

## Logistics Agreement

### For the supply of mechanical fixings

#### 1/ Purpose

This Logistics Agreement is the boilerplate contract that defines, in the absence of special or dispensatory agreements between the Parties, the terms of the Supplier's "logistical" commitments regarding the products sold by it; this Agreement represents the basis of the professional practices for the mechanical fixing products, with regard to the logistical procedures.

It has been drawn up in addition to the "General professional conditions for the supply of mechanical fixings" (hereafter "GPC") and it refers to the best practices of the profession with regard to quality (cf. Quality Agreement) and logistics for the fixing products, available from Artema ([www.artema-france.org](http://www.artema-france.org)).

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

#### 2/ Definitions

- Projected Programme: expression of needs of the open order.
- Firm Programme: firming up of the Projected Programmes (placing the Order through the expression of firm needs of the open order).
- 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 delivery requests<sup>1</sup>.
- Closed Order: order constituting a supply contract, firmly specifying the quantities, prices and time frame.
- 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 GPC, the Quality Agreement and this Logistics Agreement.

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



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 transportation terms negotiated.

Dispensations 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, there will be no tacit acceptance of a proposal from the Client regarding the logistical procedures. 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, 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 time frames, 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 Projected Programme and Firming Up**

The Projected Programmes 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 step 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 Projected Programmes 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 GPC. 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 time frames of the Projected Programme 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 Projected Programme, 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 Projected Programme.

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

To allow for flexibility, a variation of (+) or (-) 20% of the volumes of such Projected Programmes, 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 Projected Programmes expressed in the two months preceding the requested shipment date should vary by (+) or (-) 20%, the Supplier will not be committed to supply the quantities exceeding the (+) or (-) 20% of 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 Projected Programmes, 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 orders compared to the Projected Programme, 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 account of 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 to be used, 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 GPC and the Quality Agreement, and amendment to the contract that might 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) therefor, sent by the Client within a reasonable time frame that 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 must comply with the batch size specified in the 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 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 finished, and may therefore send the Client, if applicable, its request for compensation provided for above.

#### **6/ Packaging**

The packaging is specified in the 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 delivery request<sup>2</sup>, 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 so that secure transportation and packaging can be ensured.

### **7/ Labelling**

The labelling will be done in accordance with the standards in force on the 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.

### **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 internal regulations and current legislation. The Client also undertakes to use all resources necessary for the correct shipment of the merchandise; in particular, it shall make sure that the carrier holds the collection note that identifies the merchandise 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 merchandise to that carrier for reasons of safety, good professional practices and compliance with the contract.

The Supplier shall provide the carrier with the documents in accordance with the obligations of the Incoterms corresponding to the contract, to the exclusion of any documentation or logistical service provision not agreed.

All of the other terms are defined in Article 7 of the GPC 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 metering, measuring and/or weighing equipment, designed and maintained by approved outside companies, the number of products placed inside each packaging unit (PU) may vary, upwards or downwards, from the estimated nominal quantity.

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



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, 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 the chain, 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 GPC.



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) in particular 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 exclusively to its immediate direct 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 Supplier is entitled to ask the Client to submit the supporting 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 right invoked by the Client (claim, contractual dispute, etc.) and from invoicing the Supplier for any sum that it has not expressly acknowledged as its responsibility.

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