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SET OF ACTIONS TO DEAL WITH A VOLATILE ENVIRONMENT INFLATION RALLY

Abstract

We realize, as of the start of the Covid19 pandemic, that volatility is now part of the normal. New crisis occurred, or are developing such as the inflation rally and the side-effect of scarcity of resources is here to stay.

TAS is fully aware of the situation and adapts itself as follows to offer competitiveness solutions and mitigate impacts on programs.

On the procurement side :

We actively work with the objective of relying on a strong, robust and trusted supply chain: • Long term strategic supplier partnerships, which creates stability and mutual control and encompass support of certain critical SMEs (supply chain Watchtower) • Early involvement of the procurement function trusted supplier partners in bids and projects to foster (cost-) innovation, promote Design for Excellence, implementing rapidly new techno solutions as well as new manufacturing methodologies, • Supplier's selection process by strengthening the assessment, revisiting the contractual schemes accordingly • Development and execution of sourcing strategies robust enough to absorb volatilities (Sovereignty, Offset obligations, NMS, ...) • Awareness using State of the art market intelligence to be able to ride on the waves of volatility.

On the manufacturing side :

• we are engaging in several internal cost optimization programs focussing on Industry, Site, Competence Centres etc. envisaging/reinforcing internalisation in some cases if needed. • Revisiting our policies in terms of working capital leading to increase the level of stocks /anticipations as a • Work on a better flexibility / availability of production lines to adapt to circumstances

On the program cycle implementation side:

• Improve the reactivity to adapt schedule to unpredictable technical programmatic difficulties with a rapid validation from the customer (redesign, activation 2nd source, etc...) • Careful attention on financial offers validity and application of price variation formula (FPV) contracts tentatively even on export markets • Vigilance on cost evolution / inflation drift and specific contractual measures to address identified risks, review of Hardship clauses • strong attention on talents, a critical point for us and for our supply chain.

Finally, we appreciate very much the strong awareness of our customers of the new normal and their readiness to openly discuss and try to find solutions for industry at large, the prime entities and their supply chain.