduction or end of life must be subject to a minimum express, explicit and written prior notice of six calendar months.



Failing such that, the Client shall compensate the Supplier for the loss suffered, particularly the expenses and costs (for manufacture, supply of specific materials, stocks, work in progress, logistical costs, etc.) which the Supplier will have incurred.

End of needs; if an order is not placed or in the absence of substantial demand from the Client (Projected Programme or closed Orders) for a year, the Supplier will be entitled to consider that the Open Order is terminated/closed, and may therefore send the Client, if applicable, its request for compensation provided for above.

6/ Packaging

The packaging is specified in the supplier's offer.

All products are delivered in the Supplier's standard format packaging which complies with current standards (Art. R 4541-2 of the French Labour Code + NF X35-109 + Decree of 30/3/11).

The packages comply with the environmental regulations applicable in the European Union. Any specific request for a delivery outside of the EU must be subject to specific information from the Client, prior to the contract. At each Call-off ², the Client must make sure to order a sufficient quantity of products with packaging of the same dimensions, so as to ensure a uniform pallet layering to ensure a safe transportation and packaging.

7/ Labelling

The labelling will be done in accordance with the standards in force on the same date that the offer is issued. Any other request must be subject to the Supplier's express agreement. Any non-compliance in this regard will be dealt with in accordance with Article 7 of the Quality Agreement.

² Translator's note: Translation of « appel de livraison » to be confirmed. Other possibility: "call-off order".



8/ Delivery – Transportation

The delivery terms are defined in the offer with a mention of the Incoterms applicable. If the Client is responsible for the transportation, it undertakes to ensure that the carrier complies with the Supplier's plant's internal regulations and current legislation. The Client also undertakes to use all resources necessary for the correct shipment of the freight; in particular, it shall make sure that the carrier holds the freight bill/packing list/delivery note that identifies the freight to be collected and the contact details of the Client and the recipient. Failing that, the loading Supplier reserves the right not to hand over the freight to that carrier for reasons of safety, good professional practices and compliance with the contract.

The Supplier shall provide the carrier with the documents prescribed by the corresponding Incoterms agreed to in the contract, no additional documentation shall be provided for.

All of the other terms are defined in Article 7 of the GSP and Article 6 of the Quality Agreement, which are provided to the Client.

Unless otherwise advised by the Supplier, the pallets are not stackable.

In the event of delivered "D" Incoterms, sale upon arrival at the agreed place, the governing law in particular for transportation disputes is that of the relevant means of transportation (road, waterway, etc.).

Bearing in mind the variations inherent in the product itself and the technical tolerances relating to industrial calibration, measuring and/or weighing equipment, designed and maintained by approved external companies, the number of products placed inside each packaging unit (PU) may vary, upwards or downwards, from the estimated nominal quantity.

Consequently, the (+) or (-) 5% variation in the quantities in relation to the packaging unit (PU) is in line with the tolerances of the industrial control equipment and professional practices. That being the case, despite such variations, offset over



the various deliveries made according to the Calls-off or to the various Open orders, the Supplier will be deemed as having fulfilled its obligations associated with the performance of the order and therefore, in this regard, no claim will be accepted.

9/ Availability time frame

The Client must place its orders within a time frame that is compatible with that contractually agreed with the Supplier, for which the preparation period cannot be less than forty-eight hours. Any request for an exception to the availability time frame indicated on the acknowledgement of receipt of the order must be sent to the Supplier within a reasonable time frame (possibly indicated on the acknowledgement of receipt of the order) and will be subject to the Supplier's express agreement.

In the event of parts being made available in the Supplier's premises, the Client, after a period of two calendar days, may be invoiced for holding and storage expenses in accordance with this agreement.

10/ Safety stock

As a matter of principle, the Supplier does not keep Safety Stock, unless expressly agreed by the Parties.

End of life: the stock management procedures will be specified by agreement between the Parties.

The Parties will negotiate appropriate financial and logistical terms.

To prevent any break in its logistics chain that may lead to a stoppage of an assembly line, it is the Client's responsibility to assess the advisability of keeping an appropriate safety stock.

11/ Storage conditions



The storage conditions will be in accordance with the terms of the Quality Agreement. In addition, the Client must effect stock management on a FIFO basis and take account of the period of its logistics flow.

The Client must also comply with any recommendations specific to the product such as:

- The conditions and the maximum period of storage before use;
- The handling conditions and conditions of use by the Client.

12/ Costs and consequences of Logistical Non-compliance

The conditions for delivery, transportation and acceptance of the products are subject to Article 6 of the Quality Agreement and Article 7 of the GSP.

In the event of accidents, damage or delay during transportation, the Supplier's liability is limited to that of the freight forwarder / performing carrier in accordance with the Incoterms, subject to the recipient complying with the transportation law, by making (in accordance with French law) reservations in the legally prescribed manners and confirmed by registered letter with acknowledgement of receipt, within three days of delivery, with the Supplier also being notified.

In addition, for any cause of proven Logistical Non-compliance, the Supplier's liability is limited to its immediate direct and exclusive consequences.

The Supplier is not, under any circumstances, obliged to provide compensation for:

- Administrative expenses or handling costs;
- The consequences of the logistical non-compliance on products already assembled;
- Indirect or consequential damage such as, in particular: business interruption, loss of profit, loss of an opportunity, commercial loss, loss of earnings, etc.



Should indemnities have been agreed, the Client should provide the documents detailed for the sums claimed.

Moreover, these indemnities shall have the value of a payment in full discharge and are exclusive of any other sanction or compensation claim.

The Client shall refrain from any illicit practice of automatic debit or credit regardless of the cause or the nature of the claim put forward by the Client (complaint, contractual dispute, etc.) and from invoicing the Supplier for any sum that it has not expressly acknowledged as its responsibility.

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