

## Information about the Supply Chain Performance Program in Division Industrial

**To all suppliers**  
of the Schaeffler Division Industrial

Dear Sir or Madam,

We are pleased to inform you about an important phase of our Supply Chain Performance Program in the Industrial Division. We have identified potentials which will significantly increase the profitability of our cooperation. In particular, large demand fluctuation, changes to releases within the agreed upon lead time, as well as a lack of transparency in the supply chain have made it difficult for both of us to achieve optimum supply cost.

Therefore, Schaeffler now offers its suppliers the opportunity of a holistic supply chain integration. The focus of this project is the data exchange via a common supplier portal for production material, a reliable rolling demand forecast as well as the development of an efficient and flexible inbound concept based on a pro-active control loop of supplier replenishment lead times.

The common use of the SupplyOn services EDI / WebEDI, ASN, GTL and Performance Monitor allows to achieve a higher level of transparency and efficiency. By automating essential interface processes – beyond our own company boundaries – we also create a basis for our suppliers to realize cost optimization along the value chain.

The future differentiation of our purchasing programs will make a further contribution to improving your cost structure. The main differentiating features of this consistent segmentation approach on our side are as follows:

- Availability Program (SFA): Stable demand picture over 5 months; good planning of the required capacities; high security through continuous consumption in production.
- Series-Program (SFS): Strategic customer programs with high regularity; high requirements to realize short delivery times.
- Order program (SFO): 18-month forecast with fluctuating and irregular requirements; delivery times in line with the market.

We expect more stability in our order structure through an automated process of updating replenishment lead times for all of our purchased parts. Through close interaction with you, we can align our production plans together in due time.

The regulation of all these details between you and our plants is covered in a newly designed supply agreement (formerly logistics agreement) – in connection with an adapted logistics guideline – which will give you more security regarding the binding nature of orders and deliveries.

We ask you to visit our website for [purchasing and supplier management](#) in the next days and to find out more about the specific content and activities of this project in advance. There you will also find our implementation plan, an overview of documents and (the recording of) webcasts offered on these topics.

You will be approached shortly by employees of our purchasing organization regarding the next steps.

We look forward to a continuing our great cooperation and partnership.

With best regards

CEO Industrial

Senior Vice President  
Purchasing & Supplier Management Industrial

Dr. Stefan Spindler

ppa. Dr. Markus Keil