



ADF Code of Practice

Between Manufacturers, Importers,
Wholesalers and Installers in the UK
Automotive Aftermarket

For the Supply and Distribution of
Motor Vehicle Parts, Accessories and
Consumables

(Revised January 2009)

Revisions

November 2006

June 2007 (*minor editing*)

August 2008 (*ADF address details revision*)

January 2009 (*Amendments to Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, and Appendix 1.*)

INTRODUCTION

This Code of Practice is a revision and consolidation of two earlier documents drawn up by the Automotive Distribution Federation (ADF) in 1992.

The original codes were recognition of the need within our Industry to embody sound principles, encourage high standards and improve, enhance and qualify business practice between the trading partnerships linking Suppliers/Importers, Warehouse Distributors, Wholesalers and Installers. This revised Code is intended to reflect changes and new practices in the aftermarket since the publication of the original codes.

This new Code also recognises that installers are facing demands for their businesses to agree to greater scrutiny and accreditation and, as providers of goods and services to those installers, ADF Members should support their customers in a professional and regulated manner.

The original codes were submitted to a number of Associations and Bodies engaged in the supply and repair sections of the motor industry. At that time full consultation took place and amendments made where felt necessary. This amended and consolidated Code of Practice will similarly be submitted to all appropriate groups for consideration.

The primary aim of the Document is to eliminate adverse trading conditions between Sellers and Purchasers.

The ADF regards its Members as duty-bound to act within the spirit of this Code of Practice as set out, and conflict with this Code of Practice may result in loss of Membership. At the request of several Members, the Federation will be giving serious consideration to introducing a voluntary external auditing scheme, with distinctive promotional material available for successfully audited Members.

Any grievance or dispute, where practices laid down in this Document are breached, should be referred to the ADF who can appoint a conciliation panel as an arbitration body in order to resolve matters.

The Code as set out is not intended to interpret, qualify or supplant the law of the land. As the Code refers only to trade transactions, it does not require submission to, or approval by, the Office of Fair Trading.

This Document will be brought up to date as and when the circumstances demand.

Any queries about the contents of the Code or its application in the marketplace should be addressed to the office of the Federation.

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Definitions

‘Supplier’ – means (a) a UK manufacturer, (b) the owned UK distribution arm of an overseas manufacturer, and (c) the UK national or regional distributor appointed by ‘a’ or ‘b’.

‘Warehouse Distributor’ - means the customer of ‘a’, ‘b’, or ‘c’ above, receiving products and redistributing them to Wholesalers.

‘Wholesaler’ – means the customer of ‘a’, ‘b’, or ‘c’ above, receiving products and redistributing them to Installers.

‘Installer’ – means: an independent garage, franchised dealer, truck service workshop, authorised parts distributor, authorised repairer, body repair workshop, fast fit centre, tyre fitting centre, accessory shop, and any other business dealing directly with the vehicle owner.

‘Vehicle Assembler’ – means the company assembling vehicles for sale and distribution to the vehicle owners, either directly or via an appointed distribution network.

‘Franchised Dealer’ – means a vehicle supply centre appointed within the Vehicle Assembler’s distribution network. NB. This may, or may not, include contracts to supply parts and/or service vehicles.

‘Authorised Repairer’ – means a vehicle service or repair centre operating within the Vehicle Assembler’s network, having met criteria established by the Vehicle Assembler for such centres.

‘Authorised Parts Distributor’ – means a parts distribution centre operating within the Vehicle Assembler’s network, having met criteria established by the Vehicle Assembler for such distributors.

‘Reasonable’ is construed as; ‘as may be decided by a Court of Law’

‘Original’ parts -

- Components produced directly by the vehicle assembler.
- Components produced by the OE-supplier and branded with the logo(s) of the vehicle manufacturer and the parts manufacturer/supplier;
- Technically identical components produced by the parts supplier, branded with his own logo and sold to the independent aftermarket.

‘Matching Quality’ parts -

- Spare parts made by any undertaking which can certify at any moment that the parts in question match the quality of the components which are or were used for the assembly of the motor vehicles in question.

SECTION ONE – ESTABLISHMENT OF TRADING RELATIONSHIP

Terms

Terms of account should be clearly stated on all commercial agreements and/or sales invoices.

Where the Supplier sets the Wholesaler's stock and stocking levels, there should be a facility to alter the range and levels on a mutually agreed basis to take into account area and installer/end-user needs. (*For stock cleanse procedures see Section Eight*).

Territory

Where a distribution agreement has been made between the Supplier and Wholesaler, full discussion must take place between the Supplier and Wholesaler before a new outlet or distribution is put into operation within the Wholesaler's area.

The Wholesaler commits to give full cover of an agreed sales area if there is a legal exclusivity arrangement.

Where a Wholesaler's distribution arrangement with a Supplier changes, the Supplier should be advised within a fair and equitable notice period.

[End of Section 1]

SECTION TWO – PROMOTION

Brand Integrity and Product Quality

ADF Members, both Suppliers and Wholesalers, will take every and any appropriate action to ensure that the products they sell are fit for purpose, properly identifiable as to the manufacturer and/or source of supply and, where appropriate for use in vehicles within the Vehicle Assembler's warranty, either 'original' or 'matching quality' parts, *(as defined in the EU Block Exemption Regulation 2002/1400)*.

Under the Block Exemption Regulations, the quality of parts described as 'original' or 'matching quality' may be certified by the seller. However, ADF Members will be required [*time scale to be discussed*] to support such certification with an appropriate form of independent corroboration from a recognised authority.

The quality of parts that cannot be described as either 'original' or 'matching quality' should be accurately represented to the purchaser under the terms of the Trades Description Act 1968.

Parts which affect the safety, performance and environmental compliance of a vehicle should be to 'original' or 'matching quality' standard.

Where a Supplier supplies both Vehicle Assemblers and the Aftermarket, wholesalers should be advised where the product is the same as that supplied by the Vehicle Assemblers' and Franchised Dealers' outlets.

Information covering all legislation relating to products distributed will be readily available and communicated to and via the Wholesaler to the Installer as required.

Promotional Campaigns

Suppliers will provide notification of national marketing promotions to the Wholesaler at least 14 days before commencement.

Wholesalers will maintain the confidentiality of advance notification of any Supplier Promotion.

Promotional material provided by a Supplier will be used proactively by the Wholesaler and will not be used other than for that particular Supplier's products.

Catalogues

Suppliers will operate a minimum six-monthly maintenance programme for electronic catalogues and price lists.

Wholesalers will request realistic quantities of catalogues and will ensure proper distribution to customers.

Suppliers' Field Sales Support

Both parties must give 24 hours minimum notice of cancellation of prearranged meetings of Wholesaler and Supplier representatives

Where a 'workout' programme has been agreed and prior to the programme commencement, and in any event at least 24 hours prior to the arrival of the Supplier's representative, the Wholesaler must provide a full schedule of proposed appointments.

[End of Section 2]

SECTION THREE – RECRUITMENT and TRAINING

Recruitment

ADF Members are expected to recruit staff in an ethical manner. Members must not:

Employ any form of inducement to encourage a prospective employee from breaking a Contract of Employment with their current employer.

Instruct an employee or a third party to enter the premises of another company with the purpose of enticing that company's employees to terminate their employment.

ADF Members should conduct full and proper enquiries into the previous employment history of employees. Letters of employment should give notice that such enquiries will be made. Topics of particular importance include: Driving Licence credentials, Legal Employment status, notifiable medical matters.

Training

To facilitate good customer service; all ADF Members, Suppliers and Wholesalers, will ensure that regular assessment of staff competence will be made, with appropriate training programmes provided for both Wholesalers and their Installer customers. *(Staff competence to be measured against ADF and National Occupational Standards, with special reference to the ATA Parts personnel accreditation programme.)*

At least 5 days notice should be given to the Supplier if members of the Wholesaler's staff are unable to attend pre-arranged training or factory visits.

Wholesalers commit to providing information to the Installers of training opportunities offered by their Supplier partners.

Advice on the scope of various independent training providers may be obtained from the ADF.

[End of Section 3]

SECTION FOUR – ORDERING

(Suppliers and Wholesalers)

Suppliers must have facilities available to accept orders by Post, Telephone, Fax, and appropriate electronic means.

The Supplier must have a formal process for notification of non-availability, back orders, and VOR orders.

The Wholesaler will adhere to Suppliers agreed order deadlines.

The Wholesaler's orders will show unit quantities and use the Supplier's product codes.

VOR orders should only be for genuine VOR requirements and not abused by overuse.

[End of Section 4]

SECTION FIVE – SERVICE LEVELS

Product Availability

Suppliers must maintain a 90 per cent minimum first pick part number supply situation to their Wholesaler customers; which must be maintained regardless of Vehicle Assemblers' demand.

The Wholesaler will have a defined service level agreement process.

Range Additions/Deletions

Suppliers must give prior notice and confirmed date of availability of all additions to range to ADF Wholesaler Member customers, notwithstanding that these items may not be identified in current catalogues.

All additions must be highlighted or summarised in new catalogues.

Suppliers must have a formal supercession, addition and range deletion process.

Price Lists

Suppliers will make new price lists available at least one month before they take effect. Warehouse Distributors and other intermediaries should facilitate the prompt circulation of new price lists issued by Suppliers.

If used, retail for information only and should relate to the Vehicle Assembler's current retail prices as closely as possible where the parts are of comparable quality.

All Supplier pricing information and other financial information must be kept confidential as far as is allowed by law.

Technical Support

Technical support will be available from the Supplier by Telephone, Fax and other appropriate electronic means during normal working hours.

The Wholesaler will provide technical support as required by the Installer and supplied by the Supplier.

In an emergency situation of VOR, technical field support where provided from a Supplier will be sought if requested.

The Wholesaler will notify the Supplier of any recurring technical problems, with accurate descriptions and accompanied, whenever possible, by exhibits.

The Wholesaler will attend with a Supplier/Manufacturer's technical representative if a visit to a customer is necessary. Unnecessary callouts could incur a charge on the Wholesaler, which may be re-charged to the Installer.

[End of Section 5]

SECTION SIX – DELIVERY

Delivery (Supplier to Wholesaler)

Suppliers must provide a regular, declared, carriage-paid minimum delivery at a clearly stated Minimum Order Value and frequency.

(Wholesaler to Installer)

A regular delivery service from the Wholesaler to the Installer will be available at a stated frequency.

If a delivery charge outside normal conditions of sale is to be made, it must be clearly stated at point and time of sale.

Any deliveries outside of the normal agreed schedule must be agreed between the Wholesaler and the Installer beforehand.

VOR order delivery charges to the Installer must be at the Wholesaler's VOR cost from the Supplier.

Receipt of Goods by the Wholesaler

As a minimum, Wholesalers should have in place arrangements to accept delivery of all correctly sent products between the working hours of 8.30am – 5.00pm.

Receiving Wholesaler's staff must give a proper signature on receipt of goods accompanied by the printed name.

The Wholesaler must notify incorrect deliveries and damaged goods to the Supplier within 48 hours.

The Wholesaler should return all returnable containers to the Supplier on the following delivery.

A stock rotation programme in accordance to Suppliers' recommendations should be practised.

[End of Section 6]

SECTION SEVEN – PAYMENT

Accounts (Supplier/Wholesaler)

Suppliers' invoices must reach the Wholesaler within 5 working days of the month following the month of delivery.

A Supplier's reconciliation statement of the Wholesaler's account must be sent monthly.

The Wholesaler must report any invoice queries to the Supplier within 10 days of receipt of invoice.

All delivery queries should be mutually agreed and settled by the Supplier and Wholesaler within 10 working days of delivery. It should be accepted that failure to achieve this would result in the date of the invoice being amended to the following month.

Invoice/price queries should be mutually agreed and settled within 10 working days of notification.

The Wholesaler must adhere to credit terms as agreed with the Supplier.

A clear remittance statement must accompany all payments.

Only invoices in query may be considered for withholding from payment.

(Wholesaler/Installer)

All the Wholesaler's invoices should reach Installers on monthly account terms within 5 working days of the month following month of delivery.

All delivery and invoice price queries received by Wholesalers should receive a response within 24 hours of delivery.

A reconciliation statement of account must be sent monthly to reach the Installer within seven working days of month end.

[End of Section 7]

SECTION EIGHT – RETURNS

Stock Returns

(Wholesaler to Supplier)

At the Wholesaler's cost, the Supplier should accept for return stock ordered incorrectly by the Wholesaler within 14 days of delivery, unless the item(s) were obtained specifically against that Wholesaler's special order. Items sent incorrectly by the Supplier or damaged in transit etc., should be accepted for return at the Supplier's cost.

The Supplier will have an annual stock cleanse facility to a confirmed policy

Parts returned by the Wholesaler must be in the Supplier's current price lists.

Where product requires re-packaging by the Supplier to achieve current re-saleable condition, but in itself is in a new and marketable condition, a charge may be made for re-packaging, and this charge should not exceed the cost of re-packaging.

The Wholesaler must agree all stock returns with the Supplier in advance.

Relevant and detailed documentation must accompany returned goods.

The Wholesaler must obtain a signature and printed name from the collector of the consignment.

Old stock must not be returned in lieu of recently received stock, except with the prior agreement of the Supplier.

(Installer to Wholesaler)

The Wholesaler should be prepared to accept new goods returns within one working week of delivery. The Wholesaler may reserve the right to make a charge for checking and returning goods into stock

Core Returns

(Wholesaler to Supplier)

The Wholesaler shall employ good housekeeping systems to ensure old units are available for collection by the Supplier on a regular basis.

Old units for collection shall be in a suitable container.

Old units for collection shall comply with the Supplier's published acceptance standards.

(Installer to Wholesaler)

Old unit returns should be accepted up to a minimum of one working week from purchase.

Agreed stock returns must be collected by the Wholesaler on demand, provided that appropriate purchase document information, i.e. original purchase invoice number, date and any relevant information is made available at time of collection.

Credit for goods returned will be issued in the same month as long as receipt is within 2 working days of end of month,

[End of Section 8]

SECTION NINE – WARRANTY

Warranty (Supplier and Wholesaler)

Suppliers shall declare the scope and procedures of their warranty, which must comply with current UK and European Union legislation.

Suppliers will accept ADF Industry Standard Warranty Form with goods returned as warranty claims. *(An example of the ADF form is shown as Appendix 1).*

The Wholesaler will provide complete information as required on the ADF Industry Standard Warranty Form, or other form acceptable to the Supplier, detailing the full claim.

The Wholesaler will notify the Supplier of any warranty claim items requiring collection.

The warranty item, form and all other relevant documents and information will be parcelled together for return of the item.

The Supplier shall provide collection of goods returned under warranty within 10 working days of notification. If the collection is not made, the Supplier must accept the return by the Wholesaler by any other reasonable means at the Supplier's cost.

Where the product is returned to the Supplier, the Supplier will give a full written response within 20 working days from receipt of the product. Any extension to this time scale must be notified to the Wholesaler in writing, citing the reason for delay.

A full supporting report must be returned with the goods to the Wholesaler if the claim is the claim is rejected.

Labour rates will relate to current industry labour rates and times, and must also relate to area differences. Wage data published by the Retail Motor Industry Federation (RMIF) or other legitimate source may be used for calculations, whilst the ICME manual may be used as a guide to fitting times.

(Wholesaler and Installer)

On receipt of goods returned by the Installer under a Warranty Claim together with the completed Warranty Returns Form and all other relevant information *(use of the ADF Industry Standard Form is recommended)*, the Wholesaler's action will be:

Where there is no labour claim, and with the prior authority of the Supplier, an automatic exchange (straight replacement or credit) may be made by the Wholesaler. Highly technical and costly products may be excluded from automatic arrangements, as may items obviously misfitted or mistreated.

Where the Supplier's warranty procedure does not provide for automatic exchange, the replacement goods will be invoiced to the Installer pending report from the Supplier. If the claim is proven valid, full credit and cost consideration will be given. If rejected, a full report and/or explanation from the Supplier will be provided.

In cases of dispute with the Supplier's report, agreed independent arbitration can be offered but the Installer must be prepared to meet the cost of such action should the Supplier's finding be upheld.

Suppliers must have a statement defining warranty procedures and product liability, for services, labour and consequential losses.

Labour claims for successful warranty claims will be calculated using the ICME Manuals as a guide for job times, with area differences for hourly rates taken into consideration.

[End of Section 9]

SECTION TEN – LEGAL

Suppliers and Wholesalers must hold Product Liability Insurance cover at least to the minimum level recommended by the Association of British Insurers and published annually by the ADF.

The attention of ADF Members is drawn to the effects of UK and European Legislation in a number of areas surrounding the supply of goods into the independent aftermarket. Members requiring assistance on this point should contact the ADF Office.

Including, but not restricted to, the following:

Trades Description Acts 1968

Copyright, Designs and Patents Act 1988

Sale of Goods Act 1994

Road Vehicles (Brake Lining Safety) Regulations 1999

Health & Safety at Work Regulations 1999


Enterprise Act 2002

Vehicle Type Approval –EU Directive 70/156 (and amendment 2001/116/EC)

Block Exemption Regulation EU 1400/2002

[End of Section 10]

Appendix 1. ADF Approved Warranty Returns Form (see overleaf for ordering information)

		© 2003 ADF APPROVED FORM	PARTS WARRANTY RETURNS	
WHOLESALER NAME AND ADDRESS		CLAIM No. ADF/ PWR 302218		
DISTRIBUTOR A/C No.		DATE		
THIS FORM MUST BE COMPLETED IN ALL APPLICABLE SECTIONS AND THE PINK AND BLUE COPIES RETURNED WITH ALL RELEVANT PARTS AND OTHER DOCUMENTS.				
WHITE COPY - RETAINED BY CUSTOMER PINK & BLUE COPIES - TO BE RETURNED WITH GOODS YELLOW COPY - WHOLESALERS FILE COPY				
RETURNING CUSTOMER NAME AND ADDRESS		METHOD OF RETURN		
(Empty space for customer name and address)		COLLECTED OR RECEIVED BY:		
FULL PARTICULARS OF CLAIM				
QTY	PART NO.	DESCRIPTION/BATCH CODE (IF KNOWN)	VALUE OF AMOUNT CLAIMED LESS VAT	
INVOICE NO. OF ORIGINAL PURCHASE		VALUE OF ANCILLARY ITEMS CLAIMED (RECEIPTS ACCOMPANY THIS FORM) TOTAL LABOUR COSTS CLAIMED (INVOICE MUST ACCOMPANY THIS FORM)		
HAVE ITEM(S) BEEN FITTED		YES/NO	V.A.T.	
			TOTAL	
		IF NOT FITTED DETAILS OF VEHICLE BELOW NOT REQUIRED		
DETAILS OF VEHICLE		VEHICLE REGISTRATION No.		
MAKE		CHASSIS No.		
MODEL		DATE FITTED		
YEAR		DATE REMOVED		
ENG. TYPE /No.		USAGE	MILES	KMS
PRECISE DETAILS OF FAULTS CLAIMED				
CUSTOMER DECLARATION		THIS CLAIM AS DETAILED ABOVE REPRESENTS THE TOTAL CLAIM IN RESPECT OF THE GOODS RETURNED. Signed.....		
(Empty space for signature and additional notes)				

ADF Approved Warranty Return Forms are available in pads of 50 4-part forms as shown in the sample overleaf. Forms can also be supplied overprinted to order.

Each Form is a Security Document, individually and uniquely numbered in order that errors between trading partners are kept to the minimum.

ADF Supplier Members accept returns under cover of this form, although some may request additional information depending upon the specialism of their products.

Please contact the ADF Office for up to date prices.

Many Suppliers are introducing electronic forms for administration of warranty claims. Any ADF member with comments on the use of such systems should present their views to the ADF Office.

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