

LOGISTICS GUIDE

Guidelines and procedures relating to deliveries made to Indeks Retail.

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By: PWI

Indeks Retail a/s



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1. Introduction

Logistics Guide

The purpose of this Logistics Guide is to define the guidelines relating to delivery of goods to Indeks Retail. This Guide explains in detail how Indeks Retail requires deliveries, in order to ensure optimization and consistent flow through Indeks Retail's supply chain.

Indeks Retail has outsourced all their warehouse activities to System Transport in Herning. The guidelines have not changed and are still to be observed.

In order to ensure a successful implementation of these guidelines it is important that all supplier and sub-supplier are familiar with the instructions in this Guide.

This Logistics Guide is available on the Indeks Retail web site under the menu 'Leverandører':

www.indeksretail.dk

This Logistics Guide is periodically updated therefore it is important that you regularly check the website to ensure you have the latest version. The current version number can be found on the front page of the Logistics Guide.

This Logistics Guide intends to create the best conditions for the efficient flow of goods through our part of the supply chain and on to our customers. For this reason, it has regrettably been necessary for Indeks Retail to implement financial penalties for suppliers who fail to comply with the guidelines. The consequences for non-compliance with the guidelines are specified in the individual tariff sheets later in this Logistics Guide.

Of course, we hope that *all* our suppliers will consider this initiative as a benefit for us all.

If you have any questions relating to the requirements, please contact the Purchase department, see contact information under section 6.

Best regards,
Indeks Retail

Peter Wilstrup
Logistics Manager

2. General

2.1 Product master data.

Trade between Indeks Retail and our suppliers is, to an increasing degree, based on structured information about products and their logistical attributes. This is required when we order and receive goods at our terminals and during further distribution to our customers. It is therefore essential that the product information we receive from our suppliers is accurate and complete.

Registration of new products must be made through our registration form in Excel sent upon request to the purchasing department.

As part of the registration process, an image of each new product must be provided, which we link the product to in our internal database. The image must be in JPEG format with a minimum resolution of 300 dpi.

The image must be sent by e-mail to the person receiving the product registration.

2.2 Packaging levels for trade units and logistic units

Each set of master data belongs to at different packaging levels. The packaging levels are defined below.

Packaging level	Definition
Consumer unit/ Trade unit (The product)	<p>A consumer unit is the individual unit sold to the consumer.</p> <p>Example: A blue binder, a glue stick</p> <p>In this example, 1 unit must be entered on the registration form.</p>
Retail package (Inner package)/ logistic unit	<p>A retail package contains a number of consumer units and normally defines the level at which Indeks Retail trades with its customers. Indeks Retail generally orders products from its suppliers at this level.</p> <p>Example: 10 blue binders, 10 bags of indexes</p> <p>In this example, 10 units must be entered on the registration form.</p>
Wholesale package (Outer package)/ logistic unit	<p>A wholesale package is generally used to keep a quantity of retail packages together, which, due to their size or fragility cannot otherwise be stacked.</p> <p>Example: A wholesale package with 48 retail packages, each with 12 ballpoint pens (a total of 576 consumer units)</p> <p>In this example, 576 units must be entered on the registration form.</p>

2.3 Identifiers – barcodes.

Regardless of which packing level are being used, it must be possible to identify each package individually. A separate EAN-number¹ is therefore applied to each packing level.

The success of the EAN number is due in part to the fact that it is uniform and because the number can be determined from the barcode. During product registration, Indeks Retail will request the following EAN data:

Packaging level	Use	Number types
Consumer unit	Scanning, for example, at bookstore cash registers and communication via EDI.	EAN-13
Retail package	Indeks Retail Goods in, picking.	EAN-13 or ITF-14
Wholesale package	Indeks Retail Goods in	EAN-13 or GS1-128

Though all three packaging levels can be identified using EAN-13, the same barcode number may not be used. Each packaging unit must be assigned an individual EAN number.

2.4 Example of a unique barcode for each packaging level:


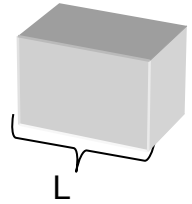
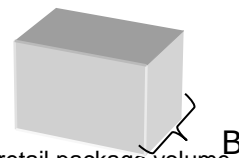
E.g. Relief A4 carton:

Packaging level	Product quantity	EAN number
Consumer unit	1,00	EAN-13 5702518290076
Retail package	10,00	EAN-13 5702517290077
Wholesale package	90,00	EAN-13 5702516290078

¹ For further information regarding the EAN standard, please refer to the GS1 website – www.gs1.org

2.5 Dimensions

In logistical terms, dimensions always apply to a retail package. If a retail package is a point of a sales display or a quarter-pallet display unit, the dimensions of that unit must be provided.

Dimension	Definition
Height (mm)	<p>The height is always measured along the vertical side of the retail package, when placed on the pallet. This always applies, even if the consumer unit inside the package will be positioned differently on the pallet than in its unpacked state.</p>  <p>The height forms part of the calculation of the pallet's overall height and the retail package volume. .</p>
Length (mm)	<p>The length is measured along the longest horizontal side of the retail package, when placed on the pallet.</p>  <p>The length forms part of the calculation of the retail package volume.</p>
Width (mm)	<p>The width is measured along the shortest horizontal side of the retail package, when placed on the pallet.</p>  <p>The width forms part of the calculation of the retail package volume</p>

2.6 Weight

In logistical terms, weight always applies to the retail package.

Weight	Definition
Gross weight	The gross weight is the weight of the retail package including consumer and transport packaging. The Euro pallet is also included in the weight calculation.
Net weight	The net weight is the weight of the product excluding all packaging material and pallet.

2.7 Packing and palletizing

Master data relating to packaging and palletizing is important for calculating pallet weight and height, as well as when placing orders. Whenever possible, Indeks Retail orders goods in whole pallets or whole pallet layers.

NOTE:

Unless agreed in advance with Indeks Retail, total pallet height must not exceed 148 cm including pallet.

Packing and palletizing	Definition
Retail packages per pallet layer.	The quantity of retail packages that make up one pallet layer on a pallet.
Pallet layers per Euro pallet.	The total number of pallet layers on a pallet up to a maximum height of 148 cm, including pallet.
Retail packages per Euro pallet	The number of retail packages on a pallet up to a maximum height of 148 cm including pallet.
Consumer units per retail package.	The number of retail packages on a pallet up to a maximum height of 148 cm including pallet.
Pallet type.	Indicates that the product is delivered on approved EURO Pallets ² .
More than 1 item number per pallet (MIX PALLET).	If more items are packed on the same pallet each item number must be packed in separate pallet layer or packed separately so it is clear which package/items that belong together. It this case the pallet must be marked: MIX Pallet.
Receipt control.	The following control is carried out upon receipt, to confirm the accuracy of the supplied information: Retail packages per pallet layer * pallet layers = retail packages per Euro pallet.

This section has dealt primarily with master data, which is an essential part of the logistical operation between Indeks Retail and its suppliers. Please note that this section has not identified every piece of master data associated with a product. These master data must all be disclosed in the registration form provided from the purchase department. Suppliers having difficulty meeting the requirements regarding master data should contact the person or department that normally registers their products.

See contact list at the back of this Guide.

2.8 *In the event of non-compliant packaging, palletizing and barcoding.*

Indeks Retail has unfortunately been compelled to implement financial penalties for suppliers who fail to comply with the guidelines regarding packaging, palletizing and barcoding set out in this Guide. A list of all charges follows:

² Deliveries on anything other than approved Euro pallets are not permitted, unless approved in advance by the Indeks Retail Purchasing Department. Indeks Retail does not refund the cost of non-Euro pallets.

2.9 Charges relating to palletized deliveries.

The charge for repacking is currently DKK 300 per hour.

Infringement	Comment	DKK excl. VAT
Max. pallet height exceeds 148 cm incl. pallet	Without prior agreement with Indeks Retail	2.500 per order + CHARGE
More than 1 item number per pallet	<ul style="list-style-type: none"> Pallet is not clearly marked: MIX Pallet Items are not packed together. 	500 per order + CHARGE
Delivery made using obsolete pallet.	<ul style="list-style-type: none"> Non-approved Euro pallet without prior agreement with Indeks Retail 	2.500 per order

2.10 Charges relating to product information upon delivery.

Each product must contain at least the following information.

The charge for repacking is currently DKK **300.00** per hour.

Infringement	Comment	DKK excl. VAT
The product does not include the following consumer unit information:	<ul style="list-style-type: none"> Consumer unit barcode. 	2.500 per item number + CHARGE
Product information on the retail package does not contain one of the following:	<ul style="list-style-type: none"> Retail barcode Consumer units per retail package 	2.500 per delivery + CHARGE
Product information on the wholesale package does not contain one of the following:	<ul style="list-style-type: none"> Wholesale barcode. Gross weight. Consumer units per wholesale package. 	2.500 per delivery + CHARGE

2.11 Charges relating to delivery notes.

Infringement	Comment	DKK excl. VAT
Delivery note is not located at the end of the pallet (one of the pallet's short sides).		500 per order.
Delivery note does not contain all information.	Must contain at least: <ul style="list-style-type: none"> Quantity delivered. Supplier item number. Product description. Indeks Retail order number. Delivery address. Delivery date. 	500 per order.
Delivery note must always follow the goods.	Delivery note is missing.	500 per order.

3. Purchasing

3.1 Ordering of products

Indeks retail will send purchase orders via fax or electronic transfer (EDI). EDI is the preferred method. If the supplier has the capability for EDI, but does not currently have an EDI agreement with Indeks Retail, please refer to the section regarding EDI in this Guide.

3.2 Order confirmations

The supplier must confirm each purchase order within 24 hours after receipt of the purchase order or the next business day, if the order is sent the day before a holiday.
If a purchase order cannot be fulfilled in terms of quantity, delivery date or prices, the supplier must immediately contact the purchase department at Indeks retail.

The supplier must immediately contact Indeks Retail if changes occur in the product master data.

3.3 Charges relating to order confirmations.

Infringement	Comment	DKK excl. VAT
Order confirmed later than 24 hours.	After receipt of requisition.	2.500,- per order.

3.4 Charges relating to delivery

Infringement	Comment	DKK excl. VAT
Late delivery according to confirmed delivery.	Without prior agreement with Indeks Retail.	2.500,- per order.
In case of delay, we will assess whether the delay means lost profits and whether there are costs to additional shipments to stores. These costs accrue to the supplier.		

4. Goods reception

The supplier is responsible for ensuring delivery to Indeks Retail warehouse on the confirmed delivery date and within the published opening hours listed at the back of this Guide.

When making deliveries of 7 or more pallets, the supplier must notify Indeks Retail Goods in department no later than 3 business days prior to delivery. Notification must be sent on email to: indeksretail@systemtransport.eu. If the notification is not received within this time, Indeks Retail reserves the right to refuse the delivery and request an alternative delivery date at the supplier's own cost.

A list of contact details is provided at the back of this Guide.

Ordered goods must be delivered free of freight charges to Indeks Retail terminals. The delivery ramp is at a height of 125 cm, though ground-height delivery of goods is also possible. Goods are only accepted on approved Euro pallets.

The driver is responsible for unloading the goods and placing them at Goods in under instruction from Goods in personnel.

Upon delivery, Indeks Retail signs off the delivered number of pallets. However, Indeks Retail reserves the right to dispute the number of retail packages on the pallets or claim for damaged goods. Claims will be handled 1 business day after the actual delivery.

A valid receipt comprises a stamp and the initials from the receiving employee at Indeks Retail.

Indeks Retail registers the quantity of goods received as part of the goods update process. If the quantity of goods received is greater than that specified on the purchase order, Indeks Retail will only pay for the requisition quantity.

In the event of a delivery containing incorrect or missing goods, the supplier is obliged to return the relevant goods for crediting or exchange. The supplier must contact the Indeks Retail Purchasing Department in such an event.

A delivery note must always accompany a goods delivery.

4.1 Charges relating to notifications

The 'CHARGE' for repacking is currently DKK 300 per hour

Infringement	Comment	DKK excl. VAT
Advance notification of deliveries comprising 7 or more pallets is either not given or not given within the permitted time	If Goods in agrees to receive the delivery despite lack of timely notification	2,500 per order
Delivery is made to the wrong terminal	The delivery is made to a terminal other than that specified by the Purchasing Department	2,500 per delivery

4.2 Packing and packaging requirement

Packages must be secured onto a pallet using outer wrapping, such as film, strapex strapping, etc. All goods must be secured in a way that allows for transportation without risk of falling off or collapsing.

- Goods must never extend outside the dimensions of the pallet base.
- Each item number must be delivered separately on a pallet.
- Pick pallet: If the quantity per item number is less than a full pallet, whole layers will normally be ordered and delivered.

Please note that if multiple item numbers are stacked on top of each other, an empty pallet must be placed between each product. If the order quantity of a product fills less than one pallet layer, then multiple products can be loaded onto the same pallet without requiring a separator pallet between each item number. A pallet loaded in this way must be clearly marked 'MIX Pallet'.

Delivery height and weight limits:

	Maximum total height incl. Euro pallet and goods	Maximum total weight incl.
1/1 pallet*	148 cm	1,000 kg

* The indicated pallet height is advisory and matches the storage rack dimensions used by Indeks Retail. If the product type, retail package weight, packaging strength and ergonomics generally justifies it, higher pallets are accepted if the supplier can prove that certain conditions are met. Deviations can only take place by prior arrangement with Indeks Retail.

All goods must be wrapped to withstand typical handling and transportation conditions. Every effort must be made to ensure that the base of each retail package has a modular dimension equivalent to 60x40 or 30x40.

Maximum weight per retail package should not exceed 15 kg (in accordance with The Danish Working Environment Authority guidelines D.3.1 "Løft, træk og skub" - available only in Danish).

Correct labeling is a prerequisite in order to be able to receive and handle pallets in our warehouse. All retail packages must be marked with an EAN13 or TIF14 barcode. This barcode must be located on the side of the pallet and must clearly identify what product the retail package contains.

4.3 Transit goods

Suppliers who have entered into a transit agreement with Indeks Retail must be aware of the following:

A transit purchase is always sent from Indeks Retail as a separate order.

The supplier must ensure that a transit purchase order is handled in the same way as a stock purchase, i.e. as a separate order, by creating a separate delivery note and invoice.

Upon arrival at Indeks Retail, the transit consignment must be clearly marked 'TRANSIT', regardless of whether the consignment arrives as a separate package or as part of a stock purchase. If the latter scenario is used, i.e. the supplier sends transit goods and stock goods on the same pallet, and then the transit goods must be placed in separate boxes at the top of the pallet. Boxes containing transit goods must be clearly marked 'TRANSIT'.

4.4 Charges relating to transit goods

Infringement	Comment	DKK excl. VAT
The consignment is not clearly marked 'TRANSIT' and/or are not separated on a mix pallet.		500, - per order.

5. Import

5.1 Self-import of goods – including the Far East

In addition to the guidelines set out earlier in this Guide, the following supplementary information applies to the import of goods from the Far East for Indeks Retail.

5.1 Charges relating to product information upon delivery.

The 'CHARGE' for repacking is currently DKK **300** per hour.

Infringement	Comment	DKK excl. VAT
The goods do not include the following consumer unit information:	<ul style="list-style-type: none"> Consumer unit barcode. 	2,500 per item number + CHARGE.
Product information on the retail package does not include one of the following:	<ul style="list-style-type: none"> Retail package barcode. Product text. Gross weight. Consumer units per retail package. 	2,500 per delivery + CHARGE.
Product information on the wholesale package does not contain one of the following:	<ul style="list-style-type: none"> Indeks Retail item number. Wholesale barcode. Box number. Gross weight. Consumer units per wholesale package. 	2,500 per shipment + CHARGE.
If more item numbers are loaded in the same container, each item number must be packed together, not mixed.	<ul style="list-style-type: none"> Items are mixed together in the container. 	2,500 per shipment + CHARGE.

The above information must be specified for the different packaging levels, if the size of the packaging allows for it. A packing list is perceived and used as a delivery note.

6. Contact information and opening hours

6.1 Contact to the administration.

<u>Group</u>	<u>E-mail</u>	<u>Telephone</u>
Reception		7675 2000
Purchase, books	boger@i-r.dk	7675 2097
Purchase, play and games	serviceleg@i-r.dk	7675 1219
Purchase, trend products	servicetrend@i-r.dk	7675 2060
Purchase, office supplies	servicetrend@i-r.dk	7675 2058
Account Payable	fak@i-r.dk	7675 2047
Logistic	Logistic@i-r.dk	7675 2035
Indeks Retail IT	servicedesk@i-r.dk	7675 2929

6.2 Opening hours to the administration.

The Administration switchboard and personnel are available via telephone and e-mail:

Monday to Thursday 08:00–16:00

Friday 08:00–15:30

Closed on public holidays

6.3 Contact to the warehouse.

System Transport A/S
Transportcenterallé 19-21
Port 48-49
7400 Herning

E-mail: indeksretail@systemtransport.eu

Phone: +45- 20 69 76 05

6.4 Opening hours to the warehouse.

Monday to Thursday 07:00–15:00

Friday 07:00–13:00

Closed on public holidays

7. Electronic Data Interchange (EDI)

Index Retail A / S expects that the supplier is able to manage the exchange of Annex electronically via EDI or OIOUBL format.

For further information, please contact the IT department at Indeks Retail.

See contact information at the back of the Guide.

8. Invoicing

8.1 Warehouse invoicing (to Indeks Retail's warehouse)

In addition to statutory requirements³, invoices and credit notes relating to deliveries made to Indeks Retail's warehouses must contain the following information:

Refer to www.SKAT.dk, section A.6.3.2.2 (available only in Danish)

- Note that other regulations apply for invoicing of shipments from the Far East. Read more in the section: Self-import of goods.
- Requisition number.
- Supplier's item number and description.
- Bank account number to which funds can be released at no further obligation.
- Total price per order line.
- VAT total.
- Invoice total excl. VAT.
- Invoice total incl. VAT.
- Freight, if agreed Incoterm Ex Works (freight charges issued after goods have been invoiced will not be accepted).
- Attention (enter 'fakturakontrol').
- Invoice recipient's CVR number.

An invoice may only contain one requisition number

All prices must be the actual price excluding VAT. In other words, any charges, quantity discounts, order discounts and the like must be included in the stated price.

It is not acceptable for an invoice to be sent only with the goods, or that the invoice amount only appears on an account statement or similar. An original invoice must therefore always be sent separately to Indeks Retail.

8.2 Charges relating to warehouse invoicing

Infringement	Comment	DKK excl. VAT
Invoice sent before goods are received at Indeks Retail.		500 per invoice.
One invoice encompasses multiple delivery notes.	An invoice may only relate to one delivery note.	2.500 per invoice.

³ Refer to www.SKAT.dk, section A.6.3.2.2. (available only in Danish)

8.3 Through-invoicing

Through invoicing can only occur when a pass-through invoicing agreement has been signed.

With pass-through invoicing, an invoice or credit note copy showing purchase prices and total purchase amount must be sent with the goods directly to the store and to Indeks Retail. Alternative the invoice can be sent directly to Indeks retail as long as the delivery note always follow the goods.

The invoice is sent to invoicing via EDI or at the following email address: gennemfak@i-r.dk

In addition to statutory requirements, the original invoice sent to Indeks Retail must contain the following:

- Customer number (the store's Indeks Retail number) in a separate field. (Preferably with "IR" or "Catalog Number" in front).
- Attention (enter: 'Gennemfakturering').
- Invoicing and due date expressed as an exact date.
- Total amount.
- VAT amount.
- Indeks Retail CVR number: 21187399.

For technical reasons there cannot occur both VAT-compulsory items, and non-VAT-compulsory items on the same invoice.

Agreed freight and / or fees must therefore, be added VAT.

If the vendor is supplying other non VAT-compulsory items, the procedure is agreed from case to case.

When the layout of the supplier's invoice has been approved by the Indeks Retail Finance Department, it may not be subsequently altered without prior agreement with the Finance Department.

Any submitted delivery note must specify the requisition number, agreed prices and invoice number.

It is not acceptable for an invoice to include items, such as charges, that do not appear on the purchase order and the delivery note.

All goods delivered using del credere invoicing must be delivered free of freight charges.

8.4 *Electronic transmission of invoices*

Any supplier issuing more than 20 invoices per week to Indeks Retail must submit as a weekly electronic transfer. Such a transfer must use one of the following methods:

- OIOUBL/OIOXML transfer.
- EDIFact transfer.

Please contact the Indeks Retail Finance Department for a description of all methods, layouts, record descriptions, etc. relating to electronic data exchange.

8.5 Payment terms

Invoices, both in paper and electronic form (for example, monthly settlement), must be received by Indeks Retail no later the third business day of the following month.

Credit notes issued to Indeks Retail are deducted when processing the next payment made to the supplier. Credit notes concerning stock purchase can be updated immediately decay.

Indeks Retail must receive account statements showing the transactions for the previous month no later the fifth business day of the following month. Account statements can be sent to fak@i-r.dk. The account statement must show all open transactions so that the opening balance is zero and up to the last day of the previous month. This allows index Retail instantly see any missing and thus overdue invoice numbers and can thus help faster follow-up. It is also possible that the supplier sends account statements with all the items in the previous month with a specified beginning and final balance including all deposits and withdrawals, as well as all invoices and credit notes.

Finance Department is always available to answer any enquiries relating to this process. The supplier may not charge interest from Indeks Retail, but may require Indeks Retail to be available at all times in the event of a payment dispute.

Factoring is accepted only after prior approval from Indeks Retail and may never negatively affect the conditions set out in this handbook or any other trading documentation.

In the event of a dispute relating to the payment of goods, Indeks Retail reserves the right to withhold payments with immediate effect.

A supplier's account number will be closed when they change their CVR number.

8.6 Charges relating to payment terms

Infringement	Comment	DKK excl. VAT
Late submission of an invoice.	An invoice must be received no later than the third business day of the following month.	2.500 per invoice.

8.7 Appendix 1 – through-invoicing example

Indeks Retail Lundagervej 21 8722 Hedensted ATT. Gennemfakturering (Del credere invoicing) Indeks Retail's CVR number 21187399 Delivery address Bog & idé Shop address Post code and City Shop number "12345" (shop number is always 5 numbers)	Company name Company address Post code. City CVR: number. Phone: number Fax: number EAN – number
---	---

Invoice number	123456789	Invoice date	08.12.2009	Due date	28.02.2010
<i>(Not more than 9 numbers)</i>					

(Since the invoice is scanned, it is important that the information is the same place each time)

Below information from 1 to 7 must be on the invoice:

1	Shop number (always 5 numbers)
2	Invoice number
3	Invoice date
4	Due date
5	Tax
6	Total amount
7	Indeks Retail's CVR no. 21187399