



SUPPLIER BUSINESS PRACTICE MANUAL

POLARIS

POLARIS INDUSTRIES INC.
2100 HIGHWAY 55
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REV	DATE	OWNER	APPROVER	DESCRIPTION OF CHANGES
01	09-MAR-18	Tammy Gjovik	Doug Scites	Prior revisions released outside of Reliance. Review of all sections by owners to reflect current business practices, CCB review of all sections, references added to point to Reliance
02	30-JUL-18	Tammy Gjovik	Matteo Pisciotta	Minor revisions to sections 1.5, 1.6, 2.1 3.1 & 5.2. Added sections 1.3 & 1.4 referencing all Supplier Manuals. CCB review of all sections.
03	23-MAY-19	Tammy Gjovik	Matteo Pisciotta	<ul style="list-style-type: none">• Extensive updates to 1.1 Purpose, 1.2 Supplier Quality Assurance Manual (SQAM), 1.5 Supplier Relationship Management (SRM), 1.5.1 Zycus, 1.5.2 Supplier Information Portal, 2.3 Supplier Communications, and 3.4.4 Auto Purchase Order Release• Updated training resources in 1.5.2 Supplier Information Portal, 2.5.2 Production Compliance, 3.2 Sourcing Events, 3.3 Tooling Requirements, 3.4.1 Electronic Data Interchange (EDI), 3.4.2 Supplier Exchange (SE), 3.4.3 Planning Supplement, 4. Supplier Performance, and 6.1 References• Updates and cleanup throughout 2.1 Supplier Code of Conduct• Updated “PSU” to “SCIP” in 6.2• Changed all instances of “Purchasing Agent” to “Sourcing Specialist”• Updates to 5.2 Recovery Fees for CAPA/CAR and PPAP• Changed all instances of “PQR” to “PPAP” and removed PQR from 6.2 Glossary• Small changes to correct various typos and misspellings throughout
04	27-JAN-20	Jillian Koenigsmark	Ed George	GENERAL CHANGES THROUGHOUT: <ul style="list-style-type: none">• Rebranding and other template corrections• Small corrections to update terminology• Updated documentation and training references throughout

				<ul style="list-style-type: none"> • Various typo corrections and editorial cleanup throughout • Addition, removal, and combining of several sections, resulting in slightly restructured TOC <p>SPECIFIC UPDATES TO SECTIONS:</p> <ul style="list-style-type: none"> • 1 – 1.1.2 Purpose/Scope: Clarified scope and added conventions • 3.2 – Packaging, Labeling, & Logistics: Small clarifications • 4.1 Supplier Code of Conduct: Minor clarifications and fixes • 4.1.1 Key Expectations: Removed because redundant to the Code on the Supplier Information Portal, which is the source of truth for this information • 4.3 – Supplier Communications: Small clarifications • 4.4 – Contracts: Removed reference to blanket purchase orders as an agreement type • 4.5.2 – Substance Compliance: New section to focus on substance compliance • 4.5.3 – Product Compliance: Small clarifications and moved some text to the new 4.5.2 Substance Compliance section • 5.2 – Sourcing Events: Small corrections for system change • 5.4 – Electronic Communications: Small clarifications • 5.4.1 – OpenText Trading Grid Active Orders Module: New section to address the new Active Orders Module • 5.4.2 – Electronic Data Interchange (EDI): Clarifications and corrections • 5.4.3 – Purchase Orders: Rewritten to be more about purchase orders instead of their method of delivery • 5.4.4 – Planning Schedule: New section to fill a gap where previously we did not have much information about this • 5.4.5 – Planning Supplement: Clarifications to complement related sections 5.4.3 and 5.4.4
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				<ul style="list-style-type: none"> 6.3.2 – Production Part Approval Process (PPAP): Small clarifications, including correction of long-standing error in the PPAP performance measure table
05	19-JUN-20	Jillian Koenigsmark	Ed George	<ul style="list-style-type: none"> Small spelling and grammatical corrections Changed “QMS” to “QOS” throughout 2.0 - Glossary: Small corrections and updates 6.0 - Supplier Performance: Updates to compensate for new production supplier scorecard 6.1 - Assurance & Continuity: New section for new production scorecard 6.2 - Delivery: Retitled to "Performance & Operations" and updated extensively 6.3 - Flexibility: Retitled to "NPI/Innovation" and updated extensively 6.4 - Quality: Retitled to "Quality Strategic Assessment Rating (QSTAR)" and updated extensively 6.4.1 - Parts Per Million (PPM): Removed this section 6.4.2 - Production Part Approval Process (PPAP): Removed this section 6.5 - Value Improvement Process (VIP): Retitled to "Cost & Value Creation" and updated extensively 6.6 - Qualified Supply Base (QSB): Removed this section 7.2 - Recovery Types & Associated Fees: Updated Part Qualification Non-Compliance description to add SIR-related info, updated the fees for Lost Production Labor Down-Time and Repackaging and Labeling, added two new line items for Engineering-related fees
06	23-JUL-20	Jillian Koenigsmark	Ed George	6.2 – Performance & Operations: Small corrections to wording
07	25-AUG-20	Jillian Koenigsmark	Ed George	7.2 – Recovery Types & Associated Fees: Redid the table so that it is readable (previous version was too blurry to make out)

08	23-JUN-21	Jillian Koenigsmark	Ed George	<ul style="list-style-type: none"> • Brand new front cover page • Updated the name of the supplier portal and navigational references for it throughout the manual • Updated and verified all reference documentation throughout the manual • 1.1.2 - Critical Definitions: Added clarification for "must" and "may" and verified all mandatory and optional language throughout the manual • 3.1 - Quality Assurance: Corrected a few small areas of wording • 3.4 - Supplier Relationship Management (SRM): Reinforced supplier's responsibility to keep contacts up-to-date and corrected information about how Zycus and the supplier portal are used • 3.5 - Conflict Management: Updated to match what is in the SQAM • 4.1.1 - Contact Information: Removed and this section was combined to just be a part of 4.1 • 4.5.3 - Product Compliance: Very small clarification • 4.6 - Continuity of Supply: Removed extra word • 5.3 – Tooling Requirements: Removed the statement about tooling agreements • 5.4 - Electronic Communication: Added contact information for questions about setting this up • 5.4.1 - OpenText Trading Grid Active Orders Module: Small correction • 5.4.5 - Planning Supplement: Small correction • 6.0 Supplier Performance: Added goal expectation for scorecard • 7.1 - Request for Recovery Fees Process: Clarified section by updating title and adding an introduction sentence, and added some information on fee calculation and reimbursement timing
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09	05-AUG-22	Rick Feidt	CJ Rutten	<ul style="list-style-type: none"> • All - Spelling: initial caps on "Design Review" throughout document • 3.4.2 - Added a training reference (OPS B PSS 00020) • 4.1 – Added “Supplier” in title of the training reference • 4.4 - Updates to Table 2: <ul style="list-style-type: none"> ○ was: “Confidential Disclosure Agreement/Nondisclosure Agreement” is: “Confidential Disclosure Agreement” ○ was: “EDI/Commodity/Currency Agreement” is: “Commodity/Currency Agreement” ○ was: “Tooling Agreement/Addendum on two separate rows. is: “Tooling Agreement/Addendum were merged into “Tooling Agreement” with Planning Schedule and Supplier’s Quote as two Transaction Agreements ○ Intellectual Property Agreement: “Business Award” was added as a Transaction Agreement • 4.5 - Added "Substance" at the beginning of the title • 4.5.1 - Extensive updates; completely re-written • 4.5.2 – (overall) was “Product Substance Compliance” Is “Substance Compliance” <ul style="list-style-type: none"> ○ Second paragraph was “Assent Compliance” is “Assent” was “obtain information” is” obtain the necessary information” ○ Third bullet was “Processes and chemicals used in manufacturing processes” is “ Chemical substances used within manufacturing processes” ○ Third Paragraph – extensive changes; re-written
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				<ul style="list-style-type: none"> ○ Training and Documentation references: extensive changes; re-written • 5.3 - Extensive updates; re - written • 5.5 second paragraph was: “Polaris supports two electronic methods of sending data, allowing suppliers to select the method in iSupplier profile in Zycus that works best for them.” is: “Polaris supports two electronic methods of sending data, as indicated below. Suppliers must select one of these options. Selection must be made in their iSupplier profile in Zycus.” • 5.5.1 <ul style="list-style-type: none"> ○ First paragraph was: “All suppliers are able to exchange electronic documents with Polaris using a third-party web portal...” is: All suppliers must exchange electronic documents with Polaris using one of two methods: EDI or a third-party web portal...” ○ Second paragraph was: “Using this web portal, suppliers can do the following activities:” is: “ Using this web portal, suppliers must do the following activities: <ul style="list-style-type: none"> ○ Added bullet “Submit PO acknowledgements” ○ last bullet was: “Submit ship notices” is: Submit Advance Ship Notices (ASNs)” ○ Training and Documentation references: extensive changes; re-written • 5.5.2 – <ul style="list-style-type: none"> ○ Second paragraph: was “Suppliers can use EDI for the same activities as OpenText Active
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				<p>Orders, with the exception of receiving planning supplements.” is: “Suppliers can use EDI for the same activities as OpenText Active Orders.”</p> <ul style="list-style-type: none"> ○ Added second bullet: “Suppliers must complete setup for EDI (including testing and validation) before going live” ○ Last Paragraph was “Suppliers must complete setup for EDI (including testing and validation) before going live.” is “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.” ○ Added training and documentation reference ● 5.5.4 - Extensive updates; rewritten ● 6.0 - Updated training reference title and location ● 7.2 - Added ASN Submission (at the end of the table) as a recovery type and the associated fee.
10	01-SEP-22	Rick Feidt	CJ Rutten	<ul style="list-style-type: none"> ● Added the detailed change descriptions for the Rev 09 entry in this table. ● No other changes were made to the document
11	10-JAN-23	Ian Pratt	CJ Rutten	<ul style="list-style-type: none"> ● 4.5.2 – Section renamed as Materials Compliance, references to department name adjusted accordingly ● 5.5.4 – Changed ‘should’ to ‘shall’ Added three bullet points regarding monetary penalties for non-compliant suppliers ● 6 – Section completely redone to reflect new Supplier Scorecards ● 7.2 – Removed “and are often difficult to quantify with certainty” ● 7.2 – Added PO Acknowledgement to the Recovery Table
12	18-AUG-23	Ian Pratt	CJ Rutten	<ul style="list-style-type: none"> ● 4.1 – Removed “confidential” from description of reporting options, added

				hyperlink to online Polaris Business Ethics Hotline <ul style="list-style-type: none">• 4.7 – New section added: Cybersecurity & Incident Notification
13	06-NOV-23	Ian Pratt	CJ Rutten	<ul style="list-style-type: none">• 3.4-3.4.2 – Added stronger language regarding supplier contacts and SRM profile management; specific supplier contacts roles now listed, and suppliers are now instructed to assign a supplier portal administrator• 3.4 – Added Supplier Contacts Matrix table• 3.4.1 -- changed “with regard to” to “regarding”• 4.5.4 – New section added, Product Certification

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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.

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.

TERM	DEFINITION
Parts Per Million (PPM)	Method of stating the performance of a process in terms of actual non-conforming material calculated as $1,000,000 * \text{Reject/Receipt}$.
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.

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.

By referencing the most current releases of Polaris quality standards, templates, and training, the SQAM requires implementing robust process controls and demonstrating continuous improvement. For Polaris and suppliers to be mutually successful, we must all strive to create a “zero-defect” environment in which ongoing collaboration drives proactive process improvements and reliable supply.

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.

In addition, the SDM provides references to current processes for packaging, labeling, logistics and delivery performance and outlines the requirements necessary to provide an uninterrupted supply of material through the Polaris supply chain, all of which aides in establishing a successful shipping operation that meshes seamlessly with the supply chain.

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

LOGISTICS OVERVIEW AND ASN TRAINING (OPS B PS 00008)

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.

POLARIS SUPPLIER PORTAL

PG&A PACKAGING & LABELING REQUIREMENTS MANUAL, LOCATED UNDER RESOURCES > SUPPLIER MANUALS

3.4. SUPPLIER RELATIONSHIP MANAGEMENT (SRM)

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

Zycus is used for notification and interaction with supplier qualification, onboarding, and supplier profile management. Supplier contacts who have authority to manage supplier profiles should be maintained in these platforms by the supplier portal administrator.

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 Zycus and the Polaris Supplier Portal updated is critical for day-to-day successful 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 that 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.

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
Zycus	x	x			
Polaris Supplier Portal	x	x	x	x	x
Supplier University of Polaris	x	x	x	x	x
Reliance Document control	x	x	x	x	x
Supplier Scorecard		x		x	x
PGA Scorecard		x		x	x
Request for Quote (RFQ)		x			
Engineering Drawings		x			x
Value Improvement Process (VIP)		x			
Planning Supplements		x	x		
Active Orders / EDI	x	x	x		
Advanced Shipping Notice (ASN)		x	x		
Ascent on Demand (AOD)		x	x		
Delivery Discrepancy Report (DDR)		x	x		
Penske Transportation Portal		x	x		
Supplier Brokerage Service (SBS) - Vodigy		x	x		
Electronic Deviation (DEV)		x			x
Design Change Request (DCR)		x			x
Process Change Request (PCR)		x			x
Reliance APQP		x			x
Reliance PPAP		x			x
Reliance CAPA		x			x

3.4.1. Zycus

Overview: Polaris uses Zycus, a centralized SRM software, to strategically manage supplier qualification, onboarding, and profile interactions between Polaris and suppliers.

Potential suppliers interested in becoming a supplier to Polaris must create a profile in Zycus by going to **Resources > Supplier Onboarding** on the Polaris Supplier Portal. Creating and maintaining this profile is key to initiating a business relationship with Polaris. Supplier profile is then completed during the Supplier Onboarding and Qualification process; a mandatory process to become an approved supplier at Polaris.

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

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 well as important business announcements relevant to approved 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 & RESPONSIBILITIES (OPS B PSS 00020)

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. In the event of conflict, the following order of precedence will apply:

- Design Record
- Purchase order/contract
- Procurement specifications
- 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).

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 PORTALSUPPLIER 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](tel:1-888-219-3550): 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 (the SEC) adopted annual disclosure requirements in connection with the conflict minerals provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), requiring publicly traded companies to disclose whether certain minerals necessary to the functionality or production of products manufactured or contracted to be manufactured conflict minerals that originated in the Democratic Republic of the

Congo (DRC) or an adjoining country (together with the DRC, Covered Countries). These certain minerals referred to as “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 increase 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 all the conflict mineral requirements under 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: To be considered for a business relationship with Polaris 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.

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
	Supplier's Quote
Intellectual Property Agreement	Business Award Addendum
Master 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, Vietnam, and India. Additionally, Trade Compliance Subject Matter Experts are situated at many of the Polaris affiliates who report to their 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:

- 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

SUBSTANCE COMPLIANCE SUPPLIER EXPECTATIONS (OPS E SUP 00028)

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.

Suppliers are required to provide a timely, accurate, and thorough response to any Product Compliance questions, and, if requested, to provide timely and accurate 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

POLARIS PRODUCT SUBSTANCE COMPLIANCE EXPECTATIONS (OPS B PS 00009)

POLARIS RESTRICTION OF HAZARDOUS SUBSTANCES (ROHS) (OPS B PS 00014)

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. The requirements in this section 4.5.4 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.

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 as soon as possible, and in no event later than 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.

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 Polaris system designated by their Sourcing representative.

SUPPLIER UNIVERSITY OF POLARIS

AWARDING BUSINESS PROCESS (OPS B PS 00027)

SUPPLIER SELECTION PROCESS (OPS B PS 00026)

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 both Polaris and suppliers to be proactive in measuring capacity and identifying potential constraints, which leads to better collaboration and transparency in the supply chain.

Using the Supplier Demand & Capacity Planning tool on the Polaris Supplier Portal, it is expected that suppliers will:

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

5.4. TOOLING REQUIREMENTS

Overview: Any supplier doing business with Polaris shall follow the tooling requirements set forth in the below section. To secure the best value for Polaris in spending tooling dollars, and to properly manage Polaris' assets, the following shall be followed.

It is the responsibility of the supplier to be able to demonstrate due diligence has been taken to maximize the value Polaris is getting for the amount of tooling funds requested. On any request for tooling that exceeds (U.S. Dollars) \$10,000, the supplier must obtain and, if asked produce to Polaris, three (3) competitive quotations. The supplier does not have to take the lowest quote but must be able to justify the sourcing decision. An exception to this policy 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 appropriate Polaris Sourcing Specialist and will be handled on a case-by-case basis.

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. It is the supplier's responsibility to validate, document and demonstrate to Polaris that the tooling built provides a component that meets Polaris' design specs and criteria.

Polaris specifications Request 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 and follow the guidelines for tooling as if it was being quoted as an individual part. A single line entry for the complete cost of all tooling associated with the assembly, will not be accepted.

When making the decision on the type of tooling to make or number of cavities to tool up, the supplier should consider the overall cost impact and review the total cost of tooling and part cost over the projected 3-year volume. In no way does this projected volume commit Polaris to procure any parts from the supplier. The tooling decision will be based on what is the lowest overall cost. The supplier should not decide on just the tooling cost or just the component cost. Options will be provided to the Sourcing representative for final review and decision by Polaris. An exception to this decision guidance would exist when there is a need for multiple cavities to support line build rates.

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 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.

SUPPLIER UNIVERSITY OF POLARIS
TOOLING OVERVIEW (OPS B PS 00054)

5.4.1. Inventory

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

RELIANCE
TOOLING INVENTORY FORM (DOC CONTROL 01158)

5.4.2. Disposal

Supplier agrees to notify Polaris in writing to request permission to scrap out any tooling owned by Polaris and will not scrap out any tooling until authorized by Polaris. The request is to be made by using the Tooling Disposal Request Form and sent to the appropriate Sourcing representative. Once the request has been approved by Polaris, the Sourcing representative will forward back to the supplier granting the authorization to scrap out the requested tool. Review the scrap value of the tool with Sourcing representative before disposing of any tooling.

5.4.3. Invoicing

Tooling invoices will only be paid for the amount of the tooling purchase order or less. 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 new supplemental tooling PO for the difference.

5.4.4. Storage & Insurance

Supplier agrees to maintain adequate storage to ensure all tooling used to make parts for Polaris, whether owned by the supplier or Polaris, is stored in useable condition and in such a location or facility to protect against theft and damage. Supplier also agrees to maintain adequate insurance coverage for the replacement cost of the tooling in the event of the tooling is stolen, or is damaged or destroyed, for whatever reason.

5.4.5. Identification

All tooling purchased and owned by Polaris must be clearly marked and identified as the property of Polaris. Identification markings will include, at a minimum: "Polaris Industries Inc." as the owner, the part number and tool number. Other optional information can include: Tool maker name, dimensions of tool, weight of tool, shut height, and date tool was originally built. Tool identification may be a metal tag attached to the tool or having the information "stamped or etched" into the mold base of the tool. The lettering will be no less than 1/8" high. Small tools may be an exception, where stamping or tagging is impractical. As new tooling is built, supplier's inventory records will be updated and available upon request.

5.5. ELECTRONIC COMMUNICATIONS

Overview: Polaris has always recognized the value of Polaris supplier relationships, which have been based on the concept of partnership. In an effort to continue to build stronger, closer relationships, Polaris is pleased to offer the capability of transacting business electronically.

Polaris supports two electronic methods of sending data, as indicated below. Suppliers must select one of these options. Selection must be made in their iSupplier profile in Zycus.

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

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.

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.

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.

5.5.2. Electronic Data Interchange (EDI)

Overview: Polaris is able to send and receive secure EDI transaction through OpenText as our EDI-managed service provider.

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.

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.

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 commits only 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 you make a change to the quantity or delivery date when submitting a PO acknowledgement, you must provide an explanation in the Reason for Change field.
- Should a supplier fail to follow the PO Acknowledgement requirement, the 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.

5.5.5. Planning Schedule

Overview: Lists requirements that are not yet firmed up on a purchase order. The planning schedule is updated and transmitted to the supplier on a weekly basis. Planning profiles determines its timing format and it must be agreed-to between the supplier and the Sourcing representative. Polaris expects suppliers to use planning schedules as a tool 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 planning supplement should be directed to the appropriate Planning representative.

SUPPLIER UNIVERSITY OF POLARIS

POLARIS REQUIREMENT AND FORECASTING TOOLS (OPS B PS 00056)

6. SUPPLIER PERFORMANCE

Overview: Polaris uses a scorecard to develop and strengthen relationships with all production suppliers to deliver great levels of value to both organizations.

The results of this collaboration are:

- Drive value creation through operational efficiencies
- Build trust, transparency, and accountability
- Align business strategies to enhance the customer-centric experience

There are four metrics that contribute to supplier performance, each described below. Suppliers must remain above the goal of each metric that is indicated on the supplier scorecard dashboard available on the Polaris Supplier Portal. If a supplier falls below the conditional thresholds for any metric, they may be put into the Supplier Continuous Improvement Program (SCIP) or be labeled for no new business.

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, accurate shipments. Suppliers also maintain and execute internal safety systems.

The Delivery pillar is made up of four components:

- **Purchase Order Acknowledgement:** Ratio of Distinct Orders with completed PO Acknowledgement to total Distinct 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 (Having correct data and method of submission) to total ASNs.

6.2. PRODUCT DEVELOPMENT

Overview: Polaris is built on the foundation of being the first to market for products in the powersports industry, which is supported by a philosophy of awarding suppliers for their ability to partner on innovative products and ideas.

This metric provides suppliers with the opportunity to be awarded for speed to market, value creation, innovative design, and technologies to assist in advancing Polaris products. Suppliers can collaborate with Polaris earlier throughout the design process to increase product development agility and maintain high quality standards. Submitting PPAPs that pass from the first submission is what will be monitored for this metric. In addition to PPAP, On-Time Shipment and Quantity Delivered are measured within Product Development. The metrics in this pillar include data from pre-production orders only, which mitigates delays in the Product Development Process.

6.3. QUALITY STRATEGIC ASSESSMENT RATING (QSTAR)

Overview: Time-weighted PPM metric with emphasis on recent performance and safety-critical parts.

Rolling 12-month metric reported monthly; each month on the scorecard graphic contains 12 months of data. For more information on QSTAR, please refer to the help page on the Supplier Scorecard.

6.4. COST & VALUE CREATION

Overview: Supplier provides cost transparency while taking a proactive approach to create value through cost savings, driving year-over-year cost value improvements.

This metric provides suppliers with opportunities to present and receive credit for cost savings ideas. Measuring suppliers on cost improvement impact to Polaris allows suppliers to receive recognition for providing everyday low costs to Polaris, and opportunity to provide greater transparency in their costing model structures. With greater cost transparency comes greater accountability for both Polaris and suppliers. This metric will use a supplier's total Polaris spend versus annualized impact of cost changes over the trailing 12 months.

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, in good faith, contest the request. 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.

7.2. RECOVERY TYPES & ASSOCIATED FEES

Overview: Polaris believes it is important to preserve productive working relationships with suppliers, but 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, but 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.

Table 4: Fee Types & Associated Costs

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Quality	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.	actual part cost + inbound/outbound freight costs
	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 or inspection costs incurred by Polaris.	\$1000 + sorting charges
	Special Rejection Charge – Non-conformances Caused by Undocumented Supplier Process/Material Changes	If any material is rejected due to supplier changes of process or material to parts in serial production without first receiving full approval of Drawing Change Request (DCR), Process Change Request (PCR), or Part Qualification Request PPAP as required, then the supplier will be responsible for a charge of \$3000 as well as any sorting or inspection costs incurred by Polaris.	\$3000 + sorting charges

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	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
Quality	Part Qualification Non-Compliance	If parts or materials are sent to Polaris without the data requested via the respective parts/materials PPAP, the supplier will be responsible for incurring costs of the inspection work to be completed by the facility receiving the parts. For pre-production or post-production parts, Sample Inspection Report (SIR) data shall be available upon request. As a supplier ensuring compliant parts/materials this is a key responsibility and one that Polaris does not want to perform for the supplier. However, Polaris and supplier must have assurance of product conformance and will take the necessary inspection actions if required to support Polaris business needs at the supplier's expense. Any deviation to the requests of the PPAP must be agreed upon between the supplier and the PPAP requestor from Polaris prior to submission of the parts. Failure to supply SIR data or resolve outstanding PPAP non-compliances could result in additional charges of \$1000/week (maximum of \$5,000 for late fees per PPAP or SIR request).	\$1000+ \$100/inspection hour

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Corrective Action Preventive Action (CAPA) or Corrective Action Request (CAR) Non-Compliance	A CAPA is sent to suppliers in the event of significant nonconforming parts/materials received by Polaris. A CAR is sent to suppliers in the event of minor nonconforming parts/materials received by Polaris. Polaris will request an immediate response on containment actions and a longer-term response on permanent actions. If a supplier does not respond to the request by the designated date supplier will be charged and the part/materials will be put on Quality Alert. Additional noncompliance will result in a Supplier Quality Audit at the supplier's expense or a loss of continued business for the given parts involved. Failure to resolve outstanding SCAR non-compliances could result in additional charges of \$1000/week (maximum of \$5,000 for late fees per CAPA/CAR request).	\$1000 + Potential Supplier Audit Costs
	Quality Assurance Travel Recovery	In the event a Polaris employee visits a supplier to perform an audit of discrepant process or Run at Rate (R@R) audit with timely and detailed advance notice, but the supplier has not prepared necessary materials, resources, and time, then the supplier could be responsible for a penalty of up to \$500/day.	\$500/day
Capacity	Reject Labor for rework, sorting, screening	<p>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.</p> <p>Example: 4 people x 4 hours = 16 total labor hours x \$100 / hr = \$1600 debited</p> <p>Note: Reoccurrences on the same part will be subject to higher sorting fees.</p>	\$100/labor hour

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
Capacity	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
	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
Delivery	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

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY FEE
	Expedited Shipments/Extra Shipments	<p>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).</p> <p>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.</p>	Expedited or extra shipment costs
Delivery	Repackaging or Labeling	Thirty days after the second notice of correction has been sent, Polaris will charge back for the cost of labor, material, and other expenses needed to bring the packing, labeling, and packaging up to necessary requirements.	\$100/labor hour + material and transportation costs
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

CATEGORY	RECOVERY TYPE	RECOVERY SCENARIO	RECOVERY 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
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, 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 failure to make an (i) ASN Submission or (ii) accurate ASN Submission + costs incurred
Compliance	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 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 failure to make a (i) PO Acknowledgement Submission or (ii) accurate PO Acknowledgement Submission + costs incurred

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