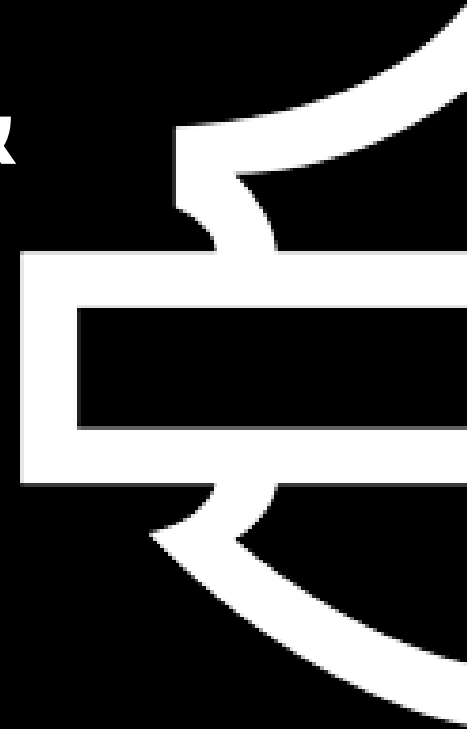


# Warranty Improvement Programs & New R.I.D.E Program (Responsibility in Defect Elimination)

May 2025

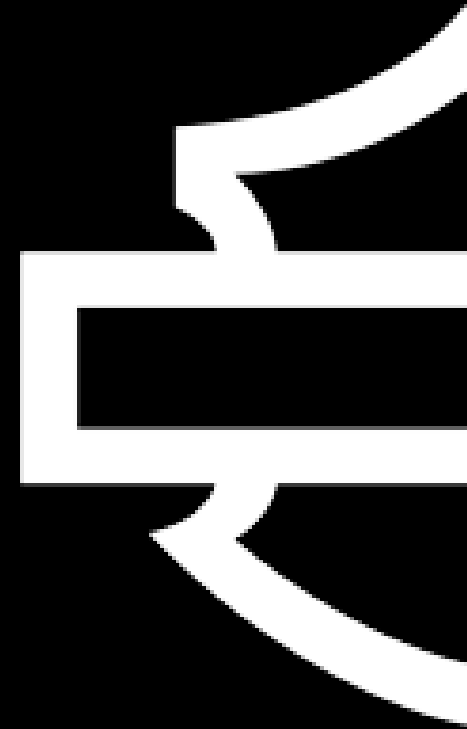


# CONFIDENTIALITY NOTICE

Confidentiality is critical to protecting our brand and our business.

## IMPORTANT REMINDERS:

- Do not share this information with anyone outside of your organization.



# AGENDA

A person wearing a motorcycle helmet and gear is standing next to a motorcycle. The scene is dimly lit, with a dark background and some ambient light reflecting off the motorcycle's surfaces.

- 01 Mission Statement
- 02 Current Improvement Programs
- 03 New Program – Why R.I.D.E
- 04 Program Pillars & Key Objectives
- 05 Expectations & Process Flow
- 06 Getting Started
- 07 FAQs

# MISSION STATEMENT

## Our Mission:



**Harley-Davidson Warranty Improvement Programs** represents Harley-Davidson's strategic partnership with suppliers to **jointly eliminate product defects**, improve the customer experience, and ensure fair cost accountability for warranty related failures. The program is rooted in industry best practices and is built on Harley Davidson's core values of being **Fair, Honest, Positive** and **Creative** (FHPC).

## Taglines:

Shared Responsibility, Zero Defects, Better Rides



# WARRANTY IMPROVEMENT PROGRAMS

## Top Issues

- Identify significant/high customer impact warranty issues
- Root cause investigations
- Launch 8D corrective actions



## EXISTING PROGRAMS

## Legacy Agreements

- Based on any legacy mutual agreed upon terms (i.e. Current sharing agreements)
- Any agreements that are no longer valid will move to the new R.I.D.E program



## R.I.D.E Program

(Responsibility in Defect Elimination)

- Monthly data and cost sharing
- Incentivize both parties to drive improvements/better quality
- Aligns with 2024 MSA
- Precedence within industry



## NEW




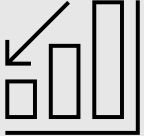
# WHY R.I.D.E.?

- Warranty Matters:** Product failures impact **customer loyalty, brand equity, and cost.**
- Data Shows:** A significant portion of warranty issues are attributed to supplier managed components
- Our Goal:** Create a **transparent, collaborative** framework that supports **shared ownership** of both quality and cost.
- Our Values:** Aligns with Harley's moral compass: **Fair, Honest, Positive and Creative.**

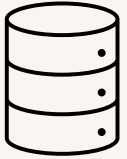
**This is not about blame – its about building better motorcycles, TOGETHER!**



# PROGRAM PILLARS OF R.I.D.E

Pillar		Description
R: Responsibility		<b>Joint ownership</b> with clear expectations
I: In		Embedded within our <b>culture and processes</b> – root out defects from <b>design to post launch</b>
D: Defect		A laser focus on <b>eliminating field failures, improving quality &amp; LOWERING costs!</b>
E: Elimination		<b>Driving to zero</b> through root cause, prevention, and accountability

# KEY OBJECTIVES



## **Enhance visibility to warranty data (monthly distribution)**

- Warranty data for the previous month will be provided the following month
- Harley analysts are ready to support data and part return requests (sampling)



## **Improve root cause resolution speed and effectiveness**

- Leverage both Harley-Davidson and Supplier resources to attack issues and mitigate field exposure



## **Implement fair cost – sharing**

- Share the responsibility to drive improvement. 50/50 share rate



## **Reduce warranty claims and improve customer satisfaction!**

- Drive lower incident rates month over month
- Improve CXI metrics, e.g., satisfaction, initial quality, NPS, etc.

# EXPECTATIONS: HARLEY-DAVIDSON & SUPPLIERS

## What you can expect:

- Monthly warranty data
- Timely resolution of debit processing
- Support for data and part return request (sampling)
- Fair adjudication of root cause analysis and attribution
- Joint improvement planning

## What we expect from you:

- Participation in RCA reviews and joint field studies
- Proactive quality improvement
- Collaboration in resolution and prevention efforts
- Judicious use of part return process
- Timely and complete 8D responses
- Focus on product & process improvement

For questions regarding program administration:

Contact the Harley R.I.D.E. program general mailbox at: **SWRIDE@harley-Davidson.com**

# RIDE PROCESS FLOW: WARRANTY DATA & COST SHARE PROCESS TIMELINE

## Dealer Process

Dealer's Service department diagnoses, and repairs the failed part(s), then submits a warranty claim which Harley-Davidson processes through the warranty system.

## H-D Quality Team

Quality team retrieves warranty approved claim data from the prior month and verifies it to confirm that specific supplier data is shared

## 2nd Week of Month

Warranty approved claim data & associated warranty share from the previous month is provided to the supplier by Harley-Davidson

## 10 Business Days

Supplier Review of claims for accuracy and/or request parts back from field (debit still occurs after 10 days)

## 4th Week of Month

Supplier review complete & debit process starts

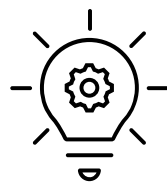
## New Month - 1st Week

Warranty debit is applied from Harley-Davidson



# COST SHARING CALCULATION - EXAMPLES

	Scenario A (Standard)	Scenario B (Adjusted)
Supplier	ABC Components	XYZ Plastics
Period	Q1 2025	Q1 2025
Total Warranty Cost	\$55,000	\$60,000
R.I.D.E Cost Share Applied	50%	50%
Debit Issued	\$27,500	\$30,000
Supplier Root Cause Analysis	None	Yes – Returned parts analysis, HD confirmed
Attributable Cost	\$27,500	\$3,000 (5%)
Harley Adjustment	N/A	\$27,500 credit issued
Clean Point Established	N/A	March 20, 2025
Future Cost Share	50/50 continues	50/50 reinstated <b>after clean point</b>



**Key Takeaway:** Suppliers who proactively investigate and validate root cause can influence cost recovery decisions. R.I.D.E. is built on partnership, fairness, and continuous improvement.

# GETTING STARTED



Harley program communication to supply base week of **May 5<sup>th</sup>**



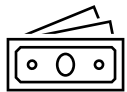
Program launch date: **Mid-May 2025**



- 1<sup>st</sup> quarter + April data, and cost share notification provided mid-May
- Confirm your POC w/Harley-Davidson SSM representative



Suppliers have **10 working days to review**



**Cost share debit auto process** after 10 working days

- Suppliers under top issues process may and will likely still be participants for issues other than the top issues

# FINAL THOUGHTS



## KEY TAKEAWAY

When we ride together, we go farther!

**R.I.D.E. is more than a program—it's a mindset. Let's eliminate defects together.**



# FAQS

# R.I.D.E. Program – Frequently Asked Questions (1 of 3)

- **What is the R.I.D.E. program?**

A structured initiative to reduce supplier-attributed warranty defects through shared accountability, root cause analysis, and performance transparency.

- **Does it apply globally?**

Yes. It applies to all **direct material suppliers** globally. Indirect material suppliers are excluded.

- **Why did Harley-Davidson select 50-50 warranty cost share?**

The 50/50 approach reflects industry best practices and promotes shared responsibility, aligning with the collaborative spirit required to drive warranty reduction.

- **Is it only for cosmetic issues?**

No. It applies to **all types of supplier-attributed warranty issues**—cosmetic, functional, and fit/finish.

- **When does cost sharing apply?**

Cost sharing occurs every month for the previous month's set of warranty claims.

- **How is the cost calculated?**

Warranty share is calculated as a **50% share** of the previous period's total warranty claim cost.

# R.I.D.E. Program – Frequently Asked Questions (1 of 3)

- **How is cost sharing executed?**

A **debit** will be issued to the supplier through standard commercial channels.

- **What if a supplier has a current share agreement with Harley?**

Suppliers with existing share agreements are excluded from the program.

- **What if the root cause is unclear?**

Cost sharing is based on associated warranty. However, suppliers can request parts from H-D at the supplier's cost to confirm root cause and drive appropriate corrective action.

Question on the data or part return can be addressed using **SWRIDE@harley-Davidson.com**

- **Will Harley provide support for returned parts?**

Yes. Harley will work with its suppliers to return warranty parts from the field to its supplier for analysis. However judicious use of the parts return process on a case-by-case basis to minimize the burden on Harley-Davidson dealers and service teams. This will be minimum number of parts.

# R.I.D.E. Program – Frequently Asked Questions (1 of 3)

- **Will this impact supplier scorecards?**

Yes. Warranty performance will be factored in—specific timing and weighting will be communicated.

- **Can suppliers reduce their share rate?**

Yes. By determining root cause (and agreed upon by Harley-Davidson), suppliers can reduce their effective share rate looking at the data and/or judicious part return if needed.

- **Will Harley support improvement efforts?**

Yes. Through data sharing, RCA reviews, and joint action planning.

- **How often is the program reviewed?**

Annually, however, if significant changes are introduced these may be implemented as needed.

- **What is Harley-Davidson doing to drive warranty reduction ?**

Harley-Davidson investigates Top Issues that significantly impact our customers and warranty targets. These investigations will include the supplier to assist in determining full root cause and corrective action.

# HARLEY DAVIDSON 2024 MSA – WARRANTY EXCERPT

## 9. SUPPLIER PRODUCT WARRANTY

- 9.1 H-D generally provides its retail customers with a two-year unlimited mileage warranty on its motorcycles and a one-year warranty on motorcycle parts and accessories (two years for accessories purchased with a new motorcycle and installed by an authorized Harley-Davidson dealer). Supplier's Product warranty period generally will extend to a period no less than H-D's retail warranty period for the product provided by H-D that is composed of or incorporates the Product. If H-D offers longer retail warranty periods than the warranties provided by the Supplier for Products incorporated in or composing such H-D products (in some or all countries or for some or all H-D products), Supplier agrees that its warranties on such Products will be the same duration as such extended retail warranty period(s) on the H-D products. Notwithstanding the foregoing, for Products sold as "parts and accessories," the warranty shall commence on the date the corresponding H-D retail new parts and accessories warranty period commences and will continue for a period of one (1) year. H-D and Supplier may agree in writing to different warranty terms for specific Products, categories of Products or geographic locations.
- 9.2 A Product will be considered to have a "Defect" if the Product does not conform to all applicable Specifications, is otherwise deficient in material or workmanship or, at H-D's sole and reasonable determination, is unmerchantable, dangerous or unfit or unsafe for the particular purpose for which the Product was intended (and Supplier acknowledges that it knows of H-D's intended use of the Product and that such Products have been selected, designed, manufactured, or assembled by Supplier based upon H-D's stated use and will be fit and sufficient for the particular purposes intended by H-D).
- 9.3 A Product or Product component will be considered to be "Jointly Designed" if H-D states in an Order, written agreement or other writing that the Product or Product component was jointly designed by H-D and Supplier. For the avoidance of doubt, the following activities alone taken by a Party do not result in a Product or Product component being Jointly Designed: (a) reviewing and commenting on designs or (b) providing test results, evaluations and informal suggestions.
- 9.4 Supplier warrants to H-D (and any customer of H-D that purchases the Products or equipment from H-D incorporating the Products) that each of the Products will:
- i. Conform to the Specifications, H-D's minimum acceptable quality level, and performance standards specified by H-D;

- ii. Be free from Defects;
  - iii. Comply with all current safety standards (including labeling requirements, if Supplier is required to provide labels), and contain adequate warnings (if necessary to use the Products safely or otherwise required by H-D);
  - iv. Comply with all applicable federal, state, and local statutes, laws, ordinances, and regulations (including, without limitation, environmental, occupational and safety standards and rules).
  - v. To the extent the Products are, or contain, hardware, Software, and/or firmware products, be able to accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing all times and dates) and are free of viruses and other sources of network corruption. H-D and Supplier may agree in writing to different warranty terms for specific Products, categories of Products or geographic locations.
- 9.5 The Product Warranty (i) is in addition to all other warranties, express, implied, statutory and common law, (ii) extends to the Product's future performance, (iii) survives Supplier's delivery of the Goods, H-D's receipt, inspection, acceptance, use of the Product and payment for the Product, and the termination or expiration of the Agreement, (iv) inures to the benefit of H-D and its successor and assign and the users of H-D's Products, and (v) may not be limited or disclaimed by Supplier. H-D's approval of Supplier's Specifications, designs, or similar requirements will not be construed to relieve Supplier of any warranties. Supplier shall transfer and assign to H-D all of its rights (but not any obligations) under all warranties from equipment or material manufacturers or suppliers, permitted subcontractors, or other third parties. Any applicable statute of limitations on H-D's or its user's claims for breach of warranty will commence no earlier than the date on which H-D or the user discovers the breach.
- 9.6 If, during the period a Product is covered by Supplier's warranty, H-D reasonably believes it is obligated to repair or replace a motorcycle component or a motorcycle part or accessory under the terms of the applicable H-D retail warranty due to a Defect in that Product, (i) Supplier will, at its sole cost and expense, promptly correct the Defect through repair (if practical) or replacement of the defective Product at no charge to H-D, (ii) Supplier will pay all of Supplier's internal and out-of-pocket costs, and (iii) Supplier will promptly reimburse H-D for any internal and out-of-pocket costs incurred by H-D (directly or through H-D's warranty reimbursements to its dealers and distributors) to correct the Defect, including but not limited to: diagnosis, removal, round-trip shipping, installation, testing and, if applicable, retail profit margin. This remedy is not exclusive and is in addition to any and all other remedies available to H-D by law or these Terms.
- 9.7 At its option, H-D may debit the Supplier for up to 50% of the costs relating to repairing or replacing a motorcycle component or a motorcycle part or accessory under the terms of the applicable H-D retail warranty due to a Defect in that Product (the "Warranty Costs"), if H-D has made a good faith determination that the Supplier is likely to be liable for some portion of the Warranty Costs, taking into account all of the relevant data available at the time, including the assessment of H-D regarding Supplier's relative fault. For the avoidance of doubt, this remedy is non-exclusive in addition to all other remedies provided to H-D under the Agreement.