

Appendix 1.3

Supplier Regulation

April 2016 edition

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1. Preamble

The purpose of the regulations is to have the desired material and the item in the correct quantity, at the right time, to the correct quality either at the Logistics Center or on the customer's premises within the framework of third-party order processing, and to transport it in the planned sequence at optimum cost.

- 1.1 At the same time, this should safeguard the procedure by ensuring that the following principles are adhered to:
- 0 faults with regard to logistics and quality
 - High level of readiness to deliver / standard of service
 - Low stock levels
 - Avoiding special cargoes
 - Avoiding out-of-stock situations
 - Flexibility when requirements change
 - Correct delivery management
 - Standardized registration and transport procedures as well as uniform documents, information and communication processes together with a simultaneous reduction of media disruptions etc.

2. Principles

The following ordering, transport and packing regulations form part of our purchasing conditions, irrespective of the agreed delivery conditions.

- 2.1 If necessary, we will cover transportation costs in line with the agreed delivery conditions.
- 2.2 These transport and packing regulations do not apply if we have specified something different in a particular individual case.
- 2.3 We will only accept higher transport costs incurred if the specified dispatch method is changed, e.g. air freight, express rail, priority package, courier service etc. if we have expressly stipulated a dispatch method of this type.
- 2.4 The vendor is free to insure consignments at his own expense. We will not accept any insurance costs billed to us.
- 2.5 This April 2016 edition supersedes and invalidates all previous editions.

- 2.6 The transport and packaging regulations relate to all orders/deliveries to our German central warehouse in Künzelsau-Gaisbach and to deliveries at our shop in Künzelsau-Gaisbach or to other specified delivery addresses.
- 2.7 The supplier is responsible for observing and implementing the delivery agreement from his warehouse/production facility, including incorporating all subcontractors involved right through to the agreed transfer of risk when the goods arrive at Würth MODYF.
- 2.8 The handover to the freight carrier must be made in good time so that we can take delivery of the goods on or before the agreed delivery date. The supplier is responsible for ensuring the conditions for proper and careful handover in line with the product properties.
- 2.9 Immediate notification must be given of deviations in the process sequence and of deviations in the delivery date and delivery quantity (within 2 working days after the order is received). Immediate corrective measures must be taken and communicated on the supplier's own initiative. If deviations arise that are the supplier's responsibility or that fall within the supplier's area of responsibility, the supplier shall cover any additional costs incurred according to the cost-by-cause principle.

3. Ordering regulations

3.1 Orders and consignment requirements

Orders are placed in the familiar form (mail, fax, letter) and also form the basis of the rest of the work flow.

- Allowance is made for our customers' stock differences, quantity and deadline changes and other unplanned influences
- The call-off reflects the current demand situation
- In the event of problems with quantities or deadlines, the responsible planner must be informed in writing immediately (within 2 working days maximum) after the problem has become apparent
- Deviations that have not been agreed in advance will not be accepted, and the supplier will be charged for the resulting costs

The described delivery call-off is made at the specified time for the Incoming Goods department. A continuous work flow is established based on the transit times agreed with the service provider and the delivery times in the Incoming Goods department.

3.2 Direct orders, drop shipment deliveries

Transfers of so-called drop shipments from the supplier directly to the end customer are handled in the same way as described above.

3.3 Item number

The Würth MODYF item number (10-digit) must be shown on the delivery note.

e.g.: M003 259 002

1. 2. 3.

1. Product prefix number: Indicates which type of goods is involved

2. Consecutive number


3. Size


3.4 Order number

The eight-digit order number must always be shown on the delivery note.

e.g. 83562587

Example for loading a bridge

 MODYF Pallets

 other Pallets

View from above

right

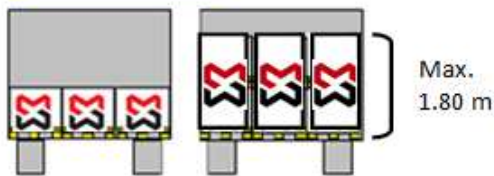


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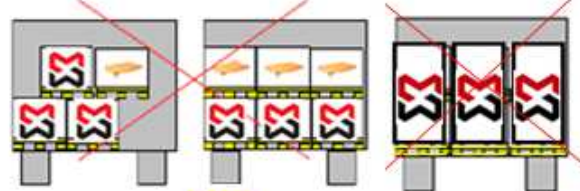
View from the back

right



Max.
1.80 m

wrong



4. Dispatch methods

The deliveries intended for our company are subject to the dispatch guidelines below.

- 4.1 The preferred method of sending consignments suitable for postal service delivery from suppliers in Germany is with DPD (Deutscher Paket Dienst), GLS or UPS:

Consignments suitable for postal service delivery are:

- max. up to 20.0 kg/package
- max. 10 packages
- up to 3 m girth/package (double width + double height + single length)
- up to 1.75 m length/package



bis 10
up to 10



bis zu 10 Pakete: Lieferung mit Paketdienstleister
up to 10 Parcels: Delivering with parcel service



über 10
over 10



über 10 Pakete > Lieferung mit Spedition
over 10 Parcels > Delivering by forwarding agency

Consignments not suitable for postal service delivery must be delivered to us by freight forwarders, observing the packaging instructions stated under Point 8.

- 4.2 When individual packages are delivered, the recipient and the sender/supplier must already be clearly identifiable on the outside.
- 4.3 The goods intended for us must always be at the end of the goods still on the vehicle. The reason for this is that the goods are unloaded via ramps by forklift trucks. Unloading over the side is not possible.
- 4.4 Loading a bridge: Pallets must not be stacked on each other or loaded crossways.

5. Dispatch handling

Dispatch handling relates exclusively to the dispatch and collection locations agreed and defined by both parties at the time when the code of conduct for suppliers was issued. The supplier must always give notification of different dispatch locations and these must be approved by Würth MODYF. Würth MODYF reserves the right to charge the contractor for higher transport costs arising from the agreed dispatch locations not being used.

- 5.1 Deliveries for one shipment day must be combined into one consignment
- 5.2 If there more than 10 packages per day, the goods must be delivered on pallets as freight goods
- 5.3 Part deliveries will be approved only by prior agreement
- 5.4 In Germany, the exchange and shipping of Euro pallets are always conducted between the service provider and the sender / respective client (Würth MODYF).

6. Delivery address / times

- 6.1 The delivery address is as follows unless otherwise agreed:

Würth MODYF GmbH & Co.KG
Benzstr. 8
74653 Künzelsau - Gaisbach, Germany

- 6.2 Other delivery addresses can be agreed.
- 6.3 Delivery times are as follows:
Monday – Thursday: 7.00 - 9.00, 9.15 - 12.15, 12.45 - 15.00
Friday: 7.00 - 9.00, 9.15 - 12.15

7. Accompanying documents

Proper freight papers and accompanying documents must be given to the parcel service or freight forwarding company or enclosed with the consignments.

7.1 Waybill

7.1.1 Each consignment must be handed over to the freight forwarding company with a transport order.

7.1.2 The transport order must show the following details of the consignment:

- Sender's (supplier's) address
- Würth MODYF delivery address
- Würth MODYF order number (at the same time the consignment reference)
- Delivery conditions in accordance with our order
- Number of packages in the consignment
- Pallet number and number of packages per item number and pallet
- Total weight of the consignment
- Handover or consignment date of dispatch

7.2 Delivery note

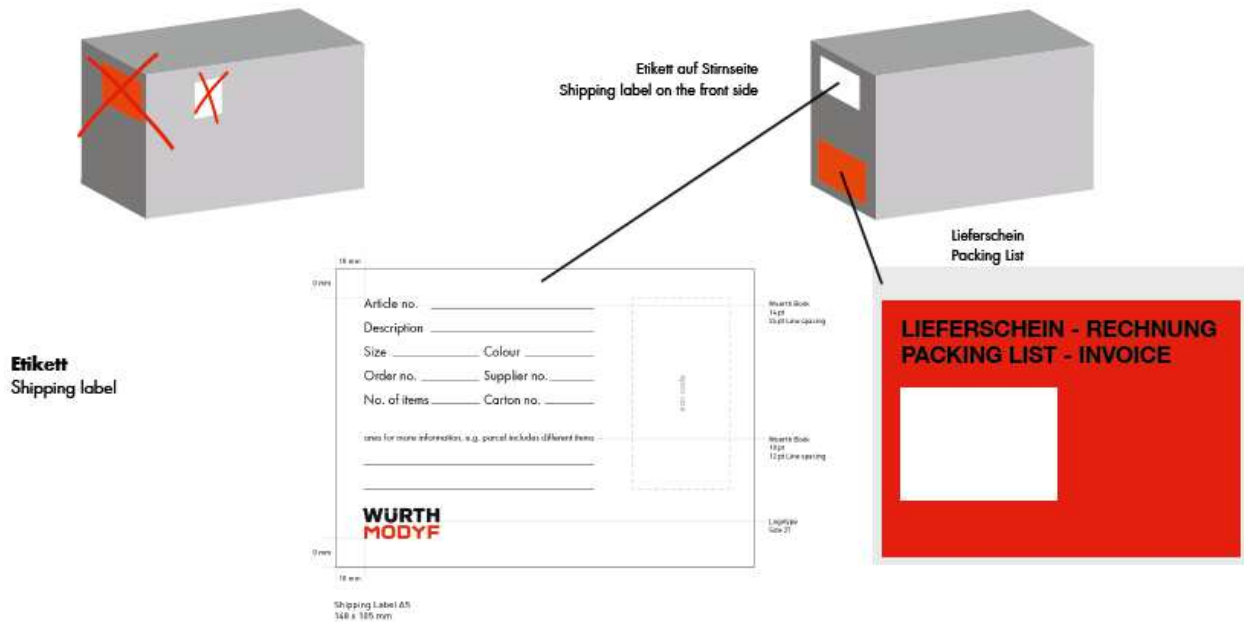
7.2.1 An original delivery note must be enclosed with each consignment. The delivery note must be affixed to the front of the package in a red delivery note pouch so that it is clearly visible.

7.2.2 If a consignment consists of several packages, the package containing the delivery note must be visibly identified.

7.2.3 In the case of a delivery with several pallets, the delivery note must be affixed so that it is clearly visible in a red delivery note pouch on the 1st pallet's front face.

7.2.4 The delivery note must show the following order details:

- Order number
- Würth MODYF administrator
- Supplier number
- Würth MODYF item number (10-digit)
- Quantities per item number
- Customs tariff number
- Country of origin



7.3 Packing list

If a delivery consists of several packages or pallets, a packing list containing the following order information must be enclosed with the delivery note for each transport unit.

- Unique package number or pallet number
- Würth MODYF item number
- Item - quantity
- Number of contents of the individual packages

This information must also be visible from the markings on the individual packages (labels).

The packing list must first be sent to the purchaser.

7.4 Customs

The customs regulations must be adhered to for every delivery.

7.4.1 EU suppliers

All EU suppliers have a fundamental obligation to submit a supplier's declaration in accordance with VO (EG) No. 1207/2001. The request is issued by the "Purchasing" department.

In the case of intra-Community deliveries, it is compulsory to state the VAT ID number. The data that must be furnished for the purpose of intra-EU statistics must be stated on the delivery documents.

7.4.2 Third-country suppliers

The export clearance is always the supplier's responsibility. The supplier must enclose with the delivery at his expense all papers and documents required for cross-border traffic (e.g. proof of preference). The handling of complaints relating to returned goods is the supplier's responsibility, to be conducted in consultation with Würth MODYF. The supplier must cover transport costs for rejected goods.

7.4.3 Origin of goods with preferences

In the case of deliveries from non-EU countries (third country, EFTA), proof of preference (EUR1 or invoice declaration) must always also be provided insofar as is possible.

If we are in possession of your valid long-term supplier's declaration, this is your confirmation to us that you are delivering goods originating in the EC. If this does not apply to ordered goods in an individual case, according to your declaration you have an obligation to identify these items on the order confirmation and on your delivery note with the words "Not originating products", "Third-country goods" or equivalent.

If this obligation is not met, the delivering company shall be liable for any damages incurred by Würth MODYF as a result, including additional claims for foreign import duties.

7.4.4 Certificates

Since the certificates requested for the goods are in most cases sent by separate post, it is essential to enclose a copy of the certificate with the consignment.

8. Packaging instruction

Packaging suitable for the goods and that is safe for transport must be selected for all dispatch methods. The cost of transport damage not accepted by insurers due to insufficient packing will be covered by the supplier.

- 8.1 All consignments must always be loaded onto undamaged Euro flat pallets (basic dimensions 800 x 1200 mm) carrying the DB quality mark RAL RG 993.
- 8.2 Loose or poured goods must always be delivered in packages in the form of sturdy cardboard – max. 20kg and showing the quantity. Only one item may be packed in each package. Different items require different packages.
- 8.3 Packages must be combined on the pallet into a compact and secured transport unit without any protrusions so that no repackaging by Würth MODYF is necessary. When doing this, also ensure that the transport unit is packed so that the **labels on each package are also visible without the need for repackaging.**
- 8.4 Cardboard boxes with the following basic dimensions must be used for the pallet unit:
- Min. 30 x 50 cm (width x length) Max. 40 x 60 cm (width x length)
- 8.5 The boxes must contain only one type of item, which must correspond to the details on the outer label. In addition, the product attributes must correspond to the product manager's stipulations (labels, laying regulations etc.)
- 8.6 The box height must be selected so that the corresponding basic dimensions (see 8.4) and the weight of 20 kg are not exceeded.
- 8.7 The pallet units must be sealed in transparent film.
- 8.8 Transport units on pallets must not exceed the loading heights and total weights stated below as a result of individual packages being combined.
- The following applies to all products:
Loading height incl. Euro flat pallet 1.80 m, total weight incl. Euro flat pallet 650 kg

These regulations do not apply if we have specified something different in a particular individual case.



Max. loading height 1,80 m incl. EPAL



< 650 kg

> ~~650 kg~~

Max. loading weight 650 kg incl. EPAL

8.9 The composition of packages and pallets must be based on orders and items. Orders and items must not be divided up into partial quantities split between several pallets and packages.

8.10 Mixed pallets must be avoided. If this is not possible due to the quantities ordered, the items must be packed so that they are stacked next to each other on the loading unit and not on top of each other.



wrong



right



wrong

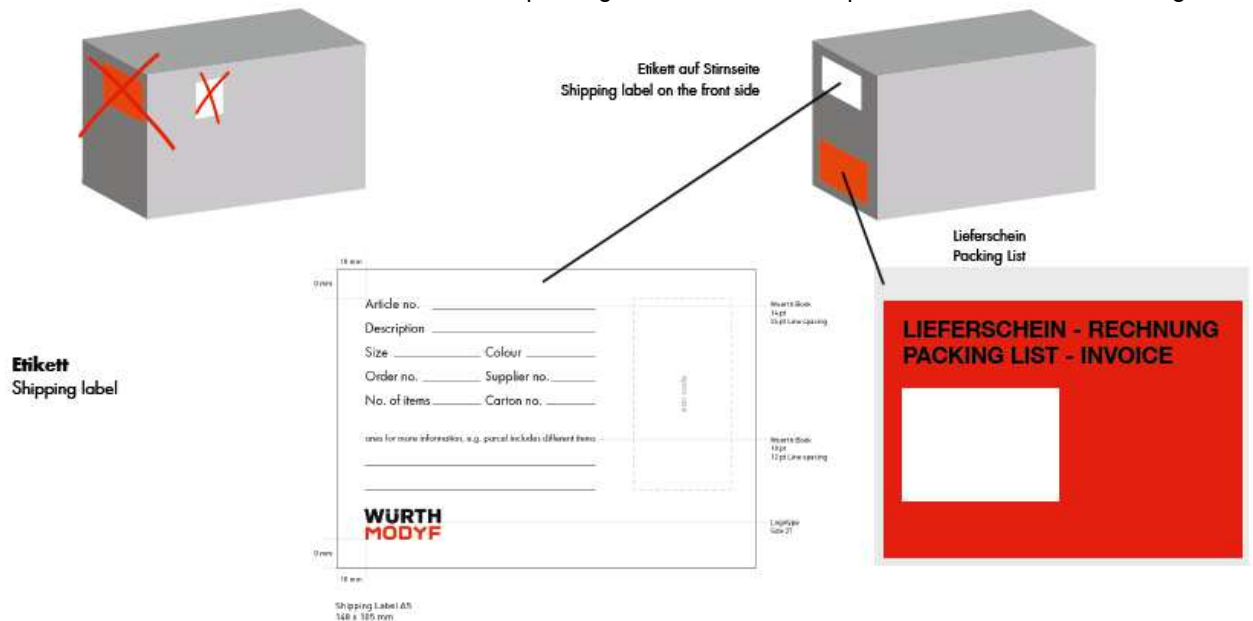
8.1.1 Transport units on pallets must always be delivered by lorry.

9. Package labeling

The packages must carry clear identification of the contents with regard to the Würth MODYF item number, quantity and order. The packaging form must be agreed before the 1st order.

9.1 Individual boxes must always carry the Würth MODYF single label on the front face of the box at the top right, showing the item number, designation, size, color, order number, supplier number, box quantity, box number and EAN code.

9.1.1 The contents of the individual packages must correspond to the labeling.



9.2 Each pallet must also carry a pallet label in the top left area of the front face. This lists the same data as above, with the number of items on the entire pallet (for unmixed pallets)

10. Container delivery

10.1 Packing list

A packing list must be sent for each container delivery, stating the details as per Point 7.3. and the details of the loading pattern (see table)

Order no.
 Our inv.
 Total quantity cartons 156

Reihe 3			Reihe 2			Reihe 1		
Bestellung	Artikel	Kartonanzahl	Bestellung	Artikel	Kartonanzahl	Bestellung	Artikel	Kartonanzahl
8...	M123406002	26	8...	M123406002	26	8...	M123406002	26
		26			26			26
52			52			52		

End e

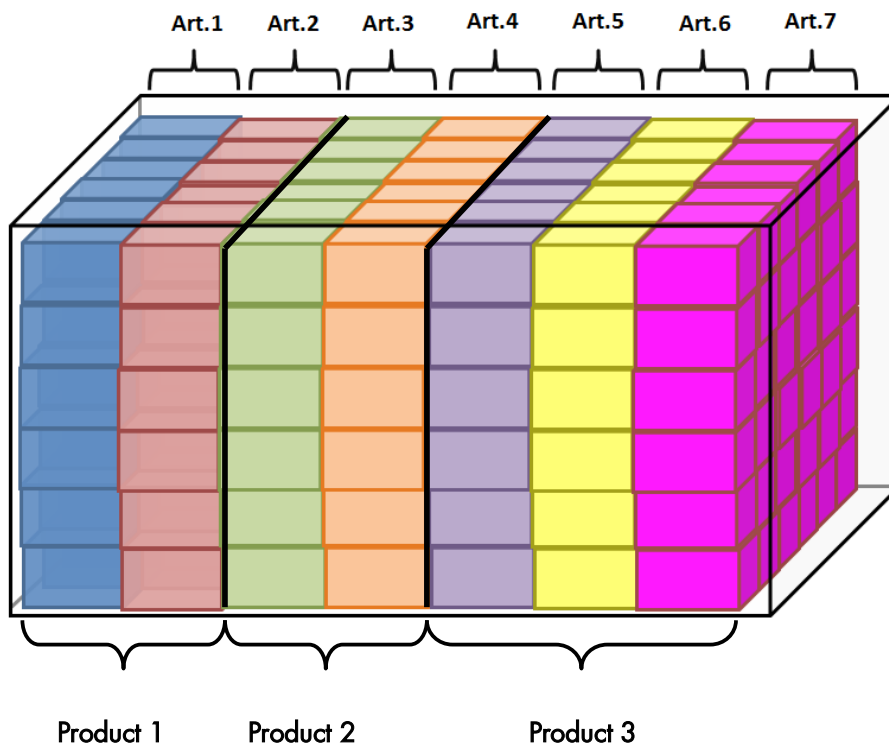
Driver
Cockpit

10.2 See Point 2.8 for the regulations covering the handover of goods

10.3 A service provider engaged by Würth MODYF performs processing and notification of the container at Würth MODYF.

10.4 Loading patterns

A loading pattern is required for each container so that it can be unloaded. The cardboard boxes should be stacked to fill the container so that all the boxes containing the same item and of the same size are next to each other.



11. Delivery reliability (overdelivery and underdelivery)

The delivery reliability evaluates:

- Delivered quantity with a max. permissible tolerance of +/- 5 % per article item, per size
- The delivery deadline is binding

In the case of overdeliveries of > 5% above the amount called off, Würth MODYF reserves the right to refuse acceptance of the surplus material or to return it to the supplier at the supplier's expense.

In the case of underdeliveries of >5% below the amount called off, Würth MODYF reserves the right to request special runs at the supplier's expense and/or to pass on to the supplier costs incurred due to out-of-stock situations at Würth MODYF or at Würth MODYF customers.

If the supplied quantity is within the +/- 5% tolerance, the delivery shall be deemed to be fulfilled. No part-deliveries may be made.

12. Transport costs

- 12.1 All consignments that are not free to the door must be handed over to our contract carriers without preliminary costs.
- 12.2 Shares of insurance and packaging, storage costs and handover costs and any original freight costs will not be accepted.

13. Fault indications (Malus system)

All costs and damages incurred by us as a result of our shipping regulations not being respected will be charged to the supplier.

A report of measures to be taken to avoid future issues will be requested in the event of logistical deviations that result in the required deadline and quantity reliability not being attained.

e.g. in the field of packaging regulations

- Unsorted delivery
- Delivery on damaged Euro pallets
- Basic dimensions exceeded

e.g. Administration division

- Incorrect or no order number provided
- Incorrect or no item number provided
- Wrong goods delivered
- Delivery note missing
- Overdelivery / underdelivery
- Insufficient item sorting and/or item marking

14. Returning rejected goods

The supplier must collect the rejected goods within 7 working days after the complaint is sent. Exceptions to this rule can be made separately in individual cases by Würth MODYF Purchasing. If the rejected goods have not been collected within these 7 working days, Würth MODYF will arrange the return "ex works" with its service providers.

15. Sending hazardous goods

It is essential to obey the regulations for transporting hazardous goods. The supplier is liable for all damages resulting from not obeying the statutory regulations. Different procedures or the use of other service providers or transport routes require the client's written approval.

As the loader and sender, the shipper must observe the regulations of the hazardous goods ordinance. Only type-tested, approved packages may be used for transport. Marking of the packaging in accordance with the regulations must also be guaranteed.

Data sheets, certificates of approval etc. must be made available to Würth MODYF in good time before the first shipment is sent. These requirements apply to all deliveries.

- With regard to the packing of limited quantities (LQ) as described in Chapter 3.4 of the ADR, it is necessary to observe the requirements for combination packages and their marking.
- In accordance with the regulation governing the individual classes in the ADR and for maritime freight in accordance with the IMDG regulations, only type-certified packages (e.g. cardboard boxes, canisters) may be used to pack hazardous goods.
- The waybill or delivery note must carry the corresponding hazardous goods details (including the ID number, hazardous goods class, packaging group) in accordance with RN 202(3a) of the ADR.
- All shipped items containing hazardous goods must be clearly identified by the stipulated hazardous goods dockets in accordance with Chapter 5.2 of the ADR.
- Information about water pollution hazards is absolutely essential.
- The date of manufacture and the use-by date must be shown on the delivery note in the case of items with a limited shelf life.
- Monitoring the transport of hazardous goods is the responsibility of the supplier.

Furthermore, the shipping of and therefore the transport conditions for certain goods are regulated or prohibited.

These are laid down in Appendix No. 4 of the code of conduct for suppliers and are one of its integral elements. If shipping of these goods is a possibility based on the CL's order, a separate service provider agreed with Würth MODYF and therefore a dispatch route must be selected.

ADR = hazardous goods regulations for road and rail

IMDG = hazardous goods regulations for maritime freight

CL = client

16. Closing remark

16.1 If you have any questions relating to transport and packaging, please contact the responsible Würth employee before shipping the goods.

Division	Responsible	Employee	E-mail
Delivery, customs clearance, appointments	Purchasing	Swen Reichert	Einkauf@modyf.de
Packaging, loading equipment	Logistics	Jochen Steinemann	Wareneingang@modyf.de
Product attributes	Product	Sabrina Kunze	produkt@modyf.de

16.2 If our transport and packaging regulations are not complied with, any additional costs arising will be charged to the supplier. If necessary, goods will be returned at the supplier's expense.

16.3 We charge a flat-rate fee of 100.00 Euros per delivery to cover additional administrative costs incurred by us.