



Supplier Quality  
Manual

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Attachment 1: Supplier Acknowledgement Form		<b>Error! Bookmark not defined.</b>

## 1. Scope

This manual applies to external Suppliers of materials, products, processes, and services provided to Argent International, Inc. inclusive of current and future orders.

## 2. Purpose

The Supplier Manual was designed to inform suppliers of the general requirements and guidelines required to achieve our goals of safety, product quality, and overall customer satisfaction through collaborative partnership. The requirements in this manual shall be considered the base “Customer Specific Requirements” and may be audited for conformance by Argent. Argent reserves the right to require additional compliance depending on the nature of the specific product or customer requirement. If additional clarification is needed, please contact your Argent Supplier Quality Representative.

## 3. References

The Supplier shall maintain the latest revision level of each document as applicable, ISO 9001, IATF 16949, AIAG Core Tools Manuals (APQP, MSA, SPC, PPAP, FMEA) and CQI Standards [www.AIAG.com](http://www.AIAG.com)

PLEX Supplier Portal: <https://www.plexus-online.com>

Argent Policies and Forms available through PLEX Supplier web portal:

- Supplier Profile / Add-Change Form
- Argent International Inc. Terms and Conditions of Purchase
- Supplier Audit Assessment
- Argent Environmental Systems Manual, ESM001
- **Error! Reference source not found.**

## 4. Definitions

- **Argent** – Argent International, Inc., referred to as Argent.
- **Automotive Industry Action Group (AIAG)** - a North American association that develops and publishes standards for manufacturing with the automotive industry.
- **International Automotive Task Force (IATF)** - a group of automotive manufactures which aims at providing improved quality products to automotive customers.
- **International Material Data System (IMDS)** - a global data repository that contains information on materials used by the automotive industry
- **Nonconformance (NC)** – product that doesn’t meet agreed upon criteria at time of sourcing whether fit, form, or function, or causes disruption to manufacturing operations. Also applicable to quality systems (not meeting Argent Supplier Quality Manual Requirements).
- **PLEX** – Manufacturing cloud based ERP software used by Argent
- **QMS** – Quality Management System

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- **Safe Launch** – a method beyond PPAP implemented for initial production of new product to ensure customer requirements are met.
- **Safety Data Sheet (SDS)**- a document that contains information on the potential health effects of exposure to chemicals, or other potentially dangerous substances, and on safe working procedures when handling chemical products.
- **Supplier** – a third party that supplies goods or services to Argent.

## 5. Supplier Profile

The Supplier shall complete the “Supplier Profile / Add – Change Form” and return to the Argent contact as requested. The Supplier shall use a multi-disciplinary approach to complete the profile. The completed profile, a copy of Supplier’s W9, and proof of general liability/worker’s compensation insurance (for those providing service in Argent’s facility) will be kept on file.

## 6. Supplier Online Portal

The Supplier shall utilize the Argent online Supplier Portal through PLEX. Each Supplier will receive a unique login and password used to access their account. The portal will contain Supplier information for problem control, certification tracking, PPAP submissions, scorecards, and related documentation. The Supplier shall utilize the portal to process nonconformances using 8D methodology.

## 7. Acknowledgement

The Supplier shall be familiar with and conforming to the requirements contained in this manual and all other documents referenced herein. The Supplier shall return a completed and signed Supplier Acknowledgement Form provided by Argent as Attachment 1 of this document, demonstrating that the Supplier has received and agrees to the requirements of this manual.

## 8. General

### 8.1 Requirements

This manual is a requirement for all Suppliers in conjunction with ISO 9001, AIAG Core Tools Manuals, Supplier Environmental, Health and Safety Manual, and referenced Argent policies. Any additional requirements noted specifically on a contract, purchase order, Terms and Conditions of Purchase, drawing, or specification must be complied with.

### 8.2 Changes

Argent reserves the right to make any changes to this manual. The Supplier will be notified of any changes and required to adhere to the changes.

### 8.3 Certifications

Argent requires all Suppliers to be certified to the current IATF 16949 and ISO 9001 standards through third-party audits [1]. All Suppliers of automotive products or services without IATF 16949



third-party certification will be considered at risk to Argent and our customers. Argent may audit at risk Suppliers to IATF 16949 requirements, as an approach to developing Supplier quality management systems.

A current copy of the Supplier's ISO or IATF Certificate shall be submitted to Argent via the Supplier Portal in Plex. Upon expiry, Argent must be notified of any changes to the certification status, including initial certification, recertification, or transfer of certification to a new Certification Body, certificate withdrawal, and certificate cancellation without replacement.

[1] All suppliers of products and services that are exclusively non-automotive require certification to ISO 9001 through third-party audits. If a Supplier to Argent is so small as to not have adequate resources to develop a system according to IATF16949 or ISO 9001, certain specified elements may be waived by Argent.

#### 8.4 Communication

The Supplier shall have the ability to communicate necessary information in the Argent specified language and format (e.g. computer-aided design data, electronic data, advanced shipping notices (ASN's), etc.). Argent's official business language is English.

Argent's normal business hours shall be adhered to for receiving, business hours are Monday through Friday, 8:00 am to 5:00 pm EST.

#### 8.5 Terms and Conditions

Argent Terms and Conditions shall be adhered to.

#### 8.6 Conditions of Business and Purchase Orders

Argent purchasing information will be transmitted to the Supplier in the form of a Purchase Order (P.O.). The P.O. will describe the ordered product(s) and/or service(s) including, where applicable:

Precise identification, including name, part number, type, size, internal part number, quantity, price, etc.

Title and issue of relevant standards, specification, drawings, process requirements and other such data.

As a condition of business, all Suppliers must be prepared, on request, to provide any information required by Argent to substantiate the capacity to provide the necessary products, commodities and services. This includes, but is not limited to, technical capability systems/procedures to evaluate key product characteristics, price structure, and financial information. In addition, the Supplier must be prepared to provide proactive initiatives such as cost reduction proposals and recycling programs to Argent.

The extent of the purchase contract and order of precedence shall be:

- Compliance with all relevant local, state, and federal government legislation with special emphasis on hazardous waste and other environmental requirements.
- Argent Terms and Conditions of Purchase, Purchase Order
- Requirements as stated in this Supplier Manual which can be found on Argent's website.
- Any additional requirement(s) specified in writing by Argent.

All Suppliers must provide Country of Origin Certification and other documentation required under the US/Canada Free Trade Agreement and the North American Free Trade Agreement. All customs requirements must be met in a timely manner to ensure efficient transportation of goods.

All Suppliers shall have documented procedures for assessing, selecting, monitoring and developing their Suppliers with adherence to a continuous improvement philosophy geared to complete customer satisfaction and cost reductions.

Suppliers shall submit all quotes in writing including their desired lead-time, required minimums, and standard packaging.

Payment terms will be net 60 days from receipt of invoice unless explicated stated otherwise on the face of Buyer's Purchase Order.

Suppliers shall establish and implement an Advance Product Quality Planning process. This should include the use of a multi-disciplinary team to prepare for production of new or changed products. It is recommended that the supplier use appropriate techniques identified in the AIAG Advance Product Quality Planning and Control Plan reference manual or similar techniques that accomplish the same intent.

Suppliers may be required to be EDI (Electronic Data Interchange) capable. If EDI is required, a member of Argent's IT Department will work with the supplier to establish a connection.

Argent expects all Suppliers to manage their business for cost control. Argent's end customers, at a minimum, expect firm pricing for the life of their programs and some even mandate cost reductions with time and volume. Argent expects the same from its Suppliers. Suppliers benefit from Argent's participation in the markets it serves, they must bear the burden of cost control and reduction as well. Argent requires a minimum of 45 days notice, in writing, for price change requests. All such requests must be accompanied by price control options.

### 8.7 Delivery/Quality Problems or Downtime Costs

If past due parts or defective materials are deemed the fault of the Supplier, the Supplier will bear the cost of all expedited freight required to meet Argent's requirements. It is the supplier's responsibility to automatically expedite should the Supplier foresee or incur a past due situation. The Supplier will also be liable for all costs associated with but not limited to downtime, scrap, sorting, rework, replacement materials, etc. at Argent and/or billed to Argent by its customer.

## 8.8 Excess Transportation Charges

Excess transportation costs may be debited back in full to the Supplier for reasons such as:

- Unauthorized multiple shipments
- Expedited freight as a result of past due requirements
- Expedited freight utilized to avoid past due requirements
- Expedited freight as a result of defective material
- Using unauthorized truck lines

Charges will be debited back in full and will not be adjusted against normal freight charges.

Excess freight or labor costs that Argent may incur in order to meet our deliveries are not passed on to our customer, no matter the circumstance. Because of this, we require our Supply base to provide the same level of flexibility and support.

## 8.9 Record Retention

In addition to the requirements for the life of part through service requirements + 1 year for PAPP, tooling design, and purchase orders, the following table lists the requirements for record retention based on document types:

<b>Document Type</b>	<b>Retention Period</b>
Test plans and results	5 years
Process capability studies	5 years
Process data control	5 years
Receiving inspection	15 years
Analysis reports	15 years
Inspection results	15 years
Calibration	15 years
Training	15 years
Safe launch	15 years
Regulatory compliance	20 years
Change point control	20 years
Change point inspection data	20 years
Audit records of sub suppliers	20 years
Product lot control	20 years
Lot Control Traceability	20 years
Quality problem history with corrective and preventative actions	20 years

## 9. Management

### 9.1 Responsibility

It is the responsibility of the Suppliers management team to ensure that all the requirements established by this manual are met throughout the Supplier's quality management system. Suppliers are expected to support all activities necessary to meet the final Customer requirements.

## 10. Resource Management

### 10.1 Competency

The Supplier shall maintain evidence of training for personnel in any current, new, or modified job affecting product quality, including contract or agency personnel, and show competency verification. Personnel performing assessments of special processes and dedicated special process experts must be competent based on appropriate education, training, skills and experience.

### 10.2 On-site Work

The Supplier shall have people, equipment, and facilities to support all Argent sample requests and production requirements that will ensure no interruption to Argent manufacturing processes. Any work done off-site must be approved by Argent in advance.

### 10.3 Treatment of Labor

Argent Suppliers shall abide by the tenets of respectful treatment of all employees. These items include the following of local labor laws as it applies to child labor, forced labor, and compensation. Harassment and discrimination of employees shall not be tolerated, and employees shall be able to communicate openly with management regarding their work conditions without fear of reprisal.

## 11. Purchasing

### 11.1 Approved Sub-tier Suppliers

It is recommended that the Supplier selection process should follow CQI-19.

### 11.2 Sub-tier Suppliers Statutory and Regulatory Conformance

Argent communication of statutory and regulatory requirements to the supplier may take place through direct communication such as Engineering prints, specifications and/or from our Environmental Department, or through our Environmental Manual & Policies.

Upon request the Supplier shall report to Argent on the conformance to all applicable statutory and regulatory requirements of all purchased products or material used in the product delivered to Argent facilities. Argent will ask the supplier to submit confirmation of compliance. Supplier response to our request may be reflected in the supplier score card.

### 11.3 Sub-tier Supplier Quality

The Supplier shall monitor the quality of Argent Sub-tier Suppliers and is responsible for the quality of the product received from the Sub-tier Supplier. This applies to both directed and non-directed Sub-tier Suppliers.

## 12. Planning and Design

### 12.1 APQP

APQP is required, for guidance on product/process planning the AIAG APQP manual shall be used.

## 12.2 Contract Review – Feasibility

The Supplier shall investigate, confirm and document the manufacturing feasibility of the proposed products in the contract review process, including risk analysis. Waiving the requirements of a formal review related to the product may only be granted by the Argent Quality Management or their designee.

## 12.3 Cross Functional Teams

A multidisciplinary approach shall be used to prepare for product realization including:

- Development and review of FMEA including actions to reduce potential risks
- Development/finalization and monitoring of special characteristics
- Development and review of control plans

## 12.4 PPAP

Process Flow Charts, Failure Mode and Effects Analysis (FMEA), and Control Plans may be requested for Argent’s review and approval prior to PPAP submission.

The applicable control plan (prototype, pre-launch, mass production) shall be available at the appropriate stage during the APQP process. The control plans shall include the Design FMEA (if applicable) and manufacturing Process FMEA outputs. The control plan shall be reviewed and updated when any change occurs affecting product, manufacturing process measurement, logistics, supply sources, or PFMEA. The control plan shall address every step in the PFMEA. For guidance on Failure Mode and Effects Analysis the AIAG & VDA FMEA manual shall be used. The PFMEA shall be reviewed if a Customer Quality Concern occurs.

The PPAP must be submitted to Argent at the requested submission level on or before the date requested by Argent. All PPAP documentation shall be submitted in English. Any certification provided as part of the PPAP submission must be accompanied by a laboratory scope. For guidance on PPAP the AIAG manual shall be used.

## 12.5 Inspection

A description of the gauges, testing equipment, and measurement techniques that will be used to evaluate components may be requested by Argent. This includes, but is not limited to, drawings and details of special gauges, holding fixtures, or coordinate measuring machine (CMM) setups. Whenever practical, duplicate gauging or holding fixtures should be produced for use at Argent in order to facilitate the coordination of measurement techniques. Measurement Systems Analyses (MSAs) are required for all gauges used to measure special characteristics and measurement systems referenced in the control plan. For guidance on Measurement System Analyses the AIAG MSA manual shall be used.

## 12.6 Special Characteristics

### 12.6.1 Safety Critical

The following requirements apply to Safety Critical and Safety Regulated components, assemblies or processes:

- Defined process monitoring.
- Increased part monitoring.
- Nonconforming product control with localized disposition.
- Product or Poka Yoke verification in process or directly following processing prior to movement to the next process may be required.
- Downstream product verification to prevent escape.
- Argent Suppliers shall ensure that all safety critical item requirements are passed down to sub-tier Suppliers when applicable.

### 12.6.2 Additional Requirements

Must be identified on the DFMEA's, PFMEA's, Drawings, List of Exceptions, Control Plans, Standard Operating Procedures, Work Instructions, Check sheets and on the process itself (where applicable).

If the process capability is between 1.33 and 1.67, the inspection frequency shall be more frequent than other characteristics.

If the process capability is below 1.33, 100% inspection is required unless 100% inspection cannot be performed due to the destructive nature of the inspection. If 100% inspection cannot be performed, Argent must be notified with the process parameters used and shall be continually monitored.

For guidance on control of special characteristics the AIAG SPC manual shall be used.

Argent reserves the right to request inspection data for any characteristic at any time.

## 13. Production

### 13.1 Safe Launch

#### 13.1.1 Plan

All new parts supplied to Argent shall follow a Safe Launch Plan, unless waived by the Argent representative. The Safe Launch plan shall include additional off-line inspection for a predetermined time or quantity of parts after PPAP approval. The Safe Launch Plan shall be documented in a pre-launch control plan, work instruction, or other format agreed to by Argent.

#### 13.1.2 Minimum Requirements

The Safe Launch Plan shall include the following details:

- Minimum duration. (# of parts, # of tool runs, # of production days, etc.)

- Labeling requirements
- Scope (characteristics to be inspected, inspection method, inspection frequency)
- Exit criteria

### 13.1.3 Data and Corrective Action

The Supplier shall collect and maintain internal data documenting non-conformances found during the Safe Launch period. Corrective actions shall be implemented to eliminate non-conformances. Safe Launch data shall be provided to Argent upon request.

## 14. Self-Assessment

Annual self-assessments shall be completed before the anniversary date of the previous year and made available to Argent within 1 week upon request. The CQI self-assessments may be requested by Argent before the expiry date for review and approval by Argent.

## 15. Work Instructions

### 15.1 Work Stations

The Supplier shall prepare documented work instruction(s) for all employees having responsibilities for the operations that impact conformity to product requirements. These instructions shall be accessible for use at the work stations. They shall be communicated to and understood by the employees performing the work. The work instructions shall be in the language of the personnel responsible to follow them.

### 15.2 Set-up

Job set-ups shall be verified whenever performed, such as initial run of job, material changeover, or job change. Evidence of this verification shall be maintained. Work instructions shall be available for set-up personnel. The Supplier shall use statistical methods of verification when applicable. First-off/Last-off verification shall be performed

## 16. Traceability

### 16.1 Lot Control

Suppliers shall establish and maintain documented procedures for unique identification of product lots or batches. Lot numbers shall be traceable from raw material receipt through all stages of production by the Supplier, including components, processes, and shipments to Argent. Supplier must also provide Certificates of Conformance (CoC) where applicable and material certifications with each shipment.

### 16.2 Sub-tier Suppliers

The Sub-tier Suppliers shall have a documented system(s) to trace product to a raw material lot number and date of manufacture or processing.

### 16.3 FIFO

All product shall be shipped on a "first in/ first out" (FIFO) method. FIFO shall also be applied to stock room inventory as product is pulled to be used for production.

### 16.4 Container Labels, Core tags

Each container must have two labels (this also includes any items not in cartons such as bundles, drums, etc.). The labels must be affixed to the upper right-hand corner of two adjacent sides. Materials provided on master rolls must have at least one core tag.

Labels and/or tags must include, at a minimum, the following information:

- Names and Addresses, both To and From
- Argent Part Number
- Description
- Quantity
- Unit of Measure (UM)
- Lot Number

Trial material must be clearly identified by Purchase Order Number and the appropriate personnel to whom it is to be delivered.

## 17. Change Control

### 17.1 Process

The Supplier shall have a process to control and react to changes that impact product realization. The process shall include evidence that customer notification was considered. Argent shall be notified, at a minimum, 90 days prior to any planned changes to part design, manufacturing process, manufacturing location, or manufacturing supply chain.

### 17.2 Notification and PPAP Required

For production-approved parts, the following changes require Argent notification prior to implementation and PPAP approval. This is a limited list, additional items listed in AIAG PPAP manual also apply.

- Any changes to a safety critical component, assembly or process shall require notification to Argent prior to change implementation regardless of perceived level of change.
- Changes to part software updates and modifications
- Change to Manufacturing method, machine or equipment

Any change affecting a special characteristic on related parts



### 17.3 Notification Not Required

For production-approved parts, the following changes DO NOT require Argent notification; however, changed parts must meet standard before, during, and after change and must have internal quality verification, tracking, traceability and FIFO.

- Normal machine repair and Preventative Maintenance
- Change of manpower / staff
- Minor day-to-day kaizen activity
- Wear replacement of expendable tools, dies, and molds (not including perishable)

### 17.4 Notification Method

The Supplier shall notify the Argent Supplier Quality Engineer via email.

### 17.5 Approval

Written approval from an authorized Argent representative is required prior to implementing any proposed change. PPAP requirements will be communicated to the Supplier. The Supplier shall conform to requested PPAP and required Safe Launch activities for any approved change.

## 18. Production

### 18.1 Tooling

Any tooling owned by Argent, or Argent's customers (including: manufacturing, test and inspection) shall be permanently marked so the ownership of each item is visible. The Supplier shall maintain the tooling and equipment in good working order. Argent owned tooling cannot be used for any other customers or jobs.

### 18.2 Purchase Orders

The purchase orders will be sent to the Supplier via email unless otherwise approved by Argent.

## 19. Packaging and Logistics

### 19.1 Packaging Requirements

Supplier packaging, including pallet and strapping, must be of design such that product contained within, remains undamaged during shipping, handling, and storage. If damage occurs, replacement material shall be sent within 24 hours to Argent. Argent's approval is required for mutual decision on packaging type (i.e., returnable, expendable), carton size, carton quantity, and pallet quantity. No changes can be made to existing packaging without the appropriate approval from Argent. All expendable packaging material should be recyclable.

### 19.2 Packaging Slips

Argent requires only one copy of the packaging slip. If a duplicate is sent it must be clearly marked as "DUPLICATE".

The packaging slip must be attached to the shipment in a visible position.

The quantity shipped must include Argent's unit of measure as indicated on the release or purchase order.

The packaging slip must be neat and legible and include the following:

- Date shipped
- Ship Via
- Purchase Order Number
- Lot Number(s)
- Total quantity for each part clearly identified
- Freight requirements (prepared or collect)

### 19.3 Bill of Lading

The Bill of Lading must include the following information:

- Total number of containers shipped EXAMPLE:
  - 20 cartons on 1 skid or 1 skid @ 20 cartons
  - 50 cartons on 3 skids or 2 skids @ 20 cartons each + 1 skid @ 10 cartons
- Number of Cartons per skid and/or number of loose cartons
- Total weight
- Freight requirements (prepared or collect)

### 19.4 Pallet Requirements

All pallets must meet the following specifications:

- Must be banded and/or stretch wrapped
- Boxes must fit on pallet with no overhang
- Height limit is 48"
- Designated label for "DO NOT STACK", if applicable
- 4-way entry pallets
- Cartons for same part number must be on same skid, unless, less than skid quantity is required
- Mixing of program parts is not authorized (i.e., RH/LH or FRONT/REAR)

### 19.5 Test Equipment and Calibration Service Suppliers

Suppliers of measurement equipment, inspection, test, or calibration services must be accredited to ISO/IEC 17025 by an accreditation body of the ILAC MRA (e.g. - A2LA). Calibration reports provided must include the accreditation body logo. Argent may ask for Supplier's accreditation certificate to confirm compliance.

## 20. Monitoring

### 20.1 QMS Assessments

Argent reserves the right to conduct quality assessments on all Suppliers. The purpose is not to duplicate an ISO/IATF 16949 audit (although it may cover some of the same elements) but is intended to identify a good fit between Argent's needs and the Supplier's quality system and process controls.

### 20.2 Risk Ranking and Auditing Scheme

Periodic onsite audits will be performed based on a risk ranking classification, as determined by quality and delivery performance, certification status, safety critical nature of the supplied product, part complexity, and previous assessment results, at a minimum. The following table outlines the Supplier score classifications:

Classification	Score	Audit Criteria
Low risk	100 – 90 points	N/A
Medium risk	89 – 70 points	Self-assessment
High risk	69 – 0 points	Onsite Argent Audit as needed

If the Supplier is not ISO/IATF 16949 certified, they shall complete an annual self-assessment using Argent's form and may be subject to an annual Argent on-site audit. If the supplier provides product for the automotive industry, they shall have a plan with the ultimate objective of becoming certified to IATF 16949.

Supplier audits may also be required as part of a corrective action resulting from poor Supplier Performance Rating, repeat non-conformances, or as required by Argent customers.

Typically, Argent will conduct assessments only on Suppliers that supply direct to Argent. However, Argent reserves the right to selectively conduct Supplier Quality Assessments on Sub-tier Suppliers.

### 20.3 New Supplier

Argent Supplier Quality Assessments will be conducted with all new Suppliers before the award of any contracts.

### 20.4 QMS Continual Improvement

The Supplier shall have a defined and active continual improvement process in place.

### 20.5 Product Safety

The Supplier shall have a procedure to meet all the requirements of the IATF standard concerning Product Safety.

### 20.6 Non-conforming Product and Corrective action

The Supplier shall perform containment, root cause analysis, and corrective action activities utilizing 8D methodologies and have a determined default time frame. Containment action and responses

are required within 24 hours and completion of the 8D through verification within 14 calendar days. The corrective action process shall include a yokoten / read across step. The Supplier shall upload all relevant corrective action reports into the PLEX web portal unless otherwise directed.

## 20.7 Non-conforming Product Found at Supplier

The Supplier is responsible for supplying product that meets all design record specifications. The Supplier shall not ship any product that does not meet Argent specifications unless a deviation request is granted in writing by the Argent Quality Representative. Argent shall be informed within two hours if nonconforming product has been shipped.

When non-conforming product or abnormal conditions are found for a safety critical product, assembly or process, the following controls shall be utilized.

- Stop the line.
- Contact location management and/or leadership.
- Control part disposition such as a locked scrap bin.
- A controlled process restart.
- Quarantine product to last known Good material.
- Root cause analysis with tools such as Fault Tree Analysis (FTA) or 5 Why.
- Non-conforming parts/product shall be properly tagged and/or placed in an appropriate container such as a red scrap bin or locked box.

## 20.8 Non-conforming Product Found at Argent

If non-conforming product is found, Argent will generate a Supplier 8D in the PLEX web portal. Containment actions are required within 24 hours. Non-conforming product may be returned to the Supplier if on-going production is not affected. Any returned product will affect the Supplier's quality metric. If On-going production is affected, chargebacks to the supplier may include but will not be limited to downtime, scrap, processing time, expedited freight, etc.

## 20.9 Containment

Containment actions are required within 24 hours of notification of the problem. Containment activities may include sorting, rework, or replacement. Third party services may be required.

## 20.10 Sort/Rework

If Argent is required to sort and/or rework nonconforming product to maintain production requirements, the Supplier will be charged a \$30 hourly rate.

In the event the Supplier uses a third party sort company ("Sort Company(ies)"), the Supplier must obtain Argent approval prior to any work performed by the Sort Company. The Supplier shall ensure that such Sort Company complies with the Argent Terms and Conditions. Further, the Supplier shall be liable for any claims which result from the services provided by the Sort Company, including, but not limited to breaches of the Argent Terms and Conditions.

Argent can provide a list of pre-approved Sort Companies that can be used, if requested.

The instructions for the sort work to be performed must be approved by Argent before any work can be done.

#### 20.11 Corrective and Preventive Actions

Corrective and preventative action implementation and verification is required within 14 calendar days unless otherwise agreed. The corrective action process shall include a yokoten / read-across or parallel development step. The Supplier shall upload all relevant corrective action reports into the PLEX web portal unless otherwise directed.

#### 20.12 On-site Verification

Argent reserves the right to send a Purchasing and/or Quality representative to visit the Supplier's production facility to ensure that corrective and preventative actions were implemented and currently in place.

#### 20.13 Labeling Certified Product

Certified product shall be labeled per Argent's specified requirements until corrective actions have been approved and verified. This includes sorted product, reworked product, and corrective action clean points.

#### 20.14 Cost

The Supplier shall be liable for all costs associated with the sorting, handling, and disposition of discrepant product. This may include, but is not limited to, engineering costs, manufacturing downtime, test lab costs, supervision costs, and administrative costs. The Supplier may also be responsible for the cost of any customer-related activities imposed on Argent if the root cause is found to be discrepant product from the Supplier. This includes, but is not limited to, sorts of finished product at Argent, customers, field actions, or recalls.

#### 20.15 Delivery Performance

Delivery performance applies to all shipments to Argent including initial samples, prototype, and mass production requirements.

Supplier responsibilities include:

- On Time Delivery
- Follow Releases
- Correct Barcode labeling according to Argent Specifications
- ASN (Advanced Shipping Notice) for every shipment as required
- Proper packaging according to Argent Specifications
- Expedites of past due product according to Argent specifications
- Use of Plex Supplier Portal

## 20.16 Supplier Performance

### 20.16.1 Approval

Suppliers are an integral, interested party that provide materials and services that directly impact the quality of the products supplied by Argent to its customer base and must be approved prior to use. Suppliers will be selected and approved based on their ability to meet Argent's requirements. Customer designated sources must also be approved, or requirements waived by the customer, prior to purchasing products or services for production use.

### 20.16.2 Supplier Profile

A Supplier Profile form is used in conjunction with a copy of the Supplier's W9, and proof of general liability/worker's compensation insurance (for those Suppliers that provide service in Argent's facility) as part of Supplier assessment. The form is to be completed using a multi-disciplinary approach, as requested, and returned to the originator by the requested date. It is the Supplier's responsibility to forward a new Supplier Profile form when any information included on the original form changes.

## 20.17 Monitoring

Supplier overall performance is assessed based on performance indicators in quality and delivery.

Suppliers are be rated on:

- Number of nonconformances issued **A.**
- Delivery performance **C.**
- Number of occurrences of expedited freight **D.**
- Customer disruptions **B.**
- Special status customer notifications related to quality or delivery issues **E.**
- Dealer returns, warranty, field actions **F.**

If the product is received into inventory by Argent, it will be considered for Supplier rating information.

### 20.17.1 Monitoring Methods

**Quality performance** will be monitored by tracking nonconformances issued to the supplier for **A.** nonconformance to the product specifications, requirements stated in the Manual or Purchase Orders, and **B.** customer disruptions, including field returns as a result of Supplier issues. Quality performance will make up **50%** of the Supplier's overall performance rating. Each NC will result in the loss of **5** points out of **50** for the rating component. Response timeliness will be monitored and reported as it relates to the Supplier meeting required containment, root cause analysis, corrective and preventative action implementation and verification actions. **The requirement for quality performance is 100% (zero defects).**

**Delivery performance** will be monitored by tracking compliance to shipment due date(s) and quantity accuracy from receipts. **C.** Delivery performance will make up **50%** of the Supplier's

overall score and will be expressed as a percent “on time”. A grace period of one date late, two days early will be given without loss of a score. Shipments earlier than two days may be rejected. **The requirement for delivery performance is 100%.**

**Service** has been removed from the Supplier’s overall performance rating.

#### 20.17.2 Performance Scoring Criteria

Supplier performance will be determined by the following:

Meets expectations (green): 90% – 100% in any component performance category

Below expectations (yellow): 70% - 89% in any component performance category

Unacceptable performance (red): less than or equal to 69% in any component performance category

A written response to Argent is required within five working days of the score card receipt should the Supplier not agree with their performance rating.

#### 20.17.3 Supplier Development

Unsatisfactory Supplier performance will result in development actions and additional monitoring using the following methods

- Corrective actions submitted as requested and monitored for compliance
- On-site audits
- Placement on **Controlled Shipping 1 (CS1)**, requiring 100% inspection of all product prior to shipment to Argent.
- Placement on **Controlled Shipping 2 (CS2)**, requiring 100% inspection by a third-party auditor, agreed to by Argent, of all product prior to shipment to Argent. This expense will be the responsibility of the supplier.
- Continued non-compliance will result in product de-sourcing.

## 21. Environmental, Health, and Safety

### 21.1 ISO 14001

Suppliers must have an environmental system that conforms to the requirements set forth in ISO 14001. Argent encourages Suppliers to certify/register the environmental management system. Proof of certification shall be uploaded into the Plex Supplier Portal.

### 21.2 Waste Control

Any waste generated as a result of actions performed by Suppliers, Contractors, and Supplier Representatives shall be controlled so as not to impact the environment inside the building as well

as the natural environment. Appropriate containers shall be utilized and proper labeling attached, consistent with Local, State, and Federal regulations.

### 21.3 Safety

Suppliers should be aware of Argent's commitment to have safe work processes and practices in the value streams that support Argent product manufacturing. Argent encourages their Suppliers to conform to the requirements set forth in OSHAS 18001. Additionally, suppliers shall provide a safe work environment, compliant to applicable regulation. Argent reserves the right to validate compliance through a combination of supplier self-assessments and Argent supplier safe work practice audits.

### 21.4 Safety Data Sheet (SDS)

A Safety Data Sheet (SDS) must be sent to Argent ([ehsrep@argent-international.com](mailto:ehsrep@argent-international.com)) for review prior to any shipments. In addition, it must accompany all initial shipments from all Suppliers and marked to the attention of [ehsrep@argent-international.com](mailto:ehsrep@argent-international.com). Hazardous materials supplied to Argent must comply with all environmental regulations. All materials that contain conflict minerals must be from conflict-free sourcing.

The Supplier shall meet all the requirements in the Argent Environmental Systems Manual (reference ESM001).

## 22. Business Interruption and Contingency Plans

### 22.1 Business Interruption

Suppliers should be aware of Argent's commitment to ensuring continuity of supply. Suppliers shall provide geographical location with inherent natural catastrophe risk associated with the location as requested by Argent. Suppliers shall produce business interruption plans, as requested by Argent, to provide evidence of supply resiliency for threats that are appropriate for each Supplier such as, but not limited to; earthquake, tsunami, flood, pandemic, and fire.

### 22.2 Contingency Plans

Contingency plans shall be in place to satisfy Argent requirements in the event of an emergency such as, but not limited to; utility interruptions, labor shortages, key equipment failure, and field failures. In the event any of these interruptions occur that would create an unscheduled halt to production, the Supplier shall notify Argent as soon as possible with information concerning the nature of the problem and plans for immediate actions to assure Argent supply of material is not interrupted. If the Supplier has a unionized work force, they must notify Argent annually of the union affiliation and contract expiration date.

## 23. Warranty

The Supplier will be expected to adhere to Argent International Inc. Terms and Conditions of Purchase for warranty and service guidelines.



**Record of Revision/Review:**

Date	Description of Change
10/24/19	Initial Release
8/28/20	See Section 20.17.1. Changes identified in green. <del>Eliminated Supplier Acknowledgement Form</del>
9/24/20	See Section 20.17. Additions identified in green. <del>Eliminated:</del> Supplier overall is evaluated quarterly by combining information from multiple disciplines within the Argent organization. <ul style="list-style-type: none"> <li><del>• Sort time and cost associated</del></li> <li><del>• Repeat issues, for which corrective actions have previously been implemented</del></li> <li><del>• Nonconformance response time</del></li> <li><del>• 8D closure time</del></li> <li><del>• Supplier PPM</del></li> <li><del>• On Time Delivery</del></li> <li><del>• Advanced Shipping Notice (ASN) accuracy</del></li> <li><del>• Cost reduction</del></li> <li><del>• Financial Risk Assessment</del></li> <li><del>• Argent on-site audit findings closed on time</del></li> </ul>

