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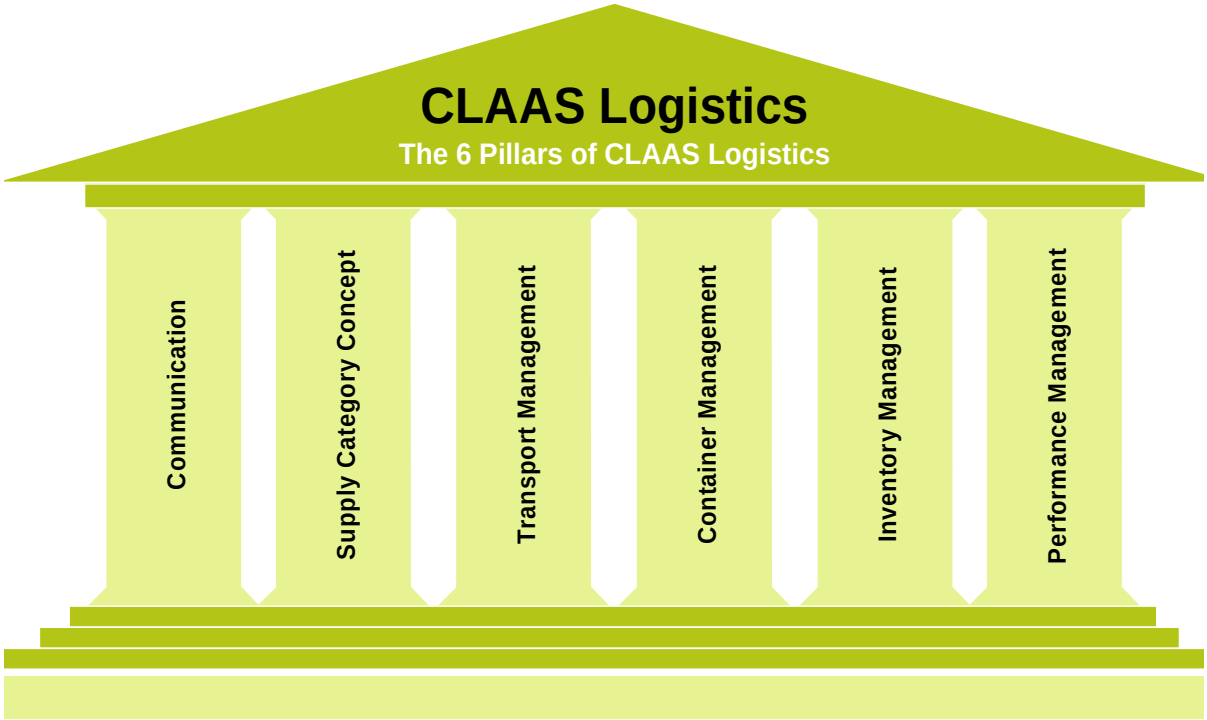

Logistics Agreement CLAAS Group

Supplier (incl. form of company)
Adress
Adress
Country
Commercial register no.:…….

Logistics requirements to SUPPLIER, afterwards named SUPPLIER.

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1 Preamble

1.1 Basics of cooperative collaboration

The Logistics Agreement closes the chain between SUPPLIER and CLAAS for the extension and strengthening of a successful and secure collaborative partnership.

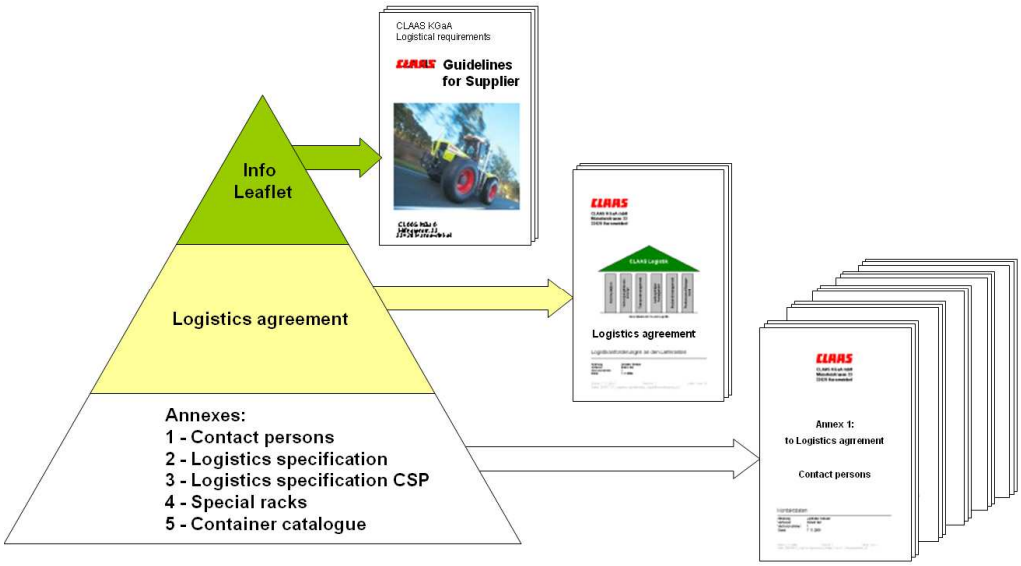

Figure 1: Design and structure of CLAAS logistics

The rough logistics leaflet defines the philosophy of CLAAS logistics. The Logistics Agreement describes the workflows with the suppliers and is an annex to the Basic Supply Agreement. The logistical basic conditions of CLAAS are integrated into the concept of the Basic Supply Agreement. “Annex 1 to the Logistics Agreement – contact persons“ defines general requirements to SUPPLIER. The further necessary grade of detail on material level occurs by “Annex 2 to the Logistics Agreement – Logistics Specification“, which precisely documents valid individual regulations and agreements for the partnership with SUPPLIER. The Logistics Specification is agreed upon with SUPPLIER for every CLAAS business unit. “Annex 3 to the Logistics Agreement – Logistics Specification CSP” is merely effective for CLAAS Service and Parts (CSP). “Annex 4 to the Logistics Agreement – Container catalogue” contains an overview of all group wide used containers with filter function on site level. “Annex 5 to the Logistics Agreement – Special racks” describes the responsibilities and processes in case that special racks have to be used or are desired.

1.2 The 6 pillars of CLAAS logistics

The 6 pillars of CLAAS logistics are described in chapters 2 – 7. There the CLAAS processes and requirements to SUPPLIER are displayed. The individual chapters at one glance:

Chapter 2: SUPPLIER Communication
Chapter 3: Supply Category Concept
Chapter 4: Transport Management
Chapter 5: Container Management
Chapter 6: Inventory Management
Chapter 7: Performance Management

2 SUPPLIER communication

Communication is the basis for an efficient organization of the supply chain. There are different alternatives of communication between CLASS and their suppliers, varying from low-end to electronically integrated. For this purpose CLAAS provides the following technical tools:

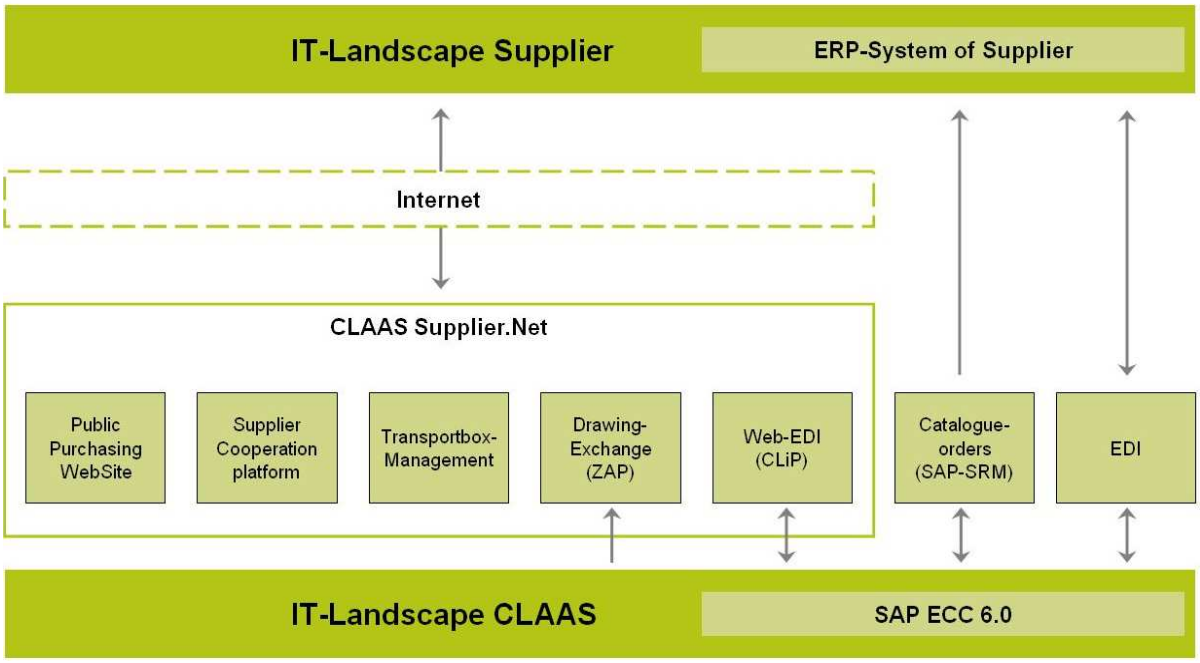

Figure 2: Communication structure at CLAAS

Individual regulations regarding personal and technical concerns are made in the communication agreement.

2.1 System landscape

The following IT-solutions build up the main part of the CLAAS system landscape:

EDI (VDA recommendations 4904, 4905, 4915)
Electronic Data Interchange (EDI) – generally described as electronic data interchange of structured business data – is from CLAAS' point of view an indispensable precondition for a partnership with SUPPLIER. Used by CLAAS and SUPPLIER are special EDI-converters available in the market, which allow the data interchange mentioned before.

CLAAS recommends the electronical processing of documents at the incoming goods department in terms of delivery advice (VDA 4913). The delivery note has to be transmitted as previous information via DFÜ to CLAAS by the supplier.

WebEDI (CLiP) (VDA recommendation 4936)
Alternative to the EDI SUPPLIER can also communicate with CLAAS via WebEDI. The WebEDI-system is an internet-based version of electronic data interchange, where the data to be transferred to the other party is lodged on a web-server. WebEDI is a cost-effective solution for suppliers without EDI-converter and generally obtains the same functionalities. For this kind of communication CLAAS provides SUPPLIER with a free application, the CLAAS supplier portal (CLiP).
An alternative to delivery notes via EDI (VDA 4913) are notifications via CLiP via Web-EDI is provided by CLAAS.

Container Management
CLAAS obtains a container pooling system with service providers at certain locations. For this system normally an internet-based management-software is used, which serves for the minimization of the total effort in the supply chain for container provision and empty management. Management software makes the direct allocation of the container inventory to container accounts for every participant possible and reduces the manual effort. CLAAS takes a stake in the costs for such a system and expects from SUPPLIER, provided the technical and economic possibility, to participate in the pooling.

3 Supply Category Concept

CLAAS divides materials according to logistical criteria into supply categories (SC) and allocates all material to be delivered by SUPPLIER to them. At CLAAS, standardized material supply processes belong to such a supply mode. The allocation per material number is communicated to SUPPLIER for the first time with the signing of the Logistics Specifications and then continuously used for scheduled delivery requests respectively precision requests. A change of the supply category by CLAAS is agreed upon with SUPPLIER on time.

3.1 Supply categories

The following supply categories are defined:

SC 1 (Just-in-Sequence parts): Parts, which are to be supplied on an exact date and according to a defined sequential order based on a long-term preliminary schedule and a short-term delivery request. Ideally SC 1 is not stored in between neither by SUPPLIER nor by CLAAS and is directly delivered to the point of usage in the production line of CLAAS.

SC 2 (Just-in-Time parts): Parts, which are to be supplied on an exact date based on a long-term preliminary schedule and a short-term delivery request. Normally, this applies to materials identical in construction with high inventory value.

SC 3 (Warehouse parts): Parts that are arranged for inventory in the CLAAS warehouse or in the CST (CLAAS Supplier Terminal, only special parts) and for disposition in economic optimum lots. Those are larger parts identical in construction with highly faltering consumption.

SC 4 (Kanban parts): Parts that are arranged for inventory in the CLAAS warehouse or in the CST and for disposition in economic optimum lots. Those are parts, which are supplied according to the Kanban principle.

SC 4L is a special modification of SC 4. The request to SUPPLIER is done following the Kanban principle. After the request the parts are delivered immediately in short term and not put into intermediate inventory.

SC 5 (Bulk material): Small parts, which are not subject to any stocking or disposition planning of CLAAS. The storing and control of demand is done by a service provider, who handles the purchasing and supply at the production lines via Kanban. SC 5 is not part of the Basic Supply Agreement and the Logistics Agreement, but is declared in a special contract.

For structuring and standardization of the processes the following 5 supply categories are distinguished:

Supply catergories	Provision principle				Control principle		
	JIS / JIT	Warehouse	Kanban from Warehouse	Kanban from supplier/service provider	control by demand	control by stock reach	self control
CS 1	X (JIS)				X		
CS 2	X (JIT)				X		
CS 3		X			X	X	
CS 4			X		X	X	
CS 4 L				X (Supplier)			X
CS 5				X (Service prov.)			X

Figure 3: Supply categories and characteristics

Regarding spare parts:

SUPPLIER delivers products/parts to CSP to determined places. The just-in-time delivery bases on forecast or short term orders. Usually parts are concerned, which are intermediately stored at the Parts Logistic Center (PLC) Hamm or sent directly to the CSP customer in urgent cases. Deliveries directly to the customer need to be specially agreed by CSP and SUPPLIER.

For these kinds of delivery the different planning and request procedures are valid:

- parts with repurchasing time without forecast
- parts with planning zone and call-off orders

Planned and released quantity as well as the mandatory just-in-time date of delivery is announced by CSP to SUPPLIER with the forms “planning zone” and “call-off order”. Details are described in annex 3.

3.2 Planning- and Delivery Request procedure

Planned and requested quantities of delivery and binding dates of delivery accurate to the day shall be announced for the SC-controlled parts by CLAAS to SUPPLIER using the form “Scheduled Delivery Request” and “Precision Request” with their contents according to the VDA recommendations 4904/4905/4915.
The requested quantities can be transferred by the individually determined communication path in daily, weekly or monthly amounts. Generally the updating is only done for occurring changes in the covered period.

The obligation for discharge is generally defined with the Basic Supply Agreement and is replaced by the completion of the Logistics Specification. The procedure concerning spare parts is described in detail in annex 3.

3.3 Ordering- and delivery documentation

To ensure an on-time-delivery of the right quantity a fast and reliable communication between CSP and SUPPLIER is necessary. The following fields for the Scheduled Delivery Request, the Precision Request and for individual orders have to be stated in all documents from SUPPLIER for CLAAS:

- Vendor number
- CLAAS scheduler/ buyer
- CLAAS material number
- CLAAS term, quantity unit and quantity
- Unloading location (not necessary for orders of the CSP)
- Number of the Scheduled Delivery Request/Precision Request /Individual orders
- Identification of dangerous goods / dangerous goods number
- Sequence number in case of delivery in sequence (coercible for SC1). If necessary, SUPPLIER has to request the corresponding sequence list.

3.4 Delivery on time

For the materials controlled by demand (SC 1-4) it belongs to the on-time delivery of SUPPLIER to provide the materials at the right date at the unloading location of CLAAS. The right delivery date can be gathered from the last Scheduled Delivery Request, Precision Request or the order of CLAAS to SUPPLIER and is generally defined as the day on which the goods must be available in the CLAAS goods entry. For SC 4L on-time delivery is assumed as current availability of the materials at the production lines.

3.5 Objection to Scheduled Delivery Requests or Precision Requests

Scheduled Delivery Requests do not deserve affirmation by SUPPLIER. In fact, requests apply as approved and agreed, provided that SUPPLIER does not object to the quantities and deadlines defined in the Scheduled Delivery Request or Precision Request within the agreed time limit (Logistics Specification).

3.6 Plant holiday

SUPPLIER has to inform CLAAS about the holidays of his plants at an early time and has to make arrangements to ensure the provision of CLAAS during and after the period of the plant holiday according to the quantities and deadlines from the current requests. In case of longer lasting plant holidays a pre-production shall be agreed between SUPPLIER and CLAAS. An over-delivery without previous agreement is not allowed.

Regarding spare parts:

For unscheduled and urgent spare part requirements, SUPPLIER has to establish an emergency service, which contains telephone availability in person to ensure the short-term supply with spare parts even during the period of plant holiday.

3.7 Capacity inspection at SUPPLIER

Sales and the production of CLAAS products vary seasonal and quantitative. This directly affects the request behaviour towards SUPPLIER.
Therefore an appropriate capacity according to the demand forecast shall be planned and controlled.
In case of capacity bottlenecks CLAAS has to be informed immediately. Corresponding measures have to be initiated. SUPPLIER analyses the risks of his supply chain to maintain the frictionless assembly at CLAAS in any circumstance.

4 Transport Management

In order to guarantee on-time and trouble-free delivery on the dates selected by CLAAS, unambiguous notification, takeover and transport cycles are agreed between SUPPLIER and CLAAS in the Logistics Specification. Basically the transport is done with the help of a service provider contracted by CLAAS (Incoterm FCA or EXW). In certain cases the transport can be done by SUPPLIER (Incoterm CIP, DDU, etc.).

4.1 Unscheduled transports

In individual cases an express freight is a necessary measure to shorten transport time, which creates additional expenses. Express freight is necessary in order to avoid production stops or any production disturbances and reduce the thereby resultant loss for CLAAS as well as the SUPPLIER.
Generally, express freight requires agreement of SUPPLIER and CLAAS. In urgent cases CLAAS is entitled to decide on express freight. CLAAS assigns a freight forwarder to operate the express freight. The costs of the express freight are charged by the forwarder to CLAAS.
If the cause of the express freight in the sphere of SUPPLIER, CLAAS is authorised to demand payment of the express freight (express freight tariff = total transport costs – standard tariff) from the SUPPLIER. Possible further claims for compensation, as well as damage and reimbursement of expenses remain aside unaffected.

If the SUPPLIER exceptionally assigns a forwarder with express freight CLAAS only bears the expenses in case of explicit written agreement previously. Referring to this, CLAAS only pays the bills, if the written agreement is enclosed to the bill.

5 Container Management

Due to environmental and economic causes CLAAS focuses the container management on reusable packaging.
CLAAS divides between standard containers and special racks.

5.1 Packaging and containers

SUPPLIER always has to ensure that the goods are packed in packaging, which is adequately safe for their transport. With regard to this, SUPPLIER will recommend the appropriate packaging, the containers and the quantities to provide in his offers. The use of packaging material is to minimize as much as possible.

The packaging recommended by SUPPLIER has to be introduced during the course of initial sampling and be approved by CLAAS. CLAAS shall only examine the suitability for their own logistical processes. The examination of its suitability for transport without

damages is SUPPLIER'S duty. CLAAS and SUPPLIER shall establish the agreed means of transport per supply category in the Logistics Specification.
For special containers CLAAS pays for full and empty transports.
For containers from pools CLAAS pays the transport back to the pool only, SUPPLIER pays the pickup from the pool.
Details concerning container type and filling quantity are included in the contract, the Scheduled Delivery Requests and the individual orders per article number.
A change of containers and/ or characteristics is communicated on time between SUPPLIER and CLAAS with regard to the logistical and economic effects. The container types per site are shown in "Annex 4 - Container catalogue".

Furthermore special plant-specific containers are used which consider the requirements and factors of influence of the container choice of every CLAAS business unit. Special racks are only used, if they offer substantial quality and logistical advantages and if a conclusive cost analysis (investments, payoff, transport costs vs. process advantages) has been carried out.
The approval of these special stands by CLAAS is done according to the VDA-4931 data sheet. Details for handling with special racks are described in "Annex 5 - Special racks".

5.2 Single packaging of CSP

Single packaging and accordingly packaging units are intended for storing spare parts. CLAAS favors the use of single packaging. The verification of practicability occurs in collaboration with CSP. Details can be gathered from annex 3.

5.3 Parts and shipment labelling

SUPPLIER labels every package/box with material tags according to VDA standard 4902 for identification purposes and for correct information about the delivered quantity.
Mixed packaging in a box is not allowed. If a pallet contains mixed packages it has to be marked clearly. The material tag has to be attached per material number directly to the package. If required, the Logistics specification CSP documents further agreements.

SUPPLIER applies the following CLAAS standards for container labelling:

- Clear identification of the container within the delivery to CLAAS
- Manual and electronic readability of a package/box within a delivery
- The material tags are attached at the designated position of the container
- The material tags have to be chosen such that neither transport nor other environmental influences affect the readability
- After usage the material tags shall be removed from the package, box or load unit easily
- The quantity in the container is clearly stated on the material tag

In addition to the material tags at the package a transparent bag is fixed on every single package with a copy of the delivery/shipment note (according to VDA 4912/4913). The transparent bag keeps the copy of the delivery/shipment note dry and well readable. Article, description, order number, number of the delivery schedule and quantity are listed on every delivery note.
Upon specific agreements, invoices and credit notes are attached to the deliveries from SUPPLIER to CLAAS. In addition, the original delivery note, the shipping order and the box exchange note (service provider), only for specific suppliers) have to be handed over to the freight forwarder. The boxes to be exchanged have to be specified in the shipping order. The freight forwarder transfers these documents to the personnel of goods receiving at CLAAS.
All necessary documents for storage, packaging and transport of dangerous goods are provided by SUPPLIER. SUPPLIER is responsible for labelling goods and transport documents.

Figure 5: VDA-material tags

5.4 Empties management for standard containers of the container catalogue

The empties management is either done by a container pool of a service provider or directly between the contact persons of SUPPLIER and CLAAS. CLAAS prefers the handling via container pool.
Today CLAAS already keeps container pools at individual locations with a service provider contracted by CLAAS. For the use of the pool a special contract between SUPPLIER and the service provider is needed.
The principle of a container pool is illustrated in the following figure:

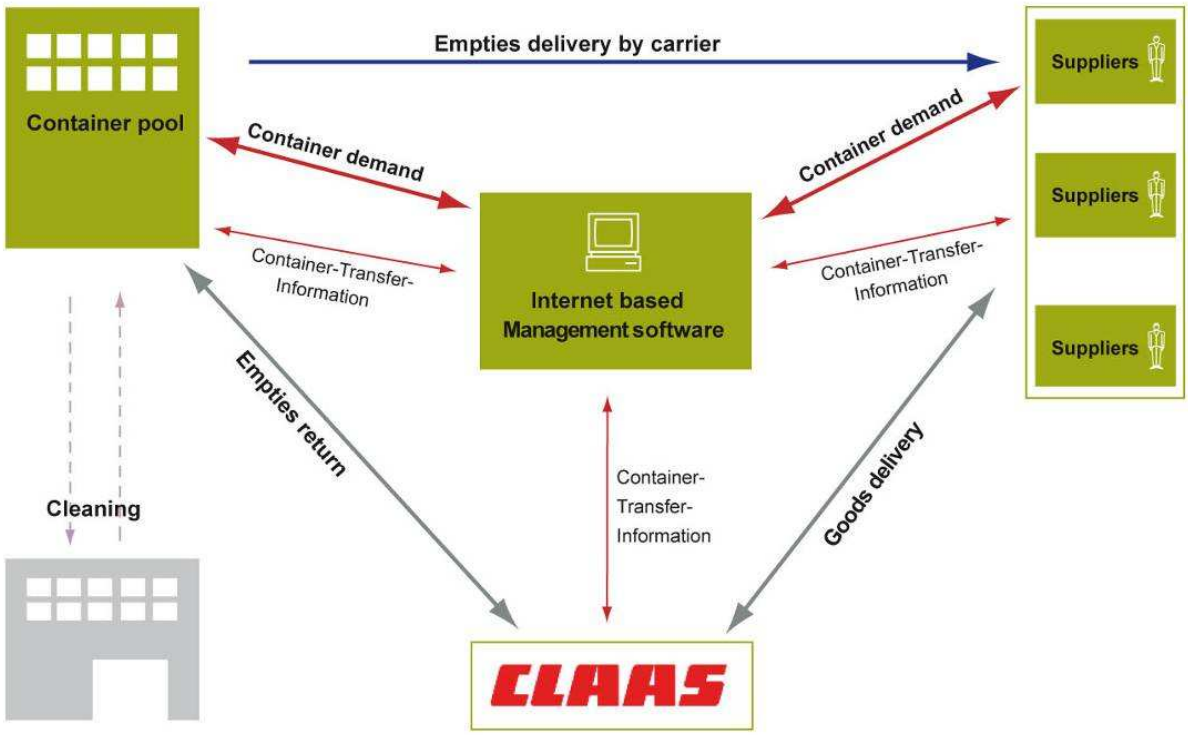

Figure 6: Processing via container pool system

For Euro pallets, Euro box pallets and further standardized containers the bartering rules of the European Pallet Association or similar institutes apply.

5.5 Empties management for special racks

In a bilateral system CLAAS and SUPPLIER directly barter special containers. The trouble-free supply from SUPPLIER is dependent on a satisfactory availability of the agreed containers. Direct availability management between CLAAS and SUPPLIER is used in this case, based upon the agreed inventory in progress in the Logistics Specification. Should the availability for special stands decrease below an agreed inventory turnover, SUPPLIER will directly send an urgent warning to the office named in “Annex 1 – Contact persons”. Should disturbances due to unavailable containers impend, SUPPLIER has to bring about an agreement about solutions/ alternatives with CLAAS to avoid any damage.
The transport of empties between CLAAS and SUPPLIER shall be handled with the forwarder contracted by CLAAS if not defined else wise.

If special racks are damaged, SUPPLIER marks the racks and informs CLAAS Supplier management immediately. On behalf of a prompt repair, SUPPLIER provides CLAAS with a photo-documentation. The packaging of components in special racks has to guarantee that they stay free of damages.

6 Inventory Management

High inventory cause high capital lockup costs, storage- and handling costs and occlude process deficits along the whole supply chain. Otherwise, inventory increase the material availability and supply guarantee. CLAAS aims towards an optimum low level of inventory together with high material availability within the own supply chain. Therefore CLAAS looks for further solutions to reduce the inventory level.

7 Performance Management

SUPPLIER and CLAAS regularly verify if the agreements made are kept. Based on commonly defined indicators success and efficiency are evaluated. Therefore the introduction of a supplier evaluation system shall increase transparency. The results are reported one another. As a basis for strategic decisions the performance of the CLAAS suppliers will be collected systematically and measured group wide. Operative and strategic evaluation criteria regarding quality, logistics, costs, innovation and motivation complement to an integrated supplier evaluation.

CLAAS reserves the right to perform a logistic audit at the facilities of the SUPPLIER.

8 Claims Management and redelivery

The claim process requires immediate information of the SUPPLIER by consignment of a notification of defects via email. Thereby the possibility is given to see the usage decision (e.g. redelivery on expenses of SUPPLIER) and initiate the necessary logistical steps.

To avoid time-consuming queries and guarantee the immediate availability for assessment at the SUPPLIER, an agreed dispatch mode is used. In “Annex 2 – Logistics specification” details are defined.

9 Quality assurance (for spare parts)

Depending on the material number, the quality assurance agreement of the responsible CLAAS production company is valid. Furthermore deviating from CN 040105 SUPPLIER has to provide adequate and effective protection against corrosion.

10 Agreement duration / Assignment of rights and duties

10.1 Duration

This agreement enters into force on ..... It shall be valid for 24 months and implicitly shall be extended by another 12 months unless any of the parties hereto cancels this agreement at three months notice to the end of the calendar month.

10.2 Change of the agreement

Changes and extensions of this agreement need the written form. Should provisions of this agreement be or become ineffective, this agreement shall continue to be valid for the rest. The ineffective regulation shall be replaced by a regulation made with mutual agreement.

10.3 Assignment of rights and duties

The specific companies are allowed to accede to this logistics agreement through a one-sided declaration and become contractual partners of SUPPLIER.

Signatures

....., ...	....., ...
…….....	.....…….
Signature CLAAS	Signature SUPPLIER

Annex 1: Contact persons

Annex 2: Logistics specification

Annex 3: Logistics specification CSP

Annex 4: Container catalogue

Annex 5: Special racks