

Supplier assessment - delivery reliability

DEUTZ AG evaluates its suppliers regularly based on factual data. As a significant supplier of production material to DEUTZ, you will receive a monthly assessment of the supplying plants. This allows us to express satisfaction in the case of good performance and identify opportunities for improvement otherwise.

The evaluation of delivery reliability helps us to identify weak points that have a lasting impact on our logistics processes. Deviation in delivery time or quantity will significantly disrupt the production process, resulting in high costs and customer dissatisfaction.

Please archive your evaluations so that you can track the development of your on-time delivery performance.

Evaluation criteria

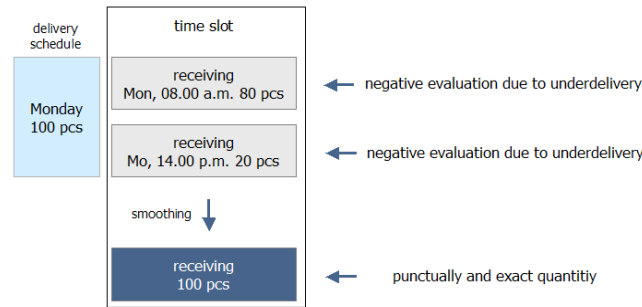
Logistics performance is evaluated by assessing each individual goods receipt's adherence to delivery dates and quantities. The results are reported as delivery reliability percentage in accordance with VDA 5001. Adherence to delivery dates and quantities is determined by comparing the goods receipt booking with the required delivery date and the ordered quantity.

Our goal is to deliver on the exact day (with a tolerance of +/- 1 day) and in the agreed-upon quantity (with a tolerance of +/- 10%). Daily deliveries are thoroughly checked for adherence to deadlines and quantity and evaluated with 100% delivery reliability within the tolerances. If adherence to deadlines and/or quantities falls outside the tolerance, the daily delivery is assessed as 0% adherence to delivery dates.

Exception: If consignment delivery has been agreed, the flexibility agreed with you in accordance with the consignment contract will be taken into account.

Smoothing

This procedure is used by DEUTZ AG to consider several deliveries from you in a smoothing period of one day as one shipment and to assess them together.



Example of smoothing

Delivery call-off

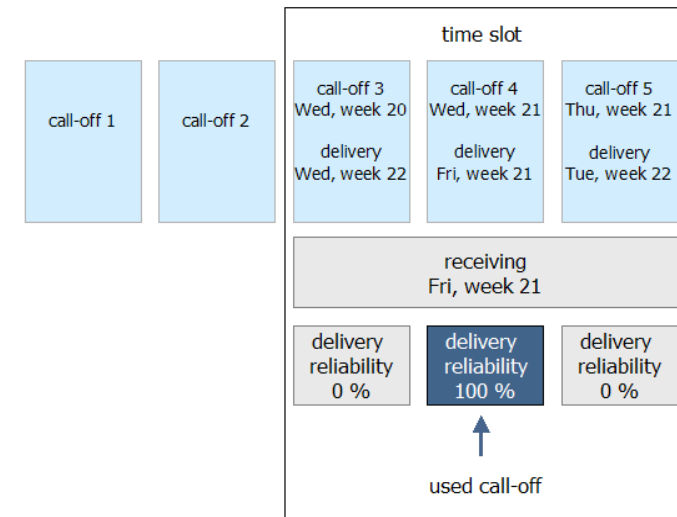
Example:

DEUTZ AG sends a call-off to you on Wednesday in week 21 with delivery date for Friday in week 21. You react on schedule and send out on Thursday in week 21. With a delivery time of 1 day the delivery arriving on Friday in week 21 would be on-time.

In the time where the goods are already being delivered (Thursday week 21) DEUTZ AG generates a new call-off, in which the delivery date is changed from Friday / week 21 to Thursday of week 22. With a delivery of the goods on Friday / week 21 you would be ,punished' for early delivery even though you had no chance to react to the changed boundary conditions.

Solution:

DEUTZ AG applies the most advantageous delivery request for you of max 3 call-offs within the last 15 days.



Example of delivery request – problem solving

Classification

Percentage $\geq 97\%$	A-supplier
Percentage $\geq 90\%$ bis $< 97\%$	B-supplier
Percentage $< 90\%$	C-supplier

“A” suppliers are our preferred partners for new projects. They have already achieved a high level of performance and continue to work on maintaining and improving this.

We see some room for improvement for those classified as **“B” suppliers**, and we would like to use this to continue working together successfully in the future.

If you are currently classed as a **“C” supplier**, we see considerable room for improvement for successful cooperation. Please take steps promptly to protect us and our customers from supply problems. If you have the overall result of “C”, we will not consider you for new requests or projects until a sustainable improvement has been shown (category A or B). We reserve the right to take further action if required.

Contact

For any questions about your current assessment, please contact your regular representative at the DEUTZ site that conducted the evaluation.

Category	Adherence to delivery quantities	Tolerance value	Delivery schedule scenario	Basis of assessment	Score
	Quantity tolerance Overdelivery quantity (delivery quantity exceeded)	+ 10%	Delivered quantity matches the scheduled quantity precisely	ok	100
			Delivered quantity exceeds the scheduled quantity by up to 10%	ok	100
			Delivered quantity exceeds the scheduled quantity by more than 10%	Delivery quantity and tolerance exceeded	0
	Quantity tolerance Shortfall (part of the delivery delayed)	- 10%	Delivered quantity matches the scheduled quantity precisely	ok	100
			Delivered quantity is $< 10\%$ less than the scheduled quantity	ok	100
			Delivered quantity is $> 10\%$ less than the scheduled quantity	Delivery quantity and tolerance exceeded	0

Category	Adherence to delivery schedule	Tolerance value	Delivery schedule scenario	Basis of assessment	Score
	Delivery date tolerance, delivery dates (all or part of the delivery quantity delayed)	+ 1 day	Actual delivery date matches the scheduled delivery date precisely	ok	100
			Actual delivery date matches the scheduled delivery date + 1 day	ok	100
			Actual delivery date is later than the scheduled delivery date + 1 day	Delivery date and tolerance exceeded	0
	Delivery date tolerance, delivery dates (all or part of the delivery quantity delivered too early)	- 1 day	Actual delivery date matches the scheduled delivery date precisely	ok	100
			Actual delivery date matches the scheduled delivery date - 1 day	ok	100
			Actual delivery date is earlier than the scheduled delivery date - 1 day	Delivery date and tolerance exceeded	0