

TRANSPORT AND PACKAGING DIRECTIVE

Indunorm Hydraulik GmbH

Version: 1.1

As of: 08.05.2014

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1. Preamble

The following regulations serve the purpose of being provided with the required goods in the right quantity, at the right time and in the right quality, and of being able to forward them at optimum costs.

To secure the procedure, the following principles are to be observed:

- 0-error rate regarding process and product quality
- High inventory availability/service degree
- Prevention of out-of-stock situations
- Low inventories and capital commitment
- Avoidance of special freights
- Flexibility in case of changing requirements
- Proper delivery management
- Standardized transport procedures as well as consistent documents, information and communication procedures

2. General Scope of Application

Regardless of the agreed delivery conditions, the Indunorm transport and packaging directive is an integral part of both the contractual agreements and Indunorm general conditions of purchase. It is mandatory to comply with the transport and packaging directive.

All former transport and packaging directives hereby lose their validity.

2.1. Goods Receipt

The transport and packaging directive refers to all purchase orders/deliveries to the Indunorm central warehouse in Neukirchen-Vluyn (see 4.4. Delivery Times and Addresses).

2.2. Compliance and Implementation

The supplier is responsible for the compliance with and implementation of the delivery agreement from its warehouse and/or production site, including the incorporation of all subcontractors until the agreed transfer of risks, to the respective delivery entrance of Indunorm. This transport and packaging directive shall not apply or apply with restrictions, if otherwise agreed or stipulated by the client in individual cases. As a matter of principle, verbal agreements are invalid.

2.3. Deviations

Deviations from the procedure as well as deviations with regard to delivery time and quantity are to be reported immediately, at the latest, however, after 2 working days upon receipt of the purchase order.

Correctional measures must be taken immediately and independently and are to be reported. In the event of deviations falling within the supplier's responsibility or area of responsibility, the supplier shall bear any additional costs based on the cost-by-cause principle.

3. Packaging Regulations

For all modes of shipment, packaging must be selected in such a way as to be sufficient, appropriate for the goods and allow safe transportation. The supplier shall be responsible for any damages caused during transport which are not approved by the insurance companies due to insufficient packaging. The regulations for hazardous goods are to be observed. Disposable packaging and returnable systems (Euro-pallets) are generally used.

The packaging concept of Indunorm Hydraulik GmbH aims to stipulate optimum packaging and marking. This involves considering economical and ecological aspects during planning. Eco-friendly and recyclable packaging is preferred.

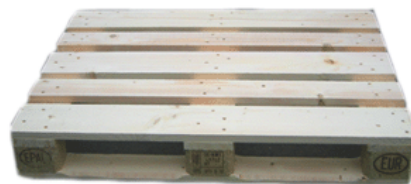
Deliveries which do not comply with the agreed structure (overfilled, defective or incomplete packaging, etc.) will not be accepted and, if necessary, returned at the supplier's expense and/or offset. It is essential to observe that the individual packaging unit's maximum permissible gross weight of 25 kg must not be exceeded.

The supplier is responsible for the packaging administration (cleanliness, availability).

Prior to their storage, the contour of the charge carriers will be checked, which is why the packages are to be unitized on a pallet, forming a compact and secure unit without any protrusions and in such a way as to avoid any repackaging measures to be taken by the client.

3.1. Transport Equipment

As a basic requirement, all shipments are to be loaded onto undamaged flat Euro-pallets (basic dimension: 800 x 1200 mm) with DB quality seal RAL RG 993.



The pallet dimensions must not exceed a certain basic size matching Indunorm's delivery entrance:

Total weight including flat Euro-pallet: 1,000 kg

Height of the packed pallet:

For fittings, screw joints, small items etc.

- Loading height including flat Euro-pallet: 750 mm

For hoses, hose protections etc.

- Loading height including flat Euro-pallet: 1,100 mm

Individual arrangements will be coordinated by the Indunorm purchase department with the supplier and agreed in writing.

3.1.1. Transport Packaging (Outer Packaging, Packaging Units)

Loose or bulk goods must always be delivered with packages in the form of returnable systems or stable cardboard packaging, a maximum weight of 25 kg (per individual package) and indication of our article number and quantity. Identical items must not be distributed over several packages.

Individual arrangements will be coordinated by the Indunorm purchase department with the supplier and agreed in writing (example: delivery of bulk articles in iron-barred boxes).

3.1.2. Transport Securing Devices

Any repackaging measures resulting from insufficient transport securing devices or poor packaging material shall be at the expense of the supplier. This also applies for improper palletization (superstructure).

The pallet units must be shrink-wrapped or firmly strapped with plastic or steel strapping (see also 3.4. Special Regulations for the Shipment of Hydraulic Hoses). The supplier must independently select a proper transport securing device, i.e. the securing material, and secure and fix the goods according to the transport requirements. Palletized transport units must not exceed the maximum single cargo weight of 1,000 kg.

If finished product packaging is shipped, it should be protected with an additional pallet box in compliance with the Euro pallet dimensions.

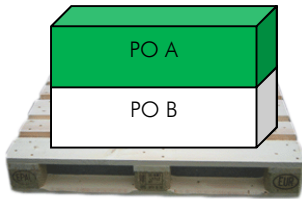


Individual arrangements will be coordinated by the Indunorm purchase department with the supplier and agreed in writing.

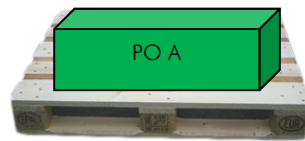
3.1.3. Packages on Pallets

The arrangement of packages and pallets must be carried out relating to purchase order and article. Purchase orders and articles must not be distributed over several pallets and packages.

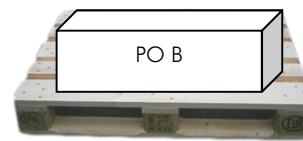
In the following example, each color illustrates another article.



incorrect

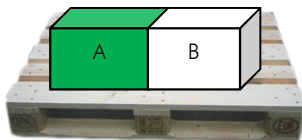


correct

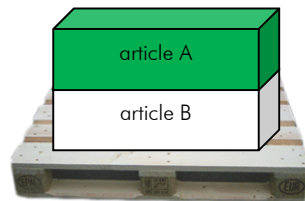


correct

Mixed pallets (different articles on one loading unit) are preferably to be packed in such a way as to commission the goods in individual layers on top of each other, and not next to each other. The individual layers should ideally be separated by an additional cardboard layer.



incorrect



correct

Individual arrangements will be coordinated by the Indunorm purchase department with the supplier and agreed in writing.

3.2. Marking

The packaging must bear clear markings of the contents with regard to the Indunorm article number, quantity and date of delivery. The type of packaging must be indicated when submitting the offer.

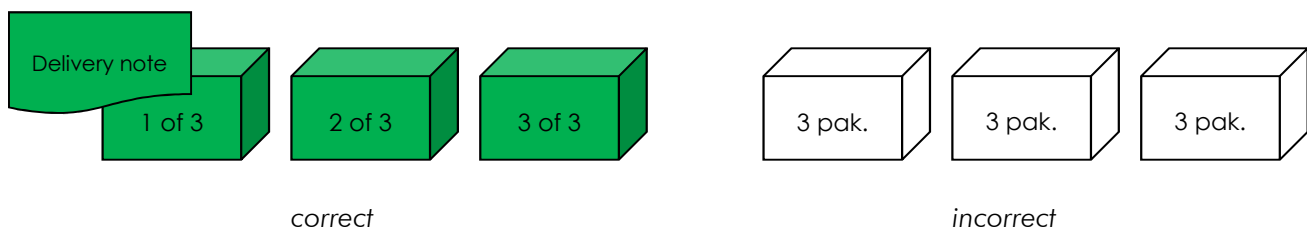
- Each individual package/container must be marked with a single label (this particularly applies for individual rolled-up hydraulic hoses).
- Each packing unit must moreover be provided with a packing list.
- The packing lists must be attached to the unit's upper left long side so that they point outwards and are thus identifiable.

Packages/individual packages must always be marked with the Indunorm article number.

3.3. Documentation/Explanation

The bill of lading must be provided with the shipment number and all packaging.

Enclosed in a pouch, the delivery notes must always be attached to the front of the packing unit. If the shipment comprises several packing units, the delivery note must be attached to the first packing unit (1 of 3) so that it is clearly visible. Additionally, all packing units are to be marked as follows:



The delivery note must contain the following order data:

- Indunorm order number and delivery address
- Purchaser (name of the purchaser)
- Supplier and supplier name
- Indunorm article number/description and quantity
- Delivery note number of the supplier

This information is to be taken from the purchase order. Apart from the delivery note, packing lists are to be included in case of deliveries containing different articles or batches.

3.4. Special Regulations for the Shipment of Hydraulic Hoses

Each rolled-up hose must be fixed separately with plastic straps and wrapped in transparent PVC foil.



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Unless pallet boxes are used, the rolled-up hoses must be additionally secured on the pallet using plastic straps and transparent PVC foil.

If fixed hose lengths are delivered (rolled-up hoses with pre-defined lengths of 40 or 50 meters), the use of pallet boxes is generally prohibited. The rolled-up hoses are to be loaded and fixed on the pallets in one or two stable piles.

The rolled-up hoses must be piled on the pallet in such a way that all labels of each rolled-up hose are legible without the need for prior repacking. All labels are to be arranged in such a way that they point towards the pallet's front side.

The inner angular diameter of each rolled-up hose must be at least 300 mm. Individual arrangements will be coordinated by the Indunorm purchase department with the supplier and agreed in writing.



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4. Transport Regulations

The European procurement logistics are designed in such a way that the transport procedure is basically organized according to the two main modes of shipment (parcel shipment and shipment by a freight forwarding company).

4.1. General Conditions

All deliveries to our company have to be carried out in compliance with the agreed delivery conditions (Incoterms).

4.1.1. Incoterms

Unless otherwise agreed, the responsibility for transport is subject to Indunorm. The following agreements furthermore apply:

- Incoterm "ex works":

The Indunorm purchase department will previously assign a forwarder/forwarding agent to the supplier. The supplier is obliged to register the shipment/delivery timely and bindingly with the forwarder/forwarding agent, thus ensuring that the shipment can be collected at the agreed delivery date. It is the supplier's responsibility to create all freight documents.

Disturbances, e.g. postponement of deadlines, must be immediately reported to the forwarder/forwarding agent as well as to the Indunorm purchase department, specifying the reason and nature of disturbance. The costs resulting from the disturbance will be accounted by Indunorm and/or its assigned forwarder/forwarding agent according to the costs-by-cause principle.

- Incoterm “free domicile“:

The supplier must always select the most favorable mode of shipment and forwarder/forwarding agent, respectively. Improper handling and/or additional costs will be at the supplier’s expense. Handing over the goods to the forwarder/forwarding agent must occur in such a timely manner as to ensure that Indunorm will receive the goods at the agreed delivery date and agreed delivery days, respectively (see 4.2.5. Delivery Days).

4.1.2. Notice of Shipment/Delivery

As a matter of principle and regardless of the delivery conditions agreed (Incoterms), shipments/deliveries are to be advised by sending an email to lagerlogistik@indunorm.de. It is furthermore required to send a copy of this email to the responsible person of the Indunorm purchase department. The shipping notice must be sent as soon as possible, at the latest, however, at the day the shipment/delivery leaves the works and/or warehouse of the supplier.

The subject of the email must contain at least the following information:

- Supplier and supplier number
- Number of packages
- Shipping weight

4.1.3. Readiness for Collection

All shipments/deliveries announced to our forwarder/forwarding agent must be ready for collection after the shipping notice has been submitted. Costs resulting from futile pickups - if the shipment is not ready for collection or has accidentally been handed over to another forwarder/forwarding agent - will be passed on.

4.1.4. Shipping Instruction

In exceptional cases, a deviating delivery address will be used if the “free domicile” delivery condition has been agreed. This procedure is subject to the explicit approval of the client (the purchase department of Indunorm).

4.1.5. Delivery Days

The purchase department of Indunorm will agree fixed delivery days (e.g. Tuesday and Thursday) with suppliers with whom the “free domicile” delivery condition has been agreed. These delivery days are to be strictly observed by the supplier and its forwarder/forwarding agent. Deliveries effected outside the delivery days and/or delivery times (see 4.4. Delivery Times and Addresses) will be rejected. Additional costs resulting from improper deliveries will be at the supplier’s expense.

4.1.6. Delivery Times and Addresses

The goods are to be delivered to the delivery entrance within the following hours:

	Weekday	Time
Indunorm Central Warehouse		
Indunorm Hydraulik GmbH Oderstr. 3 47506 Neukirchen-Vluyn Germany	Mon – Thu	9am – 1.30pm 1.15pm – 3pm
	Fri	9am – 2pm

4.1.7. Insurance of the Goods

Indunorm Hydraulik GmbH defines itself as “forbidden customer”. The seller may insure the shipments at its own expense. We will not recognize any insurance costs charged to us.

4.2. Modes of Shipment

4.2.1. Parcel Shipment

The following shipments may be forwarded by a parcel service:

- Individual packages with a maximum weight of 30 kg
- A maximum of 4 packages
- Up to a combined length and girth/package of 3 m (double width + double height + single length)
- Up to a length of 1.75 m per individual package

In the interest of the client, the supplier undertakes to ensure optimum package bundling (several packages on one day). Upon parcel delivery, the addressee and sender/supplier must be clearly visible on the outside of the parcel.

4.2.2. Shipment by a Freight Forwarding Company

Deliveries carried out by a freight forwarding company exceed a weight of 30 kg per individual package.

Upon package delivery, the addressee and sender/supplier must be clearly visible on the outside of the package.

4.2.3. Prioritization

If, within the framework of shipment generation, several packages are prepared for the same place of delivery (delivery address) in the course of the same day, resulting in parcel shipment on the one hand and shipment by a freight forwarding company on the other hand, shipment by a freight forwarding company must always be selected.

4.2.4. Euro-Pallet Exchange

In Germany, Euro-pallet exchanges are basically made between forwarder/forwarding agent and sender or client, respectively. Only Euro-pallets in flawless condition will be exchanged.

4.2.5. General Provisions

4.2.5.1. Handing over the Goods

It is the supplier's responsibility to meet the provisions for proper and gentle handing over according to the product characteristics.

4.2.5.2. Partial Deliveries

Partial deliveries will be approved by the Indunorm purchase department upon prior agreement and permission only.

4.2.5.3. Shipment Combination

Deliveries of one dispatch day are to be combined to a single shipment.

4.2.6. Return of Claimed Goods

4.2.6.1. "Free Domicile" Supplier

"Free domicile" suppliers must collect the claimed goods within 2 working days after the complaint has been sent. In individual cases, the Indunorm purchase department may draw up exceptional rules. If the claimed goods have not been collected within the said 2 working days, Indunorm will arrange for the "ex works" return with its forwarders/forwarding agents.

4.2.6.2. Ex Works Supplier

"Ex works" returns will be effected by the Indunorm forwarder/forwarding agent at the supplier's expense within 2 working days after the complaint has been received. In individual cases, the Indunorm purchase department may draw up exceptional rules.

4.3. Customs

4.3.1. EU Suppliers

All suppliers are obliged to provide a supplier's declaration according to Regulation (EEC) no. 3351/83. The Indunorm purchase department will request this declaration separately.

Indication of the VAT ID number is obligatory for intra-Community supplies. The data reportable for the statistics on intra-EU trade are to be mentioned on the delivery documents.

4.3.2. Third Country Suppliers

The supplier is principally responsible for export authorization. The supplier shall at its own expense submit the delivery including all papers and documents required for international traffic (e.g. preference certificate). Moreover, the supplier is responsible for the complaints handling of any goods to be returned. Transport costs for claimed goods shall be borne by the supplier.

4.3.3. Accompanying Documents

Proper freight and accompanying documents have to be handed over to the forwarder/forwarding agent. Each shipment handed over to the forwarder/forwarding agent must include a transport order.

4.3.4. Bill of Lading

The transport order must contain the following shipping details:

- Indunorm order number and delivery address
- Purchaser (name of purchaser)
- Supplier and supplier number
- Delivery note number of the supplier

4.3.5. Origin of Goods with Preferences

Deliveries from non-European countries (third country, EFTA) always have to be accompanied by a preference certificate (EUR1 and/or invoice declaration).

According to its previously submitted long-term supplier's declaration, the supplier is obliged to mark all goods originating outside the EC by a certificate of origin, additional third country marking or equivalent on the respective order confirmation and delivery note.

In the event of non-compliance with this obligation, the supplier will be liable for any resulting damages incurred by Indunorm, including additional charges of foreign import duties.

(Description of our origin marks: D = third country, E = EC, F = EFTA)

4.3.6. Certificates

Since certificates requested for goods are sent with separate mail in most cases, it is obligatory to include a copy of the certificate with the shipment.

4.3.7. Packing List

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

- Package or pallet number
- Indunorm article number
- Article – Quantity
- Number and contents of the individual packaging

This information must also be indicated on the marking of individual packaging.

The contents of individual packaging must comply with the markings.

4.3.8. Shipment of Hazardous Goods

It is obligatory to comply with the regulations on the transport of hazardous goods. The supplier shall be liable for any damages resulting from non-compliance with the statutory provisions.

The consignor, as shipper and/or sender, must comply with the provisions of the Hazardous Goods Transport Ordinance. Only type-tested and approved packaging must be used for transport. Furthermore, the packaging marking must be in accordance with the regulations.

Data sheets, approval documents etc. must be submitted to Indunorm in due time prior to the first shipment.

5. Supplier's Reliability

The supplier's reliability rates the quantity delivered with a maximum permissible tolerance of +/- 5% as well as the binding delivery date. Evaluation and reporting will be performed monthly within the framework of the Indunorm supplier assessment. The results will affect the annual assessment of the suppliers and their categorization.

In the event of excess delivery contrary to the purchase order/delivery schedule, Indunorm reserves the right to refuse the excess material and/or return it carriage forward to the supplier as unit load.

In the event of short deliveries contrary to the purchase order/delivery schedule, Indunorm reserves the right to request extra tours at the supplier's expense and/or pass on to the supplier any costs resulting from out-of-stock situations at Indunorm and/or Indunorm customers.

Because of the way our system operates, short deliveries (>5%) have to be compensated by a separate delivery. Without this procedure, a backlog would continue to exist.

6. Concluding Remark

If you have any questions regarding the transport and packaging procedure, please contact the Indunorm purchase department.

In the event of non-compliance with the Indunorm logistics directive, any additional costs will be charged to the supplier, and the goods returned carriage forward, if necessary. Additional expenses for administration matters will be charged with a cost compensation of EUR 250.00 per delivery plus the costs incurred by us.

If a delivery is carried out more than 15 days earlier than stated on the purchase order of Indunorm, we reserve the right to validate the invoice so that the agreed terms of payment will be valid from the agreed delivery date only.