Achieving Excellence
A Strategy for World-Class Supplier Relationships
John Deere is committed to those linked to the land. In distinctively serving our customers, we are committed to offering products and services with differentiated value.

The Achieving Excellence process is an important part of our plan to meet this aspiration. We look to build strong relationships with suppliers who can add distinctive value to our products and services, resulting in a hard-to-copy competitive advantage.

The main objective of Achieving Excellence is to drive continuous improvement in our supply chain in a way that benefits our suppliers and John Deere. Going forward, Achieving Excellence will continue to play an important role in our strategic sourcing process.

Samuel R. Allen
Chairman and Chief Executive Officer
Deere & Company
The Achieving Excellence Process

At John Deere, we’re dedicated to delivering the world’s finest solutions and value in equipment, service, and support — on time, every time.

To compete successfully in the global market, our suppliers must share our vision and commitment to continuous improvement in all areas. How well we work together to achieve world-class performance is ultimately determined by our customers and the marketplace. Achieving Excellence (AE) is a dynamic supply management strategy that provides a framework for us to follow — along with our suppliers — so we can be sure we’re all pursuing a shared vision and commitment.

The Achieving Excellence cycle begins with setting and communicating goals with our suppliers. These goals will lead our companies toward achieving world-class performance. The second phase of the process cycle involves giving performance feedback to our suppliers, so the supplier can identify specific performance gaps. In the next phase, a plan is developed to achieve the necessary improvement. In the final phase, we recognize and reward our suppliers for consistently meeting or exceeding their goals.

Achieving Excellence is designed to nurture successful relationships through a consistent evaluation process that promotes communication and continuous improvement. Involvement, commitment, trust, cooperation, and teamwork are the basic principles of Achieving Excellence.
Delivering the world’s finest solutions and value in equipment, service, and support — on time, every time.

The Objectives
Our Achieving Excellence objectives are:

– Develop mutually beneficial and profitable relationships with our suppliers that allow us to achieve our mission in the marketplace.

– Use quality-improvement and cost-management measures to understand and control total cost.

– Measure performance to direct and encourage continuous-improvement efforts and provide the criteria for recognizing suppliers for outstanding efforts.

– Strengthen communications between John Deere and our suppliers.

– Provide objective measures as the basis for strategic sourcing decisions.

– Give accurate and timely communication of performance data on the quality and delivery of purchased products and services.

– Share ideas and resources to support continuous-improvement efforts.

– Maximize our technological strength by utilizing our suppliers’ technical support, innovation, and expertise.

– Integrate suppliers into all John Deere processes.

The Rating System
The Achieving Excellence process rates suppliers in the areas of quality, delivery, technical support, wavelength (relationships), and cost management. A multidisciplinary evaluation team reviews supplier performance in these areas. A supplier’s overall classification is based on the lowest rating received in any single area.

Our four rating classifications are:

Partner Classification
A supplier who goes above and beyond our performance standards, reaches world-class levels, and has a measurable effect on our level of customer satisfaction.

Key Classification
A supplier who exceeds our minimum standards and is consistently pursuing world-class performance levels.

Approved Classification
A supplier who meets minimum performance standards.

Conditional Classification
A supplier who does not meet minimum performance standards and is a possible candidate for removal from the John Deere supply base.

Training Opportunities
We’ve developed a training program to offer educational assistance to our suppliers. The curriculum includes courses designed to improve administrative and strategic skills, interpersonal and communication skills, and commercial and technical skills, along with specific Achieving Excellence courses.

The supplier training program is designed to establish a standard of excellence within the supplier’s organization. It’s not intended to directly train all of a supplier’s personnel.
Recognition
We understand that rewarding supplier performance is an important aspect of the Achieving Excellence process, so we recognize Partner-level suppliers annually.

Supplier of the Year awards may be given to Partner-level suppliers who demonstrate exceptional performance in meeting Achieving Excellence goals.

Hall of Fame awards are given to suppliers who maintain Partner-level classification for five consecutive years.

Division JD CROP (Cost-Reduction Opportunities Process) awards are given to suppliers for outstanding suggestion performance.

Considerations for New or Existing Business
We will continue to work toward making the most of our supply base. We’re committed to a strategy of selectively single-sourcing most of our purchased materials.

Suppliers may have the opportunity to help us reach our supply base optimization goals by quoting and/or supplying additional products or services. When awarding new business, we’ll use supplier performance ratings to select suppliers for the development and enhancement of new and existing designs.

The Future
The future belongs to companies that excel at using and expanding their competitive advantages. We need to work closely with our suppliers to bring the best products to the marketplace by:

– focusing on customer satisfaction;
– continuously improving products and productivity for the entire life cycle of the products;
– responding rapidly to changing customer needs;
– reducing total cost; and
– helping each other take advantage of growth opportunities.

John Deere currently has an excellent supply base that gives us a competitive edge. Achieving Excellence will enhance that unmistakable advantage for all of us.
Achieving Excellence
FIVE YEAR HALL OF FAME
Partner Classification
Direct Materials
  Quality
  Delivery
  Technical Support
  Wavelength (Relationships)
  Cost Management
  JD CROP (John Deere Cost-Reduction Opportunities Process)

Indirect Materials and Services
Logistics
Quality

PPM Calculation
The Quality PPM calculation evaluates the ability of the supplier to satisfy our needs, expectations, and requirements of the material provided. Quality PPM provides a supplier with statistical evidence of their product quality. The rating is expressed in parts per million (PPM) as follows:

\[
\text{Quality PPM} = \frac{\text{Total Non-Conformances}}{\text{Supplied Pieces}} \times 1M
\]

Quality Impact Calculation
The Quality Impact rating allows Deere to measure the level of impact the quality non-conformance had on the unit. Each occurrence will have some impact. The impact level for each occurrence will automatically default to incidental (Level 4) if not assigned a higher-level impact.

The Quality Impact rating is expressed in Impact Points per Million $ (IPM$).

\[
\text{IPM$} = \frac{\text{Impact Points}}{\text{Receipt Dollars}} \times 1M
\]

The receipt amount (unit currency) will be converted to U.S. dollars for the impact-points-per-million-dollars calculation.

Continuous Improvement
If a supplier achieves a 50-percent improvement (as compared to the previous Fiscal Year) in their Quality PPM rating, that supplier may receive a one-level increase in their Quality Rating. This is applied after the PPM and Impact criteria are scored. This increase will not allow a supplier to move to the Partner classification within the category. The final classification for a supplier will still be based on the lowest of the five category ratings.

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
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</table>
| 1     | Critical (1,000 pts) — Warehouse holds; extended line down (workers sent home/reassigned); PIP  
– One “critical” non-conformance will be applied for every day of downtime |
| 2     | Major (100 pts) — Significant reduction in efficiency of production process; missed WH date; rework > 4 hours  
– Assembly line downtime:  
  High-volume production situation: 15 minutes–4 hours  
  Low-volume production situation: > 4 hours |
| 3     | Minor (10 pts) — Minor reduction in efficiency of production process; rework < 4 hours  
– Assembly line downtime:  
  High-volume production situation: 1–10 cycles lost (max. of 15 minutes)  
  Low-volume production situation: 1 cycle–4 hours |
| 4     | Incidental (1 pt) — Little or no delay to production processes |

The Quality Rating includes both Quality PPM and Quality Impact. They are each 50 percent of the total Quality Rating.
The Delivery Rating measures a supplier’s shipping performance, using order quantity and ship date statistics.

**PPM Calculation**
A Delivery Rating expressed in parts per million (PPM) is derived from early, late, or over deliveries. The Delivery Rating is calculated as follows:

\[
\text{Delivery PPM} = \left( \frac{\text{Total Non-Conformances}}{\text{Receipt Pieces}} \right) \times 1M
\]

Note: Some units still measure supplier delivery performance based on due date instead of ship date.

**Continuous Improvement**
If a supplier achieves a 50-percent improvement (as compared to the previous Fiscal Year) in their Delivery PPM rating, that supplier may receive a one-level increase in their Delivery Rating. This increase will not allow a supplier to move to the Partner classification within the category. The final classification for a supplier will still be based on the lowest of the five category ratings.
Technical Support

The Technical Support Rating evaluates the supplier’s knowledge and use of industry technology to support the development and manufacture of product for John Deere. Provides technically advanced products when applicable.

Product Technology and Innovation
(Technology delivery process, research & development, electronic imaging, etc.)

**Partner:** Aggressively pursues and develops appropriate industry technology.

**Key:** Pursues and develops use of appropriate industry technology

**Approved:** General application knowledge of appropriate industry technology.

**Conditional:** Minimal knowledge of appropriate industry technology.

Product Delivery Process (where applicable)
(Supplier integration during new product development, design, prototype, test, and project management to the extent requested.)

**Partner:** Excellent engineering capability; fully integrated into PDP; proactively collaborates to develop, execute, and verify the Product Verification and Validation (PV&V) Plan; and provides data to demonstrate meeting goals.

**Key:** Integrating into PDP; good interaction with our engineers; actively collaborates to develop, execute, and verify the PV&V Plan; and provides data to demonstrate meeting goals.

**Approved:** Supports PDP requests in a timely manner; participates to develop, execute, and verify the PV&V Plan; and provides data to demonstrate meeting goals.

**Conditional:** Minimal engineering support, limited prototyping and testing capability, and limited execution of the PV&V Plan.

Manufacturing Processes
(Quality Plan — JDS-G223, process alignment with John Deere, industry manufacturing technology, and recommended process-improvement tools [e.g. lean/flow techniques, VSM, Manufacturing Critical-Path Times (MCT) analysis, supplier capability planning analysis, root-cause analysis, and mistake proofing].)

**Partner:** Excellent job of integrating quality planning, world-class manufacturing technology, and flexible manufacturing processes.

**Key:** Aggressively pursues quality planning and world-class manufacturing processes and is increasing manufacturing flexibility.

**Approved:** Uses appropriate quality-planning tools and manufacturing technology.

**Conditional:** Minimal quality management; lacks knowledge of manufacturing technology.

Warranty
(Participation in warranty process, claim adjustments, root-cause analysis, and corrective action.)

**Partner:** Proactively participates in the warranty process online, accepts appropriate level of claims, aggressively pursues root-cause analysis and corrective actions for top issues, and submits product-improvement recommendations driving total costs down, while minimizing average days open.

**Key:** Actively participates in the warranty process online and promptly accepts appropriate level of claims and reimbursement dollars to John Deere; supplier participates in root-cause and corrective-action activities.

**Approved:** Utilizes JD Supplier Warranty to understand field failures and participates to some extent in warranty reimbursement as necessary.

**Conditional:** Little to no activity or participation in JD Supplier Warranty, with high average days open.
Wavelength (Relationships)

The Wavelength Rating evaluates the supplier’s initiative to support the business relationship.

**Information Sharing**
(Informal stability, manufacturing processes and capacity, Supplier’s supply chain risk mitigation, and potential problems and concerns.)

**Partner:** Proactively initiates communication of accurate and concise information.

**Key:** Open sharing of accurate and concise information.

**Approved:** Adequately communicates information.

**Conditional:** Reluctant to share information; information lacks credibility.

**Problem Resolution**

**Partner:** Proactively initiates resolution and implements corrective action.

**Key:** Active participant in resolution.

**Approved:** Active participant in resolution; some follow-up required.

**Conditional:** Excessive follow-up required to resolve problems.

**Responsiveness to Requests**

**Partner:** Personnel are readily available and respond to requests.

**Key:** Quick to respond; minimal follow-up required.

**Approved:** Reacts to requests; some follow-up required.

**Conditional:** Slow to respond; requires extensive follow-up.

**Business Relationship**

**Partner:** Openness and trust exist; John Deere is a priority customer.

**Key:** Committed to building trust in the business relationship.

**Approved:** Working to build a long-term relationship.

**Conditional:** Lacks commitment to the business relationship.

**Alignment to Business Processes / Initiatives**
(Order Fulfillment Process; Service Parts Management; Tooling & Bailment; Supplier Profile; NAFTA, or other related certifications, etc.)

**Partner:** Fully aligned and integrated into John Deere processes.

**Key:** Aligned with most John Deere processes.

**Approved:** Working toward process alignment.

**Conditional:** Processes do not align with John Deere.

**Goods Receipt Compliance (GRC) Rating — % Correct GRs**

Objective measurement of Goods Receipt (GR) quality calculated by dividing total number of correct GRs by the total GRs. GRC problems may include incorrect or missing ASNs, problems with shipping documents (packing list or label), or damaged shipments. GRC issues are auto-emailed to suppliers, include a corrective-action feedback loop, and can be accessed by Deere or supplier in JDSN GRC web application.
Cost Management
Cost-Reduction Suggestions (JD CROP)
(25-percent weighted value) — Suppliers are encouraged to submit cost-reduction plans equal to three percent of their total projected spend each year. Submitted suggestions are documented for evaluation and credit is granted based on submission as opposed to implementation. Percent of submitted savings is based on total projected annual spend.

**Partner:** >3%
**Key:** >1% / <3%
**Approved:** >0% / <1%
**Conditional:** 0%

Net Cost-Reduction Performance (OFP)
(25-percent weighted value) — Suppliers are rated based on their efforts to provide continuous cost improvement for current parts used in the Order Fulfillment Process (OFP). Targeted continuous improvement — goal established at supplier, unit, or division level and communicated to the supplier.

**Partner:** Meet the targeted continuous-improvement cost goal.
**Key:** Establish net cost reduction within 75 percent of the targeted continuous-improvement cost goal.
**Approved:** Establish net cost reduction less than 75 percent of the targeted continuous-improvement cost goal.
**Conditional:** Initiate a net cost increase that does not support the targeted continuous-improvement cost goal.

Cost-Management Initiative
(Five-percent weighted value) — Measures the way in which suppliers work with Deere to address cost elements, focusing on their diligence in managing total product cost and their knowledge and understanding of total cost drivers.

**Partner:** Supplier actively initiates dialogue and activities in an effort to control total cost and provides appropriate cost information.
**Key:** Supplier participates in total cost-control dialogue and activities, and provides appropriate cost information.
**Approved:** Deere initiates most cost-management dialogue and activities. Supplier provides appropriate cost information.
**Conditional:** Supplier does not understand or share their costs, maintains a “cost-plus” posture or refuses to negotiate pricing, or refuses to share appropriate cost detail.

Performance During PDP (where applicable)
(45-percent weighted value) — Rate supplier performance in meeting established cost targets (as established and agreed upon during the Product Delivery Process — PDP). Supplier should not be penalized for cost increases due to Deere-initiated specification changes.

**Partner:** New parts were developed that achieved or beat the established cost targets. Supplier proactively identified opportunities to achieve targets and reduce cost as the product developed.
**Key:** New parts were developed that achieved or beat the established cost targets. Supplier relied on Deere initiative to achieve targets as the product developed.
**Approved:** New parts were developed that did not achieve the established cost targets. Supplier provided adequate justification for increases and/or took cost out of other areas to help offset the increase.
**Conditional:** New parts were developed that did not achieve the established cost targets without sufficient supporting data to substantiate cost increase.

**N/R:** Not Rated. (Use only when there is no activity or unit does not use Target Cost Management.)

JD CROP Non-Participation Penalty
Where supplier is set up to participate in JD CROP, a minimum of one suggestion submitted per fiscal year is required. A 10-percent deduction is applied to the cost-management rating score if supplier does not participate.
An enterprise supplier cost-reduction and communication process that provides benefits to the supply chain and adds value for our customers.

**JD CROP — Part of Achieving Excellence**

John Deere Cost-Reduction Opportunities Process (JD CROP) was created as a way for suppliers to become more directly involved in cost-savings initiatives. As originally designed, JD CROP allowed select suppliers to submit proposals for reducing costs of products or services purchased by Deere. The process was later included as a cost-reduction component of the John Deere Achieving Excellence process. JD CROP engages, captures, and communicates supplier efforts in cost reduction.

**JD CROP — Goals**

Each John Deere market has specific cost-reduction goals based on its competitive markets. Achieving these goals requires attention to internal and external cost-management activities, and every division is driving action in both areas. Participation in JD CROP and the resulting Achieving Excellence cost-management rating will affect the future business relationship between Deere and suppliers. Each supplier is challenged to reach the JD CROP goal of submitting savings of three percent or more of their total projected annual spend.

**JD CROP — The Process**

Suppliers need to submit cost-reduction suggestions to each John Deere location that purchases their parts or services. All suggestions initially approved for further evaluation count toward the JD CROP goal, even if they are not implemented. Suppliers may earn credit for active participation in a wide variety of cost-reduction activities, including supplier development, supplier value improvement, coordinated supply-management negotiations, long-term agreements, indirect materials and services, cost management, and other cost-reduction initiatives.

**Projected Annual Spend for Direct-Material Suppliers**

Some units use 52-week requirements, while others use normal annual volumes to calculate supplier savings and purchased dollars. Normal annual volumes are defined as the average number of production units over a specific business cycle. It is NOT actual shipments or purchases for the year.
Establishing Projected Annual Spend for IM&S

Every unit will use an average of the last three years’ spend for each supplier to establish the expected spend for the following year. The estimated spend may be appropriately adjusted if major projects or expenditures are known to have a significant impact on the calculated average. This method of calculating savings will promote consistency of measurement across the enterprise.

Carry-Forward of Participation Credit

Submitted participation savings in excess of three percent will be carried forward to the next year, up to a maximum of 15 percent.

Participation in Project Design and Implementation / Product Delivery Process (PDP)

Suppliers will receive Submitted Participation credit for cost-saving ideas. Savings will be calculated based on established target costs, with suggestions submitted after the teams finalize designs and cost estimates. Deere and the supplier should work together to define target costs very early in the process. When target costs are not available, savings can be calculated based on an old-part-versus-new-part cost.

Non-Specific Suggestions

Non-specific suggestions do not pertain to the suppliers’ parts or services. Submitted credit of .25 percent per suggestion will be given, counting towards the three-percent JD CROP goal. A supplier for a unit may submit two non-specific suggestions in a fiscal year. This suggestion type will not require Estimated Deere Annual Savings or Actual Deere Annual Savings.

Tier 1 Suppliers Operating as Tier 2 Suppliers

Cost-reduction suggestions are accepted from Tier 1 suppliers who also are operating in a Tier 2 capacity. While operating in a Tier 2 capacity, a supplier may load suggestions and ideas directly into the JD CROP network. Submitted credit of .25 percent per suggestion will be given, counting towards the three-percent JD CROP goal. A supplier for a unit may submit two Tier 2 suggestions in a fiscal year. This suggestion type will not require Estimated Deere Annual Savings or Actual Deere Annual Savings.
Indirect Materials and Services Evaluation

Quality
Measures the ability of the supplier to satisfy our needs, expectations, and requirements of the material and/or service provided.

96–100%
Partner: Outstanding quality, exceeds all metrics. Product or service is highly reliable. Well-defined documented quality plans and improvement initiatives. Excellent continuous-improvement results achieved.

82–95%
Key: Good quality program, responds immediately to problems. Product or service is reliable. Consistently exceeds performance metrics.

75–81%
Approved: Quality meets expectations. Reactive rather than proactive to quality issues. Internal customers are generally satisfied. Working agreement has been discussed but not implemented.

Less than 75%
Conditional: Routine service; marginal products. Needs improvement or long-term relationship with this supplier not likely.

Delivery
Evaluates a supplier’s ability to respond to our delivery needs.

96–100%
Partner: Product and/or service always on time. Extremely responsive to short-lead orders. Delivery and invoicing processes are seamless.

82–95%
Key: Timely delivery of product and/or service. Very few invoicing issues. Very responsive to short-lead orders.

75–81%
Approved: Usually prompt in providing product and/or service. Follow-up sometimes required on delivery and/or invoicing issues. Reactive and not proactive.

Less than 75%
Conditional: Follow-up required. Continually misses delivery due dates. Lead times are excessive. No attempts to expedite delivery.

Technical Support
Measures the service and technical support provided by the supplier.

96–100%
Partner: Provides immediate response to technical and service issues. Independently pursues and implements technical improvements. Provides customers with leading-edge technologies. Service representatives are highly trained experts in their field.

82–95%
Key: Introduces new and existing products/services with few problems. Service representatives are fully capable of dealing with most technical and service issues. Pursues and implements technical improvements with appropriate guidance.

75–81%
Approved: Reactive versus proactive to changes in technology. New products and services are not always available. Requires follow-up to implement technical improvements. Adequate technical support.

Less than 75%
Conditional: No technical support. Not responsive to change.
Criteria

**Wavelength (Relationships)**
A composite analysis of the supplier’s initiative, attitude, responsiveness, attention to detail, communications, and safety performance.

96–100%
**Partner:** Customer-focused, proactive employees who pursue continuous improvements, provide accurate information, and exceed expectations. Excellent teamwork and communication. Clarity, openness, and candor exist in the business relationship.

82–95%
**Key:** Conscientious support staff, results oriented, and consistently meets expectations. Active participant in problem resolution.

75–81%
**Approved:** Follow-up generally required. Reactive rather than proactive. Adequate sharing of information.

Less than 75%
**Conditional:** Reluctant to document and share information. Lacks credibility. Extensive clarification and follow-up required by Deere.

**Cost Management**
Evaluates a supplier’s ability to be price competitive and to control or continuously improve costs.

96–100%
**Partner:** Continuous cost-reduction goals are established and monitored for compliance. Aware of internal costs and pursues cost-reduction opportunities internally and with their suppliers. Always has the most competitive price.

82–95%
**Key:** Has pursued and achieved some cost-reduction opportunities internally and with their suppliers. Pricing is competitive.

75–81%
**Approved:** Minimal commitment to cost control. Has to be encouraged to pursue cost-reduction activities.

Less than 75%
**Conditional:** No cost-reduction activities apparent. Prices are rarely competitive.
## Logistics Suppliers Rating Criteria

John Deere uses Achieving Excellence to evaluate logistics suppliers in quality, delivery, technical support, wavelength (relationships), and cost management.

### Four types of logistics providers are being evaluated:
- Ground Transportation
- Ocean Transportation
- Freight Forwarders
- Small Package

### Freight Forwarders

<table>
<thead>
<tr>
<th>Quality</th>
<th>Freight Forwarders</th>
<th>Ocean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures the ability of the supplier to provide accurate and timely contract documents, accuracy in invoicing, freight claim settlements, and efforts in environmental sustainability.</td>
<td>Documentation accuracy (30%) Invoice accuracy (30%) Timely submission of contract documents (10%) Renewable contract documents are up to date and on file (10%) Environmental sustainability (20%)</td>
<td>Rate quotes (10%) Invoice accuracy (30%) Freight claim settlement (15%) Timely submission of contract documents (25%) Environmental sustainability (20%)</td>
</tr>
</tbody>
</table>

### Delivery

Evaluates the ability of the supplier to meet delivery dates with accurate distribution documents, equipment and/or container availability, and appropriate securement of load to ensure damage-free products.

<table>
<thead>
<tr>
<th>Delivery</th>
<th>Freight Forwarders</th>
<th>Ocean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely and accurate bills of lading (50%) Timely and accurate document distribution (50%)</td>
<td></td>
<td>On-time deliveries (25%) Timely receipt of bills of lading (45%) RORO load securement (15%) Free time for containers (15%)</td>
</tr>
</tbody>
</table>

### Technical Support

Evaluates the supplier’s knowledge and use of industry technology to support John Deere. Provides technically advanced products when applicable.

<table>
<thead>
<tr>
<th>Technical Support</th>
<th>Freight Forwarders</th>
<th>Ocean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of industry technology (30%) Track-and-trace capability (40%) Timely and accurate monthly reports (30%)</td>
<td></td>
<td>Knowledge of industry technology (20%) Track-and-trace capability (30%) Electronic communications (10%) RFP and contract completion (20%) Timely and accurate monthly reports (20%)</td>
</tr>
</tbody>
</table>

### Wavelength

A composite analysis of the supplier’s initiative, attitude, responsiveness, attention to detail, communications, and safety performance.

<table>
<thead>
<tr>
<th>Wavelength</th>
<th>Freight Forwarders</th>
<th>Ocean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manages day-to-day business with minimal Deere intervention (30%) Problem resolution (30%) Responsiveness (20%) Business relationship (20%)</td>
<td>Manages day-to-day business with minimal Deere intervention (30%) Problem resolution (20%) Responsiveness (20%) Business relationship (30%)</td>
<td></td>
</tr>
</tbody>
</table>

### Cost Management

Evaluates a supplier’s ability to be price competitive and to control or continuously improve costs.

<table>
<thead>
<tr>
<th>Cost Management</th>
<th>Freight Forwarders</th>
<th>Ocean</th>
</tr>
</thead>
<tbody>
<tr>
<td>JD CROP participation (25%) Demonstrates cost competitiveness (45%) Compliance with contract pricing (30%) Market competitive</td>
<td>JD CROP participation (25%) Cost-management initiative (45%) Compliance with contract pricing (30%) Market competitive</td>
<td>JD CROP non-participation penalty</td>
</tr>
</tbody>
</table>

### Freight Forwarders (continued)

| | Freight Forwarders | Ocean |
| | JD CROP non-participation penalty | |
Each supplier type has unique, weighted criteria, with some criteria-rated objective. Classification thresholds are as follows:

- 92–100% Partner
- 80–91% Key
- 70–79% Approved
- < 70% Conditional

<table>
<thead>
<tr>
<th>Ground</th>
<th>Small Package</th>
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<tbody>
<tr>
<td>Corrective-action procedure (10%) Invoice accuracy (35%)</td>
<td></td>
</tr>
<tr>
<td>Invoice accuracy and rate quotes (25%) Shipping documents – international business (20%)</td>
<td></td>
</tr>
<tr>
<td>Freight claim settlement (20%) Timely submission of contract documents (10%)</td>
<td></td>
</tr>
<tr>
<td>Submission of contract documents (10%) Renewable contract documents are up to date and on file (10%)</td>
<td></td>
</tr>
<tr>
<td>Renewable contract documents are up to date and on file (10%) Environmental sustainability (25%)</td>
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<tr>
<td>Outbound-delivery performance (30%) Delivery performance (70%)</td>
<td></td>
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<tr>
<td>Inbound load service (25%) On-time deliveries (25%)</td>
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<tr>
<td>Equipment type and availability (15%) Delivery performance (70%)</td>
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<tr>
<td>Load securement (15%) Damage-free handling (15%)</td>
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</tr>
<tr>
<td>Full and complete delivery documents (15%) Freight claim settlement (15%)</td>
<td></td>
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<tr>
<td>Technology and innovation (25%) Knowledge of industry technology (30%)</td>
<td></td>
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<tr>
<td>Track-and-trace capability (15%) Track-and-trace capability (20%)</td>
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<td>Electronic communications (15%) Electronic communications (25%)</td>
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<td>RFP and contract completion (20%) Timely and accurate monthly reports (25%)</td>
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<tr>
<td>Responsiveness (20%) Responsiveness (20%)</td>
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<tr>
<td>Alignment to business processes/initiatives (20%) Alignment to business processes/initiatives (20%)</td>
<td></td>
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<td>Business relationship (20%) Business relationship (20%)</td>
<td></td>
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<tr>
<td>JD CROP participation (30%) JD CROP participation (30%)</td>
<td></td>
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<tr>
<td>Cost competitiveness (25%) Cost competitiveness (25%)</td>
<td></td>
</tr>
<tr>
<td>Ability to manage own internal costs (20%) Ability to manage own internal costs (20%)</td>
<td></td>
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<tr>
<td>Compliance with contract pricing (25%) Compliance with contract pricing (25%)</td>
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<tr>
<td>Market competitive Market competitive</td>
<td></td>
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<tr>
<td>JD CROP non-participation penalty JD CROP non-participation penalty</td>
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