

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

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, to ensure optimization and consistent flow through Indeks Retail's supply chain.

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 www.indeksRetail.dk, under the menu "Leverandører".

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 7.

Best regards,
Indeks Retail

Peter Wilstrup
Logistics Manager

2 Master data.

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 We-Transfer to the person receiving the product registration, see link: www.wetransfer.com.

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 can contain more 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.	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.

Correct labeling is a prerequisite to be able to receive and handle pallets and packages in our warehouse

All Retail packages and pallets must be marked with an EAN13 or TIF14 barcode.

This barcode must be placed on either the long or the short side of the pallet/package and must clearly identify what product it contains.

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

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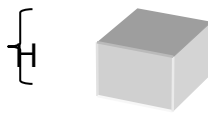
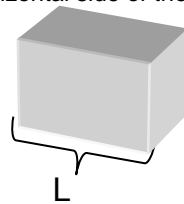
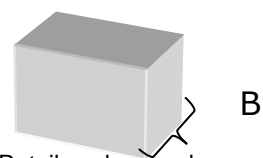
2.5 Product information.:

All packaging levels must at least be labeled with the following information.

Packaging level	Definition
Consumer unit.	<ul style="list-style-type: none"> Barcode in numbers. Barcode for scanning.
Retail package.	<ul style="list-style-type: none"> Barcode in numbers. Barcode for scanning. Item number. Item name. Number of pieces per Retail package.
Wholesale package.	<ul style="list-style-type: none"> Barcode in numbers. Barcode for scanning. Item number. Item name. Number of pieces per Retail package. Gross weight.

2.6 Dimensions

In logistical terms, dimensions always apply to the consumer unit. If a consumer unit 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>

2.7 Weight

In logistical terms, weight always applies to the consumer unit.

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

3 Packing and palletizing.

3.1 Packing of pallets.

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**.

Delivery height and weight limits:

	Maximum total height incl. Euro pallet and goods.	Maximum total weight incl. EUR pallet and goods.
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.

Goods are only accepted on approved EUR pallets. If an order is delivered on unauthorized pallets including disposable pallets, Indeks Retail reserves the right to invoice the supplier for repackaging to approved EUR pallets. For prices see section 5 "Goods Reception". Deviations may only take place after prior agreement 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).

3.2 Packing of package.

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).

3.3 Master data for 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 package and on 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.
More than 1 item number per package. (MIX PACKAGE) .	If Indeks Retail orders a quantity, that is less than the quantity a Retail package usually contains, the supplier has the permission to pack more consumer units in the same Retail package. However, the goods must be packed so each consumer unit is packed for itself, so it is clear which units belongs together. It this case the Retail package must be marked: MIX.

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 information under section 7.1.

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

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. For opening hours see section 7.

When making deliveries of 15 or more pallets, the supplier must notify Indeks Retail "Warehouse" no later than 3 business days prior to delivery. Notification including Indeks Retail order number and number of pallets, 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.

Ordered goods must be delivered free of freight charges to Indeks Retail terminals. The delivery ramp is at a height of 125 cm. Goods are only accepted on approved Euro pallets. The driver is responsible for unloading the goods and placing them under instruction from the warehouse.

Upon delivery, Indeks Retail signs off the delivered number of pallets. However, Indeks Retail reserves the right to dispute the number of Retail packages and the number of pieces on the pallets or claim for damaged goods.

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 defective 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 and must contain the following information:

- Indeks Retail order number.
- Number of pieces per consumer unit.
- Item name.
- Item number.
- Item description.
- Delivery address.
- Delivery date.

4.1 Control of delivery.

Receipt control Pallets.	<p>The following control is carried out upon receipt, to confirm the accuracy of the supplied information:</p> <ul style="list-style-type: none"> • Retail packages per pallet layer * pallet layers = Number of Retail packages per Euro pallet. • Number of pieces per Retail package * number of Retail packages = Number of pieces per EUR-pallet. (Only 1 Retail package is checked and counted. We assume that all Retail package are packed with the same number of items. • Correct barcode for all 3 Packaging levels. • Product information. • Delivery note including the above information.
Receipt control Package.	<p>The following control is carried out upon receipt, to confirm the accuracy of the supplied information:</p> <ul style="list-style-type: none"> • Number of Retail packages per delivery. • Number of pieces per Retail package * number of Retail packages = Number of pieces per delivery. (Only 1 Retail package is checked and counted. We assume that all Retail package are packed with the same number of items. • Correct barcode for all 3 Packaging levels. • Product information. • Delivery note including the above information.

4.2 Inadequate packaging, palletizing, item information and barcode.

Indeks Retail has unfortunately been compelled to implement financial penalties for suppliers who do not comply with the guidelines for proper packaging, palletizing, item information and barcode labeling. The prices below are ex. VAT. In addition to the prices below, additional cost may apply for repackaging or relabeling at a charge of DKK 350, - per hours. The consequences for not meeting the following requirements are as follows:

4.3 Charges relating to package and palletized deliveries.

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
More than 1 item number per Retail / Wholesale package.	<ul style="list-style-type: none"> • Package is not clearly marked: MIX Package. • Items are not packed together. 	500 per order + CHARGE
Delivery made on non-approved pallet.	<ul style="list-style-type: none"> • Non-approved EUR pallet without prior agreement with Indeks Retail 	2.500 per order + CHARGE

4.4 Charges relating to product information upon delivery.

Each product must contain at least the following information.

Infringement	Comment	DKK excl. VAT
The product does not include the following consumer unit information:	<ul style="list-style-type: none"> • Consumer unit barcode for scanning. • Consumer unit barcode in numbers. 	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 for scanning. • Retail barcode in numbers. • Item number. • Item name. • Number of pieces 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 for scanning. • Wholesale barcode in numbers. • Item number. • Item name. • Gross weight. • Number of pieces per wholesale package. 	2.500 per delivery + CHARGE

4.5 Charges relating to delivery notes.

Infringement	Comment	DKK excl. VAT
Delivery note must always follow the goods.		1000 per order.
Delivery note does not contain all information.	Must at least contain: <ul style="list-style-type: none"> • Quantity delivered. • Supplier item number. • Product description. • Indeks Retail order number. • Delivery address. • Delivery date. 	1000 per order.
Delivery note is not located at the end of the pallet (one of the pallet's short sides).	Delivery note is missing.	500 per order.

4.6 Charges relating to notifications

Infringement	Comment	DKK excl. VAT
Advance notification of deliveries comprising 15 or more pallets is either not given or not given within the permitted time	Unless the warehouse 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 + cost for transportation.

4.7 Replacements pallets.

Indeks Retail and their warehouse do not work with pallet accounts. This means that if a supplier wishes to get EUR pallet returned, this should be done at the time of delivery.

It is the supplier's responsibility to ask for replacement pallets at the warehouse, and if it is not done at delivery, the supplier loses the right to receive replacements pallets later.

Indeks Retail only replaces approved EUR pallets that are intact, se section 4.1.

5 Import from the East.

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.

5.2 Charges relating to product information upon delivery.

Infringement	Comment	DKK excl. VAT
The goods do not include the following consumer unit information:	<ul style="list-style-type: none"> • Consumer unit barcode. • Consumer unit barcode in number 	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. • Retail package barcode in numbers. • 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. • Wholesale barcode in numbers. • 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 it. A packing list is perceived and used as a delivery note.

6 Purchasing

6.1 Ordering of products

Indeks Retail will send purchase orders via e-mail 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 contact Indeks Retail IT-department by email serviceit@i-r.dk.

6.2 Order confirmations

The supplier must confirm each purchase order within 5 working days from order date, according to the order confirmation.

By "working day" means all days of the week except Saturdays, Sundays and National Holidays in the country in which the order is to be delivered.

If the delivery date is earlier than the above date for confirmation of the order, the supplier must confirm the order within 24 hours prior to delivery to Indeks Retail.

If a purchase order cannot be fulfilled in terms of quantity, quality, delivery date or prices, the supplier must immediately contact Supply Chain department at Indeks Retail. See contact information under section 7.

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

6.3 Charges relating to order confirmations.

Infringement	Comment	DKK excl. VAT
Order confirmed later than 5 working days, or later than 24 hours if the confirmed delivery date is prior to the deadline of 5 days.	After receipt of requisition.	2.500 per order.

6.4 Charges relating to delivery

Infringement	Comment	DKK excl. VAT
Too late or early 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 additional cost is required for extra handling and shipment to our stores. These costs accruing to the supplier.	In case of delayed delivery, Indeks retail can provide urgent expedition and shipment to our stores at the supplier's expense. The price is for 1 order with 1 product line. If more product lines please contact the Supply Department.	65 per order with 1 product line. (if more than 1 product line, the prices can change).

7 Contact information and opening hours

7.1 Opening Indeks Retail - administration.

<u>Group</u>	<u>E-mail</u>	<u>Telephone</u>
Reception		7675 2000
Purchase, books	servicebog@i-r.dk	7675 2097
Purchase, play and games	serviceleg@i-r.dk	7675 1219
Purchase, trend, office	servicekontortrend@i-r.dk	7675 2060
Supply Chain	servicesupplychain@i-r.dk	7675 2063
Account Payable	fak@i-r.dk	7675 2047
Indeks Retail EDI	serviceit@i-r.dk	

7.2 Opening hours Indeks Retail - 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.

7.3 Contact to the warehouse.

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

E-mail: indeksretail@systemtransport.eu

Phone: +45- 20 69 76 05

7.4 Opening hours to the warehouse.

Monday to Thursday 07:00–15:00

Friday 07:00–13:00

Closed on public holidays.