



DESIGN



ENGINEERING



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Roush Supplier Manual



DEFENSE

DEFENSE SUPPLIER MANUAL

Roush
Enterprises©
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1.0 INTRODUCTION

The expectations, requirements and standards defined within this manual are applicable to all suppliers providing materials, products, and services to all of Roush Enterprises and are supplemental to specific requirements as communicated by Roush Purchasing. This also applies to any supplier that is directed to Roush Enterprises by any customer.

These requirements extend from supplier selection and qualification to new product development, production jobs or projects ranging from initial part approval through ongoing production, control, and service.

The latest version of this manual will be posted on the Roush website (www.Roush.com). Periodic updates will be made, and Roush will make a concerted effort to inform all suppliers of the changes, but suppliers must review the Supplier Manual on a regular basis via the Roush website to ensure they have the most recent version available.

Elements of this Supplier Manual may be modified to apply to prototype development work or "one off" demonstration products. Modifications to this manual are at the discretion of the Roush Purchasing and Supplier Quality Organization that is driven, in many cases, by customer need.

1.1 Roush – Business Ethics & Conduct

Roush operates all business with the upmost honesty and integrity. We at Roush vet and validate our suppliers based on researching companies' record of ethics and integrity to determine pre-award affirmation determination of a contractor's responsibility. We also validate all goods and services based on objective criteria such as price, quality, and prior performance. We understand that we must demonstrate and operate as a responsible contractor working with the United States Federal Government and the Department of Defense therefore, no purchase decisions will be made which may be influenced by improper consideration, such as personal friendship, favors, gifts, or entertainment. We are committed to ethical business conduct and practices and continue to live up to that commitment.

Our suppliers or potential suppliers are expected to understand, respect, and adhere to Roush's policy that an employee is not to accept any gift, entertainment or other gratuity from any supplier or bidder for business with Roush.

Roush and the United States Government prohibit trafficking in persons. The U.S. Government's policy prohibiting trafficking in persons is available at 48 CFR § 52.222-50. Roush is committed to a work environment that is free from human trafficking and slavery, which for purposes of this policy includes forced labor and unlawful child labor. We will not tolerate or condone human trafficking or slavery in any part of our global organization. Our employees, subsidiaries, contractors, subcontractors, vendors, suppliers, partners, and others through whom Roush conducts business must avoid complicity in any practice that constitutes trafficking in persons or slavery.

1.2 General Communications

All communication must be conducted through your Roush Purchasing Professional (herein referred to as "Commodity Manager") who has total authority for the execution of the bid and/or awarding business to you.

Roush is committed to timely responsiveness to our suppliers and therefore expects the same in return. Fact-finding or clarification requests may be initiated by the Commodity Manager for any aspect of an offer including delivery schedules, quality requirements, exceptions, and pricing; or where pricing or delivery is clearly not in line with expectations based on historical data, purchase volumes, market trends and/or competing quotations. This process is intended to ensure our complete understanding of your bid, and that you understand our requirements.

When a supplier is experiencing problems or delays which may affect a contractual ship date to Roush, the supplier is expected to contact the Roush Commodity Manager to advise the nature of the problem and proposed revised ship date.

1.3 Visiting Roush

All Roush personnel are responsible to coordinate supplier visits to Roush facilities with Purchasing if any of the following occur:

- Technical meetings/discussions.
- Visits and formal meetings at Roush or supplier/subcontractor facility.

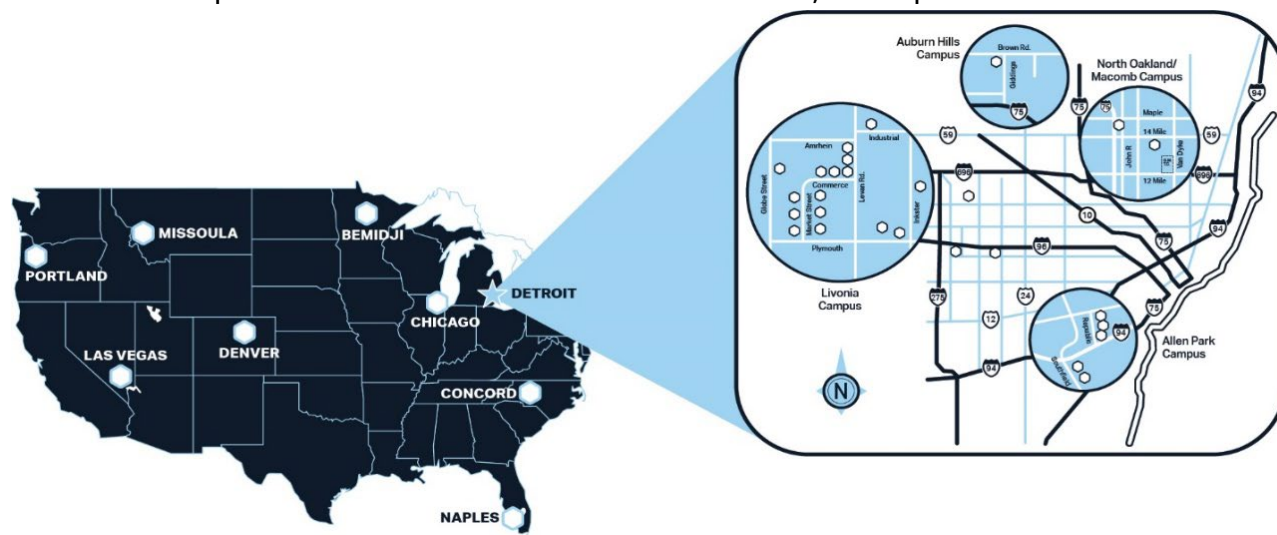
A visitor to any of the Roush Facilities is any person who is not a Roush employee, contractor, or Roush assigned Government employee requiring access to a Company facility on official business. This includes a person or group that is attending meetings or a plant tour. Visitors must use main lobbies to enter or leave Roush facilities.

Photograph identification is required for entry into the Roush Facilities. Our facilities consider many items (e.g., cameras, laptops, etc.) as prohibited. Please inquire with your contact regarding prohibited items.

2.0 ROUSH CORPORATE

2.1 Roush Corporate Structure

Roush, a subsidiary of Roush Enterprises, Inc., is a full-service product development supplier headquartered in Livonia, Michigan. Since 1976, the company has grown to more than 4,000 employees in facilities located throughout North America, Europe, and Asia. Named a Crain's Detroit Fast 50 in 2018, Roush is widely recognized for providing engineering, testing, prototyping, and manufacturing services to the mobility, aerospace, defense, and theme park industries. Other corporate subsidiaries include Roush Performance, developer and manufacturer



of performance vehicles and products for the automotive aftermarket; and Roush CleanTech, developer, and manufacturer of alternative fuel systems for the fleet vehicle market.

Visit www.roush.com for further information.

2.2 Roush Corporate Social Responsibility

Suppliers shall enforce policies which provide a safe and healthy workplace, protect the environment, promote human rights and provide equal opportunity for employees at all levels of the company, as well as provide and encourage training and development. In addition, suppliers are to engage in sound and ethical business practices in all business dealings.

2.2.1 Environment

As required, suppliers shall comply with applicable standards on the classification, packaging and labeling of hazardous substances and mixtures. Roush expects our suppliers and their sub-tier suppliers, as appropriate, to register and comply with all applicable reporting requirements that are applicable to their products and processes.

2.2.2 Compliance with Labor Laws

Suppliers shall conform to all labor laws. Utilization of forced labor, illegal labor or child labor by suppliers is strictly prohibited. Suppliers found to be in violation of this requirement will be immediately classified as de-sourced status and potential new suppliers will automatically be disqualified from the supplier selection and approval process.

2.2.3 Conflict Minerals

Conflict Minerals reporting is required for certain programs to support the Section 1502 of the Dodd-Frank Act which requires publicly held companies to annually report on to the federal government. These reporting requirements are flowed down by Purchasing when the conflict mineral requirements are specified by Roush. "Conflict minerals" are defined as tantalum, tin, tungsten and gold; and "covered countries" are the Democratic Republic of Congo, Republic of Congo, Burundi, Central African Republic, Tanzania, Zambia, Angola, Rwanda, South Sudan, and Uganda.

For Roush to comply with this requirement, we need you to complete and return a Conflict Minerals Reporting Template form (CMRT form), if required. Be prepared to use a supply base that can support conflict mineral reporting when required. You may need to provide certification for each part that you supply to Roush. Suppliers are expected to respond in a timely manner, and with full disclosure following the specific instructions provided.

More information, CMRT form latest version and e-training can be found in: <http://www.responsiblemineralsinitiative.org>.

2.2.4 Proposition 65 - Safe Drinking Water and Toxic Enforcement Act

California Proposition 65 is a Safe Drinking Water and Toxic Enforcement Act of 1986 that requires businesses to warn Californians when exposure to toxic chemicals known to the state may cause cancer, birth defects, or other reproductive harm. Businesses are required to provide a "clear and reasonable warning" via labels on product or product packaging prior to Californians using products that may expose them to one of the listed chemicals. For more information, go to www.P65Warnings.ca.gov. If required by Roush Purchasing, it is compulsory for the supplier to deliver products meeting its requirements.

3.0 ROUSH PURCHASING



3.1 Mission and Vision

Roush fuses technology and engineering expertise to create solutions that spark enthusiasm, improve quality of life, and help conserve natural resources. Our unique combination of creativity and tenacity activates big ideas on a global stage.

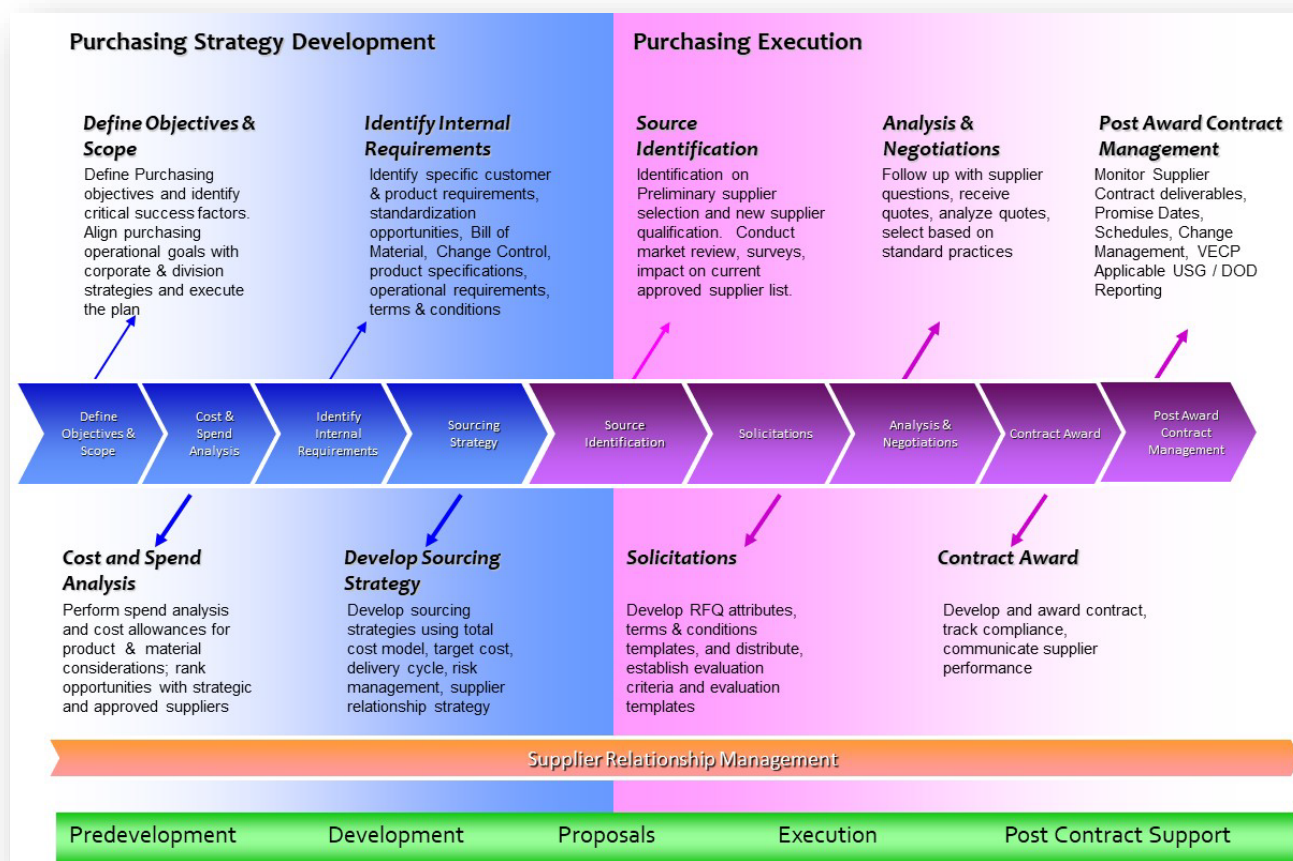
Mission Statement: Provide a passionate, engaged group of people that lead an agile, collaborative supply base which enables Roush growth plans by meeting or exceeding cost, quality, launch and delivery expectations.

Vision Statement: Be a valued Roush business partner while being a leader in supply chain management excellence among small-cap companies.

3.2 Roush Purchasing & Supplier Quality Values and Beliefs

- We trust and believe in our mission.
- We have constructive, truthful interactions that lead to collaborative relationships.
- We trust in and treat our suppliers as our long-term partners.
- Our commitments are personal.
- We bring our best effort and attitude every day.
- We do the right thing, not the easy thing.
- We are relentless about achievement & continuous improvement.
- We are customer focused.
- We believe in the mission and supporting our Warfighters.

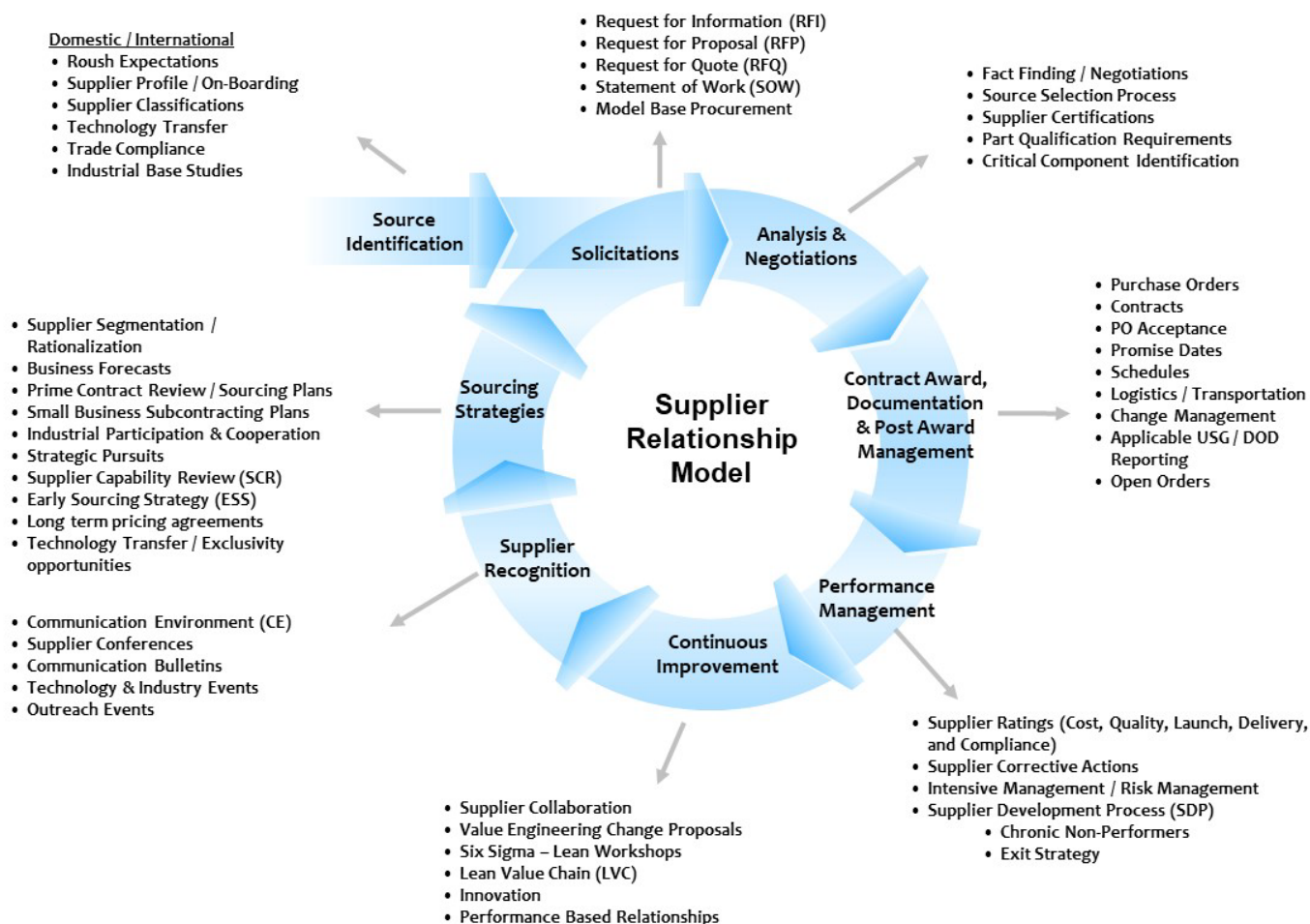
3.3 The Purchasing Life Cycle Model



Roush has embarked on an innovative direction with regards to Purchasing and collaborative relationship development. The information contained in this document provides the supplier with guidance as to expectations and performance requirements. Defining Roush expectations will help us work together towards achieving our performance, continual improvement, and customer satisfaction objectives.

3.4 The Purchasing Relationship Model

Our supplier relationships are governed by a continuum of integrated events/processes that begin with the identification of a supplier or source to supply a component, product, subassembly, or service. These relationships are characterized by innovation, collaboration, integration, performance, and continuous improvement. If our suppliers do not work together with us to continuously improve performance, integrate their business processes, etc., they are held accountable, as indicated below:



4.0 DOING BUSINESS WITH ROUSH

4.1 What Do We Expect from our Suppliers?

Roush has long recognized that current and future market success depends upon product technology, quality, cost-competitiveness, and the ability to meet deadlines. Consequently, Roush performance is continuously measured by Delivery, Cost, Quality, Launch, Capability and Responsiveness indicators. As such, our suppliers must be positioned and poised to actively contribute to a continuous improvement process.

In the service of Governments and Military staff the world over, Roush, through its Purchasing team, sets the highest standards for the Quality of our outsourced products and services.

Roush global Customer base places increasing demands on our Company for leading edge technology, while also placing local content constraints as a critical success factor for contract award. Roush has, through its supply base, achieved a high level of success in creating partnerships and supply chains to balance these requirements. Additionally, our customers increasingly consider the "Total Cost of Ownership" as a major market differentiator. Roush continues to invite and rely on our suppliers' willingness to share risks and opportunities with Roush in coordinated and mutually beneficial business ventures.

The Roush Purchasing team values appropriate supplier choices, involvement, continuous improvement, and process/technology development as the backbone of a high-performing supply network supporting our Business Units by reducing organizational cost and risk. Roush also recognizes and wishes to leverage the value of the capability, expertise, and innovative technology which suppliers develop and offer through their own R&D efforts.

Our suppliers may be invited to participate in various activities and exercises which Roush deems appropriate to their positioning and/or their product and service offerings. It is Roush's expectation that suppliers provide all required information in full transparency, in accordance with the guidelines of Roush.

Suppliers are expected to work closely with the Roush team to assure definition of key program deliverables and assure all processes are controlled adequately to prevent the manufacture and transfer of defects. It is essential for suppliers to meet the necessary timelines for each project as set forth by Roush. When applicable, suppliers are expected to support Roush on programs such as:

- Innovation and technology introductions
- Participate in design reviews
- Provide and maintain DFMEA when design responsible
- Provide and maintain Process Flow, PFMEA and Process Control Plans
- Provide Run at Rate data
- Provide input to support Value Analysis & Value Engineering programs
- Support product costing initiatives
- Meet the realism and reasonableness factors to federal government requirements

Suppliers are expected to support Roush in creating value for its customers. Suppliers are to maintain an ongoing internal cost reduction program which focuses on reducing the total overall

costs. Total cost includes not only the part cost but also includes such things as freight, lead time, order quantity, assembly cost, and warranty.

4.2 What Can Suppliers Expect from Roush?

Roush offers a broad range of opportunities to suppliers invited and willing to form a part of the Roush supply network. The Roush Supplier Database, in relation to a strong Commodity Manager network within Roush, ensures the approved supplier a high level of awareness in the Roush Purchasing community.

Roush Purchasing professionals' use of the Standards of Business Ethics and Conduct ensures suppliers are treated fairly and equitably. As part of the minimum standard of operations for Roush's purchasing professionals, our suppliers can expect Roush Procurement staff to:

- Respect supplier confidential / proprietary information and not reveal it to third parties
- Manage the bid process in a transparent manner
- Make the rules of the bid process clear from the onset
- Act in all circumstances with fairness
- Review competing offers objectively
- Do everything possible to respect deadlines or explain delays
- Refuse any gift, invitation, or favors

4.3 Small Business Program

Roush recognizes that small and diverse businesses help drive innovation within the supply chain. It is Roush' corporate policy that small businesses shall have the maximum practicable opportunity to participate in the competitive process for Purchase Orders (PO)s and subcontracts consistent with the goals of the company and its customers.

Small Business (SB) concerns include those owned and controlled by socially and economically disadvantaged individuals (small, disadvantaged businesses - SDB), women-owned (WOSB), certified as a historically underutilized business zone (HUBZone) and veteran-owned (VOSB), including service-disabled veterans (SDVOSB). Such concerns will be given an equitable opportunity to compete for products and services for which they are technically and financially qualified to deliver.

Roush requires that you register your company profile into the System for Award Management (SAM.gov) which is an official website of the U.S. Government. There is no cost to use SAM.gov.

If you are a qualified small business, it is recommended that you register with the Small Business Administration (SBA) through www.sba.gov and if self-certifying, through the SBA's Dynamic Small Business Search (DSBS) located at web.sba.gov. This searchable tool displays SAM entity registration data and supplemental information provided by small businesses to SBA to validate status and entity.

Roush validates your business classification information from the Sam.gov and SBA as part of the New Supplier Approval process.

4.4 Supplier Selection Process

Suppliers directed for use by a Roush customer may also be required to meet the criteria defined by this document. The supplier selection process formally starts within the Roush Purchasing organization.

4.4.1 Key Documents & Process Steps

There are key documents that present Roush Enterprise's basic cooperation requirements. Non-acceptance of these documents could halt the process and result in no new orders or requests for quotes. Roush will provide suppliers with the following documentation for review and acceptance.

When applicable, the initial step in Supplier qualification is based on the acceptance of the Roush Confidentiality Agreement by the potential supplier. The agreement must be signed and returned to the Roush Commodity Manager before any further information is provided.

4.4.2 Documentation & Approval Process

Upon receipt of the signed / approved Roush Non-Disclosure Agreement (NDA) the following documentation may be sent to the potential supplier by the Commodity Manager.

4.4.3 Supplier Manual (this document)

Suppliers must review the Supplier Manual and either agree to the contents and expectations or provide feedback to the Commodity Manager regarding any, and all requested deviations for approval.

4.4.4 Supplier Capability Assessment Questionnaire (SCA)

Supplier must complete and return the Supplier Capability Assessment Questionnaire, if applicable.

4.4.5 Manufacturing Feasibility Assessment (MFA)

Supplier must complete and return the Manufacturing Feasibility Assessment included in the RFQ to your Commodity Manager for review and approval before the job is awarded. Completion of the MFA must include signatures and dates as required and must accompany the quote when returned to Roush.

Any questions regarding the MFA should be directed to your Commodity Manager.

4.4.6 Packaging Specifications

Suppliers are expected to quote all components using expendable packaging and list all packaging criteria in the quote including but not limited to the packaging type, materials, size, and quantity per package. Also included in the quote should be any special characteristics or considerations for the proposed packaging method.

Available on this link www.roush.com/downloads/freight-packaging-specifications/?wpdmdl=3513

4.4.7 Purchasing Terms and Conditions

Suppliers must adhere to the content contained in the Terms and Conditions applying to each purchase order. The only exception being when pre-approved deviations are made prior to a purchase order being placed.

4.4.8 On-Site Audit

The Supplier may be visited by a Roush Commodity Manager or Advanced Supplier Quality Engineer at a minimum to validate information provided in the SCA Questionnaire and further evaluate their capability and system. An onsite audit will also include a review of documents and operations. The supplier shall make reasonable efforts to facilitate audits at sub-contractor or sub-tier supplier locations when requested.

Sub-tier suppliers have an impact on the quality of the final component whether they provide raw materials, services, components, parts, logistics or material of any kind. It is important for suppliers to Roush to have capabilities to manage their supply base. When deemed necessary, Roush will audit processes deemed critical of sub-tier suppliers to assure that proper controls are in place throughout the entire supply chain.

Pre-award Audits: Defense Contract Management Agency (DCMA) and Defense Contract Audit Agency (DCAA) may request on behalf of Roush to have any suppliers be subjected to a Pre-award Survey Audit. The process is utilized by the Government to provide an accurate assessment of a prospective contractor's capabilities as they relate to specific government procurements if applicable.

4.4.9 Review of Supplier Information

Roush representatives and/or team will review supplier processes and product expertise. Roush will use / refer to the "Scope of Activities" identified on their QMS certification or information provided on the SCA as a guideline for final supplier approval.

4.4.10 Qualified Supplier Locations

The qualification is valid for one supplier site unless the move is approved by Roush. If a supplier intends to relocate all or any portion of their operations and production of Roush products are affected in any way, the supplier must notify the Roush Commodity Manager directly in writing of their intent prior to the move. This communication should allow for reasonable time for Roush to review and approve prior to suppliers intended change date. A new SCA shall be required for the new location.

5.0 SOLICITATION PROCESS

Suppliers are expected to provide the best total value on initial quotes as well as continued total cost reduction implementations throughout the life of the product to provide Roush the best possible value proposition to the customer. Pricing should be based on a long-term view of production and not minimum order quantities.

The Manufacturing Feasibility Assessment checklist is part of the Request for Quote process and should be completed for each quote. This gives a supplier the opportunity to provide feedback regarding the manufacturing process, possible constraints, and potential design improvements.

Roush will not commit to guaranteed volume contracts unless approved in writing. During the quoting process, any exceptions to the quote should be provided to Roush in writing.

At any time during the quoting phase, suppliers are expected to proactively contact the Commodity Manager with substantive changes that impact the current quote. Changes can include but are not limited to changes in order quantity, price, availability, or lead time.

Suppliers that continually provide overall increased value are deemed as preferred when compared to those suppliers that do not. Overall value increases can be a result of purchase price reduction, reduced freight costs, faster assembly solutions, lower warranty costs, increased product performance and lower inventory levels.

Roush seeks to do business with suppliers that possess the following:

- Cost Competitiveness
- Core competencies that provide complementary skills – Niche type offerings are often sought over those that are in large supply. Offerings such as innovative and cutting-edge technology that will conform to the customer requirements are of real interest.
- Excellent Past Performance – Demonstrated performance at the prime or subcontract level in the federal sector and commercial or second tier subcontracting is also given consideration.
- Professional Certifications & Clearances – Security Clearances: Secret, Top Secret & Facility Clearances. Project Management Professional (PMP), Software Engineering Institute (SEI), Capability Maturity Model Integration (CMMI) & ISO Certifications are frequently required.
- Understanding of federal acquisition processes and applicable Federal Acquisition Regulations (FAR), Defense Federal Acquisition Regulations (DFARS) and other federal agency supplements as applicable.
- Comprehension of the RFI/RFP/award process and the Life Cycle Acquisition Process. The ability to analyze an RFP and provide well developed responses that contribute to the win strategy of a team.
- Sound financial structure – Well established businesses that demonstrate sustainability

Roush may solicit the supply base through a variety of tools, such as the Request for Information (RFI), the Request for Proposal (RFP) and the Request for Quotation (RFQ).

5.1 Request for Information (RFI)

Roush has two (2) main reasons for issuing an RFI to a company and/or companies:

- To understand and gather information from companies on their products, services, and new technologies
- To solicit specific information/technology and establish a Supply Base for that specific need

Purchasing issues a Request for Information in a consistent and uniform manner utilizing the most effective means such as, Technology Day Events, Website solicitation, and/or electronic communication.

Key issues to remember when responding to an RFI:

- Must not include Proprietary Information / Data without an executed Non-Disclosure Agreement (NDA)
- Hardware and/or software samples must not accompany an RFI response without the proper execution of appropriate documents between Roush and your organization.

The result of the RFI process should provide a confident list of potential bidders to both receive and respond to a Request for Proposal (RFP).

5.2 Request for Proposal (RFP)

The RFP Process solicits a formal proposal from potential supplier(s) in response to a Roush prepared set of requirements for procurement. It is essential that the RFP fully define all subcontract requirements because it can evolve into a Subcontract document.

Key points to remember in the RFP Process are as follows:

- The bidder(s)' formal response should contain a detailed price proposal
- The bidder(s)' formal response should address each of the elements of the RFP
- Strict change control methods are implemented and adhered to throughout
- The Contract Type to be addressed (i.e., cost reimbursement or firm fixed price)

5.3 Request for Quotation (RFQ)

Roush has three (3) reasons for issuing an RFQ to suppliers:

- Customer request for price and availability
- Customer request for a firm order
- Expired pricing from a previous quote

Roush requires quote response within the specified timeframe found in the RFQ documentation. The Commodity Manager will provide a deadline when the RFQ is issued. A response to a Roush quotation request is expected from suppliers.

If the supplier does not intend to make an offer, a "No Bid" response confirms that the company received the request and helps us to better understand the correct fit in the supplier community, particularly if a brief explanation is given. It also avoids time being wasted in attempting to verify whether a supplier is intending to bid or whether a bid may have been lost or misdirected.

5.4 Competitive Bidding

It is Roush' policy to extend the opportunity to quote to as many suppliers as is reasonably practical.

We are required to demonstrate, via audits, that orders have been competitively quoted. All Commodity Managers follow this requirement and adhere to corporate procurement processes that link Roush' procurement activities worldwide and ensures that Roush develops a world class supplier base generating the best value to its various customers in quality, service, and price.

5.5 Order of Precedence

A supplier's contract with Roush constitutes the entire, fully integrated agreement of the parties. In the event of any inconsistency among the contract, the inconsistency shall be resolved by giving precedence in the following order unless otherwise specified in the contract:

- Purchase order to which the terms and conditions are attached
- Federal Acquisition Regulations (FAR), Defense Federal Acquisition Regulations (DFARS) or any other government flow down to the agreement
- The Drawings
- The Specifications
- Other documents incorporated by reference

5.6 Terms & Conditions

Your RFQ or PO will specify the terms and conditions that are applicable to the PO.

- Defense Terms & Conditions for Roush are available at www.roush.com

Should a supplier make an offer to Roush that requires a variation to these conditions, the supplier must clearly identify the exception on the Quotation Response, along with the reason and suggested alternative language.

5.7 Flow Down of Federal Acquisition Regulation (FAR) and Department of Defense FAR Supplement (DFARS) clauses

Roush flows down the applicable requirements set forth in the Federal Acquisition Regulations (FAR) or Department of Defense (DOD) FAR Supplement (DFARS) or any other federal agency supplement Roush under prime contracts covered by the mandatory disclosure rules, consistent with the requirements of such clause.

5.8 Quality Requirements

Roush suppliers should have the latest 3rd party ISO 9001 registration or strong evidence of an ISO 9001 compliant QMS to assure part and process conformity. Suppliers are to provide a copy as proof of their quality and other pertinent certifications with their completed Supplier Capability Assessment questionnaire (SCA), if applicable. Suppliers are to provide an updated QMS certificate prior to the expiration date of the existing certification.

Suppliers shall immediately communicate any change in certification or status to their respective Commodity Manager. Failure to provide the latest certification could result in the supplier being placed on New Business Hold, which will prohibit any further new or existing work allowed to the supplier until an updated copy of the certificate is provided. Suppliers providing measurement services (i.e., Inspection sources, lab testing, etc.) must provide an ISO-17025 or A2LA certification or document traceable to an A2LA accredited lab.

Roush purchase orders may contain Roush Quality Capability/Procurement Requirements (QCR's). The purpose of these requirements is to bring attention to quality capability/procurement requirements which may require advance planning or special attention. In some cases, the QCRs also provide additional instruction regarding applicable Roush Quality standards, or address for required deliverables, such as weld samples, procedures, etc. These QCRs do not supersede, nor relieve the supplier of the Technical Data Package (TDP) requirements. The supplier is responsible for meeting all TDP requirements, unless specifically directed otherwise in the purchase order.

Supplier Review of Requirements

Completing an initial Purchase Order (PO) and Technical Data Package (TDP) review with all company stake holders (Engineering, Manufacturing, Quality, etc.) is key to ensuring contractual obligations are met. It is imperative that ROUSH Defense suppliers perform this review to ensure they have a sound understanding of the contract and properly flow down requirements to their sub-tier suppliers. It is also imperative that prior to the start of production, any questions, or concerns about the TDP have been addressed through the ROUSH Purchasing Commodity Manager.

Quality Capability Requirements (QCRs)

Roush Quality Capability / Procurement Requirements (QCRs) explain detailed requirements on Requests for Quotation (RFQs) and Purchase Orders (POs) sent to suppliers.

Suppliers must include satisfying all requirements specified in an RFQ when quoting and on a PO that has been issued and acknowledged.

The Roush Program team is responsible for identifying and communicating all QCR requirements. Requirements that are not on the QCR list are explained using verbiage on RFQs and POs.

Suppliers are cautioned to read each requirement carefully to ensure understanding and obtain clarification from the Roush Commodity Manager and / or Supplier Quality Engineer if needed.

If a supplier is not capable of fulfilling a QCR requirement, they are required to inform the Roush Commodity Manager during the quoting phase.

Note that there are eight mandatory QCR's that must be satisfied for all Roush product or service purchases.

Roush Quality Assurance requirements will be specified in your RFQ or PO. Quality Requirements, specific to production parts, are further detailed in the Roush Supplier Manual available at <https://www.roush.com/downloads/roush-supplier-quality-manual/?wpdmdl=4706>.

A public copy of ROUSH QCR's is available on the corporate website under downloads. See the link: www.roush.com/downloads/qcr/?wpdmdl=3605

Not all requirements apply to every program. The Roush program management team is responsible for identifying those requirements that the supplier is required to comply with and fulfill. Suppliers are required to read each requirement carefully to assure understanding and to ask for clarification from the Roush Commodity Manager if unsure.

If a supplier is incapable of delivering on a requirement, they are obligated to let their Roush Commodity Manager know in the quoting phase by documenting in the Manufacturing Feasibility Assessment (MFA).

5.9 Supplier Qualification Process

Every supplier, regardless of size, that provide goods and/or services to Roush, must demonstrate its capability to perform on anticipated orders before business is awarded. Considerations include, but are not limited to the supplier's financial outlook, reliability, and experience with the type of

product/service being solicited, past performance and adherence to supplier quality assurance program.

To ensure that a supplier is capable of producing parts that meet our contract requirements, Roush may visit and survey a potential supplier's facility before awarding an order. During the survey Roush will be concerned with the entire manufacturing process, as well as quality control systems. Additionally, the ability of your company to trace and control material that is processed through your production system will also be reviewed.

For suppliers of Production Parts, the approval process begins with an acceptable response to the Roush Supplier Capability Assessment (SCA). Results from this evaluation establish the minimum approval for a supplier's quality system. On site assessment, validation and verification of compliance are normally completed prior to issuance of a purchase order.

Roush requires that you register your company profile into the System for Award Management (SAM.gov) which is an official website of the U.S. Government. There is no cost to use SAM.gov. Successful suppliers to Roush will demonstrate:

- Financial viability
- High ethical standards
- Competitive pricing to the represented industry
- Appropriate industry quality procedures and processes
- A cost reduction program
- A cycle time reduction program
- Continuous improvement initiatives
- The ability to offer a technological or service advantage over other competitors
- The capability to utilize innovations such as in the delivery of goods or services applying e-commerce, electronic data interchange (EDI), etc.

For U.S. suppliers who qualify as diversity suppliers and are officially certified by a third-party certifying body, additional support is available to you in identifying opportunities within Roush from the Small Business Liaison.

Accepted third party certification bodies include:

- National Minority Supplier Development Council (NMSDC) U. S. Small Business Administration (SBA)

6.0 ANALYSIS & NEGOTIATIONS

6.1 Pricing

Roush expects that suppliers will quote proposal pricing that is compliant to the terms and conditions, requirements and expectations as defined in Roush solicitations. Pricing must be reasonable and realistic to the solicitation package. Where extra costs are included above direct costs, indirect burdens for example exchange contingencies, escalation factors, or forward currency protection, suppliers must identify these costs in their offer. In such cases, arrangements may be made for exchange protection under the terms of the Prime Contract.

6.2 Lead Time

It is essential that Roush knows the supplier's current lead time to deliver the part or component, as the lead time is a critical planning factor used in determining when and what quantity to purchase. It is expected that all bids will include the lead time data for each item quoted. It is also important that Roush be advised of any significant changes in manufacturing lead times as they occur, including the reason for the change.

6.3 Fact Finding

Fact-Finding activities should assure that all sub-elements of the supplier's proposal are covered in depth. Usually, sub-elements are assigned to team members based on areas of expertise, i.e., Quality, Manufacturing, Systems Engineering, etc. as each relates to specific elements of the proposal Work Breakdown Structure (WBS) or proposal sub-elements, if no final WBS exists.

Fact-Finding activities verify that the Statement of Work, Specifications, and Delivery Schedules are accurate, complete, and understood. Areas of review may include:

- Review proposed man-hours and supporting rationale
- Review the following proposed costs for reasonableness and realism
- Confirmation of Historical/Experience References
- Review Factors-Rate-Appportionments
- Review proposal exceptions including terms and conditions and the subcontractor's rationale for such exceptions
- Review the approach the subcontractor will utilize to perform each task to assure understanding Refusal to comply with Fact Finding activities can lead to Defense Contract Audit Agency (DCAA) audits.

6.4 Negotiations

As a normal part of our process, suppliers are engaged in a negotiation phase after submission and clarification of responses to the RFQ. All elements of quality, service, technology, and price are reviewed during the negotiating process to ensure that a fair and reasonable cost is established under the Truth in Negotiations Act, suppliers must submit cost or pricing data prior to negotiations, and certify that the data are accurate, complete, and current as of the close of negotiations when required as part of the solicitation terms and conditions. Submitting defective (inaccurate, incomplete, or noncurrent) data entitles the government to a price reduction under a contract clause included whenever certified cost or pricing data are required.

7.0 AWARD & CONTRACT MANAGEMENT

7.1 Standard Purchase Order (PO)

Standard Purchase Orders are formal agreements between Roush and the supplier, documenting the agreements reached during negotiations. Standard Purchase Orders include the following information:

- Terms and Conditions
- Part number, description, and revision level
- Unit price
- Quality Assurance requirements

- Total Line Quantity
- Shipping Location(s)
- Billing Information
- Delivery Requirements (Need by Date)
- Statement of Work (SOW)

7.2 Disposition by Supplier

Roush purchase orders are released through email from the Commodity Manager.

Upon receipt of any purchasing document from Roush, it is the supplier's responsibility to ensure that it accurately reflects all requirements as stated in said purchasing document. If a discrepancy is discovered regarding pricing, timing, availability, or quantity discrepancies and/or concerns, the supplier must contact the Commodity Manager for clarification and/or resolution within twenty-four (24) hours.

The supplier is expected to disposition the purchase order by acknowledging the purchase order and submitting a Promised Date or reject the purchase order via email to the Commodity Manager within twenty-four (24) hours

Delivery against a PO constitutes acceptance of the PO and its attachments.

7.3 Forecasting and Material Authorization

Those suppliers who are provided a forecast are expected to use the forecasted volumes to support an uninterrupted flow of product to Roush. The forecast is intended to help suppliers establish more stable purchasing and production practices. Suppliers are expected to maintain inventory levels equal to the authorization schedule and to plan their material purchases and production accordingly. Any foreseen interruption in supply should be immediately conveyed to the Roush Supply Chain team.

If applicable, the following is the authorization schedule that Roush will commit to as provided on the forecast unless otherwise pre-established and agreed to in writing:

- Finished goods -2 weeks volume per the forecast
- Work in process - An additional 2-week volume per the forecast based upon actual cost incurred
- Raw materials - An additional 6-week volume per the forecast.

Example: a part becomes obsolete due to a change in customer requirements. The forecasted demand on the last forecast provided to the supplier prior to the part becoming obsolete is 10 per week.

- Commitment to finished goods is 20 ((Weeks 1 and 2) X 10 per week)
- Commitment to work in process to produce finished goods is 20 ((Weeks 3 and 4) X 10 per week)
- Commitment to associated raw material is 60 ((Weeks 5 through 10) X 10 per week)

Exceptions to the commitments above need to be discussed and agreed upon during the quoting process and documented on the purchase order.

7.4 Change Management

Roush has a common and effective Change Management System. This system is designed to ensure that Customer requirements including: Change identification, change control, material status, cost impact, effectivity points and audit/verification are planned, implemented, and monitored in conjunction with other program requirements.

The Roush Purchasing Commodity Manager will maintain control of supplier/subcontractor activities to assure compliance with the Roush Change Management System and all customer requirements applicable to procured items:

- Cost & Price Impact
- Lead-time and Schedule Impact
- Piece number converted to vehicle effectivity
- Affected contract(s)
- Change paper requirement date
- Rework/rework costs (if required)
- Obsolescence/obsolescence costs (if required)
- Concurrence

Development programs shall keep Design to Unit Production Cost (DTUPC) as a critical factor in change management activities, with focus on preservation of production pricing. Your Purchasing Professional shall be notified of any/all potential changes to DTUPC.

ANY changes to a part that a supplier is producing for Roush must be coordinated through a Purchasing Commodity Manager. The Commodity Manager is the only person authorized to make changes to a part via a Purchase Order/Subcontract Modification.

7.5 Earned Value Management System (EVMS)

Roush has established material control and procurement systems and procedures. These systems and procedures provide a basis for integrating material vendor performance into Roush' Earned Value Management System (EVMS) and for tracking the use of materials throughout the life of the program. Roush's material management processes provide for full accountability of all materials purchased for use on a program, including residual inventory and scrap materials. Roush's material control system also provides the basis for evaluating material price and usage variances and for determining lot and/or unit costs where appropriate.

Subcontracted program work is integrated into Roush' EVMS. Those subcontracts requiring EVMS (defined by Office of Management and Budget (OMB) thresholds) may represent a significant portion of program work not under the direct control of Roush management. Consequently, Roush ensures that the subcontractors establish adequate EVMS control processes for performance measurement and that their performance data is properly integrated with Roush's EVMS. Roush will maintain appropriate surveillance over the subcontractor's performance measurement system. The extent of Roush' involvement in subcontractor performance systems is determined by the type of the subcontract, (e.g., Cost Plus, Fixed Price Incentive, etc.), the potential risk associated with the subcontract effort, and the reporting requirements.

8.0 DELIVERING THE PRODUCT

The Roush Commodity Manager is responsible for reaching an agreement with the supplier for suitable delivery arrangements that support our delivery schedule. Based on the agreement expressed in the purchase order, known as "Need by Date", Roush then relies on the supplier to ship accordingly.

Our scheduling and detailed activity planning is based on forecasts that purchased goods or services will be delivered by the agreed dates. When suppliers fail in their obligations to ship on-time, additional costs are incurred in internal exception reporting, expediting, work-around planning and possible production delays. On-time Delivery is defined as product / services that are received by the "Need by Date". Refer to Section 10.0 – Supplier Relationship Management.

When delivering orders to Roush it is critical that suppliers keep their Commodity Manager informed of the progress of the order. Should the original Need by Date be at risk, suppliers must notify their Commodity Manager of a recovery plan. We expect all suppliers to meet the shipment dates agreed and defined in purchase orders. Suppliers who repeatedly fail in this obligation cannot expect continuing opportunities to supply Roush and may potentially be charged back for costs incurred due to lost schedule.

Promise Date is considered the date your shipment will arrive at the specified Roush location. Your on-time delivery performance will be measured based on the promised date entered. However, it is important to remember that you are to make every effort in meeting our Need by Date which represents the Roush manufacturing requirement.

When you receive notification of a purchase order, you will be given twenty-four (24) hours to confirm Promised Dates. If Promised Dates are not confirmed by this time, your Commodity Manager will follow-up requesting this task be completed.

8.1 Transportation

The Roush Routing Instructions are available to show the accepted and approved carriers, for each mode of transportation, which are to be used to transport inbound shipments to our facilities or to third party destinations on our behalf.

Roush Routing Instructions are available at roush.com (COMING SOON)

8.2 Packaging and Identification Requirements

Suppliers are required to meet the standard Roush Enterprises Packaging Specifications that can be found on the Roush.com website under downloads. Special packaging and labeling requirements may be required as part of program needs. Requirements will be relayed to the supplier via the RFQ and PO.

8.3 International Trade Compliance

Roush and its suppliers are obligated to always comply with the legal requirements for export control and customs, and to ensure their correct and cost-effective implementation.

For this reason, Roush expects its suppliers to provide export control and foreign trade data in a professional and timely manner, and to implement appropriate standards for security in the supply chain in the framework of global customs security programs.

Technical data, as defined in Code of Federal Regulations Title 22 (CFR) 120.10 and the Bureau of Export Administration (BXA) Export Administration Regulation (EAR) 799.1 Supplement 3, which may be acquired or generated during through any phases of the life cycle of the Request for Quote (RFQ), Request for Proposal (RFP), Purchase Order (PO) / Subcontract execution. completion, and closeout with Roush, is subject to either the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) and may require appropriate authorization from the Department of State, Directorate of Defense Trade Controls (DDTC) or Department of Commerce, Bureau of Industry and Security (BIS) before it is released or disclosed to a foreign person. Therefore, Seller understands that, if it is a foreign entity, it shall not re-export or, if it is a U.S. entity, it shall not disclose to any foreign person, any technical data acquired during through any phases of the life cycle of the Request for Quote (RFQ), Request for Proposal (RFP), Purchase Order (PO) / Subcontract execution. completion, and closeout until after notifying Commodity Manager and written authorization from the appropriate U.S. Government agency is obtained.

In addition to these basic requirements, further requirements are to be considered, e.g., due to national or product-specific requirements which must be evaluated on a case-by-case basis.

United States - Directorate of Defense and Trade Controls (DDTC) – U.S. State Department

All manufacturers, exporters, and brokers of defense articles, defense services, or related technical data, as defined on the United States Munitions List (Part 121 of the ITAR), are required to register with **Directorate of Defense and Trade Controls (DDTC)**. Registration is primarily a means to provide the

U.S. Government with necessary information on who is involved in certain manufacturing and exporting activities. Registration does not confer any export rights or privileges but is a precondition for the issuance of any license or other approval for export.

Controlled Goods Directorate (CGD) – Department of Public Works & Government Services Canada (PWGSC)

The Controlled Goods Directorate (CGD) is a Federal Government Program administered by the Department of Public Works and Government Services Canada (PWGSC). This is a domestic industrial security program that helps strengthen Canada's defense trade controls through registration, prevention, deterrence, and detection, and prevents the proliferation of weapons of mass destruction and of conventional weapons. This is done by regulating and controlling the examination, possession, and transfer in Canada of controlled goods and/or controlled technology. Anyone who deals with controlled goods and/or controlled technology in Canada is required to register with the CGD. The CGD is legislated by the Defense Production Act (DPA) and the Controlled Goods Regulations (CGR).

8.4 Delivery and Incident Notification Process

In the event of any anticipated or actual delay, the Supplier shall:

1. Promptly notify Commodity Manager in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay.
2. Provide Commodity Manager with a written recovery schedule; and

The notification in (1) above shall be informational only in character and shall not be construed as a waiver by Commodity Manager of any delivery schedule or date or of any rights or remedies of Commodity Manager provided by law or the Contract.

8.5 Business Continuity Planning

Roush strongly encourages the Supplier to develop and maintain a Business Continuity Disaster Recovery (BC/DR) plan. A typical BC/DR plan considers risk analysis, stakeholder expectations covering critical business operations, systems, and processes for customer deliveries, and could include provisions for (a) a risk assessment and business impact analysis, (b) a prevention/mitigation plan, and (c) a resumption of services plan, including a recovery/restoration plan. The Supplier is requested to notify the Roush Commodity Manager if a risk has occurred or seems likely to materialize that could impact Supplier's delivery or performance and provide recovery plans as applicable.

8.6 Counterfeit Avoidance

Roush flows down Counterfeit Avoidance/Mitigation requirements as part of purchase order / terms & conditions to the Roush suppliers.

The Roush Purchase Order Terms & Conditions require that electronic parts be procured from Original Component Manufacturers (OCM) or their Authorized (Franchised) Distributors, so the material has a traceable pedigree back to the point of manufacture. If unable to do so, the purchase order will impose inspection and testing requirements to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts.

Roush strongly encourages suppliers to develop and maintain a Counterfeit Electronic Part – Avoidance, Detection, Mitigation and Disposition (CEP ADMD) plan. A typical plan identifies the responsibilities and formalizes processes to avoid the purchase and / or use of Counterfeit Parts, and should also address the reporting requirements when a supplier is aware or has reason to suspect the presence of counterfeit electronic parts in the products provided to the Department of Defense (DoD) This type of plan should be considered by all contracting organizations that procure electronic parts, whether such parts are procured directly or integrated into electronic assemblies or equipment. The requirements of a typical plan are generic and intended to be applied/flowed down to all organizations that procure electronic parts, regardless of type, size, and product provided.

Roush expects suppliers to provide the genuine, authentic parts. This policy was created to control and reduce the risk of introducing performance, reliability and/or safety problems to Roush customers through the inadvertent use of counterfeit parts. This policy creates an overview of

the procedures used by Roush to eliminate the receipt and unintentional delivery of counterfeit parts. It is designed to:

- Assist Purchasing in procuring parts from reliable sources.
- Assure authenticity and conformance of procured parts from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEM), or through the OCM / OEMs Authorized Distributor.
- Control parts identified as counterfeit.
- Report counterfeit parts to our customers and government investigative authorities.

This policy applies to commercial and government programs to which the SAE or DFARS fraudulent / counterfeit electronic parts avoidance, detection, mitigation, and disposition measures are required. It is adopted to the degree that is appropriate for each individual program and follows the guidelines of the Society of Automotive Engineers (SAE) Publications AS5553B and/or AS9100D.

8.6.1 Supplier Expectations Regarding Counterfeit Parts

Suppliers are expected to have a policy and take actions to prevent counterfeit or suspect counterfeit parts from being provided to Roush. This includes:

- Training of appropriate persons in the awareness and prevention of counterfeit parts
- Application of a parts obsolescence monitoring program
- Controls for acquiring externally provided product from original or authorized manufacturers,
 - Authorized distributors, or other approved sources
 - Requirements for assuring traceability of parts and components to their original or authorized manufacturers
 - Verification and test methodologies to detect counterfeit parts
 - Monitoring of counterfeit parts reporting from external sources
 - Quarantine and reporting of suspect or detected counterfeit parts
 - Controlling counterfeit and suspect counterfeit parts to prevent reentry into the supply chain

8.6.2 Roush Purchasing Responsibilities to Mitigate Counterfeit Parts:

When purchased electronic parts have an impact on product or service quality, the suppliers of the material or services will be evaluated and selected based on their ability to supply product or services that meets requirements and that the risk of supplying counterfeit parts is low.

Roush recognizes it is responsible for the quality of all products or services purchased, including those from customer designated sources. Electronic parts are to be purchased, whenever possible, directly from OCM's or from manufacturer's authorized suppliers. Independent distributors are used only after consideration of alternate parts and a reasonable search for material from authorized sources has been conducted and approval has been obtained from the Supply Chain lead and, if required, the Program Manager. The company will use customer approved sources when such sources are required by the customer or indicated on the customer's purchase order.

The company will select a source from the Approved Supplier List. Roush may choose whomever it deems adequate pursuant to its approved supplier procedure. Roush Purchasing will maintain a database of approved suppliers. Procurement assurance processes for avoiding counterfeit products begin prior to the tendering of a contract for a product. The extent of these processes is commensurate with risks related to the sources of supply and criticality of customer's requirements. Assurance at minimum includes use of an Approved Supplier List. When independent distributors are used, special precautions must be taken. These precautions must be approved by Roush.

Roush Purchasing requires traceability in the supply chain from top to bottom. Roush expects the OCM to identify the name and location of all the supply chain intermediaries. If this traceability is unavailable or the documentation is suspected of being falsified, Roush may, with customer's consent, purchase parts after conveying such information to the customer, discontinue efforts to procure the part or, at the customer's request, deliver to the customer a documented risk assessment.

9.0 ACCOUNTING INFORMATION

9.1 Payment Terms

Suppliers are to work with Roush on establishing standard payment terms which align with business needs. Standard payment terms are net 60 days. Roush must approve any non-standard payment terms. Roush standard payment terms are available at www.roush.com under the Terms and Conditions: Purchase Orders

9.2 Invoices

Suppliers are to invoice at the Purchase Order price & unit of measure. Each invoice must indicate the Purchase Order number, part number, line number, piece price to four decimal places, quantity, and receiving location. Invoices should be emailed to accountspayable@Roush.com. Inquiries about payments must be directed to the Accounts Payable person at the "Bill-to" facility.

9.3 Accuracy – Match with Purchase Order

When invoices are required, they must accurately match the quantity and pricing on the Purchase Order before payment can be made to the supplier. In the event of a discrepancy, payment may be delayed. The Commodity Manager is the main point of contact to address any discrepancies.

9.4 Warranty and Service

The supplier's warranty should meet or exceed Roush's warranty on the finished good. All warranty costs resulting from supplier non-conformances or failure to follow established and approved processes are the responsibility of the supplier. This includes substandard workmanship and/or material, including victim parts.

Warranty Guidelines

Warranty requirements should be spelled out during the quoting phase as many are customer or program dependent. When necessary, suppliers will be expected to participate in warranty activities including:

- Warranty returns reviews/analysis
- Improvement actions
- Warranty cost responsibility

If you have any questions regarding the required warranty for your components, contact your Commodity Manager for more information.

Service Guidelines

Suppliers are to provide service parts for a predetermined period of time, corresponding to Roush's customer specific needs. These service part requirements should be communicated to the supplier at the time of RFQ issuance. The expectation is that, unless agreed to in writing at time of purchase order issuance, pricing is to remain consistent for service parts.

9.5 Record Retention

Records shall be retained per program management direction. If no direction is received from Roush, then 4 years from the last invoice date or total consumption of the inventory at supplier location, whichever is later is the default. Retention periods for specific customers are also in effect and are dependent on a release of liability from Roush.

10.0 SUPPLIER RELATIONSHIP MANAGEMENT

10.1 Expectation for Performance Management

The goal of Roush is to provide product and services at low cost and high quality in a timely manner to meet or exceed the expectations of our customers. As such, suppliers are an integral team member within our process. The Supplier Performance Metrics focus on key attributes which support daily production while driving continuous improvement in the overall supply chain.

10.2 Supplier Ratings

Roush rates suppliers in relation to various performance factors. The goal is to identify problem areas and work with the supply base to improve their performance ratings with the various Roush locations. The Monthly Supplier Performance Report includes the following performance ratings:

Metric	Definition	Goal	Weight Factor	Performance Ranges		
				Red	Yellow	Green
Cost	YOY Cost Reductions Collaborative Model VA/VE	5	20%	Not Achieved = 1	Achieved = 3	Significant = 5
Quality	Quality Defect Notifications PPAP Accuracy PPAP Timeliness	5	40%	Not Achieved = 1	Achieved = 3	Significant = 5
Delivery	On Time Delivery Delivery Defect Notifications	5	40%	Not Achieved = 1	Achieved = 3	Significant = 5
Launch	On Time Delivery Quality Achieve Target Pricing	5	20%	Not Achieved = 1	Achieved = 3	Significant = 5
Overall	Combination of Cost, Quality, Delivery and Launch	5	100%	Not Achieved = 1	Achieved = 3	Significant = 5

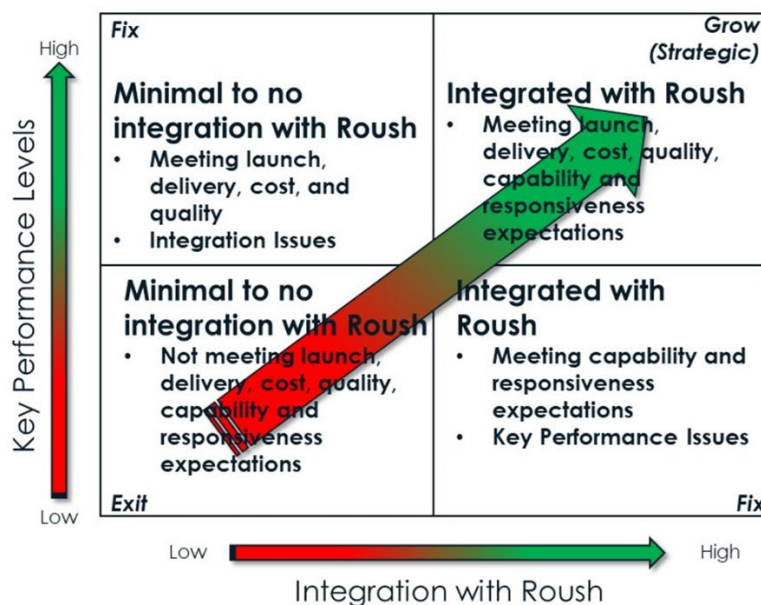
10.3 Supplier Corrective Actions

Supplier Corrective Actions for product quality are controlled through the applicable Roush Quality functions.

ALL SECTIONS of any Corrective Action Request form must be completed and returned to Roush by the specified due date.

11.0 SUPPLIER DEVELOPMENT

11.1 Defining Supplier Excellence



Key Attributes of Performance

- Launch
- Delivery
- Cost
- Quality

Key Attributes of Integration

- Capability
 - Capable Leader
 - Creative Technical, Financial or Operational Solutions
- Responsiveness
 - Open Communication / Relationship
 - Supports Roush Expectations
 - Schedule Management
 - Inventory Management

11.2 Supplier Development Process

Roush Purchasing Supplier Development is dedicated to the continual improvement of the performance of the Roush supply base in the areas of delivery, cost, quality, capability and responsiveness to support our corporate strategies and overall customer satisfaction.

11.2.1 Enhance COMMUNICATION ENVIRONMENT for Supplier Interface

At the core of the Supplier Development processes is our communication environment. The main point of interface with the supply base is the Roush website Roush.com.

Roush Supplier Development group is responsible to oversee the elements of an effective communication environment which include:

- Control of the Roush – Defense Supplier Manual,
- Facilitate Supplier Communications through:
 - Awareness Conferences
 - Training Symposium Programs
 - Utilization of Bulletins, Notifications, Announcements, Surveys, etc.
- Oversee the Roush website – Suppliers Link which provides centralized access to all standard practices, necessary forms, required documents and communications

11.2.2 Facilitate SUPPLIER CAPABILITY ASSESSMENT Activities

The Supplier Capability Assessment (SCA) is the next element of the Advanced Supplier Quality process. This is an in-depth assessment conducted by Roush Advanced Supplier Quality which is intended to appraise the existence and effectiveness of controls and management systems in place supporting the business activities or products being offered by a supplier; it does not judge the quality, integrity or effectiveness of the individual products or services being offered.

Advanced Supplier Quality works with these suppliers to identify and address areas of need or want through a process that provides the supplier with an introduction overview, validates the suppliers profile information and assess the supplier.

As part of the assessment, suppliers are invited to complete a Supplier Capability Assessment (SCA). It is designed to represent your company's capabilities and to allow for Roush Purchasing and Supplier Quality personnel to decide themselves on an acceptable standard for the work being considered.

Based on the SCA process, appropriate actions are defined and agreed to with the supplier. These may include further Advanced Supplier Quality interaction through either:

- Onsite Audit
- Supplier Development Process (SDP)

The objective of the SCA process is an informed supplier that understands Roush expectations with respect to the integration of responsiveness, capability, and the key performance levels by which supplier excellence is defined and measured.

11.2.3 Lead LEAN VALUE CHAIN Activities with Targeted Suppliers

We expect our suppliers to embrace the Lean philosophy, make a commitment to continuous improvement and flow it down through their supply chains. Leadership commitment in Lean transformation is critical for all our suppliers.

Roush continuous improvement programs focus on shortening lead time, reducing assets and improving flexibility and customer responsiveness by eliminating waste. This focus helps simplify processes and improve productivity. It must be stressed that improved productivity does not result from people working harder, but through eliminating non-value-added activities. Value Stream Mapping, 5S and the Six Sigma tool set are the workhorse processes. The goal is to improve business and production processes thus creating a more efficient and productive foundation for the enterprise.

11.2.4 Direct Supplier Improvement Activities with Suppliers

Advanced Supplier Quality is committed to improving the working relationship with suppliers by assisting Purchasing Commodity Managers in communicating Roush expectations and performance metrics to the Supply base.

The Supplier Development Process utilizes the Advanced Supplier Quality team, the Commodity Manager and the supplier to enhance the working relationship and improve supplier performance. The overall goal of the Supplier Development Process (SDP) process is to:

- Communicate Roush processes and associated supplier interaction
- Review current performance and metrics
- Determine the root cause of the concern / issue
- Implement permanent corrective actions
- Monitor corrective actions to ensure results

12.0 CONCLUSION

Everything we do – all our processes and our actions will be focused on enhancing customer value. This is our ultimate goal and our absolute objective.

Performance Driven

Customer value will be achieved through unparalleled performance supported by Operational metrics that drive continuous improvement at all levels of the organization.

For more information about Roush Purchasing, visit us at: www.roush.com

For any questions or clarification on content in this manual, please contact your Roush Commodity Manager.

13.0 DEFINITIONS

Counterfeit Part (Ref. AS9100D): An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. NOTE: Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics.

Electronic Part: An integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly. The term includes any embedded software or firmware.

Obsolete Electronic Part: An electronic part that is no longer in production by the original manufacturer or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer.

Suspect Counterfeit Electronic Part: An electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic.

Counterfeit Electronic Part: An unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics. Examples of counterfeit parts include, but are not limited to:

- Parts which do not contain the proper internal construction consistent with the ordered part.
- Parts which have been used, refurbished, or reclaimed, but represented as new product.
- Parts which have different package style or surface plating/finish than the ordered parts.
- Parts which have not successfully completed the OCM's full production and test flow but are represented as completed product.
- Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function or grade.
- Parts which have been refinished or uprated and have been identified as such are not considered Counterfeit.

Technical Data Package (TDP): Normally includes technical design and manufacturing information sufficient to enable the construction or manufacture of a defense item component modification, or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, QCRs, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of defense items or technology.

14.0 CHANGE LOG

Date	Rev.	Section	Description	Author
11/08/22	R00	All	Initial Release - new document	E. Wysocki
11/15/22	R01	14	Added "Approved By" and link in footer. Added Change Log	E. Wysocki