



AGRALE

SUPPLIER'S MANUAL

2024



BUSINESS

Automotive vehicles and their components.

MISSION

Offer more than just products and services, streamlined solutions, creative and competitive in the automotive field, especially in commercial vehicles, defense and agriculture, in order to anticipate and contrast itself from the competition in specific market opportunities, with appropriate quality to the customers' needs, providing consistent feedback to all involved and respecting nature.

VISION

To be a recognized company by itself and its solutions.

PRINCIPLES

- CUSTOMERS satisfaction;
- QUALITY in all actions;
- EMPLOYEES, appreciation and commitment;
- PROFITABILITY, ensuring perpetuity;
- Focus on PARTNERSHIPS;
- ETHICAL behavior;
- Respect for the ENVIRONMENT;
- SOCIAL responsibility;
- SUPPLIER, indispensable link.

RULES OF CONDUCT

Objectivity and integrity guide relationships between employees, their suppliers, and partners. Any finding of active or passive corruption, suspicion request or proposal from third parties, should be immediately reported to the superiors. Employees must avoid any situation where they may be, even momentarily, coerced by third parties, and any ambiguous situation, or similar allusion that gives rise to misunderstandings.

QUALITY POLICY

Seek the satisfaction of internal and external customers, through the excellence of our products and services.

MESSAGE TO OUR SUPPLIER

Dear Supplier,

You are accessing the Agrale Supplier Manual, which seeks to guide how we will relate to our supply chain.

Since the beginning of its historic journey, Agrale has established itself and is recognized as a manufacturer of commercial vehicles, utility and military vehicles, engines, and agricultural tractors.

This success is only possible with the support of our business partners, who work with us with perseverance and great dedication in creating each new product that Agrale launches on the market.

The word partnership has as one of its semantic definitions the “gathering of individuals to achieve a common objective”. In addition to being partners, Agrale’s suppliers are, for us, an integral part of our new product development process, our production process, our success, and our growth over the years.

To build the coming years, we need to do more and better, strengthening the links of our partnership in the fundamental pillars of competitive strategy:

1. Punctuality in deliveries;
2. Cost efficiency;
3. Quality assured;
4. Availability and agility in product development;
5. Constant innovation;
6. Ethical relationship.

All of these requirements are fundamental to having a competitive supply chain that enables our vision of competing globally, always growing with customers loyal to the Agrale brand.

We count on your support and always count on us.

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1. PURPOSE OF THE MANUAL

The objective of this manual is to present the procedures and requirements used to evaluate, plan, and execute the development of suppliers for Agrale S.A and Agrale Argentina S.A as part of the Quality Management System, seeking to make relations between Agrale and its product and service suppliers more transparent and effective.

For Agrale S.A and Agrale Argentina S.A, suppliers are an integral part of their production processes and active participants in the processes of improving quality and competitiveness standards.

Suppliers must be aware of this role and seek continuous improvement of their products, processes and services, and must evaluate and take actions to fully meet the requirements of this manual.

Most communications between Agrale and its suppliers, including the review of this manual, are available at the following addresses:

www.portalagrale.com.br and www.portalagrale.com.ar

Physical copies will be considered uncontrolled documents.

1.1. POTENTIAL SUPPLIERS

Suppliers that are not part of Agrale's supply chain must make their presentations available to the purchasing contacts available on the supplier portal. Whenever there is a demand, our team will carry out a preliminary analysis of the registration database and will contact you.

2. SUPPLIER RESPONSIBILITIES

Reduce scrap rates (internal and external) and rework rates (internal and external);

Use appropriate packaging to ensure the integrity of the products delivered;

Make deliveries according to Agrale's schedule;

Keep Agrale updated with all information regarding its management system, as well as certificates issued by external certification bodies or similar;

Inform Agrale, in a timely manner, about changes in its production processes and/or products in order to prevent possible negative impacts on the reliability and/or performance of the products provided by Agrale to its customers;

Obtain prior approval from Agrale to deliver components with characteristics different from those specified in projects or to deliver samples and/or initial batches without monitoring the aforementioned PPAP;

Monitor and provide adequate support to quality audits mutually scheduled and carried out by Agrale or another company designated by Agrale;

Develop and implement corrective and preventive action plans to eliminate the cause(s) of non-compliance or delays in deliveries of products purchased by Agrale;

Provide efficient and effective support and technical assistance whenever requested;

Be committed to meeting current government requirements related to occupational health, safety, environment, social responsibility, toxic and dangerous, electrical and electromagnetic materials, patents and similar facts, in accordance with regulations in force in the country in which it manufactures and/or sells, being fully responsible for possible legal proceedings, in addition to specific Agrale requirements when these were applicable.

Suppliers cannot directly sell to the aftermarket, or for any other purposes, parts with Agrale intellectual property.

Pay attention to all other responsibilities described in this manual.

3. QUALITY MANAGEMENT

The evaluation system described in this manual applies to all suppliers of products and services that interact directly with the performance of Agrale products.

The supplier must perfectly understand Agrale's requirements so that both can meet and even exceed expectations and anticipate the needs of the end customer.

If there are requirements in this manual that are not applicable to a specific supplier, they must be agreed between Agrale's Development, Purchasing and Quality Departments.

3.1. QUALITY CERTIFICATION REQUIREMENTS

The minimum requirement for supplying to Agrale S.A, is ISO 9001 certification, and the preferential requirement, is IATF 16949 certification.

Agrale reserves the right to request proof of quality system certification from registered suppliers at any time.

It is the supplier's responsibility to maintain the certification and share a copy of the certificate(s) in the updated and current version, this maintenance being evaluated in a supplier performance indicator according to chapter 7 of this manual.

3.2. SUPPLIER DEVELOPMENT

All new suppliers are subject to a prior assessment, with a view to obtaining supply authorization.

This assessment is made up of the following criteria:

- Self-assessment questionnaire made available by Agrale, which the supplier must return filled in its entirety;
- Audit of processes and quality management system;

- Commercial viability of supplying;
- Supplying contract (if necessary);
- Supplier's financial situation, through evaluation of public data.

3.2.1. SUPPLIER SELF-ASSESSMENT AND AUDIT QUESTIONNAIRE

The self-assessment questionnaire and the form used in process and QMS audit cases are available on the Agrale supplier portal.

The audit is the systematic and independent examination, with the objective of evaluating the supplier's quality system, processes, implementation of corrective actions or improvements and their effectiveness, in order to provide products and services that meet both needs and technical quality intended by Agrale.

This procedure is adopted (whenever necessary) by Agrale in the following situations:

- Approval of new suppliers;
- Assessment of active suppliers;
- Monitoring the implementation and checking the effectiveness of corrective actions..

Assessments will always be carried out within the precepts of ISO 9001 as a minimum requirement and IATF 16949 as a preferential requirement.

The supplier must make the necessary resources available to carry out the activities whenever an audit is scheduled.

According to the results of the audit, an action plan must be generated. The action plan must be completed with a return period of, at most, 30 calendar days.

The deadlines and actions informed will be critically evaluated and may be rejected if they are considered inconsistent in light of the non-conformities highlighted. If it is rejected, a review will be requested within a maximum period of 15 calendar days.

3.2.2.CLASSIFICATION OF NEW SUPPLIERS

The supplier qualification index is assigned as follows:

<60%	REJECTED
60<70%	CONDITIONAL APPROVED
>70%	APPROVED

Suppliers that obtain an index <60%: will be classified as “REJECTED”. Suppliers with this performance index will not be able to supply items to Agrale.

Suppliers that obtain an index between $\geq 60\% < 70\%$: will be classified as “CONDITIONAL APPROVED” and will be audited according to Item 3.2.1.

In both cases above, Agrale reserves the right to include the supplier in the supply chain and may request an action plan to adapt, improve or mitigate risks.

Suppliers that obtain an index $> 70\%$: will be classified as “APPROVED”.

The release to supply a product or service must be preceded by the formalization of approval by Agrale based on the above requirements.

With the inclusion of the supplier in Agrale’s supply chain base, those responsible informed on the forms receive a username and password to access the restricted area of the supplier portal. A user will receive the account administrator permission and must manage 100% of the data, including adding new users.

3.2.3. SUPPLY CONTRACT

The supply contract is the formalization of the commercial relationship between the parties, preserving in writing the negotiated terms and proving the previously agreed terms. Neither party will be privileged or harmed in the supply contract, reinforcing the bilateral nature, with clauses that value the interests, duties and rights of both parties, in addition to the negotiation itself, being finalized and signed only with the approval of all those involved, together with the approval of the Legal Department regarding legal aspects.

3.3. PRODUCT QUALITY PLANNING

The supplier must follow the APQP (Advanced Product Quality Planning) manual from AIAG (Automotive Industry Action Group), current edition.

Agrale explains the requirements for its materials through drawings, purchase specifications and other additional information attached to the quote request.

Critical analysis of specifications is a fundamental part of the new product development process. It is the supplier's responsibility to evaluate the specifications received before supply.

The supplier must ensure that it is capable of meeting the requirements for supplying products and services to Agrale, and must conduct a critical analysis before committing to supply products and services, such as:

- Requirements specified by Agrale, including requirements for delivery and post-delivery activities;
- Requirements not declared by Agrale, but identified as necessary for the specified or intended use, when known;
- Specified requirements (normative);
- Statutory and regulatory requirements applicable to products and services;
- Contract or order requirements different from those previously expressed.

This review must be coordinated with the applicable functions of the organization.

If, after critical analysis, the supplier determines that some Agrale requirements cannot be met or can only be partially met, or if the PPAP submission cannot be met together with the 1st batch of supply, the supplier must carry out formal registration with the Purchasing and/or Development Department using the standard form available on the supplier portal.

It is essential that the supply of parts that differ from specifications or without submitting a PPAP only occurs when formally approved by Agrale in the aforementioned form, thus avoiding demerits in performance and other sanctions provided for in this manual.

3.4. PRODUCTION PART APPROVAL PROCESS - PPAP

It is a mandatory requirement to start supplying Agrale for items that have an Agrale property design and/or a third party design approved by Agrale that this delivery is accompanied by the aforementioned PPAP submission.

The PPAP methodology is described and stipulated in the PPAP manual, available from the Automotive Quality Institute (IQA).

The PPAP may be sent together with a sample(s) of the product for analysis by the Agrale Quality area. If this evaluation with advanced samples does not occur, the PPAP must be submitted together with the 1st supply batch.

Agrale does not require PPAP resubmission for process changes and drawing reviews. It is the supplier's responsibility to maintain documented history and inform Agrale when there are changes to products or processes before they occur. Such information must be sent to the following emails for approval: qualidade@agrle.com.br for Agrale Brasil and calidad@agrle.com.ar for Agrale Argentina.

NOTE 1: Suppliers must use the Agrale standard PSW model that is available on the supplier portal. For other documents, the supplier can use their own forms.

Agrale formally communicates through signature in the PSW when the samples and their PPAP are approved electronically at the addresses copied when submitting the PPAP.

3.4.1. SUBMISSION LEVEL

The level of submission and the demanded requirements are informed at the time of the request by Agrale.

In short, Agrale requires:

PPAP level 3 with submission of all tool requirements for security items.

PPAP level 4 with submission of the requirements requested by Agrale in the PSW form for the other items.

NOTE 2: Agrale may request the supplier to submit additional documentation, if deemed necessary.

Agrale advises its suppliers to register the raw material and its chemical composition in the IMDS (International Material Data System - www.mdssystem.com).

To send the IMDS registration, use Agrale ID no. 64609.

3.5. COMPONENT INSPECTION SYSTEM AFTER PPAP APPROVAL

The supplier is responsible for delivering components according to the Agrale project and maintaining their technical characteristics.

Agrale seeks that its suppliers are capable of guaranteeing product quality and process stability during the product life cycle (quality assurance).

For all types of items, Agrale carries out batch inspection by sampling, that is, the entire batch supplied is not inspected but gradually, depending on delivery performance, batches are inspected less frequently, except for items defined in topic 3.5.1.

3.5.1. SAFETY ITEM

A safety item is any component whose failure or loss of functional characteristics puts the physical integrity of users of Agrale products at risk.

All special characteristics are identified in accordance with the internal standard Agrale PD 0021, available on the Agrale supplier portal. The safety items are identified in Agrale's technical drawing and must comply with its supply guidelines.

NOTE 3: Whenever required in the drawing, the traceability of items must be established in such a way that it is possible to determine their date of manufacture directly or indirectly. The supplier must be able to track each batch supplied, the origin of its raw materials and its production sequence.

3.5.2. CERTIFICATE SUBMISSION REQUIREMENT FOR EACH BATCH

Raw material suppliers as well as surface protection and heat treatment service providers must share a copy of the material or process certificate for each batch supplied.

Certificates must be sent to the email: certificate@agrale.com.br. Shipments of materials or processes not accompanied by the respective certificates are subject to RNC and return.

Chemical products must be accompanied by their respective safety data sheets (MSDS), packaged in an appropriate, safe manner and transported by qualified personnel.

4. COMPONENT DEVELOPMENT AND PURCHASING

This chapter aims to present the interfaces and main supply practices used by Agrale's Supply area, aimed at the entire supply chain, thus ensuring a lasting relationship of mutual trust with its suppliers, enabling a solid and effective partnership.

4.1. RELATIONSHIP WITH BUSINESS PARTNERS

Business partners (suppliers, service providers, sales representatives, distributors and resellers) play an important and strategic role for Agrale. The relationship between the company and its interested parties takes place through different areas and responsibilities, each of which has responsibilities and a direct interface with the supplier. Are they:

4.1.1. SUPPLIER AND COMPONENT DEVELOPMENT

Develops suppliers and components for projects of new product families, technologies, production processes and product adjustments.

Negotiates commercial conditions and initial supply parameters and carries out assessments of new suppliers.

4.1.2. DIRECT MATERIALS

Manages categories of production materials, evaluates and proposes alternative sources of supply for further development, negotiates commercial conditions and current supply parameters and defines the acquisition strategy, according to supply demands, with a focus on cost reduction.

4.1.3. INDIRECT MATERIALS

Manages categories of indirect materials, auxiliaries and services, develops new or alternative supply sources, negotiates commercial conditions and current supply parameters and defines the acquisition strategy, according to internal demands, with a focus on cost reduction.

4.1.4. REPLACEMENT MATERIALS

It works together with the Agrale parts distribution center in order to meet the demands for replacement of Agrale brand products in circulation. Negotiates current commercial conditions and supply parameters, developing alternative sources when necessary and defines the acquisition strategy, according to supply demands, with a focus on cost reduction.

4.2. CONFIDENTIAL INFORMATION

A confidentiality agreement may be signed aiming at the secrecy and confidentiality of information exchanged between Agrale and its suppliers in a model to be defined between the parties.

Regardless of the formalization of an agreement, the supplier must undertake not to disclose to third parties, under any circumstances, confidential information relating to the quoted products and their applications, business information, marketing plans or designs.

The supplier must take the necessary measures to avoid the risk of disclosure or improper use of confidential information to all its employees, consultants or representatives, regarding the confidential nature.

In cases where Agrale feels aggrieved, it may take appropriate sanctions.

4.3. ADVANCED INFORMATION REQUESTS

Request for information is an initial stage of the technical and economic feasibility process and aims to search for information from the various suppliers in the market about available resources, processes, technologies, etc. Participation in this stage does not guarantee participation in subsequent stages of the component development and purchasing process.

4.4. QUOTATION

The request of quoting will be made via email.

To send a commercial proposal, the supplier must present at least the following information:

Agrale code, item reference (if already created), price without taxes, CST (only in Brazil), payment condition, delivery time, economic level indicating exchange rate (if any), packaging conditions, shipping modal, tooling (if any), tooling payment deadline (if any).

When the negotiated shipping method is FOB, a carrier authorized by Agrale must be used.

4.5. AGRALE PROPERTY / TOOLS

All tooling paid by Agrale is the property of Agrale and cannot be used to sell parts to third parties without prior written authorization from Agrale.

The supplying will be covered by a loan agreement whenever there is a non-onerous transfer of tools and/or equipment owned by Agrale and/or its customers in all cases in which these tools and/or equipment are used to manufacture parts/ components intended exclusively for Agrale.

The supplier must provide ways of identifying, verifying, protecting and safeguarding all Agrale property provided for use or incorporation into products and services.

When Agrale's property is lost, damaged, worn out, or otherwise found to be unsuitable for use, which may or may not affect the product warranty, the supplier must formally report the incident to Agrale immediately through its commercial contact, as well how to compensate for the damage, if applicable.

4.6. DRAWINGS

Agrale may, whenever it deems necessary, request intellectual property draws from the supplier for subsequent release into the Agrale standard. Whenever this occurs, the drawings must be made available in a 3D and 2D electronic system in a format to be agreed.

All approved drawings will be available (in 2D version) on the supplier portal for consultation. It is the supplier's responsibility to check the draw version required in the delivery plan and, in case of discrepancy, request the latest technical review from the responsible buyer.

4.7. PRICE INCREASE

Any price adjustment request must be requested at least 30 days in advance, accompanied by a breakdown of costs and other evidence (invoices, public indicators, union agreements, etc.) that support the basis for the price adjustment.

The adjustment process will only be opened and analyzed when the basic cost opening requirements are available to the Agrale Supply area for analysis.

New prices should only be applied after negotiation and approval by Agrale. Agrale reserves the right to debit all price differences incorrectly charged whenever the invoiced amount is higher than the current price.

5. LOGISTICS

This chapter provides detailed information on the procedures related to the logistics process of delivery to Agrale's suppliers. This determines the supplier's responsibilities, and it is necessary that everyone involved in the process is familiar with the procedures contained herein.

For better communication, a collaborative environment is necessary and the conditions below are essential:

- a)** Immediate notification of changes of any nature with an impact on logistics processes;
- b)** Compliance with and monitoring of logistics agreements.

5.1. DELIVERY PLAN

The delivery plan is a document sent to the supplier electronically with Agrale's purchasing needs and translates the real demand to serve Agrale's internal and external customers. Therefore, punctuality in deliveries and the quality of the products supplied are essential and affect the performance of suppliers according to chapter 7 of this manual.

Increases may occur within the firm period to meet needs that were not previously foreseen, that is, immediate.

Items demanded by the replacement market to service inoperative products in the field, which are awaiting parts for maintenance, are examples of additions. For these items, our logistics team will consult the supplier in advance. In these specific cases, we rely on differentiated treatment, prioritizing delivery for service.

Additions within the firm period will not be counted in delivery performance, as long as they are negotiated in advance.

Agrale has two disclosure systems as follows:

5.1.1. EDI – ELETRONIC DATA INTERCHANGE

Upon request from Agrale's suppliers, it is possible to work with sending the delivery plan using the EDI tool (ANFAVEA communication standard).

This shipment must be previously agreed with the Agrale Supply department.

If there is no request from the supplier for shipping to occur via EDI, the plans will follow the standard as per Item 5.1.

5.1.2. DELIVERY PLANS VIA SUPPLIER'S PORTAL

Periodic publication on the Agrale supplier portal where:

Agrale S/A's plans are separated by Units: Caxias do Sul / RS - Factories 001, 002 and 005 and São Mateus / ES - Factory 004. Billing must occur to the factory indicated in the delivery plan.

It is the supplier's responsibility to critically analyze the plan, comparing it with the previous version and adjusting the forecasts, registering whether or not the plan has been accepted on the portal.

The supplier has 48 hours to dispute delivery dates (postponement or anticipation), quantities or other necessary changes. After this period, we consider the delivery plan accepted under the conditions presented.

For Argentina, invoices must be sent to recepcion@agrale.com.ar in PDF format including the Agrale PN.

For Brazil: The complete Agrale part number must appear on the invoice. The purchase order number must be filled in the xPed tag and the order line in the nltemPed XML tag.

The XML file of the electronic invoice must be sent to nfe@agrale.com.br.

The delivery plan informs the last invoice registered with Agrale for your control. Invoices subsequent to this one (invoices in transit) must be deducted from the quantities in this plan.

For guidance regarding taxation:

Brazil: please consult our TAX INFORMATION, available in the COMMUNICATION section on the SUPPLIER PORTAL.

Argentina: please consult the administrative department finanzas@agrale.com.ar.

Packaging invoices must be issued separately from product/goods invoices.

Delivery plans must not be invoiced consolidated. Ex.: Delivery plans intended for one CNPJ must not have invoices for another CNPJ. Grouped deliveries without prior formal agreement with Agrale's logistics manager will not be accepted and are subject to returns. The materials required in the delivery plan must have their invoice issued to the payment location mentioned above in said plan.

Financial impacts generated by delays in deliveries may be passed on to suppliers through commercial negotiation with the Agrale Supply team.

5.1.2.1. DELIVERY PLAN INFORMATION

In the delivery plan you can view the following information:

- Delivery address and payment location;
- Boarding date;
- Quantity;
- Invoice number: last invoice received at Agrale, with the aim of not duplicating deliveries;
- Date of the technical review of the drawing (it is important that the parts are delivered in the version indicated in the plan, unless expressly registered by Agrale);
- Need to send PPAP documentation (if applicable);
- Supplier reference code;
- Agrale Supply Contact;
- Purchase order number and line;
- Programmed quantity, informing whether FIRM YES or NO.

Note: Quantities marked as NO only indicate a consumption forecast and may vary during periodic reviews of the delivery plan.

5.1.3. DEMANDS OUTSIDE BRAZILIAN TERRITORY

For suppliers outside Brazilian territory, purchase orders are sent in PDF format via electronic communication (e-mail).

1. A purchase order informs: Agrale part number, supplier reference, quantity, item description, price in USD or EUR currency, delivery date, negotiated “incoterm”, payment terms and mode of shipment (air, sea or road).

The supplier must confirm compliance with the aforementioned purchase order via email or via “order acknowledgment”, or by sending the proforma.

Payment to the supplier will be made through international payments with the Finance Department, according to the previously negotiated payment term and financial tools available at the time.

On the date stipulated in the purchase order, the exporter must send the shipping documents.

5.2. PACKING

The design, supply and/or manufacture of packaging for products or parts sent to Agrale is the responsibility of the supplier, unless prior negotiation has been agreed with the Supply area.

It is the supplier’s responsibility to deliver the purchased items in compliance with the appropriate instructions to follow, ensuring the integrity of the components supplied.

The supplier will be notified whenever we find mixed batches of parts, incorrect identification, volumes that do not comply with the original invoices, materials improperly packaged, or allocated in packaging outside the requested standards.

If there is a recurrence, a non-compliance report may be opened.

5.2.1. TYPES OF PACKAGING

Types of approved and acceptable packaging:

- **Disposable Packaging:** All packaging is discarded after use.
- **Recyclable Packaging:** The forms of recycling must be properly identified, in accordance with the rules and standards of recycling services;
- **Returnable Packaging:** All packaging is used cyclically until wear and tear compromises quality and safety conditions.

These packages may be from third parties or owned by Agrale.

Control of third-party returnable packaging will occur through the logo or name of the supplier company. The identification must be in an easy-to-view location and allow for complete emptying and easy cleaning.

Freight costs for collecting and maintaining returnable packaging are the responsibility of the supplier Agrale, unless previously agreed.

Agrale S.A. and Agrale Argentina SA are not responsible for returns of packaging from third parties that do not have identification.

5.2.2. PACKAGING CRITERIA

Packaging must support and accommodate items, preventing them from being damaged during the flow of handling, transportation and allocation.

Important criteria to consider:

- a) Avoid loose loads;
- b) Damaged packaging must be removed from circulation;

- c)** Packaging must not be oversized;
- d)** It must accommodate the parts and protect them against bad weather;
- e)** Avoid using materials that are difficult to dispose of and deteriorate, such as: Styrofoam, paper, bubble wrap, etc.
- f)** Parts with risks of contamination, impurities and damage must be protected. It is important to highlight that in the specific cases below, the following must be considered:
 - Chemicals: observe product expiration dates;
 - Reservoirs, hoses, tubes and hydraulic pumps, connections, coils and similar: protection at the ends or individual packaging against contamination;
- g)** Items that have standard packaging from the supplier must withstand handling and guarantee the integrity of the product until its use;
- h)** Packages that will be transported manually must meet the ergonomics requirements according to NR 17 – Ergonomics for Brazil, similar and/or equivalent standard for Argentina;
- i)** Hazardous materials must be properly identified and labeled, in accordance with technical standard NBR 7500, a similar and/or equivalent standard for Argentina, together with other government regulations.

5.2.3. QUANTITY PER PACKAGE

The quantities in the packaging must be analyzed with the Logistics Department of Agrale S.A and Agrale Argentina, which will consider the best way to move and allocate them in their warehouses, respecting multiples and batches negotiated with the Agrale Supplies and Materials Department.

5.2.4. ID LABEL

In order to ensure correct checking and allocation in stocks, identification labels must contain the information below:

- 1.** Agrale Code;
- 2.** Supplier code or reference;
- 3.** Description of the item;
- 4.** Batch;
- 5.** Expiration date for special items according to topic “f” in Item 5.2.2 of this manual;
- 6.** Quantity per package.

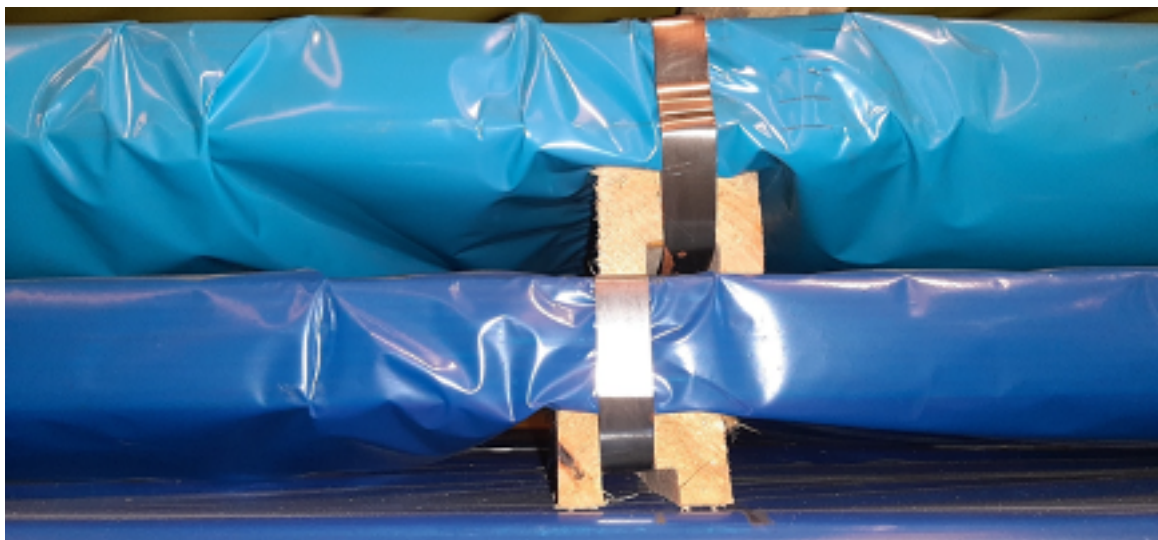
5.2.5. PACKAGING FOR FERROUS MATERIALS

For raw materials, the material must come with a label that meets our requirements for identification information, material certificate according to item 3.5.2, packaged on pallets, wooden chocks and with straps, illustrated as below.

- Plates with thicknesses up to 12.5 mm must be packed on pallets and tied with straps:



- Plates larger than 16.0 mm must be supported on wooden chocks and tied with straps:



5.2.5.1. PACKAGING PROTECTION FOR FERROUS MATERIALS

All material must be supplied with its respective certificate, containing its main characteristics. Materials received without certification will be rejected according to the conditions below:

5.2.5.1.1. METALS AND FLAT MATERIALS (SHEET)

Each batch of a given sheet code must be supplied on its individual pallet/packaging so that its flatness is guaranteed. Each batch must be clearly identified with at least the following information: Agrale code, material nomenclature, invoice and weight. The pallet must be manufactured in such a way as to resist the weight of the load, avoiding warping of the sheets and the risk of accidents when handling the volumes.

There must be insulation (plastic material or equivalent) between the first sheet and the pallet surface to prevent the material from oxidizing. The same type of protection must be applied to the last sheet of the pallet. We recommend that the entire volume be packaged to ensure better conservation of the material.

Example of problems caused by lack of protection on metal sheets:



Example of packaging that meets our expectations:



5.2.5.1.2. METALS AND LONG MATERIALS (BARS AND TUBES)

Each batch of a given steel/tube code must be supplied in an individual tie that guarantees its straightness. Each batch must be clearly identified with at least the following information: Agrale code, material nomenclature, invoice and weight.

5.2.6. STANDARD PACKAGING SIZING

Below we present the dimensions required by Agrale for each type of packaging:

- a) Metal rack:** Maximum dimensions: 1.20m x 2.40m;
- b) Wooden pallet:** External dimensions: 1.00m x 1.00m and maximum stacking height: 1.30m;
- c) Detachable wire cage:** Maximum dimensions: 1.10m x 0.85m x 0.83m;
- d) KLT boxes:** The use of KLT plastic boxes for packaging materials must consider the following observations:
 - Be returnable;
 - Allow stacking between stipulated models;
 - Support the weight of the material and the dynamic stacking of other boxes up to 1.30m high;
 - Limit of 16 kg on the weight of the full package;
 - Provide pallet packaging when applicable;
 - Closing the volume with stretch plastic or polyester tapes.

5.2.7. PACKAGING STANDARDS FOR PROFILES AND STRINGS

The profiles and stringers must be packed as per the images below: packed on wooden blocks properly strapped, respecting the “U” position facing downwards and in packages of a maximum of 4 pieces.



6. TREATMENT OF NONCONFORMITIES

When materials are sent to Agrale that do not meet the specifications and application, a non-conformity report (RNC) will be opened to treat the anomaly, which will be sent to the supplier.

In Brazil, non-conformities of materials for the assembly line are divided into the following categories:

Non-conformities - **Sample / PPAP**: are non-conformities relating to non-compliance with specifications, inadequate documentation or failure to send documentation (PPAP) for initial supply batches until sample approval.

Non-conformities - **Zero Km**: these are non-conformities found during the receipt inspection or on the assembly line of items that have already been approved as a sample.

In Argentina, non-conformities are not divided.

In Brazil:

Non-conformities - **Field**: these are non-conformities found in the use of products by customers. These are reported by the Technical Assistance Department and dealings with this type of non-conformity occur in accordance with Item 6.4 - Parts Under Warranty of this manual.

In Argentina: Field non-conformities are reported by the Technical Assistance department to the Supply area using MODI 3467. The Supply area is responsible for negotiating reimbursement with suppliers.

Conditional Approval: Reports with conditional approvals are issued when there is a failure to submit a PPAP (covered by derogation) in the case of samples or when the unmet requirement can be absorbed by Agrale without the need for rework.

In case of batch rejection by Agrale, or recurrence, the supplier has up to 48 hours after being informed of the rejection to communicate the corrective action to be applied and arrange immediate delivery of a new batch according to specifications.

If there is no response from the supplier company within 48 hours, Agrale acquires the right to RETURN THE PURCHASE without prior consultation.

In Argentina, the Quality and Supply areas define the action on the rejected batch (purchase return or internal rework or on behalf of the supplier).

For cases of impact on the assembly line, which may affect product safety and recurrence of problems, the supplier is required to respond to a corrective action request – 8D. The form must be completely filled out by the supplier and sent to Agrale within the specified deadline. Agrale's Quality Auditor assesses the need to carry out an audit with the supplier based on recurrences of non-conformities or to highlight the corrective actions implemented.

When necessary, the supplier must allow the presence at its establishment, or at the establishment of its subcontractor, of an Agrale representative to participate in the process of investigating and resolving the anomaly.

6.1. COMMUNICATION NONCONFORMITIES AND TREATMENTS

Agrale notifies the supplier base whenever an RNC is issued as follows:

6.1.1. PURCHASES MADE IN BRAZILIAN TERRITORY

Non-conformities are communicated through the Agrale supplier portal and it is the supplier's responsibility to contain and take corrective actions in order to avoid the recurrence of sending non-conforming parts.

Non-conformities must be periodically consulted on the supplier portal, in addition to the possibility of being sent by the Purchasing, Quality and Technical Assistance Departments by email, when necessary.

It is up to the supplier to inform the carrier of their preference for returning the material. If not informed within the stipulated period, the Agrale Logistics area will ship the material via a carrier approved for deliveries in the region, with the costs reverted to the supplier base.

After defining the carrier, the collection period for the parts is up to 3 days.

Maintenance of responses for 8D must be carried out through the supplier portal.

6.1.2. PURCHASES MADE OUTSIDE BRAZILIAN TERRITORY

Non-conformities are created by Agrale and communicated via e-mail by the Supply Area.

The logistics for returning and/or refunding non-conforming parts are carried out through negotiation between the supplier and the import analyst after analyzing the occurrence and defining subsequent actions.

The maintenance of responses for 8D must be carried out via email in conjunction with the import analyst.

In Argentina, responses to 8D must be sent to the email calidad@agrale.com.ar.

6.2. COSTS OF NON-QUALITY

Non-conformities generate costs, which may be charged through reports according to their impacts and categories as follows:

Non-conformities – **Sample / PPAP** and Non-conformities – **Zero Km**:

In Brazil:

If there is a need to charge, the amount of R\$250.00 per RNC is stipulated.

In Argentina:

If there is a need to charge, the amount of USD50.00 per RNC is stipulated.

The deadline for contesting will be 5 working days after receiving the penalty notice.

Depending on the impact on the assembly line, production, safety and others, Agrale may also issue expense reports for extra charges.

Non-conformities – Field:

They are charged by Agrale's Technical Assistance area, according to Item 6.4.2 of this manual.

6.3. CONTROLLED SHIPPING

In the event of a recurrence of non-compliance, after the presented action plans are not effective and when applicable, Agrale may require controlled shipment, which may be carried out as follows:

Level 1 (*Proactive Containment*): Must be carried out by the supplier ensuring technical support for the characteristics of the Agrale product.

Level 2 (*Reactive Containment*): It is carried out within Agrale's facilities or within the supplier's plant by an outsourced company specialized in this activity and paid for by the supplier.

Both modalities aim to guarantee the conformity of the delivered components.

The supplier is formally informed about the criteria for applying such procedures, as well as the duration of such measures.

6.4. PARTS UNDER WARRANTY (FIELD RETURN)

The supplier is responsible for ensuring the durability and quality of the products and/or services it provides from the date of issuance of the sales invoice to Agrale's end customer until the end of the warranty period, as follows:

- Power Train Components (Engine, Transmission, Axles, Cardans): 24-month warranty limited to 200,000 km, whichever comes first prevails.
- Other components: Minimum 12-month warranty, with no mileage limit.

6.4.1. ANALYSIS PROCEDURES

After a prior analysis, Agrale presents to its suppliers the list of parts returned from its distributor network with the warranty request, which contains the product data and the fault claimed.

These must be analyzed by the supplier formally informing the acceptance (Proceeding Warranty) or not (Unfounded Guarantee) of the reasons presented for the parts warranties.

The supplier will be able to analyze the parts at Agrale's premises, according to a pre-defined visit schedule by mutual agreement, with a maximum frequency of bimonthly. If the supplier requests that the parts be sent for analysis, the costs will be borne by the supplier.

The return of unfounded guarantees must be formalized accompanied by a report in a format known/usual to the supplier, indicating the reasons and justifications for its conclusion.

For guarantees to be valid, it is necessary to immediately present an action plan to Agrale aiming to eliminate the problem. After verifying the effectiveness of the action plan, the batch number or the date of implementation of the corrective actions must be informed for verification and field monitoring.

NOTE 4: The deadline for returning the detailed technical report of parts that had a request for analysis made by Agrale to the supplier will be 30 days from the date of its availability at Agrale, or the date of issuance of the invoice for shipping the parts, when requested by the supplier.

NOTA 5: If the supplier does not respond within the period established above, Agrale considers the guarantees to be valid and will charge, as described in item 6.4.2

To analyze the guarantees of the Foreign Market and Manaus Free Zone: due to the need for the physical part to remain in the destination country and/or region and due to fiscal complexity and distances, the supplier undertakes to analyze the processes based on warranty request presented by Agrale.

6.4.2. COSTS GENERATED BY WARRANTY

If any quality problem is identified in the part, the supplier undertakes to reimburse the costs arising from the requested warranty, as follows:

a) Compensation for parts under warranty: If the warranties are valid, the supplier will reimburse Agrale as follows:

Reimbursement of the updated value of damaged parts (purchase price from the supplier, including taxes and shipping expenses), multiplied by the factor 1.35, plus compensation for the value of labor and travel expenses, where:

- **Labor compensation:** corresponds to the service performed to exchange the part, according to the Agrale standard time table practiced in the distributor network where Agrale will make available to the supplier.

- **Travel expenses:** corresponds to expenses for warranty service in the field, in accordance with the travel incentive policy practiced by Agrale with the distributor network.

b) Method of payment: Agrale will issue a debit note against the supplier, through which the accounts will be settled, through the reduction of duplicates of open invoices with the supplier. For Agrale Argentina a credit note must be made available by the supplier.

c) If the supplier does not have open invoices, they must make a deposit into the Agrale account.

NOTE 6: If payment does not occur, Agrale will issue a billing invoice.

d) d) Campaigns (field/recall actions): the supplier is obliged to bear any and all costs necessary for carrying out campaigns by Agrale with its customers to correct potential defects or defects in the products supplied by the supplier.

NOTA 7: Realización de las campañas/recall serán acordados entre las partes.

7. SUPPLIER PERFORMANCE MONITORING

Agrale's suppliers, evaluated on a monthly basis for their performance, receive grades according to their compliance with the five strategic pillars: assured quality, punctual deliveries, cost efficiency, availability and agility in product development and constant innovation.

Monitoring of this performance is carried out through the Agrale Supplier Performance indicator (PFA), which is made available to the supply chain through the Agrale supplier portal.

When necessary, Agrale generates action plans for its suppliers to take corrective action on the index(es) that perform below the specified minimum. The deadline for return is informed when sending the action plan.

7.1. AGRALE SUPPLIER PERFORMANCE EVALUATION (PFA)

The PFA classification follows the table below:

CLASSIFICATION			
95 ≤	PFA	≤ 100	REFERENCE
85 ≤		< 95	VERY GOOD
75 ≤		< 85	GOOD
60 ≤		< 75	UNSATISFACTORY
0		< 60	CRITICAL

Performance (PFA) is obtained using the following formula:

$PFA = IRC + IQR + IAF$, where:

IRC = Business Relationship Index

IQR = Receiving Quality Index

IAF = Supplier Service Index

7.2. FORMULATION OF INDICATORS

IRC - Business Relationship Index – Score (30 points)

The Commercial Relationship Index (IRC) is made up of 03 (three) three indicators and scores:

Negotiation: (10 points)

- Negotiation of price increase (5 points)
- Return of quotations (2 points)
- Payment terms (3 points)

PAYMENT TERMS	PUNCTUATION
≥ 45 days	100% - 3 points
≤ 28 days to < 45 days	70% - 2 points
≤ 21 days to < 28 dias	50% - 1 point
< 21	0% - 0 point

Cooperation and Flexibility: (10 points)

- Suggest and participate in the development of new products and services; (3 points)
- Acceptance of variations in the delivery plan; (5 points)
- Return regarding the sending of plans; (2 points)

Quality Management: (10 points)

Compliance with the quality system, according to item 3.1 of this manual (5 possible and non-cumulative points) in compliance with the following criteria:

- Non-certified supplier = 0 point
- ISO 9001 certified supplier = 3 points
- IATF 16949 certified supplier = 5 points

The other 5 possible points are obtained by the feedback and accuracy of the information in the self-assessment questionnaire. Responsibility, commitment and feedback on action plans, relating to non-conformities of parts and assemblies, recorded upon receipt, assembly and field.

IQR – Receiving Quality Index (35 points)

The IQR is obtained by indexing the index 35 to the PPM according to the formula below:

$$\text{IQR} = \text{PPM} \times 35$$

For a better understanding, let's consider an example of 1000 pieces received and 1 non-conforming piece:

$$\text{IQR} = 999 / 1000 \times 35 - \text{IQR} = 34,965$$

NOTE 8: If the supplier does not reach the IQR (PPM) target established according to the index calculated above, it is subjected to a degradation table, according to the target established by portfolio:

IQR DEGRADATION PERCENTAGES		
% Initial Rejection	% Final Rejection	% Grade
0,00	0,03	100,00
0,04	0,05	95,00
0,06	0,08	90,00
0,09	0,10	85,00
0,11	0,15	80,00
0,16	0,20	75,00
0,21	0,30	65,00
0,31	0,50	55,00
0,51	1,00	50,00
1,01	5,00	45,00
5,01	15,00	40,00
15,01	25,00	30,00
25,01	35,00	20,00

For Brazil, the PPM target is divided per portfolio as follows:

GROUP 1	GROUP 2	GROUP 3	GROUP 4	GROUP 5
Quality Assured	Electrical System	Castings and Welding	Raw Material	Metalworkers
300	500	3000	500	500

GROUP 6	GROUP 7	GROUP 8	GROUP 9	GROUP 10	GROUP 11
Polymers	Standardized	Cabin	Hydraulics	Monitored	Imported
1000	500	500	500	3000	500

Example for IQR calculation:

For 02 defective parts out of 1000 parts supplied, i.e. 2000 PPM.

$$IQR = \frac{\text{Approved Parts}}{\text{Received Parts}} \times 35 = \frac{998}{1000} \times 35 = 34,93$$

If the supplier's PPM target is equal to 1000 PPM, the supplier will be outside the target and will have its index degraded:

Considering 2000 PPM, or 0.2% rejection, we will have the following note:

% Initial Rejection	% Final Rejection	% Grade
0,00	0,03	100,00
0,04	0,05	95,00
0,06	0,08	90,00
0,09	0,10	85,00
0,11	0,15	80,00
0,16	0,20	75,00
0,21	0,03	65,00
0,31	0,50	55,00

$$IQR = 34,93 \times 0,75 = 29,20$$

For Argentina, the target is 1400 PPM monthly and there is no separation into groups.

IAF – Supplier Service Index (35 points)

The IAF score is obtained based on compliance with the delivery date described in the delivery plan sent by Agrale, which establishes when the merchandise should be invoiced and available for collection.

The Supplier Service Index is obtained based on the result of the calculation below:

IAF =	Total parts supplied on time	X 35
	Total scheduled parts	

It is important to remember that early deliveries generate penalties as much as late deliveries. When it is not possible to meet the date established in the delivery plan, the supplier must communicate its respective follow-up to Agrale within a maximum period of up to three days after receiving the document so that a new date can be formally negotiated.

The table below exemplifies in percentages the penalties received for early and late deliveries, see:

ADVANCE TOLERANCE	
Qty. of days	% to penalize
0	0
1	0
2	5
3	15
4	30
5	100

DELAY TOLERANCE	
Qty. of days	% to penalize
0	0
1	10
2	20
3	30
4	50
5	100

For better understanding, consider the following example as a basis for calculation:

Exemple:

Total parts in the delivery plan = 100

Delivery Date = 01/12/2024

Total parts on time = 0

Total parts 1 day late = 85

Total parts 5 days late = 15

Calculation: $(85-10\%) + (15-100\%) = 76,50$

IAF =	Total parts supplied on time	X 35
	Total scheduled parts	

76,5	X 35 =	26,775
100		



AGRALE

By your side, from sunrise to sunset.

THANK YOU VERY MUCH FOR YOUR PARTNERSHIP!

It is a pleasure to have partners committed to mutual success.

We appreciate your support so that our history continues to be marked by quality and performance.

We are available to answer your questions through the following contacts:

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