

ASPIRE Guideline

Achieving Greatness. Together



Together, we strive for performance excellence.



Welcome



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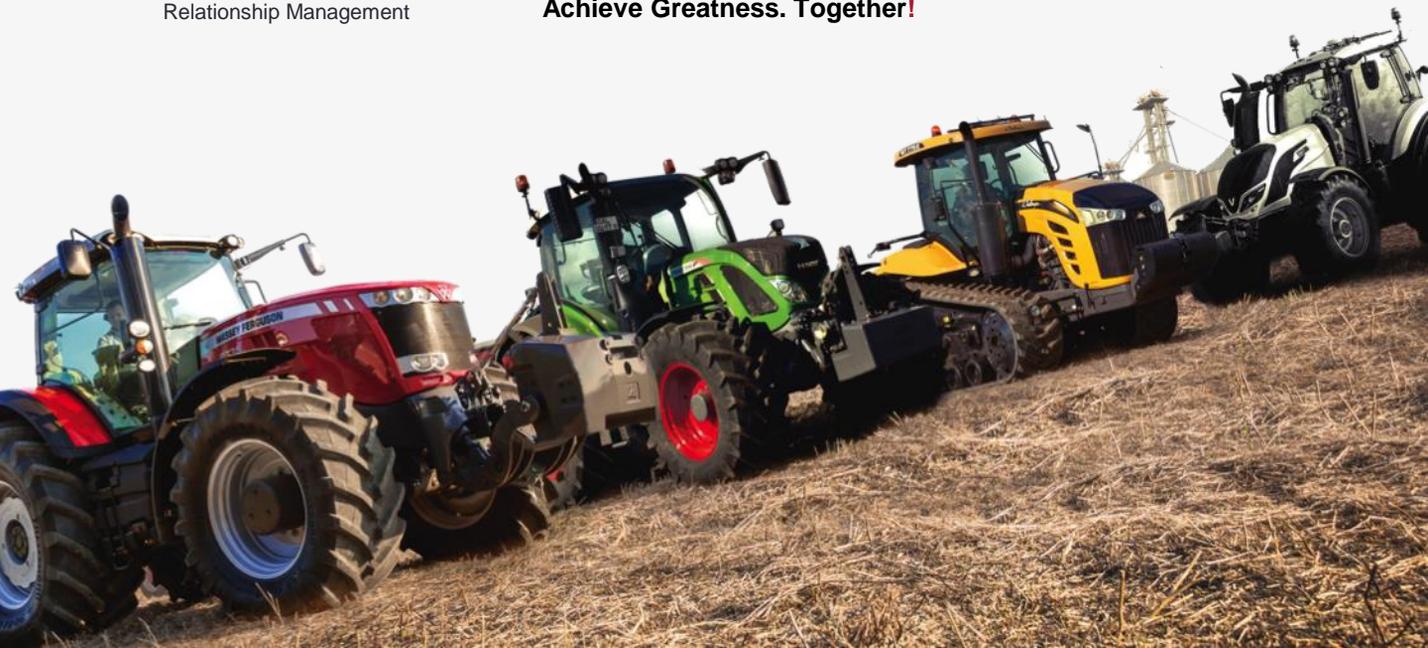


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AGCO has committed itself to provide high-tech solutions for professional farmers feeding the world by generating profitable growth through superior customer service, innovation, quality and commitment. AGCO Supplier Relationship Management Program (ASPIRE) is a strategic part to reach this goal.

Our goal is to build strong relationships with a select number of suppliers who can contribute to our global competitive advantage which includes superior product quality, innovation and total cost. To enable continuous improvement and to foster close collaboration, AGCO has introduced ASPIRE to foster a paradigm shift from typical customer-supplier relationships to value-added supplier partnerships. AGCO desires to be your customer of choice. ASPIRE will lead the way to improve and streamline our supply base, while continuously developing long-term relationships with high-performing and committed suppliers.

AGCO aims to exceed customer and industry expectations and needs the full participation and support from all suppliers to meet or exceed AGCO's cross-functional performance requirements. We invite you to join us, ASPIRE toward performance excellence: **Achieve Greatness. Together!**



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360 degree perspective.



The Approach

AGCO looks to build strong, lasting relationships with key suppliers that add value to our products and services. These relationships provide increased profitability as well as global competitive advantage. Our suppliers must share our vision and commitment to corporate ethics, the environment, and continuous improvement in all performance areas. Consequently, we apply a cross-functional approach that enable's AGCO to communicate with a 'single-voice' regarding requirements and expectations for success.



AGCO as 'Customer of Choice'

Close cooperation and partnering including joint development projects will built trust and continue to elevate AGCO as your 'Customer of Choice'. Both AGCO and suppliers benefit from ongoing delivery of high-quality, reliable products at competitive prices that ensure smooth operations, productivity and success of AGCO's products in the global marketplace.

Aligned Cross-functional Criteria

Criteria will be measured (KPI's), monitored and reported transparently using the APEX Supplier Performance System.

- Quality
- Logistics and Materials Management
- Cost Management
- NPI Collaboration
- Risk and Contract Management
- Supply Chain Sustainability
- Technology Capabilities



Achieving Greatness. Together!



Objective and Benefits

A large number of internal and external factors are reshaping our products, markets and industry. To be the 'customer of choice' and maintain a leadership position in the global marketplace, AGCO has developed the ASPIRE Supplier Relationship Management program to anticipate, react and take advantage of these forces jointly with its global supply base.



Objective

The main objective of ASPIRE is that AGCO and its global supply base can benefit together from future trends and opportunities in a sustainable way. Continuous improvement of products, processes and services is an integral requirement for our success.

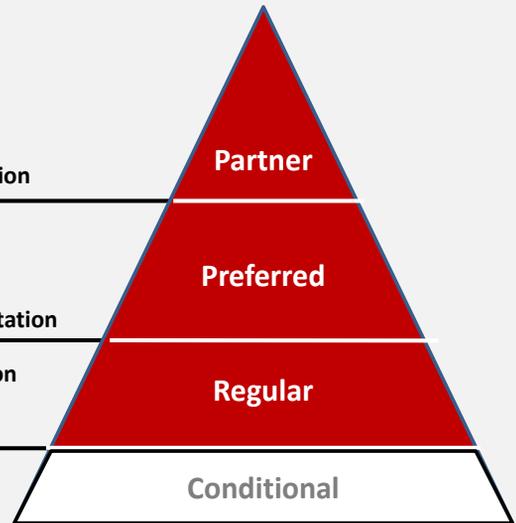
Key Benefits of Partnering

Continuous Improvement is not an event but an ongoing process that requires two-way collaboration and transparency. AGCO's approach to supplier classification follows a systematic and objective evaluation methodology, that rewards excellent performance with reasonable benefits. Becoming a partner and joining AGCO's relationship management program provides open interaction with key contacts at AGCO to help achieve the greatest opportunities and results.



Benefits of Partnering

- Global Growth
- Shared innovation
- Strategic segmentation
- NPI collaboration
- Global recognition
- Operational segmentation
- Tactical segmentation
- Secondary sourcing
- Conditional RFQ's
- Alternate sourcing



Finding the right partner.



Relationship & Recognition

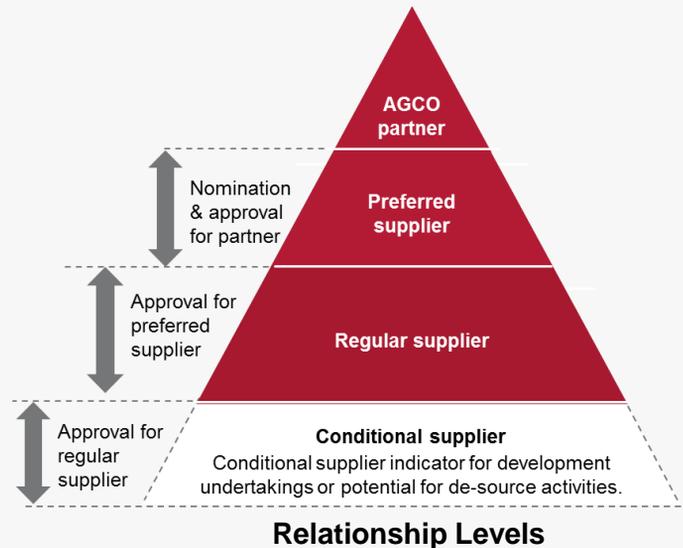
Relationship Status

AGCO must seek out top performing suppliers and cultivate partner relationships to effectively leverage global spend, improve quality of products and services, reduce infrastructure costs, manage risk and meet internal and external customer requirements. A suppliers relationship status should be seen as a key element to unlocking business opportunities across AGCO's global operations.

Recognition

Innovation is the key to AGCO's success and expected from our leading suppliers as part of our approach to global recognition. Our valued suppliers will be recognized at annual supplier events. Awards will be given to top performing suppliers by commodity and honored for distinguished performance.

Selection criteria is based on the achievement of stringent performance criteria for quality, delivery, cost, environmental, customer service and technical expertise - the Achievement of Greatness. Together!



Relationship Levels

- **Partner:** Exceeds AGCO's performance standards, serves as a world-class benchmark, contributes actionable contributions, fosters leading innovation.
- **Preferred:** Exceeds cross-functional performance standards, surpasses cost saving targets, provides AGCO with a competitive advantage.
- **Regular:** Meets minimum cross-functional performance standards, contributes toward cost saving targets.
- **Conditional:** Fails to meet minimum performance standards



Increasing Performance and Transparency



Collaboration & Transparency

AGCO's business performance is closely intertwined with the performance of its valued suppliers. A failure to manage and monitor supplier performance can lead to major supply chain disruptions, delivery problems, poor quality, and other issues that damage a AGCO's credibility, as well as the bottom line.

A key objective of the **ASPIRE** Supplier Relationship Management program is the ability for AGCO to accurately measure, monitor, report and communicate global supplier performance. **APEX** is the web-based system that will enable both quantitative and qualitative measures of overall supplier performance to help guide Global Commodity Team sourcing decisions based upon relationship status derived from performance results.

APEX will foster increased collaboration and provide transparency of status and performance results for suppliers through individualized dashboards and scorecards.

Key Performance Indicators

The APEX system will be used to measure, track, and report select key performance indicators (KPI's) and enable two-way communication for continuous improvement. APEX will also provide access to supplier information and documents including contracts, quality, logistics and more.

KPI's Include:

- Parts Per Million (PPM)
- Non-conformance Claims (NCR's)
- On-time Delivery (OTD)
- New Product Introduction (PPAP/OTD & RFT)
- Risk Scores (financial & non-financial)
- Savings
- Warranty



APEX KPI dashboard illustration



The details



Cross-Functional Performance Requirements for Direct & Indirect Purchasing:

The following pages summarize performance targets within ASPIRE



Be part of it.

Quality



1. Quality Requirements

In order to pursue our goal of zero defects, a consistent advanced quality planning process (APQP) must be implemented between AGCO and its suppliers. This includes effective serial monitoring, re-qualification, and continuous improvement of both products and processes. Failure-free processes and products must be developed, planned, implemented and assured, jointly, by AGCO and its Suppliers.

AGCO can only make progress if it can rely on the commitment of its suppliers. This is why AGCO offers a quality approach based essentially on preventive action based in four areas:

- The Supplier Validation Process based on the SRR+ Assessment Audit and Technical Process Assessment (TPA) for defined processes.
- **The Nomination Process**, based in the Technical Review, including feasibility analysis by the Supplier.

- **Product Quality Assurance**, to ensure that the preventive and formalized quality measures are defined and applied. From the PPAP process (APQP process for more complex components with development tasks), to the serial follow up.
- **Supplier Performance (KPI)**. AGCO monitors the Supplier's performance taking into account the following KPI's (Supplier Quality Indicators).
 - PPM compared with the Global Target per commodity family
 - NCR (Non conformity Report) Impact and Reactivity.
 - Project Status compared with Schedule
 - Non Quality Costs and parts in PQA

For additional definition and explanation on AGCO's quality standards, please reference: AGCO's Supplier Quality Guideline: GSQ 01 (or latest version).

Preferred Target

Global Quality Score: 100%

Performance Expectations

Min. Threshold

Global Quality Score: 75%

Global quality rating criteria = (PPM SCORE + NCR Impact-reactivity)/2

Logistics & Materials Management



1. On Time Supply (OTS) Performance

On time supply measures the supplier's ability to meet AGCO Corporation's requirements on time and at the right quantity to our global locations. Our objective is to achieve a stable flow of on time **supply** into our operating sites in support of AGCO Corporation meeting our customer delivery expectations 100% of the time. One time supply enables our AGCO Production System (APS) to produce world class products on a consistent and reliable basis.

AGCO Corporation desires to choose preferred suppliers and strategic partners who consistently supply the right quantity of product at the right time to our sites around the world.

AGCO Corporation's measurement for on time supply is:

A. Direct Material Suppliers - 2 days early and 0 days late to the order shipping or delivery date. 100% of the order line quantity, no partial credit will be given for partial quantities.

B. Freight Carriers - 0 days early and 0 days late to the agreed to transit time and 100% of the transportation order quantity . No partial credit will be given for partial delivery quantities. The transportation lead time is based on the agreed to transportation time as specified in the Transportation Agreement.

2. Logistics Agreement

Suppliers are expected to participate and comply with the terms of the AGCO Corporation Logistics Agreement. The Logistics Agreement defines the AGCO Corporation expectations in the key areas of: 1) Lead time, 2) Supplier Network Collaboration (EDI or Portal) SNC System participation, 3) Packaging and labeling compliance, 4) Transportation Management System participation, and 5) Capacity Management System participation.



Logistics & Materials Management



3. Performance Compliance

Supplier performance compliance to AGCO Corporation’s Materials Management expectations is critical to our site operating performance. The supplier’s compliance with our critical system includes the following:

SNC - Supplier Network Collaboration (EDI or Portal)

- Order confirmation completed on time,
- ASN (advanced shipping notice) transmitted on time,
- and Accurate ASN data.

TMS - Transportation Management System

- Transportation order submitted on time and
- Accurate Transportation data used.

Capacity Management System

- Review of available capacity done on time and
- available capacity updated on time.

Not all systems are available in all regions / sites. Performance calculations will be the average of the seven criteria outlined above and expressed as a percentage.



Preferred Target **OTS: 100%** **Signed Logistics agreement** **Compliance: 100%**

Performance Expectations

Min. Threshold **OTS: 90%** **Signed Logistics agreement** **Compliance: 90%**

Cost Management



1. Cost Transparency

Cost transparency measures the supplier’s level of collaboration with AGCO in the area of cost management. This supports AGCO’s strategy to take fact-based sourcing decisions and helps to identify opportunities for process improvement potential that will yield mutually beneficial cost savings. Suppliers are strongly encouraged to demonstrate that they have active internal processes for value engineering and supply chain cost management. AGCO strives to work with suppliers that are supporting this strategy and who actively collaborate with AGCO to achieve optimum supply solutions.

2. Cost Reduction Ideas

Suppliers are encouraged to submit cost-reduction plans meeting ACRE (“AGCO Collaboration and Reduction Expectation”) targets. Submitted suggestions are documented for evaluation and credit is granted based on submission as opposed to implementation.

3. Continuous Improvement

Suppliers are rated based on their efforts to provide continuous cost & price reductions for current parts. Targeted improvement plans and expected year over year performance are communicated to the supplier based on the commodity.

Preferred Target

Cost Management Score: 100%

Performance Expectations

Min. Threshold

Cost Management Score: 75%



Product Development (NPI) Collaboration & Innovation



1. NPI Collaboration & Innovation

Suppliers play a crucial role in the product development process at AGCO. Forward-thinking suppliers recognize the need to promote product innovation while ensuring quality, performance and affordability.

AGCO desires to work with preferred suppliers and strategic partners who consistently support our new product development in our sites around the world.

KPIs for NPI Collaboration & Innovation will include both objective and subjective elements. AGCO will consistently reward with new business suppliers who demonstrate excellent NPI performance by:

- providing cost competitive solutions that reduce AGCO's total cost of ownership;
- delivering timely and proactive input based on their technology expertise;
- deliver excellent quality systems / components;
- showing true partnership spirit by anticipating problem identification & resolution, constantly keeping an open communication flow ;
- constantly acting as innovator in their field.

In particular, significant contributions to AGCO's product innovation is a key criteria for consideration in achievement of Preferred and Partner status levels.

2. Performance Targets

PPAP Parts On-Time Delivery (PPAP/OTD) measures the supplier's ability to meet AGCO's requirements for components to be delivered to our global sites on-time and at the right quality during NPI (New Product Introduction) launches. Our objective is to complete the Pre-Series/Series build phase in our assembly lines in a timely fashion, in order to proceed with all necessary validations and smoothly introduce new product in the market.

AGCO's measurement for PPAP/OTD is:

- A score of 100% is awarded for the delivery of PPAP parts on or before the agreed due date.
- A score of 0% is awarded if parts are delivered after the agreed due date.

AGCO's measurement for PPAP Right-First-Time (RFT) is:

- A score of 100% is awarded for PPAP parts that pass quality criteria the first-time submitted.
- A score of 0% is awarded for PPAP parts that fail quality criteria the first-time submitted.

Additional Expectations

- 100% of the order quantity must be submitted, no partial credit will be given for partial quantities.
- PPAP documentation is required as specified.

Preferred Target = Min. Threshold

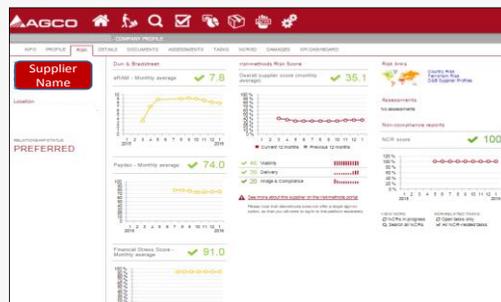
Performance Expectations	↓	PPAP/OTD: ≤ due date 100%	PPAP RFT: Pass 100%
		PPAP/OTD: > due date 0%	PPAP/RFT: late = 0%

Risk Management



1. How AGCO Monitors Supply Chain Risk

Measuring risk within a global supply chain is no easy task. Global supply chains can be exposed to a seemingly endless number of risk factors. At AGCO, taking proactive measures is a key pillar of supply chain risk management. Accordingly, AGCO utilizes various tools to assess and monitor risks within the supply chain. These risks can range from financial risks to FCPA violations to upstream and downstream mapping of a suppliers supply chain. No matter what the risk, AGCO wants to be in a position to quickly identify any risk occurrences and react appropriately. Accordingly, AGCO expects full transparency from its suppliers when it comes to supply chain risk management. Only those suppliers that exhibit true openness and the willingness to work together can be considered a Partner.



Risk Management



2. Being a Supplier to AGCO

AGCO takes supply chain risk management seriously and expects the same from our suppliers.

AGCO expects all of its suppliers to:

- Provide timely and equitable adjudication of AGCO Supplier Warranty Claims in accordance with AGCO Supplier Warranty Terms
- Proactively monitor their own supply base for financial stability, FCPA compliance etc.
- Be transparent with regards to potential issues no matter who is at fault
- Work in a collaborative manner to resolve issues
- Respond in a timely manner to requests by AGCO



Supply Chain Sustainability



1. Environmental Progress

AGCO expects our global suppliers to operate in an environmentally friendly manner.

Environmental improvements can be made in the following ways:

- Energy efficiency at supplier facilities
- Emission reductions through resourceful use of transportation in the supply chain
- Waste reduction and conscientious waste disposal
- Water conservation and risk mitigation

Awareness of, and improvement in, a supplier's environmental footprint will increase the supplier's standings within AGCO.

2. Innovative Collaboration

AGCO's supply chain consists of some of the best suppliers in the world, and only together with the supply base can we explore the innovation that global farmers require in order to meet the demands of the future. Sustainability follows innovation, and suppliers that come to AGCO first with innovative ideas are rewarded with status and new business opportunities.

3. Human Rights & Diversity

AGCO's responsibilities lie not only in protecting and managing our own labor pool, but also in holding our suppliers (and our suppliers' suppliers) to the same high standard in terms of ensuring a safe, legal, and healthy labor force. We believe that diverse suppliers bring innovation and new ways of thinking to the supply chain, and we promote the use diverse suppliers within all tiers of the supply chain.

4. Zero Tolerance on Bribery

AGCO's sourcing decisions are based on suppliers' capabilities and performance, considering best cost, quality, delivery, innovation / technology and sustainability. AGCO has ZERO tolerance for suppliers who try to influence to any AGCO employee or representative. sourcing decisions by providing gifts of value



Technology & Systems



1. Collaboration and Participation

AGCO sets the highest expectations regarding quality, cost competitiveness, on-time delivery and innovation from our suppliers. AGCO also listens to our valued suppliers who have challenged us to streamline collaboration with our global purchasing organization.

In response, there is no substitute for a collaborative solution that can manage crucial details such as real-time information, transparent performance indications and status updates that are vital to your business. Therefore, AGCO has made strategic investments IT solutions to foster collaboration and innovation with suppliers including tools like APEX and eSourcing.

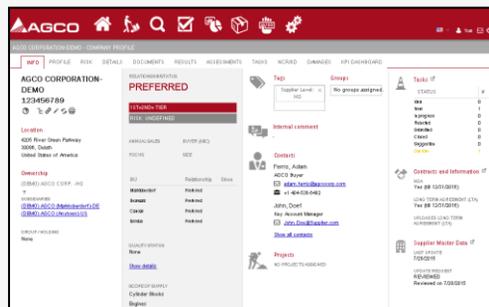
Information technology, and in particular, our new suite of web-based tools, will play a key role in furthering our goals of supply chain integration. By adopting e-business approaches suppliers can reap the benefits of supply chain integration — reduced costs, increased flexibility, faster response times — more rapidly and effectively.

AGCO's e-Sourcing tool streamlines our strategic sourcing process in order to provide an equal opportunity to all our suppliers to bid and compete for our business on a global scale in a fair and transparent manner. Additionally, it will help us bring our supplier collaboration to the next level. AGCO expects suppliers to participate and we will only consider supplier quotes provided thru this tool.

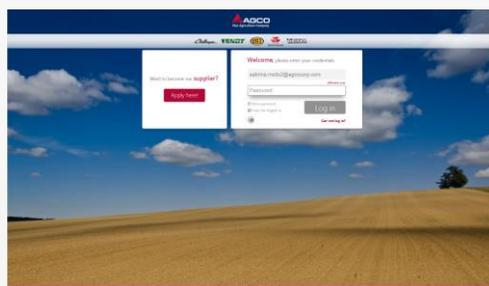
2. Benefits

AGCO's state-of-the-art and easy-to-use IT platforms are designed to generate multiple benefits to each organization, including:

- Streamlined collaboration with AGCO through use of same standards and templates across all brands and sites.
- Increased transparency, visibility, and compliance to AGCO performance standards.
- Oh-demand access to your organizations relationship status and performance results.
- Enhanced business opportunities through the achievement of higher classification ratings.



APEX Supplier Performance System



eSourcing provided by SynerTrade



Indirect Purchasing



1. Indirect Purchasing at AGCO

Indirect procurement requires a unique balance of disciplined processes and technology, engagement with stakeholders and diverse expertise across a range of suppliers. At AGCO, we look to partnering with suppliers for long-term growth.

Indirect procurement places a great emphasis on total cost of ownership and refers to:

- Services which are supporting the organization's business processes such as Human Resources, Marketing, Travel, Information Technology, etc.
- Products purchased and part of the products AGCO manufacture but not part of the Bill of Material
- Capital expenditures

In order to effectively measure and manage indirect suppliers and service providers, a different set of KPIs will be developed. Indirect KPI's will factor in both the objective and subjective nature of indirect materials and services.

2. Performance Targets

AGCO will continue to reward suppliers with our business with demonstrated performance in the following areas:

- Remain cost competitive at all time
- Provide superior service
- Exemplify ease of doing business and flexibility
- Demonstrate true partnership and be an innovator in their field
- Deliver quality excellence
- Manage risk and compliance appropriately



Aftermarket



1. Serviceability

AGCO has a strong focus to ensure our customers and dealers are able to use AGCO's products at any time they need it.

The key goal of the AGCO Parts division is to address the main priorities ensuring customer satisfaction and with that driving brand loyalty. Several independent surveys have shown that the main drivers for customer loyalty are:

- Replacement parts availability when, where and in the quantity they need it
- Superior quality
- Competitive replacement part prices

Becoming a Supply Chain Partner of AGCO means supporting a product throughout its life cycle from concept to production until the end of service life time.

Having Parts specific KPI's in ASPIRE will allow AGCO to make best overall decisions on whom to partner with in our supply base.

There is strong competition in the market to gain shares of the Aftermarket. Only a strong partnership between AGCO and its supply base will allow us to achieve customer expectations and ensure their loyalty.

2. Performance Targets

AGCO will continue to reward suppliers with our business with demonstrated performance in the following areas:

- On time delivery
- Quality
- Purchase Price Variance (PPV)
- Fill Rate

3. Benefits

AGCO Parts honors our relations with our Partners supporting our goals to achieve the best solutions for our customers.

Securing our market potential by having the right products at the right time benefits AGCO and its Supply Chain Partners.

On time delivery, quality and competitive pricing are key drivers to our success. Having visibility of these metrics in one globally shared system will help our supply base to understand and achieve our expectations.

Supporting AGCO to fulfill our customer's service life commitment further allows our supply base to benefit from products over a longer period of time and become more deeply involved in new development.



Summary of Expectations

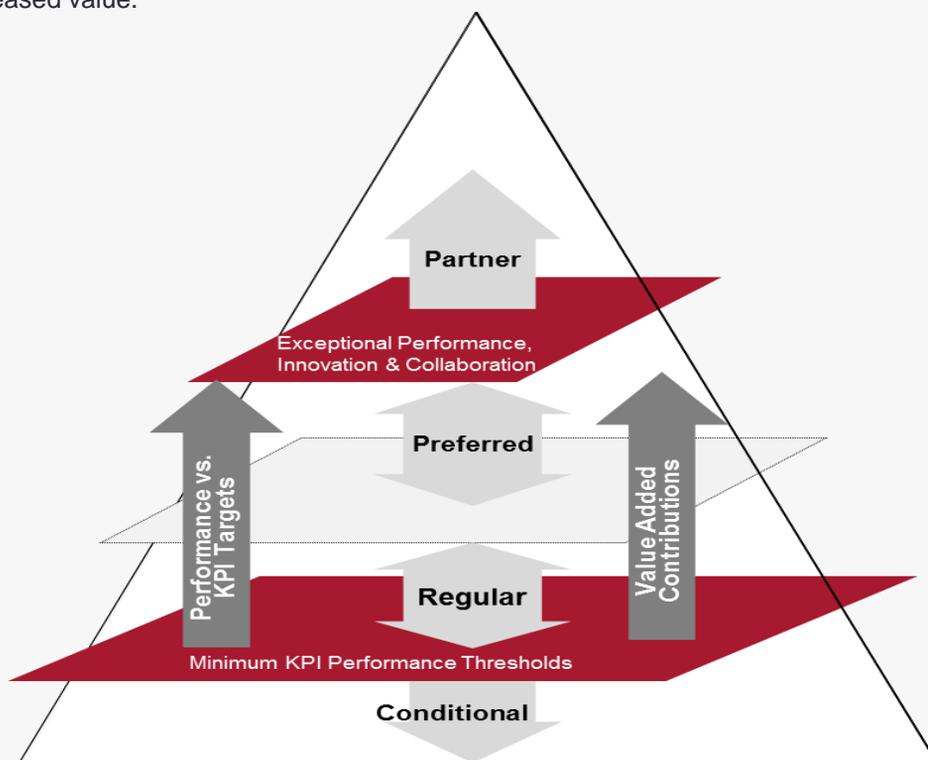


1. ASPIRE Classification Structure



Successful performance management requires strong leadership, organizational alignment, good business processes, effective communications and taking action as part of the process. Mutual benefits are achieved with successful results, including: reduced costs, reduced risks, and increased value.

Quantitative and qualitative performance criteria are used to determine supplier classification status at pre-defined intervals. Suppliers will compete on a level playing field for each and every requirement, and thus will continually be provided with maximum opportunities to grow their businesses.



Achieving Greatness. Together!



Contact Details

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ASPIRE Program Management

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