



*Supply chain Progress towards
Aeronautical Community Excellence*

PRACTICE COMPLIANCE CODE

Declared Association governed by the French law of July 1st, 1901
and the Decree of August 16th, 1901

PREAMBLE

I. Airbus and its Tier 1 suppliers have decided to put in place an association under French law, called "SPACE" (*Supply chain Progress towards Aeronautical Community Excellence*), to improve the efficiency of the aeronautical supply chain by offering services to sub-tier suppliers for the improvement of their industrial performances - particularly their on-time delivery, product quality, reliability and ramp up capability.

In order to do so, SPACE has put in place three main services:

➤ **Benchmark Services**

The purpose is to enable suppliers to self-assess their level of performance through a process conducted by an independent party ("Benchmark Provider") subject to a strict confidentiality requirement. It will also, by the use of anonymous reports, enable any actor of the aeronautical supply chain to assess the level of its global performance.

➤ **Referral Services (External Consultants)**

The purpose is to make available to all interested suppliers a list of external consultants offering industrial performance development services.

➤ **Improvement Services**

The purpose is to generate synergies through industrial improvement services proposed by SPACE to the benefit of identified common sub-tier suppliers having industrial sites in Europe.

II. In order to fulfil the aforementioned objectives:

- SPACE activity will be led by an Operating Manager, who shall be fully independent of its Executive Members and Associates Members.
 - He/She must be hired by SPACE outside of the Executive Members.
 - His/Her performance assessment is based solely on the success of SPACE's activities.
 - He /She reports exclusively to the Executive Committee of SPACE.
 - The decision to hire and dismiss the Operating Manager is taken by Executive Committee after consulting the Compliance Officer.
 - An independent Compliance Officer will be appointed and will act as a consultant for the Executive Committee and Operating Manager for the application of the present rules, and as a mediator for the Dispute Resolution Procedure described in section V hereafter.

- A Dispute Resolution Procedure (section V) has been defined to allow a fair and timely resolution of any dispute arising from the implementation of the Practice Compliance Code. This procedure is binding upon the Executive Members and voluntary for all other Participants.

III. To achieve those measures, all Participants to the SPACE project shall strictly adhere to a certain number of guiding principles:

- There shall be no disclosure or exchange of Sensitive Information pertaining to any Participant of the SPACE project, except what is authorized in the present document;
- Sub-tier suppliers are at liberty to choose whether or not to make use of services offered;
- Operating Manager and Compliance Officer remain independent of SPACE Members;
- In all respects, SPACE activities will be limited to recommendations on the improvement in the supply chain and under no circumstances shall SPACE or its representatives interfere in the management of the sub-tier suppliers' activity;
- One of the founding principles of SPACE shall be the non-discrimination between the Participants of the SPACE project;
- The purpose of the Practice Compliance Code is to provide guidelines for the implementation of SPACE services;
- Addressees of the Practice Compliance Code shall note that compliance with the provisions therein is fundamental and that failure to do so :
 - will lead to the application of sanctions as laid down in this Code,
 - and may expose the Participants to the project to serious legal risks.

*

*

*

TERMINOLOGY

IMPORTANT NOTICE

All definitions below shall apply identically in all Founding Documents of SPACE (i.e. the Statutes, the Internal Regulations and the Practice Compliance Code)

Associate Members

Are Members of SPACE as defined in article 7.2 of the Statutes.

Benchmark Provider

An independent consultant having no conflicting interests with any Executive Member or Associate Member and providing the Benchmark Service.

Benchmark Services

One of the three main services proposed by SPACE as defined in the Practice Compliance Code.

Compliance Officer

An independent external consultant with the specific missions defined in article 19 of the Statutes.

Detailed Report

Report prepared by Benchmark Provider following the implementation of the Benchmark Service, which identifies all participants in the Benchmark Service and may only be communicated to the Operating Manager.

Dispute Resolution Procedure

The alternative dispute resolution scheme provided for in section V of the Practice Compliance Code.

Executive Committee

It is composed of a limited number of representatives of Executive Members and takes decisions in the areas defined in the Statutes of SPACE.

Executive Members

Are Members of SPACE as defined in article 7.1 of the Statutes.

Extraordinary General Meeting

The meeting of Executive Members as defined in article 18.1 of Statutes.

Final List of Improvement Services

List summing up the Improvement Services to be provided by SPACE for a given year. It is defined by the Operating Manager following a diagnosis phase on the basis of input from Executive Members and is subject to the acceptance by the sub-tier suppliers concerned.

Global Anonymous Report

One of the reports to be made by the Benchmark Provider following the implementation of the Benchmark Service. This report is entirely anonymous (i.e. does not identify any participant).

Group

A Group within the meaning of the SPACE Project shall be composed of different companies one or several of which hold control over others. Control shall be constituted by rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence.

Honorary Members

Are Members of SPACE as defined in the article 7.3 of the Statutes.

Improvement Services

One of the three main services proposed by SPACE as defined in the Practice Compliance Code.

Members of SPACE

As defined in article 1 of the Statutes, the Executive Members, the Associate Members and the Honorary Members together are the Members of SPACE.

Mission Report

Prepared by the Steering Committee following an Improvement Action. It has to be communicated to the Operating Manager only.

Operating Manager

He is the legal representative of SPACE as defined in article 13 of the Statutes.

Ordinary General Meeting

The meeting of Executive Members as defined in article 18.2 of Statutes.

Participants of the SPACE project

All Members of SPACE, all qualified Benchmark Providers, all Seconded Personnel, all representatives on the Executive Committee, all employees of SPACE, the Operating Manager and the Compliance Officer.

Referral Services (External Consultants)

One of the three main services proposed by SPACE as defined in the Practice Compliance Code.

Sensitive information

Sensitive information is regarded as all information pertaining to any company of the aeronautical supply chain that could allow other companies to determine their commercial behaviour as well as all information relating to the suppliers' situation and not available to the public. The following is a non-exhaustive list of information that is considered *sensitive*:

- the price of sale as well as commercial conditions (conditions and deadlines for payment, rebates, delivery time, for instance);

SPACE PRACTICE COMPLIANCE CODE - TERMINOLOGY

- information relating to production costs;
- information relating to research and development;
- volumes of production and capacities of production, stocks, productivity rate;
- purchase volumes, purchase prices, supply sources, volume of sales, market shares, client files or supplier files;
- investment policies, and more generally, commercial strategies;
- information relating to the internal organisation of any company involved;
- the detailed report and semi-anonymous prepared by Benchmark Provider for the benchmark process;
- more generally, any information pertaining to any supplier and normally regarded as a business secret.

Seconded Personnel

Personnel of Executive Members sent to premises of Associate Members for the supply of the Improvement Services.

Semi-Anonymous Report

One of the reports to be made by the Benchmark Provider following the implementation of the Benchmark Service. Each Semi-Anonymous Report identifies only one sub-tier supplier participants to the Benchmark and is only to be communicated to him.

Steering Committee

Ensures the good functioning of Improvement Services. It is chaired by the Associate Member benefiting of the Improvement Services. It is composed of the Operating Manager and Seconded Personnel.

*

*

*