

### Supplier Development

#### Agie Charmilles SA

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Losone, November 07, 2012

Dear business Partner,

Attaining acceptable and reliable delivery performance is the most significant supply chain challenge faced by GF AgieCharmilles. This topic is clearly in focus for our supply chain optimization program 2013. Thus GF AgieCharmilles decided to make changes to the evaluation of our Partners' delivery performances in order to push supplier management efficiencies further.

GF AgieCharmilles recently optimized the method how to measure "On-Time-Delivery-In-Full" performance (OTIF) by implementing an automatic Delivery Performance evaluation into SAP/R3 system.

**Shipments must be delivered on time in accordance with your Confirmation Dates and complete for the full quantity confirmed for each purchase order line.**

Essential, from your side, is your punctual order confirmation, at due 3 days after receive of our purchase orders.

Our KPIs are defined as follows.

#### Schedule

Early or late delivery date (reference: order confirmation date)	Assessment *	Points
- 3 days to + 3 days	1	100
- 4-5 days to + 4-5 days	2	80
- 6-10 days to + 6-10 days	3	40
- 11 days and more to + 11 days and more	4	0

\*Meeting confirmed delivery date = 1; not meeting = 4

#### Quantity

Under or over supply (reference: ordered quantity)	Assessment *	Points
- 5% to + 5%	1	100
- 7% to + 7%	2	80
- 10% to +10 %	3	40
More than - 10% or more than + 10%	4	0

\*Meeting ordered quantity = 1; not meeting = 4

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Performances shall be evaluated on monthly base.

In the eventuality that your performances won't meet the assessment one, you will be provided by all the necessary data to deep analyze the causes of not compliance and provide your corrective actions.

Requested timing for your root cause analysis consists on three working days while the requested timing for your confirmation of countermeasures taken is expected within five working days from the date you are informed about the not compliance.

In case of any further clarification from your side, please do not hesitate to contact me.

Please forward a copy of this letter to the appropriate people on your staff that have a need to know.

Thank you in advance for your support

Regards

Agie Charmilles SA



David Colombo  
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