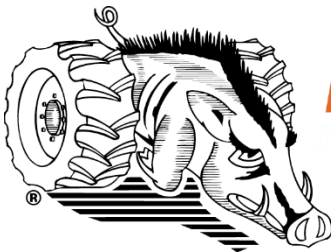


TERRA DRIVE SYSTEMS



SUPPLIER QUALITY ASSURANCE MANUAL



MUD HOG®



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INTRODUCTION

At TDS, we recognize the critical role quality plays in our success; therefore, we are committed to meeting our customer's quality needs and expectations with excellence by pursuing continuous quality and productivity improvements. A large segment of our quality performance, of course, depends on you as our supplier.

In this light, quality is a prime consideration for supplier selection at TDS. Your dedication to quality and strict adherence to this TDS Supplier Quality Assurance Manual will clearly define your value as a TDS supplier.

This manual should be reviewed and communicated to the appropriate individuals within your organization. Compliance with all requirements listed within this manual takes precedence, unless officially notified by authorized TDS personnel.

The purpose of this manual is to promote a clear understanding of TDS' expectations and requirements for suppliers. This manual contains a basic quality format that lays the foundation for an effective quality assurance system. Those suppliers demonstrating the highest standards of quality and performance will be given first consideration when awarding new business opportunities.

TDS QUALITY POLICY

TDS is dedicated to delivering world-class quality products, support and service through impeccable processes, our employees' expertise, and a commitment to our customers' success. Our goal is the recognition of TDS as THE quality standard for its customers, suppliers, and employees by building quality and continuous improvement into every step, product, and action.

SUPPLIER DEFINITIONS

Critical – A supplier that is essential to the sustainability of production or has been deemed a necessary provider of a component based on customer requirements. In addition, can be a supplier that TDS deems a single or sole source based on current conditions. A critical supplier has already surpassed the “Approved Supplier” status.

Approved - A supplier that is essential to the sustainability of production or has been deemed a necessary provider of a component based on a customer requirement. Supplier has been qualified to produce/supply parts and/or non-inventory supplies. This supplier can also be used for prototype projects.

NA – Non-Approved Supplier – A supplier that TDS deems unqualified to produce production or prototype parts or non-inventory supplies. TDS Business system will not allow orders to be placed to these suppliers due to their classification.

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The following sections have been removed from the Supplier Quality Assurance Manual (SQAM), however they are now located on the “Supplier Ethics, Materials and Environmental Requirement” document which is located on the TDS Drive website. www.tdsdrive.com

- Conflict Materials
- Russian Iron/Steel
- Plating Requirements
- CDX Reporting

TDS Part Qualifications

1. For all parts which TDS has a print for, supplier is required to meet all the specifications listed on the print. This includes but is not limited to, hydraulic cleanliness, paint, salt spray, etc. For any notes, standards or specifications listed on the print where the supplier needs additional information, the supplier must request confirmation before quote and initial production to ensure they are within compliance.
2. For "Industry Standard" parts supplied to TDS, supplier may be required to provide additional information per PPAP requirements, including measurements, materials, and confirmation of the industry standard with TDS Engineering. Any questions should be addressed before the initial order is placed.
3. For any additional standards or specifications listed on the prints, which are required by TDS' customers, suppliers may request information from TDS, who shall provide all necessary documentation.

Confidentiality

The supplier shall ensure the confidentiality of TDS contracted products, projects under development, and related product information. The control shall include the supply chain and communication of TDS information. Both parties recognize and acknowledge that either party may have access to confidential information of special and unique value which may include, but not limited to, designs, drawing, facilities, processes and production methods, the books and records relating to operations, finance, accounting, sales, personnel and management, matters relating to operations such as customer names, addresses and price lists, cost of providing service and equipment, operating costs and pricing matters.

Supplier Monitoring and Audits

The Supplier shall monitor second tier supply chain performance on an ongoing basis, including the following:

1. Delivered product conformity to specifications
2. Delivery schedule
3. Risk management
4. TDS notifications related to quality or delivery issues

Suppliers shall take appropriate actions with second tier suppliers in case of any non-conformances.

Preventive Maintenance Requirements

Suppliers are required to develop, implement, and maintain a documented Preventive Maintenance (PM) system. This system must cover, at a minimum, all production machinery, tooling, and test equipment used in the manufacturing and inspection of parts supplied to TDS.

The preventive maintenance system should ensure equipment reliability, product consistency, and minimize the risk of production delays or quality issues. Records of maintenance activities must be retained and made available to TDS upon request.

Identification and Traceability

The supplier shall have product traceability to allow for parts to be matched to a certain time frame, process, and specific lots of material, so that when a discrepancy is found, product can be contained, and corrective action can be initiated.

TDS Supplier Purchase Order Requirements and Expectations

1. Print ID and Revision Verification

All TDS purchase orders for parts manufactured to TDS-specific prints will reference a **Print ID and Revision Level**. It is the **supplier's responsibility** to ensure production is based on the latest approved print revision. Any questions regarding the current print or revision should be promptly directed to the assigned TDS buyer for clarification.

2. Purchase Order Acknowledgement

Suppliers are required to acknowledge **all purchase orders** within **48 hours** of receipt. Acknowledgements must be submitted via email to **Acknowledgements@tdsdrive.com**.

3. In-House Delivery Dates

Dates listed on TDS purchase orders are **in-house delivery dates**, not ship dates. Suppliers must account for adequate transit time to ensure on-time arrival. Any deliveries received **after the PO date** will be considered **late shipments** and will negatively impact the supplier's performance scorecard.

4. Delivery Delay Communication

Suppliers are expected to **proactively communicate** any potential delays in fulfilling purchase orders **before** the order becomes past due. Timely communication is critical to minimizing production disruption and maintaining supplier performance ratings.

On-Time / Late Deliveries

The date specified on the Purchase Order is the required in-house delivery date for the product to arrive at TDS. A receiving window of 5 days early to 0 days late is permitted.

Shipments arriving more than 5 days early may be refused and returned at the supplier's expense. If early shipment is necessary, suppliers must contact their designated TDS buyer in advance to obtain written approval.

Adherence to delivery windows is a critical component of supplier performance and is factored into the TDS Supplier Scorecard.

Engineering Specification – Cleanliness

1. Hydraulic components provided to TDS must meet specific cleanliness requirements. TDS Engineering standard "ENG: STD-008". This standard includes the allowed particle sizes and quantity. The supplier is responsible for ensuring they meet this cleanliness standard.
2. This standard also requires all hydraulic components to be capped on all open ports or entry way. All Hydraulic components should be packaged in a way to ensure parts are received to TDS free of any contamination.
3. Hydraulic components shall be returned to the vendor if it is found that contamination is an issue. Contamination includes, but is not limited to: metal shavings, metal burrs, dirt, corrugate, particulates. Should TDS receive parts which do not meet our hydraulic cleanliness standard for any reason, parts shall be returned to supplier to clean, rework, or otherwise resolve the issue at the supplier's expense.

Pricing Policy and Surcharge Guidelines

All price increase requests must be submitted in writing to the assigned TDS Buyer and will only take effect 90 days after formal approval by TDS.

Suppliers must provide detailed justification for any proposed increases. Justifications based on material cost changes should be directly supported by current AMM (American Metal Market) indices or other relevant, verifiable sources.

Suppliers are expected to propose cost mitigation strategies or alternative options to help reduce the financial impact of the increase. TDS is open to discussing solutions that support price stability or reduction over time.

As part of this agreement, the supplier shall allow TDS to place a bulk purchase order equal to the prior year's volume at the current pricing before the new pricing takes effect.

Any surcharges (e.g., for raw materials, fuel, etc.) must be billed separately from the unit price on the same invoice, unless prior written approval has been granted by TDS.

Forecast Availability and Communication

TDS can provide monthly, quarterly, or bi-annual forecasts to assist with supplier production planning. If your company is not currently receiving a forecast and would benefit from this information, please reach out to your TDS contact so we can determine the most appropriate forecast frequency for your needs.

Please note that all forecasts are provided as a planning tool only and do not constitute a purchase order or guarantee of future orders.

If there are any questions or concerns while reviewing forecast data, suppliers are encouraged to contact TDS promptly for clarification.

TDS Inspections

If TDS receives products that do not meet quality specifications or are deemed unsafe or otherwise unacceptable, the product will be returned to the supplier at the supplier's expense.

In cases where production demands require TDS to perform inspections or sorting activities, and the time spent exceeds one hour, the supplier will be charged an inspection fee of \$175 per hour. If the inspection time or the quantity of parts is deemed excessive by TDS, the supplier will be required to provide additional support. This may include hiring a third-party sorting agency or sending qualified personnel from their own organization to perform sorting at the TDS facility.

Suppliers may elect to use their own sorting service, provided that all personnel adhere to TDS safety and quality requirements. Alternatively, a representative from the supplier's organization may be sent to manage sorting on-site.

Any validated customer-related fees incurred by TDS as a result of supplier errors will be charged back to the supplier.

Shipping/Labeling Requirements:

1. Pallet size should be between 30 x 30 and 42 x 42 and capable of handling weight of product. For safety and ergonomics individual boxes of product should not weigh more than 40#
2. Part damage due to poor or lack of proper packaging will result in a debit of the cost of the parts and inbound freight to the supplier.
3. TDS will not pay for any unapproved express/expedite shipments made by suppliers. Unauthorized express/expedited shipment costs will be debited to the supplier account.
4. Packing slip should be placed on the outside of the box. Packing slip should note if there is more than 1 box for total number of parts shipped. **DO NOT** put packing slips inside of the box with parts on top of it. DO NOT send duplicate packing slips.
5. If shipping multiple boxes on a skid, each box should be labeled in some manner with TDS deliver to information in case boxes are accidentally separated from skid.
6. Do not combine different parts in the same box; unless said parts are packaged in separate boxes, then those boxes can be combined into a larger box. Outside of box should clearly state more than one (1) part number is inside.
7. At a very minimum, TDS Part number, TDS Purchase Order #, and Quantity shipped should be listed on the packing slip. Packing Slips should be on the OUTSIDE of the container.
8. For a shipment weighing more than 10,000 pounds, contact TDS Purchasing for shipment instructions.

Contact TDS Buyer if you are unsure on any shipping/packaging/labeling requirements

Rejected Material

1. TDS can reject parts and return them to supplier based on several factors: quality, warranty, over shipment, damaged parts due to poor packaging, incorrect parts, early shipments, or parts were not packaged/shipped as agreed on the TDS Packaging form.
2. Buyer will contact supplier to make them aware of situation and request return authorization and suppliers requested mode of shipment for return of product where supplier is responsible for cost of the return.
3. Buyer will issue a Return Order to return the parts to supplier.
4. Supplier will credit TDS using the Return order as documentation on the return paperwork.
5. Product IS NOT to be repaired and returned without TDS approval. If there is a charge to repair material, this expense MUST be documented & approved. If approved, a new purchase order will be issued for the return of the product to TDS. If denied, TDS will determine if parts should be scrap @ supplier or returned to TDS.
6. TDS Return process must be followed this is required for part and supplier quality tracking.

Engineering Change Notification (ECN) Process

Upon release of a new part or revision of a current part, a Print/Part Number Acknowledgement will be forwarded to the supplier. This form includes the level of PPAP that will be required prior to first shipment. If the new or revised part has a print, it is the supplier's responsibility to remove all previous prints from circulation. The ECN Acknowledgement is to be signed and returned within 5 business days of receipt.

Deviation Requests

Suppliers requesting to deviate from specifications are required to notify the TDS Purchasing Department to initiate the deviation process. Supplier will fill out and return TDS Deviation Wavier Form (ENG 8.7-01FA). Which also includes the root cause analysis/corrective action which also needs to be completed prior to submitting form for TDS approval. After approval, TDS will provide the DFS # to the supplier. Suppliers must reference this DFS# on all paperwork and outside of shipping container. A copy of the DFS paperwork must be included INSIDE the box and with packing slip.

PARTS ARE NOT TO BE SHIPPED TO TDS PRIOR TO SUBMITTING/RECEIVING WRITTEN APPROVAL

Corrective Action / Problem Solving:

In the event of non-conformance or quality issues identified with supplied materials or services, a formal Supplier Corrective Action Request (SCAR) may be issued. The supplier is required to investigate the root cause, implement corrective and preventative actions, and respond with the specified time frame. Continuous improvement and adherence to quality standards are expected to ensure that similar issues do not recur. Failure to address corrective actions in a timely or effective manner may result in further action, including disqualification as an approved supplier.

Production Part Approval Process (PPAP)

Below are the required documents per PPAP level. TDS can provide all suppliers with a template for each document via our PPAP workbook.

Level 1: Warrant Only

Level 2: Warrant with product Samples & limited supporting data.

Level 3: Warrant with product samples and complete supporting data

Level 4: Warrant and other requirements as defined by the customer

Level 5: Warrant with product samples & complete supporting data reviewed at supplier's location.

Requirement	PPAP Levels					
	0	1	2	3	4	5
Design Record	*	R	S	S	S	S
On site, supplier manufacturing audit	*	*	*	*	*	S
Engineering change documentation	*	R	R	S	R	S
Design FMEA	*	*	*	S	R	S
Process FMEA	*	R	R	S	R	S
Process flow diagram	*	R	R	S	R	S
Control plan	*	R	R	S	R	S
ISIR (Initial Sample Inspection Results) – Dimensional Results	*	R	S	S	S	S
Materials & associated information	*	R	S	S	S	S
Laboratory accreditation	*	R	R	S	R	S
Measurement system Analysis- GR&R studies	*	R	R	S	R	S
Performance Test Results	*	R	R	S	S	S
Packaging expectations sheet	*	S	S	S	S	S
CDX Submission / IMDS submission	*	*	S	S	*	S
Samples	*	R	S	S	S	S
Certificate of Compliance	*	R	S	S	R	S
PSW (Part Submission Warrant)	S	S	S	S	S	S

R= Supplier shall retain information, and will be able to produce within 30 day period upon TDS request.

S= Supplier shall submit this information and will retain a copy of all documents.

* Supplier shall retain at appropriate locations and submit to customer upon request

* For all PPAPs using a TDS print, a design FMEA shall not be required.

Completed PPAP's should be emailed to: PPAP@tdsdrive.com

Production Part Approval Process (PPAP) (Continued)

All dimensions including reference dimensions, characteristics, specifications and all drawing notes on the design records shall be noted on dimensional layout form and be identified (ballooned) on the design record.

Significant Characteristics (SC) and Critical Characteristics (CC), if utilized on the design record, must be used/identified on supplier's documents, including PFMEA, Flow Chart, Control Plan and standardized work instructions. If these characteristics are generated by a sub-supplier, it is the responsibility of the supplier to ensure compliance with the characteristic requirements.

ALL PPAP paperwork submitted is required to be error free. Supplier PPAP's that are continually submitted with errors or missing information/documentation are subject to an administrative fee starting at \$100 which will be debited to the supplier account.

After part has been qualified using the above method, by Supplier & TDS, it will be the supplier's responsibility to ensure that all future parts are delivered to meet print and/or industry specifications.

Parts that have been previously approved via PPAP and rejected in the future are subject to an administration fee of \$250 debit to supplier account.

Supplier Scorecard and Performance Evaluation

TDS evaluates **Critical and Approved Suppliers** using a **four-point scorecard system**, which measures performance in the following key areas:

- **Communication**
- **On-Time Delivery**
- **Product Quality**
- **Shipping and Freight Accuracy**

Critical Suppliers will receive their scorecards on a **monthly** basis to support ongoing performance monitoring and improvement.

Scorecard Impact

- Suppliers who consistently achieve **top-tier ratings** will be given **preferential consideration** for future quoting and new business opportunities.
- Suppliers who consistently fall into the **lower-tier ratings** will be **excluded from new business opportunities** until their scorecard performance demonstrates **sustained improvement** for a **minimum of nine (9) consecutive months**.

TDS values strong supplier partnerships and encourages open communication and continuous improvement to maintain high standards across the supply chain.

Scorecard Rating System				
Score	Communication	On-Time Delivery	Quality	Shipping/Freight Errors
4	Excellent / Timely	No past due orders	No quality related returns	None
3	Fair / Requires some follow-up	Any past due orders	One or two quality related returns	One
2	None / Always requires follow-up	Any past due orders causing shut down of TDS production line	Three or more quality related returns	More than one
1	Continual communication, delivery, quality issues that have not been resolved after several discussions which could include visit(s) to the supplier. Corrective Action plan will be put into place and supplier will be put on notice of improvement requirement or risk removal from Approved to Supply List.			

Terra Drive System, Inc. Contacts

Department	Contact Name	Responsibility	Email
Purchasing	Jill Geheb	Director Procurement & Sourcing	jgeheb@tdsdrive.com
Purchasing	Melinda Keeton, Amanda Armstrong	Purchasing	purchasing@tdsdrive.com
Purchase Order Acknowledgements			acknowledgements@tdsdrive.com
Quality	Hailey Luce	Quality	hluce@tdsdrive.com
PPAP Submission			PPAP@tdsdrive.com
Accounting		Accounts Payable/Receivable	accounting@tdsdrive.com

Revision History

Rev	Date	Description	Name
00	5/6/2019	Document initiated	Jill Geheb
01	12/7/2020	Revisions & Additions	Jill Geheb
02	1/5/2022	Revisions & Additions	Jill Geheb
03	12/5/2023	Revisions & Additions (as noted in the table of contents)	Jill Geheb
04	1/27/2025	Revisions & Additions (as noted in table of contents) Several items removed and noted on new "Supplier Ethics, Materials and Environmental Requirements"	Jill Geheb
05	4/17/2025	Revisions / Additions / Clarifications	Jill Geheb