



MO-NZ CUSTOMER RETURNS POLICY

Version March 2023

Approval Date: March 2023 - Review Date: February 2024 – Yearly review
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Approved by: Ben Rowan – Head of Operations, Hilti NZ and Thanh Reed – Head of Finance and Compliance

Hilti New Zealand Customer Returns Policy



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1. Objective

The objective of this policy is to ensure that:

- All stakeholders understand their responsibility regarding Customer Returns;
- Accurate knowledge is in place to inform Customers on their rights to Return their orders (as per Terms and Conditions of Sale);
- Accurate processes are in place to execute customer returns efficiently and release customer credits timely;
- Adequate controls are in place to ensure Hilti internal and legal NZ compliance;

2. In Scope

The policy covers the empirical process to guide the Customer in efficiently returning purchased goods from the point of delivery - point of consumption back to a Hilti point of storage.

This policy also describes in which scenarios Customers are not allowed to return purchased goods.

An efficient returns process will result in a efficient credit back to the Customer.

3. Out of Scope

Below activities will be considered out of scope of this policy:

- After Market Service Returns for tool repair.
- Inter Company Sales or Inter Company Returns ('ICS', 'pull backs').
- Stock transfers from Hilti Stores network to Hilti Main warehouse.

4. Stakeholders - Roles and Responsibilities

4.1 Process Owners and Actors

- **Sales (Account Managers ‘AMs’ and Area Sales Managers ‘ASMs’):** Owners and accountable for all customer returns accepted and processed through their Sales Channel.
- **Channels Team Members (Customer Service Representatives ‘CSR’ and Hilti Stores Representatives ‘HSR’):** Owners and accountable for all customer returns accepted and processed through Customer Service or Hilti Stores network.
- **Marketing:** Actively contributes to defining the Hilti product basket which is eligible, accepted and declined for customer returns. Co-ownership with Logistics. Internal compliance requirements supersede any Marketing proposition of product basket.
- **Logistics Warehousing Provider: External or Internal (‘3PL’):** Ensures all goods returned to central warehouse are monitored and processed timely in full compliance to returns policy herewith. Maintains physical returns processing area in impeccable shape. Escalates any issues and deviations to returns policy herewith.
- **Accounts Payable:** Release timely customer credits if required.
- **Warehouse Manager (Process Owner):** Responsible to ensure the policy is published, maintained and communicated to all relevant stakeholders.

4.2 Escalation points

All below stakeholders will embody a point of escalation and are accountable for overall process compliance.

- Warehouse Manager
- Channels Manager
- Head of Operations
- Head of Finance

All above stakeholders are expected to communicate in full integrity and transparency internally or externally on Hilti New Zealand’s customer returns policy.

5. Customer Returns Scenario Overview

This section gives an overview of potential Customer Returns scenarios in which Hilti New Zealand rightfully accepts/declines the customer return. Each return will result in one or more of the following actions:

- A Customer Care Notification ('CCN') is created to ensure full traceability of customer complaint from issue to resolution.
- A clear explanation on why the return query was accepted/declined is communicated to the Customer by one of our customer-facing representatives (AM, ASM, CSR, HSR).
- Goods are declined from being physically uplifted from the Customer's location.
- Goods are declined to be returned to stock via Hilti Stores, Vans, Central Warehouse.
- Customer financial credit is declined for initial purchase and all associated charges.

Below a non-exhaustive list of scenarios in which Custom Returns **WILL NOT BE GRANTED:**

5.1 Timeframe to accept customer returns

- Returns shall be accepted up to 7 calendar days from Proof of Delivery ('POD').
- For Over the Counter sales 'OTC', POD date is the day Customer collects the goods.

5.2 Physical condition of returned goods upon receipt and inspection

- Materials returned in a non-resaleable condition (eg. Damaged).
- Materials returned not in their original packaging.
- Materials returned in a partial quantity, not fit for resale (eg. Quantity requested to be returned is *below* the minimum selling quantity).

5.3 Commercial status of returned goods at the date of return query

- Items with SAP forecasting status 'X6'. These are Purchase-to-Order or On-Demand products specifically supplied for the Customer based on a customer Purchase Order.
- Items with SAP planification status = 'ND': no planification setup.
- Items which are considered obsolete OR phased out OR discontinued.
- Items which are sold as second-hand.
- Items which were on-sold to a 3rd Party: Hilti only accepts returns by customers who have purchased directly from Hilti.

5.4 Returns of Combo sales and deals

- Sales Orders containing combo deals cannot be partially returned.
- The combo is to be returned physically 100% and credited back to Customer 100%.
- Subsequently, Customer can purchase items individually with according price applied.
- Exceptions may apply for combos containing prohibited return products (Section 5.5).

5.5 Chemical Nature of returned goods

Some Hilti products families (eg. Chemical Anchoring, Fire Protection) are considered Temperature Sensitive Products ('TSP') and/or have a Shelf-Life Expiry Date ('SLED').

Due to the sensitivity of their chemical nature, there is a high risk of product deterioration if they are not transported or stored correctly once they leave their point of storage. That is the reason why Hilti NZ has compiled a list of products in which are never to be returned to stock once sold, as we cannot guarantee their condition for the next Sale and Customer.

Here below, a non-exhaustive summary of prohibited returns by product family.

- Injectable mortars
- Adhesive Capsules
- Firestop sealants, fillers, joint sprays, crack injection, mortars
- Firestop foam systems and cleaners
- Direct fastening Gas Cans
- Direct fastening Powder Cartridges

6. Standard Returns Approval Process

All returns must be processed by Hilti Customer Service team by phone 0800-444-584 or by e-mail servicenz@hilti.com. These returns are to be picked-up (organized by Hilti or Customer themselves) and delivered back to our Warehousing service provider to be inspected and validated before being returned to stock, both physically and in the system. Customer credit will only be released once all criteria is approved.

If goods are dropped off at a Hilti Store by the Customer, these returns are to be inspected, approved or declined, then fully processed by Hilti Store team to release customer credit.

No returns are to be processed by Account Managers or Area Sales Managers.

7. Applicable fees linked to Customer Returns

At the absolute discretion of Hilti:

- If a customer return is accepted, the customer will be credited for the goods purchased but the initial freight charge will not be reimbursed.
- A restocking fee up to \$200 may apply, especially for bulky orders or orders containing multiple items.
- If required, Hilti can provide a carrier to pick-up the goods to be returned and the standard delivery fee may apply.

NOTE: All charges applicable for returns processing mentioned on our website www.hilti.co.nz supersede any other charges applicable, as they are the latest Customer update.

8. Exceptions and Escalations Management

Orders physically returned within 24 hours from dispatch (eg. Returned To Sender 'RTS' by carrier) may be accepted and credited, provided the goods were never stored at customer site.

Orders claimed by customer due to a Hilti processing error (eg. wrong item despatched) may be accepted and credited. Chemical products on Negative List may be credited to customer without physical return of goods.

Whenever appropriate, Hilti may trigger a Financial credit-only process without the physical return of goods to stock, by using for example Credit Memos. Any underlying costs may be cross-charged internally to the relevant cost centre.

In the event a Hilti employee accepts a customer returns which clearly violates the terms of this policy, all incurred costs will be charged against the relevant cost centre (eg. handling costs in warehouse, scrapping cost of goods)

Any deviation will be subject to an analysis answering the below questions:

1. What is the Amount (\$) of the return?
2. What is the quality of the goods? (damaged? split quantities?)
3. Does the return contain any goods which can't be returned (Section 5.3-5.5)?

Any deviations to present policy will be escalated using the following:

1. Returns < 1000\$ - Channels Manager OR Warehouse Manager
2. Returns ≥ 1000\$ - Head of Operations AND Head of Finance (as required)