

SUPPLIER BUSINESS PRACTICE MANUAL

POLARIS

POLARIS INDUSTRIES INC.
2100 HIGHWAY 55
MEDINA, MN 55340

REV	DATE	DESCRIPTION OF CHANGES
14	31-JAN-24	• 7.2 – Updates to the Recovery Table; Labeling Non-Conformance and Packaging added to the Delivery section. Import Documents Requirements and PFEP Requirements added to Compliance section.
15	28-FEB-25	• 3.1 – Section rewritten • 3.2 – Section rewritten • 3.4 – Section updated for JAGGAER, Supplier Contacts Matrix updated • 3.4.1 – Section updated and renamed for JAGGAER • 3.5 – Clarification added for the order of precedence • 4.4 – Master Services Agreement now Services Agreement in Table 3 • 5.2 – “Polaris system designated by their Sourcing representative” changed to “JAGGAER Sourcing Module” • 5.4 – Added paragraphs on Tooling request requirements and communication with suppliers; added Tool Request Requirements table • 5.5 – Overview rewritten; Zycus replaced by JAGGAER • 5.5.1 – Added sentence about accessing Active Orders work instructions • 5.5.2 – Added sentence saying failure to complete EDI results in RRDM • 6 – Section rewritten • 6.1 – “accurate” replaced by “compliant, in-full”; “Delivery pillar” replaced by “Delivery performance”; “Distinct” replaced by “Discrete” • 6.2 – Section rewritten • 6.3 – Section rewritten • 6.4 – Section rewritten

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		• 7.2 – Updates to the Delivery section of the Recovery Table; Labeling Non-Conformance and Packaging recovery fees have been changed to $100 per instance/package
16	8-JUL-25	• "Confidential" changed to "Proprietary" in footer • 5.4 – Section rewritten, now includes paragraph on additional tooling details and figures to show examples of identification tags
17	13-JAN-26	• 3.4 – Language updates, Supplier Contacts Matrix updated • 3.4.1 – Language updates • 4.2 – Language updates • 4.4 – Language updates • 4.5.1 – Vietnam removed from list of countries • 4.5.3 – Language updates • 4.5.4 – Language updates • 4.6 – Language updates • 4.8 – New section, Audit Policy • 5.2 – Supplier University references removed • 5.3 – Language updates • 5.4 – Language updates • 5.4.2 – Language updates • 5.4.3 – Language updates • 5.5 – New overview • 5.5.1 – Overview moved to 5.5 • 5.5.2 – Overview removed • 5.5.3 – Language updates • 5.5.4 – Language updates • 5.5.5 – Language updates • 5.5.6 – Language updates, Supplier University references updated • 6 – Overview updated • 6.3 – Overview updated • 7.1 – Language updates • 7.2 – Language updates, heavy updates to recovery table:

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		○ RMO section updated ○ Rework added to Special Rejection charges ○ APQP section updated ○ PPAP section updated ○ CAPA/CAR section updated ○ Quality Assurance Travel Recovery section updated ○ Compliance section updated ○ PO Acknowledgement section updated
18	08-MAY-26	• Language updated in Non-conformances Caused by Undocumented Supplier Process/Material Changes section of recovery table

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1. PURPOSE/SCOPE

This manual is an overview of the Polaris Industries Inc. (Polaris) global business practices that define Polaris' expectations for suppliers as successful commercial business partners to Polaris. The expectations set forth in this manual are applicable to existing and new suppliers of parts, materials, and services to Polaris.

Polaris' success is dependent upon our ability to provide the highest value to our customers through quality, on-time delivery, technology, and cost competitiveness. A close working relationship with our supply chain is critical to the achievement of these objectives.

This manual defines both the customary and general guidelines of how Polaris conducts business, as well as the expectations Polaris has of suppliers in creating a strong, competitive, and value-added supply chain. This information is necessary for Polaris' and supplier's mutual efforts of conducting business in a professional, efficient, and profitable manner.

Working together with the processes outlined in this manual, the *Supplier Quality Assurance Manual (SQAM)*, and the *Supplier Delivery Manual (SDM)*, we can successfully generate breakthrough quality improvements, create world-class products, and deliver them effectively while contributing to each other's success.

Polaris provides updates and revisions to this manual, as necessary. Suppliers are expected to incorporate these updates and revisions into their business operations in a timely manner. If these changes generate a question or potential problem for a supplier, it is the supplier's responsibility to promptly bring the matter to the attention of Polaris by contacting their Sourcing representative.

1.1. CONVENTIONS

1.1.1. Reference Documentation

Where applicable, supporting document and training titles are provided in this manual. These titles reference documents found in Reliance, on the Polaris Supplier Portal (www.polarissuppliers.com), or on the Supplier University of Polaris. Reliance is Polaris' document control system and is available to all approved Polaris suppliers. A login is required to view the additional resources. Use these references, which are designated in a gray box like the one below, to ensure your information, training and/or templates are of the latest revisions.

SUPPORTING DOCUMENT TITLES WILL BE LISTED IN FIELDS LIKE THIS ONE.

1.1.2. Critical Definitions

Shall/Must – The words "shall" or "must" indicate mandatory requirements.

Should/May – The words "should" or "may" indicate a recommendation.

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2. GLOSSARY

Table 1: Supplier Business Practice Manual Glossary

TERM	DEFINITION
Corrective Action/Preventive Action (CAPA)	Process initiated to establish the root cause and prevents occurrence or reoccurrences of the non-conformity in response to Polaris receiving a significant nonconforming part or materials.
Corrective Action Request (CAR)	Process initiated to establish the root cause and prevents occurrence or reoccurrences of the non-conformity in response to Polaris receiving a minor nonconforming part or materials.
Cpk	Equals the lesser of the USL minus the mean divided by 3 sigma (or the mean) minus the LSL divided by 3 sigma. The greater the Cpk value, the better.
Delivery Discrepancy Report (DDR)	Initiated when an issue is found on material entering a Polaris facility or when there is a shipping discrepancy in the Advanced Shipping Notice received from the supplier.
Drawing Change Request (DCR)	Initiated to request a permanent change to a Polaris drawing, engineering specification, or quality standard.
Design Record	Part drawing, specifications, and/or electronic (CAD) data used to convey information necessary to produce a part.
Electronic Data Interchange (EDI)	Electronic communication tool Polaris uses to automate a variety of manual processes such as invoicing, purchase orders, shipping instructions, debit memo processing, and so on.
Engineering Change Order (ECO)	Documentation that outlines the proposed change, lists the effected product or part(s), and requests review and approval from the individuals who would be impacted or charged with implementing the change.
Global Trade Compliance Organization (GTCO)	Polaris department charged with ensuring Polaris and its affiliates adhere to global trade laws and regulations and are positioned to leverage duty reduction programs.
Master Supply Agreement (MSA)	May contain terms and conditions that govern the purchase of goods, specifies price, payment policies, outlines delivery schedules, and often include purchase commitments along with any remedies should delivery and quality commitments not be met. In Polaris terms, the intent of a Master Supply Agreement shall be to define the general terms of the business relationship as well as high level expectations for the relationship between Polaris and the supplier.
Parts, Garments, and Accessories (PG&A)	Polaris department that manages and provides service parts, garments, and accessories for Polaris customers.

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TERM	DEFINITION
Parts Per Million (PPM)	Method of stating the performance of a process in terms of actual non-conforming material calculated as 1,000,000 * Reject/Receipt.
Process Change Request (PCR)	Documents a change in the supply or manufacture of material/product that is not covered by a DCR.
Production Part Approval Process (PPAP)	Rigorous and structured process for part qualification, used within Quality Lifecycle Management (QLM), that applies to supplier sites supplying production parts, service parts, production materials, or bulk materials to Polaris. PPAP is used for production approval of all new or changed parts used in Polaris production.
Purchase Order (PO)	Simple contract for establishing the part's unit cost, upper limit quantity, and latest release date. Quantity on purchase order does not authorize the supplier for production or shipment.
Reject Material Order (RMO)	Process to document and disposition product that is nonconforming to the Design Record.
Request for Information (RFI)	Standard business process with the purpose to request from a supplier information on capabilities and technologies they possess. No specification has been started, no drawing or design is known, and the requestor is unsure of which configuration is needed. This process is the initial stage of a proposal and is generally followed by an RFP and RFQ.
Request for Proposal (RFP)	Standard business process with the purpose to request for a supplier to bid on a specification / draft / configuration. The RFP presents preliminary requirements and is used where the request requires technical expertise, specialized capability, or where the product or service being requested does not yet exist. The proposal may require research and development to create whatever is being requested. Proposals may be different from supplier to supplier. Specifications are in development or draft form. Preliminary CAD models or drawings may be available. No final design is available. The product team will have one or a few configurations in mind. This process is the intermediate stage of a proposal and is generally followed by an RFQ.
Request for Quote (RFQ)	Standard business process with the purpose to request for a supplier to bid on specific products or services. This process is used when price is the main or only factor in selecting the successful bidder. Specification is in final form; drawing is in review for release and alignment from the product team on final configuration is achieved. This process is the final stage in the proposal.
RFx	Term that captures all references to Request for Information (RFI), Request for Proposal (RFP), and Request for Quote (RFQ).
Run at Rate (R@R)	Real-time test involving production tooling and personnel at the actual production rate providing evidence that all customer design

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TERM	DEFINITION
	requirements are properly understood by the supplier and that the manufacturing process has the ability to produce the product accurately and consistently.
Scheduled Release	Polaris authorization to ship parts for the referenced quantity and delivery date.
Sourcing Representative	Polaris role in the sourcing process responsible for leading the business need through the various deliverables and managing the sourcing event from beginning to end. Formerly known as Purchasing Agent, Buyer, or Sourcing Specialist.
Supplier Continuous Improvement Process (SCIP)	A cooperative program between Polaris and the supplier to develop quality and capacity of the supplier. The objective of the program is to improve the supplier's Quality Operating System (QOS) through an improvement plan with focus on short-term performance metrics and long-term sustainable improvement. Candidates for the program include strategic suppliers with improvement opportunities, in which sustainable systemic actions will benefit both Polaris and the supplier. Formerly known as Polaris Supplier University (PSU).
Supplier Delivery Manual (SDM)	Polaris manual that offers a high-level overview of the standards and expectations necessary to fulfill the requirements of supplying production parts to Polaris. In addition, provides references to current processes for packaging, labeling, logistics and compliance.
Polaris Supplier Portal	Portal to all systems, documentation and important business announcements relevant to Polaris suppliers.
Supplier Quality Assurance Manual (SQAM)	Polaris manual that offers a high-level overview of the quality tools and information, as well as references to the most current releases of Polaris standards, templates, and training, and which helps suppliers better understand Polaris quality expectations, which are in place to ensure higher first pass yield by way of implementing robust process controls and demonstrating continuous improvement.
Supplier Relationship Management (SRM)	Coordination of all interactions between Polaris and suppliers. Key SRM areas include Supplier Information Profile and Contact Information, Supplier Onboarding, Contract Management, and Sourcing Events.
Tool	Portion of process machinery that is specific to a component or sub-assembly. Tools (or tooling) are used in process machinery to transform raw material into a finished part or assembly.
Value Added Network (VAN)	Private network provider which facilitates the exchange of Electronic Data Interchange (EDI) documents between Polaris and its suppliers.

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3. POLARIS BUSINESS INTEGRATION

3.1. QUALITY ASSURANCE

Overview: The *Supplier Quality Assurance Manual* (SQAM) offers a high-level overview of industry-standard quality tools and clarifies Polaris quality expectations for suppliers.

Quality Assurance objectives are met by following the quality standards, templates, and training found in the SQAM. Suppliers should use the SQAM as a reference guide for any questions about Polaris quality practices.

POLARIS SUPPLIER PORTAL
SUPPLIER QUALITY ASSURANCE MANUAL (SQAM), LOCATED UNDER RESOURCES > SUPPLIER MANUALS

3.2. PACKAGING, LABELING, & LOGISTICS

Overview: The *Supplier Delivery Manual* (SDM) offers a high-level overview of the standards and expectations necessary to fulfill the requirements of supplying production parts to Polaris.

Suppliers are required to review and comply with the packaging, labeling, and delivery expectations found in the SDM.

RELIANCE
SUPPLIER PART PACKAGING SPECIFICATION FORM (DOC CONTROL 00551)
POLARIS SUPPLIER PORTAL
SUPPLIER DELIVERY MANUAL (SDM), LOCATED UNDER RESOURCES > SUPPLIER MANUALS
SUPPLIER UNIVERSITY OF POLARIS
DELIVERY COMPLIANCE EXPECTATIONS
PACKAGING, LABELING, AND SHIPPING PROCEDURES
SHIPPING PROCESS OVERVIEW

3.3. PARTS, GARMENTS, & ACCESSORIES (PG&A) PACKAGING & LABELING REQUIREMENTS

Overview: Provide a high-level overview of packaging standards for product shipped to PG&A distribution centers and detailed product labeling specifications. These requirements are specific to service parts, accessories, and apparel.

The requirements for packaging and labeling found in this manual are different than expectations for product shipped to a Polaris manufacturing plant. Supplier support is needed to ensure product is properly packaged and labeled enabling a positive customer experience.

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3.4. SUPPLIER RELATIONSHIP MANAGEMENT (SRM)

Overview: Polaris manages relationships with its suppliers through two portals, each serving a distinct purpose: JAGGAER and the Polaris Supplier Portal.

JAGGAER is a supplier onboarding and profile management system that provides supplier lifecycle management, collaboration, risk management, and sourcing event/contract lifecycle management. Supplier contacts who have responsibility to manage supplier profiles and receive RFQ events should be maintained in this platform.

The Polaris Supplier Portal is used to centralize access for all Polaris systems, processes, and training, as well as communicate relevant information to approved suppliers. It is expected that your supplier portal administrator identifies and creates the following types of contacts: Accounting, Commercial, Logistics, E-Commerce, Executive Leadership, Quality, and Engineering. *Note: Multiple roles may be assigned to one person.*

Though the two portals complement each other, each system requires a separate contact list which suppliers are required to create and actively maintain. Keeping both JAGGAER and the Polaris Supplier Portal updated is critical for successful day-to-day operations. Allowing your contacts to become out-of-date can result in misinformation, stalled business requests, and strained business partnerships. It is the supplier's responsibility to assign a supplier portal administrator for the Supplier Portal and a main user for JAGGAER who can keep these contacts up to date.

Additionally, in the event a supplier learns of a security breach in either portal, the supplier must immediately inform Polaris of the breach, so Polaris can protect the portals and Polaris' underlying systems.

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Table 2: Supplier Contacts Matrix

See below for examples of Supplier Roles that should have access to Polaris Systems.

System	Accounting	Commercial	Logistics / E-Commerce	Executive Leadership	Quality / Engineering
Active Orders	x	x	x		
Advanced Shipping Notice (ASN)		x	x		
Ascent on Demand (AOD)		x	x		
Delivery Discrepancy Report (DDR)		x	x		
Design Change Request (DCR)		x			x
Electronic Deviation		x			x
Engineering Drawings		x			x
Jaggaer	x	x			
Penske Transportation Portal		x	x		
Performance Scorecard: PGA Scorecard		x		x	x
Performance Scorecard: Production Supplier		x		x	x
Planning Supplements		x	x		
Polaris Supplier Portal	x	x	x	x	x
Process Change Request (PCR)		x			x
Reliance - Advanced Product Quality Planning (APQP)		x			x
Reliance - Corrective Action Preventitve Action (CAPA)		x			x
Reliance - Document Control	x	x	x	x	x
Reliance - Production Part Approval Process (PPAP)		x			x
Starfire		x			x
Supplier Bokerage Service (SBS) - Vodigy		x	x		
Supplier Capacity	x	x			
Supplier University of Polaris	x	x	x	x	x
Supplier Warranty		x			x

3.4.1. JAGGAER

Overview: Polaris uses JAGGAER, a centralized SRM software, to manage supplier qualification, onboarding, profile interactions, and contract and sourcing event management between Polaris and suppliers.

Maintaining the supplier profile is key to initiating a business relationship with Polaris. The supplier profile is completed during the Supplier Onboarding and Qualification process, which is a mandatory step in becoming an approved supplier to Polaris.

Due to the interactive nature of the JAGGAER software, suppliers are expected to keep their profile and contact list up-to-date and access JAGGAER to receive news from Polaris regarding supplier qualification, supplier onboarding, and sourcing requests.

3.4.2. Polaris Supplier Portal

Overview: Management of supplier's key contacts that support Polaris; grants access to the most recent versions of Polaris systems, processes, and training, as

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well as important business announcements relevant to approved direct material suppliers.

Once a prospective supplier has been approved by Polaris through the Supplier Onboarding and Qualification Process, Polaris will provide Polaris Supplier Portal (www.polarissuppliers.com) login information to an administrator designated by the supplier.

The supplier portal administrator is required to create and maintain a contact list for Accounting, Commercial, Logistics, E-Commerce, Executive Leadership, Quality, and Engineering key contacts specific to the Polaris Supplier Portal.

SUPPLIER UNIVERSITY OF POLARIS
SUPPLIER PORTAL ADMIN EXPECTATIONS & REQUIREMENTS

3.5. CONFLICT MANAGEMENT

Overview: Our relationship with suppliers is defined by the provisions, terms and conditions of any fulfilled purchase order or signed Master Supply Agreement (MSA) between Polaris and the supplier.

Compliance with the guidelines of this manual or acceptance or approval of the supplier's parts or materials does not relieve the supplier of any of the obligations or liabilities stated in the applicable purchase order or contract. With regard to only the requirements of the purchased good, and unless otherwise provided for in a signed written agreement between Polaris and the supplier, the following order of precedence shall apply in the event of a conflict:

- Design Record
- Procurement specifications
- Purchase order
- Contract
- This manual, the *Supplier Quality Assurance Manual (SQAM)*, and the *Supplier Delivery Manual (SDM)*

4. SUPPLIER EXPECTATIONS & REQUIREMENTS

4.1. SUPPLIER CODE OF CONDUCT

Overview: Polaris is guided by its core values of integrity, which extends to its diverse supply chain. To ensure suppliers conduct business with a high degree of integrity and in a socially and environmentally responsible manner, all suppliers are expected to adhere to the Supplier Code of Conduct (the Code).

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General Responsibility: Suppliers are expected to do what is necessary to comply with the Code without delay. Suppliers are also expected to be familiar with the business practices of their sub-tier suppliers and subcontractors and ensure they operate within the guidelines of the Code. Suppliers should distribute the manuals (and the expectations and requirements included in the manuals) to their sub-tier suppliers and subcontractors. Additionally, suppliers are expected to cooperate, and ensure that their sub-tier suppliers and subcontractors cooperate, with audits performed by or on behalf of Polaris to ensure compliance or to investigate potential non-compliance, and to provide written certifications of compliance as requested by Polaris from time to time. Failure to comply with the Code may result in corrective action from Polaris, including without limitation, fines, suspension, and, potentially, termination of the business relationship.

POLARIS SUPPLIER PORTAL

SUPPLIER CODE OF CONDUCT, LOCATED UNDER COMPANY > SUPPLIER CODE OF CONDUCT

For questions or comments on the Polaris Supplier Code of Conduct, contact your Sourcing representative or email purchasing.systems@polaris.com.

The Polaris Supplier Code of Conduct is based on the Polaris Code of Business Conduct and Ethics.

Violations of the either code should be reported, anonymously or otherwise, using one of the following options:

- Call or use the online Polaris Business Ethics Hotline: 1-888-219-3550 (US and Canada only)
- Report by Mail to: Compliance Officer

  Polaris Industries Inc.

  2100 Highway 55

  Medina, Minnesota 55340

  USA
- Follow the other options set forth in the Polaris Code of Business Conduct and Ethics.

4.2. CONFLICT MINERALS

Overview: The United States Securities and Exchange Commission (SEC) enforces annual disclosure requirements in connection with the conflict minerals provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Publicly traded companies are required to disclose whether products manufactured or contracted to be manufactured contain certain "conflict minerals" that originate in the Democratic Republic of the Congo (DRC) or an adjoining country (together with the

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DRC, Covered Countries). These "conflict minerals" include tantalum (columbite-tantalite), tin (cassiterite), tungsten (wolframite) and gold (collectively, 3TGs).

Polaris strives to have a conflict-free Supply Chain and is committed to working with its suppliers to ensure transparency regarding the origin of minerals contained in its products. Polaris requires its suppliers to undertake reasonable due diligence with their sub-tier suppliers and/or subcontractors to identify whether any of the products supplied to Polaris contain 3TGs sourced from the Covered Countries, and if so, whether the mines and smelters identified are certified as "conflict free" by an independent third party.

Polaris is also committed to complying with Dodd-Frank and all the rules and regulations issued by the SEC and also expects Suppliers to comply with these requirements.

POLARIS.COM
https://www.polaris.com/en-us/conflicts-minerals-policy/

4.3. SUPPLIER COMMUNICATIONS

Overview: Effective communication is the most important ingredient for the success of Polaris respective organizations. All communications from suppliers to Polaris shall be in English.

All communications regarding price, delivery, design or schedules between suppliers and Polaris support groups such as Product Design, Quality Assurance, Manufacturing Engineering, or Production must be confirmed through the Polaris Strategic Sourcing Organization for authorization.

Suppliers must not circumvent this formal line of approval by seeking agreements, concessions, or information from other sources or contacts within Polaris, and any such efforts (such as, but not limited to, "back-door selling") are expressly prohibited and will expose the supplier to corrective action from Polaris, up to and including termination of the business relationship.

The people to whom electronic communications (such as supplier messages and announcements, planning schedules, purchase orders, invoices, PPAP requests, and sourcing events) are distributed is managed via the Polaris Supplier Portal. Suppliers must keep their contact list up-to-date and accurate to ensure their teams are getting these communications and electronic notifications in a timely manner.

4.4. CONTRACTS

Overview: It is expected that suppliers will enter into contractual agreements that establish legal terms and conditions for conducting business with Polaris. This will include business and transaction agreements.

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Business agreements not relating to a specific product, part number, or service are signed at the beginning of the business relationship and typically do not have a finite term (meaning, they are "evergreen"). Transaction agreements are specific to a product, part number, or service and are signed or accepted at the beginning of work, incorporated in the overall agreement by acceptance, and generally have a finite expiration (for example, date, quantity, model year, and so on).

The Sourcing representative responsible for the supplier relationship will engage the supplier in signing any required agreements prior to being awarded any business with Polaris.

Table 3: Examples of Agreements

BUSINESS AGREEMENTS	TRANSACTION AGREEMENTS
Confidential Disclosure Agreement/Nondisclosure Agreement	Statement of Work
Master Supply Agreement	Part Profile
Trading Partner Agreement	Work Authorization
Commodity/Currency Agreement	Purchase Order
Tooling Agreement	Planning Schedule
Intellectual Property Agreement	Business Award Addendum
Services Agreement	

4.5. TRADE, SUBSTANCE, & PRODUCT COMPLIANCE

4.5.1. Trade Compliance

Overview: The Polaris Global Trade Compliance Team (“Trade Compliance”) implements policies and procedures for Polaris and its affiliates to adhere to global trade laws and regulations and including, but not limited to, compliance with sanctions, export controls and embargoes, customs import requirements, and forced labor laws. Trade Compliance sits within the Legal Department and is headquartered at Polaris' Medina and Bass Creek Offices with personnel located in Poland, Mexico, and India. Additionally, Trade Compliance Subject Matter Experts are situated at many of the Polaris affiliates who report to their

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functional manager and are responsible to the Senior Trade Counsel for the trade compliance aspects of their role.

Trade Compliance staff may contact suppliers from time to time to obtain information and records that are necessary to support a variety of trade related activities that include, but are not limited to:

- All records kept in the normal course of business that may be subject to customs scrutiny
- Free Trade agreement and country of origin solicitations
- Country of origin verifications for preferential duty claims
- Product specifications, sales information, designs, and drawings for classification of the product in the Harmonized Tariff Schedule
- Manufacturing and production records associated with free trade agreement duty preference claims, country of origin, and duty drawback claims
- Shipping documents, commercial invoices, purchase orders, packing list requirements and other similar records that track materials through the supply chain for purposes of compliance with forced and slave labor laws
- Licensing, buyer and seller agency agreements and proof of payment that may be required for customs valuation audits

Suppliers are required to provide a timely, accurate, and thorough response to all such requests, and, if requested, to provide timely and accurate written certifications of their answers. Without this requested information, shipments may be delayed or confiscated, free trade agreements may not be utilized, and risk may be added to Polaris' ability to comply with import and export regulations. For questions relating to these expectations, contact Trade Compliance at tradecompliance@polaris.com.

This section is consistent with other areas of the Supplier Code of Conduct requirements (see the "Supplier Code of Conduct" section).

4.5.2. Materials Compliance

Overview: The Polaris Materials Compliance Organization is charged with ensuring Polaris, and its affiliates, adhere to global product compliance laws and regulations specific to chemical substance(s) within our products. The Materials Compliance Organization is headquartered at Polaris' Wyoming, Minnesota Product Development Center.

The Materials Compliance staff and Assent, Polaris' chosen partner in substance compliance, will contact suppliers to obtain the necessary information to support a variety of substance compliance activities and requirements including, but not limited to:

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- Certifications or Declarations of Compliance to applicable local and global product substances regulations
- Material composition of the products supplied to Polaris (for example, Full Material Disclosures)
- Chemical substances used within manufacturing processes
- Testing and validation methodologies and test results

Suppliers are required to provide a timely, accurate, and thorough response to any such substance compliance inquiries directed by Polaris, and, when requested, written certifications or Declarations of Compliance through Assent. Testing, labeling, and proper warnings may also be required by Polaris. Failure to provide the requested information may result in delayed production or shipments, products may be banned or seized, and risk may be added to Polaris' ability to comply with product compliance laws and regulations. Invoice payments may be delayed or denied by Polaris if requested substance compliance information is not provided in a timely manner.

If a supplier has specific questions relating to these expectations, contact the Materials Compliance Department at materialscompliance@polaris.com.

SUPPLIER UNIVERSITY OF POLARIS
MATERIALS COMPLIANCE SUPPLIER EXPECTATIONS

RELIANCE
POLARIS MATERIALS COMPLIANCE SUPPLIER POLICY (DOC CONTROL 01828)
SUBSTANCE OF CONCERN LIST (DOC CONTROL 01194)
MATERIALS COMPLIANCE SUPPLIER DECLARATION PROCEDURE (DOC CONTROL 02014)

4.5.3. Product Compliance

Overview: The Polaris Product Compliance Organization is charged with ensuring Polaris and its affiliates adhere to global product compliance laws and regulations related to vehicle and product performance. The Product Compliance Organization is comprised of the Product Compliance Department, headquartered at Polaris' Wyoming, Minnesota Product Development Center, with forward-deployed personnel in Roseau, Minnesota and Opole, Poland.

This area of product compliance addresses whole vehicle, systems, and component-level performance requirements including, but not limited to, emissions, noise, brakes, tires, lighting, reflectors, horns, mirrors, throttle systems, and radio device regulations and industry standards. Performance specifications, testing, labeling, and component certifications may be required of the supplier to demonstrate compliance.

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Suppliers are required to provide a timely, accurate, and thorough response to any Product Compliance questions, and, if requested, to provide written certifications of their answers. Without the requested information, production or shipments may be delayed, products may be banned or seized, and risk may be added to Polaris' ability to comply with product compliance laws and regulations. Invoice payments may be delayed or denied by Polaris if requested product compliance information is not provided in a timely manner.

If a supplier has specific questions relating to these expectations, contact the Product Compliance Department at productcompliance@polaris.com.

SUPPLIER UNIVERSITY OF POLARIS
MATERIALS COMPLIANCE SUPPLIER EXPECTATIONS

4.5.4. Product Certification

Overview: Suppliers must observe these certification requirements for all goods sold to Polaris for the duration of the business agreement.

Supplier is responsible for identifying when product certifications are required to support global distribution of (a) Polaris wholegoods that contain Supplier's goods, and/or (b) Supplier's goods as Polaris PG&A. These requirements apply to the goods sold by Supplier, as well as the components within the goods sold to Polaris (where applicable).

This includes, but is not limited to, the product compliance/regulatory certifications underlying the US DOT mark, EU CE mark, EU E-Mark, international radio device certification, and any other product certifications as may be required by the global regulations in markets where Polaris distributes the wholegoods or goods.

Supplier is responsible for responding in writing within 30 days to any Polaris questions about the applicability of a component certification.

Supplier is responsible for conducting necessary testing, maintaining the technical file required to document compliance, placing any related certification marks on the goods, maintaining appropriate engineering drawing documentation, and supplying the necessary declaration of conformity to Polaris.

Supplier shall make technical file documentation available to Polaris upon request.

To the extent a technical or administrative non-compliance is identified in a Supplier-certified good, Supplier shall work to remedy the problem and support risk assessment or other activities necessary to determine if the good can continue to be sold.

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Supplier is responsible for monitoring regulations applicable to the good for the life of the supply arrangement with Polaris, and for making changes as needed to maintain compliance in markets designated by Polaris.

4.6. Continuity of Supply

Overview: This section documents the expectations that Polaris has regarding termination or disruption of supply of goods to Polaris. Termination of goods means that either Polaris or the supplier has terminated the business relationship. Disruption means that the supplier has an inability to assure supply of goods to Polaris.

In the event termination of supply of goods, by either Polaris or the supplier, the supplier shall continue to provide to Polaris, goods and/or tooling until Polaris is able to obtain an alternative supply at comparable quantities, prices and quality. Polaris will use all reasonable efforts to find an alternative supply.

In the event of disruption of supply of goods from the supplier, the supplier shall notify Polaris within 24 hours of production interruption. The nature of the problem shall be communicated, and immediate actions taken by the supplier to assure supply of goods to Polaris.

4.7. Cybersecurity & Incident Notification

Overview: This section outlines the expectations that Polaris has regarding cybersecurity and the actions that shall be taken to maintain security standards.

The supplier shall implement reasonable and appropriate security measures to (i) protect Polaris proprietary, confidential, and personal information ("Polaris Information") from unauthorized access or disclosure and (ii) maintain the integrity of the supplier's operations that impact the provision of goods and/or services to Polaris ("Relevant Supplier Operations").

The supplier shall notify Polaris without undue delay (and in any event within four (4) business days) if the supplier becomes aware of (i) any breach of security relating to Relevant Supplier Operations, or (ii) any unauthorized access, use, or disclosure of Polaris Information. The supplier shall notify Polaris via email to the supplier's Sourcing representative.

4.8. Audit Policy

Overview: Polaris reserves the right to conduct audits of supplier and sub-tier supplier facilities.

The supplier shall retain all records and materials pertaining to goods provided to Polaris for a period of 10 years after final delivery or the period prescribed by applicable law, whichever is longer. For records and materials pertaining to the development, design, testing, and manufacturing of goods provided to Polaris, the

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period is 20 years or the period prescribed by applicable law, whichever is longer. The supplier will require all sub-tier suppliers to adhere to this standard as well.

Polaris is entitled to send representatives, at its own expense and with reasonable prior notice, to the supplier's and sub-tier suppliers' facilities to perform product and production audits (including quality audits) and review related documentation.

5. SOURCING MANAGEMENT

5.1. SOURCING PROCESS

Overview: Cross-functional process focused on driving standard work related to sourcing.

Supplier selections are based on the supplier's ability to deliver on Polaris' expectations for total value: quality, on-time delivery, technology, and cost competitiveness.

5.2. SOURCING EVENTS

Overview: Promote competition and ensure fair procurement practices, Polaris requires Request for Information, Proposals, and Quotes (RFx) for requisition. The RFx process assists Polaris Sourcing representatives in identifying the best qualified/approved supplier for potential award of business.

Suppliers shall submit their bids for business via the JAGGAER Sourcing Module.

5.3. CAPACITY

Overview: Capacity is defined by Polaris as the amount of goods a supplier can produce in a given time period under normal operating conditions. It is the responsibility of the supplier to maintain accurate part level capacity data within the Supplier Demand & Capacity Planning tool on the Polaris Supplier Portal.

Supplier capacity is an integral part of how Polaris operates and plans production. This process of providing Polaris with capacity data is an opportunity for Polaris and suppliers to be proactive in measuring capacity and identifying potential constraints, enhancing collaboration and transparency in the supply chain.

Using the Supplier Demand & Capacity Planning tool on the Polaris Supplier Portal, suppliers are expected to:

- Provide capacity data for all existing parts
- Provide initial capacity data for all new parts that have been added since the last submittal

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- Proactively update any previously submitted data that has changed, which may be due to tooling capacity, adding staff, or adding shifts (temporary situations do not require the data to be updated, such as if a third shift is added for a month)

POLARIS SUPPLIER PORTAL
SUPPLIER CAPACITY, LOCATED ON THE APPLICATIONS & TOOLS TAB

SUPPLIER UNIVERSITY OF POLARIS
CAPACITY DATA PLANNING TOOL

5.4. TOOLING REQUIREMENTS

Overview: Any supplier doing business with Polaris shall follow the tooling requirements

The supplier must be able to demonstrate due diligence towards maximizing the value of tooling funds provided by Polaris. On requests exceeding $10,000, the supplier must obtain and, if asked, produce to Polaris three competitive quotations and justify the sourcing decision made. An exception may be "single sourcing" using the same tooling company that built the original tool to modify tooling, as per an Engineering Change Order (ECO). Exceptions must be approved by the Polaris Sourcing Specialist.

Tool tryout and piece-part qualification are considered normal activity in the tool building cycle and will not be paid to supplier as a separate line item (this includes PPAP documentation).

Polaris specifications, Requests for Quote (RFQ's), tooling specifications, design specifications, material requirements, or tooling capability studies should be referenced on the tooling quotation.

Quotes submitted for tooling must identify where the tool will be located for production. This must include the State and County for tooling located in the U.S. Only the country location is required for tooling outside of the U.S.

When quoting an assembly, all components that require tooling within the assembly must be identified and listed individually on the quote. A single line entry for the complete cost of all tooling associated with the assembly will not be accepted.

When deciding on the type of tooling to make or number of cavities to tool up, the supplier should consider the overall cost impact over the projected 3-year volume. The projected volume does not commit Polaris to procure any parts from the supplier. The tooling decision will be based on the lowest overall cost. The supplier should not decide on just the tooling cost or just the component cost. Options should be provided to the Polaris Sourcing representative for final review and decision. An exception may be when there is a need for multiple cavities to support line build rates.

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Tooling requests that bundle multiple tools into a single request will generate on PT purchase order, which will include multiple tool numbers (TN) according to the Number of Tools identified in the tooling request. Count of tool numbers provided in the PT purchase order comments should match the distinct number of tooling assets included in the tool request. If there is a mismatch, reach out to your Polaris Sourcing representative.

Table 4: Tool Request Requirements

Tool Request Requirement	Polaris	Supplier
Polaris Part #/Description	X	
Vendor Name/Number	X	
Final Negotiated Total Cost	X	X
Taxes/Fees/Freight	X	X
Country Where Tool Resides		X
State Where Tool Resides		X
Ship Part to Location	X	
EAU	X	
Tool Class & Category	X	X
Payment Terms	X	X
Tooling Ownership	X	X
Number of Tools		X
Tool Life/Shot Life		X

Following the approval of a tooling request and the release of a tooling purchase order (PTxxxxx), supplier will be contacted by Polaris' tooling management team to collect additional tooling details. This will allow Polaris to have increased visibility to the condition and performance of supplier-held tooling assets throughout their lifecycle. Supplier is responsible for providing the additional tooling details within the timeline requested, using the template provided.

Fig 1: Additional Tooling Details

• Tool #	• Press Size	• Shrink Rate	• Resin
• Part #	• State Resides	• Cavity Count	• Additives
• Tool Life	• Country Resides	• Surface Finish	• Design docs
• Shot Count	• Country Built	• Insert Count	• Cooling type
• Tool Operation	• Weight	• Ejection Type	• Actions
• Scrap Rate	• Dimensions	• Core Type	• Class/Category

**** All details above should be known and must be shared by the time of PPAP completion ****

Production tooling is a necessary cost to make parts and assemblies for Polaris product lines, and the cost of this tooling is a major expense to Polaris. This cost will not be

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increased through "add-ons". "Add-ons" are considered profits or "pass-thru" margins on tooling. Suppliers who buy tooling from an outside source can only pass the direct cost of that tooling on to Polaris.

Supplier shall ensure that all tooling owned by Polaris, wherever located, is not subject to any lien or other encumbrance that prevents or interferes with Polaris' ability to take possession of such tooling upon demand.

In the event that a supplier needs to escalate the need for a tooling purchase order (PTxxxxx), suppliers should email polaris.toolingassetmanagement@polaris.com requesting assistance. The tooling asset management team will assist in escalating the tooling need with the category sourcing representative and upward through the sourcing organization. Supplier must attach a copy of the tooling quote to enable timely review of the request.

SUPPLIER UNIVERSITY OF POLARIS
TOOLING OVERVIEW FOR POLARIS SUPPLIERS

5.4.1. Inventory

Supplier agrees to maintain an inventory list of all tooling owned by Polaris in the supplier's possession or in the possession of a supplier to that supplier. This information will be tracked on a Polaris Tooling Inventory Form and must be available any time a Sourcing representative requests it.

RELIANCE
TOOLING INVENTORY FORM (DOC CONTROL 01158)

5.4.2. Disposal

Supplier agrees to request permission in writing to scrap out any tooling owned by Polaris and will not scrap out any tooling until authorized by Polaris. The request must be made by using the Tooling Disposal Request Form and sent to the appropriate Sourcing representative. Supplier will receive notification when the request has been approved.

5.4.3. Invoicing

Tooling invoices will be paid less than or equal to the amount of the tooling purchase order. Invoices for amounts greater than the tooling PO will be rejected. Any changes that increase the tool cost will need to be addressed by canceling the original PO and issuing a new PO or creating a supplemental tooling PO for the difference.

5.4.4. Storage & Insurance

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Supplier agrees to maintain adequate storage to ensure all tooling used to make parts for Polaris is stored in useable condition and is protected against theft and damage. Supplier also agrees to maintain adequate insurance coverage for the replacement cost of the tooling.

5.4.5. Identification

All tooling purchased and owned by Polaris must be clearly marked and identified as the property of Polaris. Identification markings must include:

- "Polaris Industries Inc." as the owner
- Part number
- Tool number
- Tool maker name (optional)
- Dimensions of tool (optional)
- Weight of tool (optional)
- Shut height (optional)
- Date tool was originally built (optional)

Tool identification should be stamped or etched into the tool or a metal tag attached to the tool, with lettering at least 1/8" high. Small tools may be an exception if stamping or tagging is impractical. As new tooling is built, supplier's inventory records must be updated and available upon request.

Fig 2: Tool Tag Examples:

FIXTURE/LASER/EOL (End of Line Testing) TOOL TAG	
Customer Name	
Polaris Asset Number	
Asset Description	
Asset Weight in pounds	
Asset Manufacturer	
Asset Dimensions	
Part Number	
Date & Year Built	
Asset ownership	Property of Polaris Inc

MOLD/DIE TOOL TAG	
Customer Name	
Polaris Asset Number	
Asset Description	
Asset Weight in pounds	
Asset Manufacturer	
Asset Dimensions	
Part Number	
Date & Year Built	
Number of Cavities	
Asset ownership	Property of Polaris Inc

5.5. ELECTRONIC COMMUNICATIONS

Overview: All suppliers must exchange electronic documents with Polaris using one of two methods: EDI or a third-party web portal called the OpenText Trading Grid Active Orders module.

Polaris supports two electronic methods of sending data. Suppliers must select one of these options. Selection must be made in their Supplier Profile in JAGGAER

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Direct any questions about the setup of electronic communications to Purchasing Systems at purchasing.systems@polaris.com.

5.5.1. OpenText Trading Grid Active Orders Module

Using this web portal, suppliers must do the following activities:

- Receive forecast information (planning schedules)
- Receive purchase orders or purchase order changes
- Submit PO acknowledgements
- Receive debit memos
- Submit invoices
- Receive shipping instructions
- Submit Advance Ship Notices (ASNs)

As a requirement of exchanging electronic documents via OpenText Active Orders, the supplier must check for new transactions several times daily.

Active Orders work instructions are available in any PO or invoice in Active Orders.

Note: EDI is the preferred method of conducting electronic communications with Polaris because it can integrate the data directly into the supplier system, with no manual intervention.

RELIANCE
TRADING GRID SUPPLIER HUB WORK INSTRUCTIONS (DOC CONTROL 01678)

5.5.2. Electronic Data Interchange (EDI)

EDI and OpenText Active Orders process the same type of procure to pay transactions. Additionally, transactions received or submitted via EDI are visible in Active Orders.

Requirements of exchanging documents via EDI:

- A Trading Partner Agreement must be signed and returned to supplier sourcing representative prior to going live with EDI.
- Suppliers must complete setup for EDI (including testing and validation) before going live
- Supplier must check for new EDI transactions several times daily
- Supplier must send a Functional Acknowledgement (997) upon receiving documents.

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Note: This information, along with guidelines, specifications, and test files for EDI setup, can be found on the Electronic Communications page on the Polaris Supplier Portal. Failure to complete a requested EDI setup within 60 days could result in an RRDM.

POLARIS SUPPLIER PORTAL

ELECTRONIC COMMUNICATION PAGE (POLARIS SUPPLIER PORTAL > RESOURCES > ELECTRONIC COMMUNICATIONS)

5.5.3. Purchase Orders

Overview: Polaris uses discrete purchase orders, which are a contract that establishes the cost, quantity, and due date for a part on a single line.

Discrete purchase orders authorize the supplier to purchase materials and produce parts and only commit Polaris to those parts for the referenced quantity and specified delivery date. The purchase order due date is the date by which the part is needed at the Polaris facility address listed on the purchase order.

5.5.4. Purchase Order Acknowledgements

Overview: Polaris has implemented a PO Acknowledgement system to proactively communicate within Active Orders and EDI while processing entries if there is an issue with an order before shipment.

There are several business rules suppliers shall follow:

- Perform PO Acknowledgement within 72 hours (three business days) of the order transaction date.
- Do not backdate the Response Delivery Date field or set the date to more than a year in the future.
- Do not set the Response Quantity field to zero (0).
- If supplier makes a change to the quantity or delivery date when submitting a PO acknowledgement, supplier must provide an explanation in the Reason for Change field.
- Should supplier fail to follow the PO Acknowledgement requirement, supplier will be responsible for any related damages to Polaris, including but not limited to any costs for non-delivery, delays, shortages, overages, or line stoppage.

SUPPLIER UNIVERSITY OF POLARIS

POLARIS REQUIREMENT AND FORECASTING TOOLS

POLARIS SUPPLIER PORTAL

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SUPPLIER UNIVERSITY OF POLARIS

PO ACKNOWLEDGEMENT
DELIVERY COMPLIANCE EXPECTATIONS

5.5.5. Planning Schedule

Overview: The planning schedule is updated and transmitted to the supplier on a weekly basis. Planning profiles determine its timing format and must be agreed upon by supplier and Sourcing representative. Polaris expects suppliers to use planning schedules to manage and build goods sold to Polaris.

There are three different categories that may be used on a planning schedule:

- **Finished Goods Authorization:** Commitment from Polaris to purchase a finished good.
- **Material Authorization:** Quantities are a commitment for a supplier to acquire the material used to make the finished good.
- **Forecast:** Quantities are for planning purposes only and are not a firm commitment, or any other commitment from Polaris.

5.5.6. Planning Supplement

Overview: An electronically communicated report used to provide requirement visibility to suppliers. It is updated on a weekly basis.

The report combines both the detailed planning schedules, as well as the purchase order requirements not yet shipped complete.

Any questions regarding the planning supplement should be directed to the appropriate Planning representative.

SUPPLIER UNIVERSITY OF POLARIS

POLARIS REQUIREMENT AND FORECASTING TOOLS

POLARIS SUPPLIER PORTAL

ELECTRONIC COMMUNICATION PAGE (POLARIS SUPPLIER PORTAL > RESOURCES > ELECTRONIC COMMUNICATIONS)

RELIANCE

TRADING GRID SUPPLIER HUB WORK INSTRUCTIONS (DOC CONTROL 01678)

6. SUPPLIER PERFORMANCE

Overview: Polaris uses Supplier Performance Scorecards to develop and strengthen relationships with all direct material suppliers.

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For the Production Performance scorecard there are four measures of supplier performance: Quality, Delivery, Product Development, and Cost. Suppliers must remain above the goal of each metric that is indicated on the Supplier Scorecard available on the Polaris Supplier Portal. If a supplier falls below the thresholds for any metric, they may be put into the Supplier Continuous Improvement Program (SCIP) or placed on No New Business (NNB).

For the PG&A Performance scorecard there are three measures of supplier performance: Quality, Delivery, and Value. Like the Production Performance scorecard, suppliers who are not meeting the stated thresholds for any metric will be subject to performance improvement plans.

For more information on Scorecard measures, please refer to the help page on the Supplier Scorecard on the Polaris Supplier Portal.

POLARIS SUPPLIER PORTAL
SUPPLIER SCORECARD, LOCATED ON THE APPLICATIONS & TOOLS TAB

6.1. DELIVERY

Overview: Suppliers adhere to planning supplements and provide Polaris with on-time, compliant, in-full shipments. Suppliers also maintain and execute internal safety systems.

Delivery performance is made up of four components:

- **Purchase Order Acknowledgement:** Ratio of Discrete Orders with completed PO Acknowledgement to total Discrete Orders.
- **Quantity Delivered:** Ratio of Delivered Quantity to Ordered Quantity (Scope of Delivered is all POs with "Complete" or "Partial" status)
- **On-Time Shipment:** Ratio of On-Time ASNs to total ASNs (For international ASNs, On-Time means a submission date within 7 days of Pickup Date. For domestic ASNs, it means a submission date within 1 day of Pickup Date.)
- **ASN Compliance:** Ratio of Compliant ASNs to total ASNs (Having correct data and method of submission).

6.2. PRODUCT DEVELOPMENT

Overview: PPAP first-pass yield is the measure of product development performance.

In addition to PPAP, On-Time Shipment and Quantity Delivered are measured within Product Development. These metrics include data from pre-production orders only, which mitigates delays in the Product Development Process.

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6.3. QUALITY

Overview: QSTAR is a rolling 12-month metric reported monthly.

QSTAR (Quality Strategic Assessment Rating) is the measure of quality performance. CAPA On-Time and CAR On-Time are measured but not included in the overall quality performance score.

6.4. COST

Overview: Supplier deploys a proactive approach and makes a concerted effort to create value through cost savings, driving year-over-year cost value improvements.

This measures cost management performance; net annualized impact of cost changes relative to total annual spend on a rolling 12-month basis.

7. RECOVERY FEES

Overview: Polaris reserves the right to recover justified expenses from suppliers for performance failures by the supplier, including without limitation, performance failures relating to quality and delivery issues, and violations of this manual, the Supplier Quality Assurance Manual (SQAM), the Supplier Delivery Manual (SDM), or the terms and conditions of the purchase order or Master Supply Agreement (MSA) with Polaris.

7.1. REQUEST FOR RECOVERY FEES PROCESS

The following describes the basics of how recovery fees are managed by Polaris:

1. An event occurs where expenses or other charges are incurred by Polaris, or assessed against Polaris, due to the supplier's actions.
2. In calculating the fees, the total impact to all applicable categories and business areas of recovery throughout Polaris are considered.
3. The Sourcing representative issues the Request for Recovery Fees to the responsible supplier.
4. The supplier has 30 days to contest the request in good faith. In which case, the supplier and Polaris will promptly resolve all contested requests and, when resolved, supplier will reimburse Polaris for the agreed upon amount.
5. Only a Sourcing representative may negotiate the recovery fees.
6. After 30 days, unless otherwise agreed to, Polaris will process the appropriate debit.

Polaris management is responsible to exercise reasonable commercial judgement throughout the recovery process.

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7.2. Recovery Types & Associated Fees

Overview: Polaris believes it is important to preserve productive working relationships with suppliers; it is also important that suppliers take appropriate responsibility to reimburse Polaris for expenses, losses, and charges incurred by, or assessed against, Polaris as a result of the supplier's failure to perform, including without limitation, failures on quality and delivery issues, and violations of this manual, the Supplier Quality Assurance Manual (SQAM), the Supplier Delivery Manual (SDM), or the terms and conditions of the purchase order or Master Supply Agreement (MSA) with Polaris.

These costs can be direct or indirect. Accordingly, suppliers are expected to reimburse Polaris for all such items, including without limitation, the expenses, charges and losses (including, where needed, reasonable estimates of those losses) listed in the chart below. Reimbursement shall be either at the full rate shown, or, in the event Polaris determines responsibility is shared, at a lesser rate determined by Polaris. This chart is not a comprehensive list; it is only intended to provide guidance on some of the most common recovery fees that can be assessed for a supplier's failure to perform. Polaris reserves the right to assess and obtain recovery for any losses incurred by Polaris due to a supplier failure. Also keep in mind that more than one recovery fee may apply to a particular situation.

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Table 5: Fee Types & Associated Costs

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	Reject Material Orders (RMOs) Accumulation of Reject Parts	Special Rejection Charge – KPC or Critical Characteristic Rejection If any material is rejected due to KPC or Critical Characteristics non-compliance in serial production, the supplier will be responsible for a charge of $1000 as well as any sorting or inspection costs incurred by Polaris. Accumulation of Reject Parts Due to the processing cost of Reject Material Orders (RMOs), if the nonconformance event cost (nonconforming quantity*unit cost) is less than $50.00 is generated per part number per day, the parts may be scrapped at Polaris without notification to the supplier. Polaris Quality Assurance Department reserves the right to initiate a RMO if less than $50.00 is generated per part number per day if quantity and/or nonconformance warrants a RMO. Suppliers may be debited on a periodic basis (annually or less) for accumulations of all rejected material. The supplier agrees that when parts are scrapped at Polaris, parts need not be returned to the supplier.	$1000 + sorting costs Actual part cost + inbound/outbound freight costs

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	Special Rejection Charge – Non-conforming Certified Replacement Parts	If a supplier provides material to replace non-conforming parts, which is certified to be free of the original defect but which upon receipt still exhibit the original non-conformance, then the supplier will be responsible for a charge of $1000 as well as any sorting, rework or inspection costs incurred by Polaris.	$1000 + sorting and/or rework charges
Quality	Special Rejection Charge – Undocumented Supplier Process/Material Changes	Undocumented (and not approved) process and/or material changes will not be tolerated. An approved Process Change Request (PCR) is required for changes to any process or materials used. If in doubt, contact the responsible SQE for guidance. If in violation, the supplier will be responsible for a charge of $3000 as well as any sorting, rework or inspection costs incurred by Polaris.	$3000 + sorting and/or rework charges
Quality	Special Rejection Charge - Delivering non-conforming products intentionally	If a supplier knowingly and intentionally delivers non-compliant materials to Polaris without prior approval for deviation, they will be liable for a penalty of up to $10,000 in addition to any and all sorting, inspection, or rework costs incurred by Polaris as a result of the non-compliant materials. No New Business (NNB) status may also be enacted due to violation of trust.	Up to $10,000 + sorting, inspection, or rework costs

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	Incomplete/Incorrect or Late APQP Submissions	APQP tasks are expected to be submitted on time. It is the supplier's responsibility to closely monitor due dates to ensure on time submissions, as well as quality of paperwork submitted. Non-compliance can result in up to $1000/week in late charges.	Up to $1000/week (max of $5000/APQP Milestone

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	Incomplete/Incorrect or Late PPAP Submissions	Examples of incomplete/incorrect PPAP submissions (not an all-inclusive list) • Missing dimensional data (including notes) • KPCs not addressed and labeled in FMEA and Control Plan, and/or process capability studies not included where applicable. • Documents not in English • Print used is not released Polaris print • Missing and/or incorrect part number or revision • Balloon drawing not submitted • All requested PPAP elements have been submitted and conform to AIAG guidelines • Sample part not submitted Late Submission PPAPs are expected to be submitted on time. On time refers to interim or full APPROVAL, not just submission. It is the supplier's responsibility to allow for sample part shipping and part inspection timing by Polaris, as well as Polaris PPAP review/approval time. Non-compliance can result in up to $1000/week in late charges.	**Late:** $1000/week ($5000 max) + sorting, audit and/or rework charges **Incomplete/Incorrect Submission:** $1000/PPAP

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	Service Bulletin (including recalls)	If a service bulletin is required to be sent to dealers for service or replacement of defective supplier material already in the field, suppliers may be debited for all costs, direct or indirect, associated with analyzing and correcting these problems including the cost of distributing bulletins, shipping, replacement parts, and dealer shop labor.	$3,000/instance + actual service exposure

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	Incomplete/Incorrect or Late Corrective Action Preventive Action (CAPA) or Corrective Action Request (CAR)	CARs and CAPAs are issued to suppliers for nonconforming parts/materials received by Polaris. CAR Purpose: • Quick containment of current product issues • Keeps problem solving focused on main issue • Quicker, more tangible solutions CAPA Purpose: • Used for systemic issues • Keeps focus on process / systems • Added rigor for better systemic / preventive solutions Failure to meet submission timeliness, corrective action effectiveness, or audit quality can result in: • Significant RRDM charges • Parts being put on Quality Alert • Onsite Supplier Quality Audit at the supplier's expense • Potential loss of continued business	**Late:** $1000/week ($5000 max) + sorting, audit and/or rework charges **Incomplete/Incorrect Submission:** $1000/CAR or CAPA

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
		Examples of incomplete/incorrect CAR/CAPA submissions (not an all-inclusive list): • Poor/incorrect problem definition • Failure to identify true root cause(s) • Corrective action plan is not in alignment with root cause and/or is inadequate • Failure to properly implement action plan (including read across) • Updated FMEA (that includes Corrective Action Risk Assessment (CARA) / Action Priority Number analysis) submission is inadequate or not included	

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Quality Assurance Travel Recovery	In the event a Polaris employee is required to visit a supplier to support supplier-caused rejection recovery efforts or corrective action follow-up, the supplier could be responsible for a penalty of up to $1000/day (plus travel expenses). In the event a Polaris employee visits a supplier to perform an audit of discrepant process or Production Trial Run audit with timely and detailed advance notice, but the supplier has not prepared necessary materials, resources, and time, then the supplier could incur the same charges as outlined above.	Up to $1000/day - plus associated travel costs (airfare, hotel, rental car, etc.)
Quality	Reject Labor for rework, sorting, screening	If defective material or parts are discovered or suspected, and the discovery is expected to impact Polaris' quality or production, Polaris reserves the right to apply labor resources to the sorting, screening or rework of the subject parts. Reject labor charges are used to account for the actual resources used. Example: 4 people x 4 hours = 16 total labor hours x $100 / hr = $1600 debited **Note:** Reoccurrences on the same part will be subject to higher sorting fees.	$100/labor hour

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Vehicle Rework Fee for Loose Crate	Vehicle rework charges are used when assembly of finished units is incomplete due to rejects, shortages, late deliveries, and so on, (referred to as loose crate) or must be reworked. Loose crate or rework units require transport from finished goods inventory, reintroduction to the production line, uncrating, assembly, and re–crating. Example: 25 reworked units x $100 / unit = $2,500 debited	$100/vehicle
Quality	Lost Production Labor Down-Time	Down time charges are used to account for lost production labor when the production line is interrupted due to rejects, shortages, late deliveries, and so on (may not result in actual loss of finished units). The recovery fee is equal to the total production labor hours lost (accumulation of people and hours), and may be in excess of any lost production charges. Example: 23 people x 2 hours = 46 total labor hours down time x $100 / hr = $4,600 debited	$100/labor hour

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Capacity	Lost Production Capacity	Lost or delayed production charges are used when production capacity is lost, or production schedules cannot be met due to the receipt of defective material, late deliveries, or part shortages. The recovery fee is equal to the total number of units lost during the down time at the normal prevailing production rate and may be in excess of any down time charges. The debit amount does not include potential sales opportunity losses, increased inventory carrying costs, exposure to obsolescence, or fixed overhead. Example: 27 units lost capacity x $200 / unit = $5,400 debited	$200/vehicle

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Expedited Shipments/Extra Shipments	Expedited shipment charges are used when Polaris incurs additional or extraordinary transportation and logistics cost when, due to cause attributable to supplier, a supplier delivery failure is imminent, or the supplier's supply has been disrupted, and Polaris must attempt to expedite the shipment to either make the scheduled supplier delivery on-time, or to avoid or minimize production down time or lost production. The supplier may be debited for the actual cost of the expedited shipment(s). Extra shipment charges are used when Polaris incurs additional or extraordinary transportation and logistics cost due to a supplier's failure to meet the normal scheduled pick-up. This may include charges from the carrier for truck ordered but not used, extra stop charges, extra or multiple truck charges. The supplier may be debited for the actual cost of the extra shipment above the normal shipment cost for the scheduled delivery.	Expedited or extra shipment costs
	Labeling Non-Conformance	Chargebacks for labeling non-conformance follow a set schedule. Specifications outlined within *SDM OPS-MANL-01164* pages 21-33	$100 fee per non-conforming instance

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Packaging	If packaging is damaged during transportation due to improper packaging specifications a chargeback will be assessed. This includes, but is not limited to, the quality of the packaging and/or packages being improperly loaded in the trailer (e.g. unstable/improper stacking, not properly securing loads). Specifications outlined within *SDM OPS-MANL-01164* pages 13-21	$100 per package damaged due to vendor negligence/responsibility
Engineering	Polaris Engineering Labor	Reimbursement for Polaris Engineering labor, including, but not limited to, root cause analysis, testing and validation, corrective action implementation, etc.	$150/labor hour
	Direct & Indirect Material Costs	Reimbursement for Polaris incurred costs related to logistics and materials consumed to perform testing and validation of corrective actions.	Costs Incurred +15% Administration Fee
	Reimbursement for Third-Party Costs	Reimbursement for third-party special expenses, including, but not limited to, consulting, external testing and validation, third-party certification and compliance, etc.	Costs Incurred +15% Administration Fee

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Compliance	Government Penalties	Polaris may incur excess charges or losses assessed by customs and other government agencies if products supplied by the supplier do not comply with applicable laws, including without limitation, product forfeiture, fines, penalties and/or excess duties. If Polaris incurs excess charges or losses due to the failure of the supplier, the supplier may be debited for the actual value of the excess costs or loss incurred by Polaris.	Costs incurred
Compliance	ASN Submission	Polaris reserves the right to recover administrative expense for supplier's failure to make an ASN submission, submitting a non-compliant ASN, or submitting an inaccurate ASN by imposing a monetary penalty. Further, if an ASN Submission is inaccurate, then supplier will be responsible for damages to Polaris caused by the inaccuracy (including, without limitation, line stoppage, expedited freight and rework).	$100 penalty per PO for (i) failure to make an ASN Submission (ii) submitting a non-compliant ASN or (ii) inaccurate ASN submission + costs incurred

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	PO Acknowledgement	Polaris reserves the right to impose a monetary penalty to a supplier for non-compliance to PO Acknowledgement. Non-compliant suppliers will be charged up to $100 per missing or late PO Acknowledgement (cumulative) through the RRDM process. Polaris reserves the right to impose a monetary penalty on a Supplier for PO Acknowledgement submission inaccuracies. Shipments that are received with acknowledgement data that does not match the receipt data can be charged up to $100 per inaccurate acknowledgement (cumulative) through the RRDM process.	$100 penalty per PO for failure to make an (i) on-time PO Acknowledgement Submission or (ii) accurate PO Acknowledgement Submission + costs incurred

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CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Import Documents Requirements	Suppliers must follow the document requirements laid out in the Supplier Delivery Manual. Polaris may incur excess port storage charges (demurrage) if documents supplied by the supplier do not comply with applicable Customs and Border Protection requirements and cause a delay in entry. If Polaris incurs excess charges or losses due to the failure of the supplier, the supplier may be debited for the actual value of the excess costs or loss incurred by Polaris. Specifications outlined within *SDM OPS-MANL-01164* pages 33-56	Costs associated with delay in entry such as demurrage, admin fees associated with demurrage
Compliance	PFEP Requirements	Suppliers are required to submit complete and accurate PFEP to Polaris and Polaris' planning partner. Complete and accurate PFEP includes: • Product Dimensions • Weights • Casepacks Specifications outlined within *SDM OPS-MANL-01164* pages 11-12	Any additional Costs associated with inaccurate or incomplete PFEP. This could include TONU fees, driver layover fees, etc.

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