

Version 1.0	Work Instruction I-PURO-DO-009-EN	 MEMBER OF FRÄNKISCHE GROUP
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Logistics terms
for Suppliers

FRÄNKISCHE Industrial Pipes GmbH & Co KG

hereinafter referred to as "FRÄNKISCHE"

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03/05/2024	Pavla Blumentrittova			17/05/2024	Petr Matejka, Jian Huang, Mark Dippacher

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The following document defines the basic and binding purchasing conditions of FRÄNKISCHE Industrial Pipes GmbH & Co KG and applies to also its local legal affiliates (furtheron also jointly as “FRÄNKISCHE”) with regard to Suppliers so that - on the basis of a common SCM strategy - smooth processes throughout the supply chain can be ensured, costs can be minimised and the supply relationship between the members of the chain can be improved. Deviations from the following requirements - unless otherwise agreed individually - will be considered as quality defects and will be recorded in FRÄNKISCHE’s supplier evaluation system to the disadvantage of the supplier. Additional expenses for handling delivered goods due to non-compliance with this binding delivery and packaging regulations shall be charged to the supplier’s account, and the supplier commits to reimburse such extra costs (expenses) to FRÄNKISCHE.

This document constitutes a binding agreement between the supplier, and FRÄNKISCHE and/or one of its local affiliates on logistical conditions for the deliveries to FRÄNKISCHE and or one of its local affiliates. The supplier acknowledges that it has fully understood the content of this document in full extend.

List of abbreviations

ASN	Advanced shipping notice
EDI	Electronic data interchange
EERP	Confirmation of technical receipt of EERP for electronically transmitted data (end-to-end response)
ERP	Enterprise resource planning
FIFO	First in, first out
IPPC	International Plant Protection Convention
SCM	Supply chain management
VDA	Automotive industry association

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1. Communication

Seamless and as far as possible automated data exchange is a fundamental requirement for process efficiency throughout the supply chain. FRÄNKISCHE uses EDI procedures to simplify daily operations and create efficient processes. Information is sent and received via EDI (delivery plans, advanced shipping notifications, etc.). FRÄNKISCHE requires the implementation of the following standards:

Exchanged data	VDA standard
Delivery Schedule	4905
Dispatch notifications	4913

For each message exchanged, a technical acknowledgement of receipt for electronically transmitted data (EERP - End-to-end Response) is mandatory. The Supplier shall designate a competent contact person as well as backup personnel for customer service and EDI connectivity. The Supplier shall notify the change of contact person and provide FRÄNKISCHE with the new contact details without delay. The communication language is English.

1.1. Exceptions in Communication

If it is not possible to set up an EDI connection with the supplier, delivery schedules are sent to the supplier via another channel (e.g. as a PDF file via email) and FRÄNKISCHE expects them to be processed by the supplier in the same way as if they had been sent via EDI.

In exceptional cases (determined/agreed by FRÄNKISCHE) a standard ordering method may be agreed with the supplier in the form of one-off manual orders (e.g. single demands, spare parts, etc.).

2. Delivery planning

2.1. Schedule of deliveries

The Supplier shall periodically receive from FRÄNKISCHE an updated delivery schedule for each part/item number, containing information on the quantities required for a period up to one year. Each new delivery schedule shall replace the corresponding previous one. The quantities ordered consider the agreed packaging unit size. If no minimum order size/quantity is agreed, one packing unit shall be considered the minimum order quantity.

2.2. Delivery times

Timely and complete deliveries are essential for FRÄNKISCHE and its customers. Therefore, absolute compliance with agreed delivery times and quantities is expected.

The Supplier is obliged to promptly check the delivery schedules received for the feasibility of delivering the required quantities and meeting the deadlines. All delivery schedules of FRÄNKISCHE shall be deemed to have been accepted and become binding terms of delivery upon receipt of the updated delivery schedule the Supplier unless the Supplier objects in writing, stating the reasons, within two working days after receipt of the delivery schedule.

With the objection, the Supplier must state the earliest possible delivery date, which becomes binding after written approval by FRÄNKISCHE.

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In the absence of an acknowledgement of receipt, the EDI - Confirmation of Dispatch will serve as proof of receipt.

FRÄNKISCHE reserves the right to define a day-specific delivery date in addition to the transmitted weekly demand to ensure a constant workload and efficient processing of each delivery. The Supplier is obliged to deliver on the date agreed with FRÄNKISCHE, otherwise the Supplier will be in default even without a reminder.

2.3. Over-delivery

Over-delivery is the case when the delivered quantity exceeds the ordered quantity or when the correct quantity has been delivered before the agreed delivery date.

Over-deliveries and/or partial deliveries are only permitted with the express prior consent of FRÄNKISCHE. The Supplier is obliged to comply with the agreed quantities per unit of packaging.

FRÄNKISCHE reserves the right to return over-deliveries at the Supplier's expense.

2.4. Capacity planning

In accordance with FRÄNKISCHE's forecast and planned delivery schedule, the Supplier undertakes to maintain and monitor adequate production capacity in the short, medium, and long term. The Supplier undertakes to provide information on its production capacity on request.

In the event of impending capacity shortages, the Supplier shall immediately inform FRÄNKISCHE's Material Planning Department and shall implement all necessary measures to avoid supply problems and shutdowns of production lines for FRÄNKISCHE and its clients. FRÄNKISCHE reserves the right to carry out an on-site inspection of the Supplier's production and delivery capacity. Both FRÄNKISCHE and the Supplier confirm and understand that timely undelayed feedback about the capacity shortages on the Supplier's side is a substantial and valuable information which is important in order to prevent further damages in the production process of FRÄNKISCHE.

2.5. Flexibility

Through adequate resource planning (personnel, production equipment, raw materials, etc.), the Supplier will guarantee a reliable supply to FRÄNKISCHE that also considers and compensates for fluctuations in demand.

2.6. Emergency management

The Supplier shall carry out a risk assessment for all processes in its supply chain. Based on this assessment, the Supplier shall define appropriate emergency strategies. The Supplier shall send the results of the risk assessment and emergency plans upon request.

In the event of incidents, FRÄNKISCHE is authorised to carry out process audits at the Supplier.

The Supplier shall immediately inform its contact partner in FRÄNKISCHE's Material Planning Department in writing if, despite the measures taken, agreements and/or obligations to FRÄNKISCHE cannot be met; the causes and estimated duration of the incident shall be specified. This does not relieve the Supplier of his delivery obligation.

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Both FRÄNKISCHE and the Supplier confirm and understand that timely undelayed feedback about emergency situation on the Supplier's side is a substantial and valuable information which is important in order to prevent further damages in the production process of FRÄNKISCHE.

3. Packaging, labelling and dispatch

The Supplier shall comply with the packaging data sheet agreed with FRÄNKISCHE. In the absence of such an agreement, the Supplier shall implement a procedure that excludes mishandling, damage, exceeding the storage capacity or other quality restrictions during storage and transport.

FRÄNKISCHE accepts in principle disposable pallets as well as Euro pallets for exchange. If no pallets are to be exchanged or if the Supplier uses disposable pallets, no claim for compensation is payable. Separate accounting for disposable pallets is prohibited.

With the submission of the tender, the Supplier shall send recommendations for packaging (carton, box, pallet, wrapping, tape, etc.), packaging quantities and packaging units.

The Supplier is obliged to test the suitability of the packaging material for safe transport. Acceptance of the packaging by FRÄNKISCHE does not relieve the Supplier of responsibility for the suitability of the packaging recommended by it and its correct use.

When selecting the packaging material, the Supplier must take the following points into account:

- the wooden packaging material must comply with ISPM15 standards
- the packaging material must be suitable for 3-layer stacking and must allow a minimum of 80 % of the capacity of the truck to be used

Euro pallets (and also grid boxes) will be exchanged piece for piece on delivery.

At FRÄNKISCHE in Königsberg there is the possibility of keeping pallet accounts which will be settled on a monthly basis. On delivery in Königsberg, the disposable pallets must be made according to the IPPC (International Plant Protection Convention) and appropriately labelled. As a matter of principle, pallets with raw materials must be disinfected with gas according to the IPPC standard.

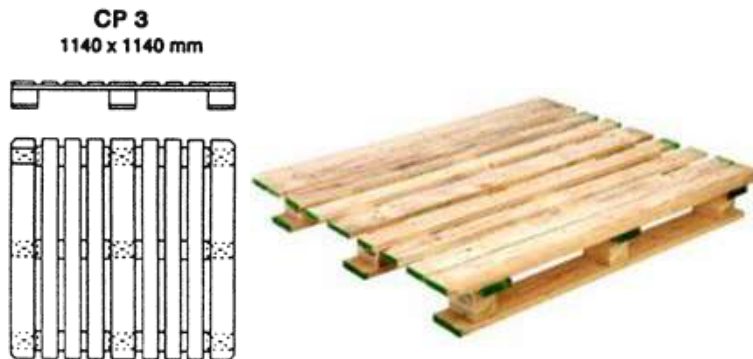
The goods must be stacked on the pallets in such a way that they do not exceed the pallet outline, i.e. the loading of the goods must not exceed the above pallet dimensions. Should delivery in this way be necessary, arrangements must be made in advance with FRÄNKISCHE. Except for plastics and for equipment and tools (only if necessary), the height of the loaded pallet must not exceed 95 cm.

Unless otherwise agreed with FRÄNKISCHE, using Big Bags are not acceptable.

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The height of the pallet foot (for forklift truck) must be at least 10 cm. There must be three pallet feet on each side of the pallet.

General requirements for pallet characteristics:

- Gripping by storage trolleys on all sides must be ensured.
- Pallets of raw materials must bear the country of origin and the date of manufacture of the goods.
- In addition, pallets supplied by FRÄNKISCHE within the European Union must comply with VDI Directive 3968.

The following cases in particular are serious deviations from the pallet quality regulations:

- Too small base area, so that Big Bags are not stably stored on the pallet and fall out.
- Too little height of the pallet feet or too little spacing between them, so that the pallet cannot be gripped by a forklift truck.
- Pallet material too weak, so that pallets crack under load.
- Closed pallets on the side.

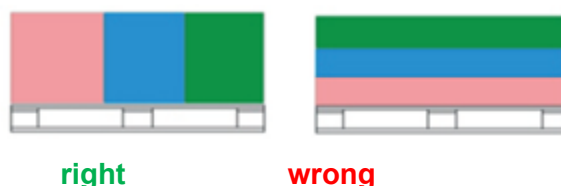
Special regulation for delivery to the USA: Pallet dimensions must not exceed 48" x 48" x 48"

3.1. **Loading pallets**

Single pallet loading

If possible, only one type of pallet should be loaded. If this is not possible, or if it is not practical to save transport volume, and different products are loaded on pallets, the following must be observed:

1. A maximum of three species per carrier.
2. Clear marking of the pallet as a mixed pallet ("mix" / "mixed pallet", etc.).
3. Sorting in such a way that each type of part can be removed separately (see drawing).



right

wrong

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At any time, it is possible to separate items with a pallet that is inserted between the items. Pallets loaded in this way do not qualify as mixed pallets. The increased weight must be considered and damage to the lower layers must be avoided.

Pallets must be able to be stacked without damaging the packages on them. If this is not possible in exceptional cases, the pallets concerned must be clearly marked as such.

3.2. Cardboard boxes (cartons)

Boxes must be designed so that they are not dented in transit by their own weight or the weight of another box on the pallet. Boxes need to be completely filled. In addition, the external dimensions must not exceed: **120 cm x 80 cm x 80 cm**.

Half-full packaging units, i.e. those where the contents of the package do not correspond to the standard quantity in the package indicated on the box, must be clearly marked with a clear description, e.g.

'Caution! Half-full packaging unit'. Marking only 'X' etc. is not sufficient. In addition, half-full packaging units should be placed on the pallet in such a way that they are clearly visible from the outside (and not inside amongst other full packaging units).



Mixing of items within a carton is not permitted, except for the use of so-called Euro-pallet boxes, in which smaller cartons are packed inside. In particular, the packing of goods in foil bags and the packing of different products in one outer cardboard package is not permitted. If different long parts (e.g. pipes) are packed together on a carrier, the same items must be tied together (e.g. with string).

3.3. Transport protection

Shipping containers must be protected during transport with tape or shrink foil.



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3.4. Special transport provisions

If the products packed in boxes are susceptible to cuts (when opening the box with a knife, etc.), a cartoning product should be chosen for the box packaging which excludes such damage to the products when opening the packaging. This can be achieved by:

- By inserting a cardboard lid to cover the top layer of products
- Using a box with a separate lid
- Using a box with an overlapping lid (FEFCO 0203)

Standard boxes (e.g. FEFCO 0202) cannot be used for these products. Relevant products include (but are by no means all) O-rings, rubber hoses, gaskets, elastomeric moulding parts and foam parts.



3.5. Grid boxes

Goods are also accepted in grid boxes with dimensions 120 x 80 x 95 cm. The grid boxes are basically exchanged (for other grid boxes) on receipt of the goods. Special regulations for deliveries to the USA: Grid boxes are not accepted.

3.6. Packaging of tools, machinery and equipment

Tools (especially injection moulds), machines and equipment should always be packed together on the same pallet to the extent possible in such a way that the parts that belong together are on the same pallet. E.g.: Injection moulds together with assembly parts (rotary shifter, etc.) on one pallet, do not pack assembly parts of different tools on one pallet.

For machines and tools that must be packed in wooden crates, stable wooden boards (OSB) must be used for the crate material. The packing in the crates must be made stable and safe for transport. When loading crates weighing more than one tonne, the bottom of the crate must be reinforced (double reinforcement). Pallets with tools and machinery must be able to be lifted from both sides by forklift truck (front side / longitudinal side). The pallet supports must therefore be spaced approx. 70 cm apart.

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right



wrong



right



wrong

4. Labelling

The Supplier shall ensure continuous labelling of parts and traceability throughout the process chain.

Unless otherwise agreed, each packaging unit shall be labelled according to VDA 4902. for identification purposes. The quality of the label shall be such that, despite environmental influences and transport loads, the label can be read and scanned at the point of delivery.

In the case of also internal packaging units, they shall be marked with the part number, the quantity contained and the batch number or date of manufacture (FIFO date), both in writing and in barcode format.

Packaging of different items in the same package is not permitted. A label for each handling unit must be affixed directly to each package.

Labels on cardboard boxes (cartons) and other packaging (e.g. foil bags) must be printed as follows and legibly:

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- Supplier's item no.
- FRÄNKISCHE item no.
- Name
- Number of pieces / package contents
- Batch No.

In addition, items that we purchase as commercial goods (for direct resale to the customer) must be marked on the label with our FIP item no. + name. Such items **shall not be marked** with the Supplier's own product names. If a FRÄNKISCHE branch requires it, the labels on the boxes must be made according to VDA 4994 and the bar code according to GS1-128.

5. Batch marking

All production materials supplied by FRÄNKISCHE must be supplied without batch mixing. Mixing of several batches in one packaging container (also pallet) is not permitted.

6. Delivery notes

Each consignment must be accompanied by the original delivery note. This must be placed in such a way that it is clearly visible from the outside and easily accessible by placing it in the delivery note pocket on the front of the relevant package.

If a delivery consists of more than one package, the package on which the delivery note appears must be clearly marked on the outside. All delivery notes must contain the following information:

- FRÄNKISCHE order or contract number
- The exact name of the Supplier
- Supplier number
- FRÄNKISCHE article number
- Quantity delivered
- Batch number
- Date of minimum durability (if required)
- Special storage instructions (if required)

7. Invoicing information

FRÄNKISCHE shall only accept invoices that are in line with the following provisions and contain:

- Full Supplier's business name, legal form (if applicable) and registered seat
- Business registration number of the Supplier, in line with the Supplier's local laws
- Supplier's VAT ID (EU) in case of VAT payers registered within the EU and N.Ireland
- Customer's name and VAT number in case of FRÄNKISCHE affiliate within the EU
- Date of issue, terms of payment, VAT/tax breakdown (if applicable)
- Contact person of the Supplier responsible for the invoice issuance
- Bank coordinates of the Supplier's account, incl. IBAN for all EUR payments within the EU and SWIFT for all non-EU international transactions
- Reverse charge cases (EU) must explicitly mention "Reverse charge" in the text
- Identification Number of the order and the accompanied delivery note

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- Invoices issued in the Czech Republic must comply with the law no.234/2005 Coll. (Law on VAT)

Invoices that do not contain this information or that contain incorrect information may be rejected by the company.

In the case of invoices, payment for goods delivered in accordance with the terms of the contract will be made within the agreed payment terms, with the due date commencing on receipt of the invoice, which must be verifiable and conform to the customer's specifications as set out above.

Payment of the goods shall not be construed as confirmation of delivery duly received.

8. Type of transport / insurance

If not agreed otherwise, INCOTERMS DAP terms apply to the agreed FRÄNKISCHE location.

If FRÄNKISCHE is responsible for the transport and assigns this to the Supplier, the cheapest mode of transport must in principle be chosen along with proper insurance of the cargo. If not agreed otherwise in such case, INCOTERMS FCA terms apply for the place of delivery at the Supplier.

9. Receipt of goods

On receipt of the delivery, FRÄNKISCHE checks the number of pallets delivered, which should correspond to the details on the (CMR) consignment note and records any apparent damage during transport.

Receiving times

Plant	Receiving times
Königsberg (GER)	Monday – Friday 7:30 – 14:30
Okříšky (CZ)	Monday – Friday 6:00 – 20:30
Turda (ROU)	Monday – Friday 8:00 – 21:00
Silao (MEX)	Monday – Friday 7:15 – 22:00
Casablanca (MAR)	Monday – Friday 08.00 - 17.00
Shanghai (CHN)	Monday – Friday 08.30 - 17.30
Changshu (CHN)	Monday – Friday 08.30 - 17.30
Rochester Hills (USA)	Monday – Friday 08.00 - 16.00

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10. Specific examination certificates

If test certificates are required for the goods or it is generally agreed that such certificates will be enclosed, then these should be sent separately to FRÄNKISCHE in advance. A copy should be attached to the consignment of goods. The certificates shall be sent electronically to the following email address:

Plant	Email address
Königsberg (GER)	certificates-de@fraenkische-ip.com
Okříšky (CZ)	warehouse.income@fraenkische-cz.com
Turda (RO)	certificates-ro@fraenkische-ip.com
Silao (MEX)	luis.peinado@fraenkische-mx.com
Casablanca (MAR)	mohammed.fdailate@fraenkische-ip.com
Shanghai (CHN)	fpss-wh01@fraenkische-cn.com
Changshu (CHN)	fpss-wh.chs02@fraenkische-cn.com
Rochester Hills (USA)	sam.mckiernan@fraenkische-usa.com

For components, reports and certificates must be submitted for each order, for raw materials for each order and for each packaging unit (e.g. octabin). The certificate must refer to the order number and the batch number of the Supplier. Unless otherwise agreed, the certificate is to be designed as an acceptance certificate 3.1 according to DIN EN 10204. For raw materials, the accompanying certificates must be affixed to the goods.

11. Accompanying documents

Delivery to FRÄNKISCHE is only considered to have been properly and completely made when all the necessary and agreed documents (especially the specific test certificates) are duly available – these documents constitute an inseparable part of the supply. The receipt of the goods and the subsequent date of receipt of the goods is decisive; the payment of the invoice will be delayed accordingly due to the lack of the accompanying documents.

12. Dangerous goods

Dangerous goods must be accompanied by the appropriate safety data sheets and be attached to the goods upon delivery. Dangerous goods must be properly marked on the packaging in accordance with the Regulation on the Domestic and International Transport of Dangerous Goods by Road, Rail and Sea (GGVSEB).

13. Process deviations

In the event of deviations from the logistics procedure, the Supplier may request a deviation for justified exceptions from the FRÄNKISCHE - Material Purchasing Department. Specific deviations, corrective measures and time periods will be mandatorily specified.

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Costs incurred as a result of deviations from the agreed logistics process for which the Supplier is responsible shall be invoiced to the Supplier.

14. Delivery in trucks with silo

When goods are delivered in silos, a weighing list must be available and forwarded to FRÄNKISCHE. The load shall only be weighed by FRÄNKISCHE on a random basis. The Supplier must ensure that the correct quantity is delivered. Specific test certificates must be available and forwarded to FRÄNKISCHE (see No 5).

In the following cases, a cleaning certificate must be issued to FRÄNKISCHE:

- For empty silo trains loading goods at FRÄNKISCHE.
- For deliveries of goods in silos to prove that the silo has been cleaned before loading the delivered goods.

15. Returning the claimed goods

Goods claimed by FRÄNKISCHE must be collected by the Supplier within five working days. If this time limit is exceeded, a flat rate storage fee will be due and charged to the Supplier. In addition, the goods are stored at the Supplier's risk after the five-day period has expired.

16. Shelf life / Special storage provisions

For articles with a limited shelf life, the date of manufacture and expiry date must be indicated on the delivery note. If any special storage requirements (e.g. temperature, humidity, optical barrier, etc.) have to be observed for the delivered articles, these requirements must be clearly noted on the individual packaging containers.

17. Other - languages

Applicable local legal provisions concerning environmental protection and packaging must be observed without restriction. Descriptions of any kind and documents accompanying the goods to Germany must be in German language + English language. For deliveries outside Germany, descriptions and documents must be in English and if feasible also in the official language of the country concerned.

These delivery conditions are written in German and English. In the event of a legal dispute, inconsistencies or differences in interpretation, the English version of this document takes priority, and the document shall be interpreted in accordance with the local law of the FRÄNKISCHE affiliate concerned.

18. Compliance / breach of obligations

The Supplier shall inform FRÄNKISCHE in writing and without delay of incidents, circumstances or changes that may have a negative impact on the performance of the delivery, such as, but not limited to, damage to production tools, quality drops, capacity bottlenecks, problems with the performance of subcontractors, force majeure.

In the event of an impending failure to meet a delivery commitment, the Supplier shall take all appropriate measures at its own expense to meet the demand for FRÄNKISCHE products (three-

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shift operation, weekend shifts, contractual temporary employees, special transports/air freight). The corresponding action plan will be provided to the Material Purchasing Department.

If the Supplier fails to meet the delivery deadline, he will be immediately in default even without written notice from FRÄNKISCHE. Written notification of default from the Material planning Department regarding outstanding deliveries may be made subsequently and shall not have suspensive effect. The Supplier shall respond to the written notice of default within one (1) business day.

Except as otherwise agreed, delivery of overdue goods/quantities at the ordering facility shall be made within three (3) business days after the occurrence of the delay. Even if FRÄNKISCHE sets additional deadlines for the delivery of overdue goods, the Supplier is still liable for damages caused by the delay on the first (1) day of the delay (= 1st day after the original delivery date).

If FRÄNKISCHE receives non-conforming goods, the Supplier shall immediately agree with FRÄNKISCHE's Material Purchasing Department on a binding date for the delivery of a replacement supply of conforming goods. The Supplier shall be liable for the cost of the measures that FRÄNKISCHE must take to avoid stopping the production line until the replacement delivery arrives at the FRÄNKISCHE production site.

The Supplier has the option of deciding on the further use of the defective goods: return delivery or scrapping by FRÄNKISCHE, both alternatives at the Supplier's expense and risk. In the case of the return delivery alternative, the Supplier must collect the goods within two (2) working days at the recipient's address after receiving notification from FRÄNKISCHE. The Supplier shall provide FRÄNKISCHE with the relevant pick-up information so that the defective goods can be prepared for return.

If, despite appropriate notice, the Supplier does not comment on the further handling of the non-conforming goods or if the non-conforming goods are not collected in time, we will organise the return delivery on behalf of and at the expense of the Supplier. Further details regarding the complaints procedure are set out in the Quality Policy.

19. Reimbursement of extra costs

FRÄNKISCHE shall account for extra costs caused by breaches of the above regulations as follows and is entitled to set off its claim against open receivables from the Supplier's deliveries and performance (all amounts are net):

If FRÄNKISCHE waives the application of lump sums in the event of a breach (offence), this does not imply a general waiver of lump sums in the event of a subsequent breach.

Unconditional receipt of the goods does not constitute a waiver of the lump sums.

FRÄNKISCHE may claim the lump sums within 120 days of the occurrence of the Supplier's defective performance.

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prepared/changed		checked	approved
03/05/2024	Pavla Blumentrittova		17/05/2024 Petr Matejka, Jian Huang, Mark Dippacher

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Violation	Cost rates
Violation of logistical conditions	2x
Repacking of pallets / resorting of cardboard box contents	1x
Incorrect labelling with relabelling by FRÄNKISCHE	According to effort by the corresponding hourly rate
Missing accompanying documents	2x
Storage rate per day and per handling unit	2 € per day

Amount of cost rate and hourly rate:

<i>Plant</i>	<i>Cost rate</i>	<i>Hourly rate</i>
Königsberg (GER)	60 €	30 €
Okříšky (CZ)	50 €	20 €
Turda (ROU)	50 €	20 €
Silao (MEX)	50 \$	20 \$
Casablanca (MAR)	50 \$	20 \$
Shanghai (CHN)	50 \$	20 \$
Changshu (CHN)	50 \$	20 \$
Rochester Hills (USA)	60 \$	30 \$

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