



Supplier Cost of Non-Quality

Introduction

Kongsberg Maritime CM enters into an agreement with a supplier for the purchase and supply of products/services on the premise that such products/services will fully conform to all the applicable quality and warranty requirements stated in the applicable agreement.

Without prejudice to Kongsberg Maritime CM's other rights and remedies (whether in contract or at law), for every occurrence of the following quality issues listed below (under the heading of 'Description'), Kongsberg Maritime CM will exercise its contractual right to charge the supplier an administrative charge in the amounts stated in the below table, which Kongsberg Maritime CM may deduct from any payments due to the Supplier to compensate Kongsberg Maritime CM for its internal administration costs only associated with such quality incident.

Description

The internal administration costs incurred by Kongsberg Maritime CM comprise of the associated processing and technical assessment undertaken by Kongsberg Maritime CM due to the occurrence of the following quality issues:

- Rejects at receipt
- Concessions
- Rejects as a result of complaints
- Rejects as a result of customer/operator complaints

Global standard charges (US dollars)

Rejects as a result of concessions:	\$500
Rejects at receipt:	\$700
Rejects as a result of assembly/test complaints:	\$900
Rejects as a result of customer/operator complaints:	\$1500

The administrative charges noted above are a good faith estimate of the internal administration costs suffered by Kongsberg Maritime CM and are not penalties resulting from the relevant quality incidents.

NOTE: This document replaces the content previously contained within the Supplier Total Evaluation Process (STEP) guidance document

Version Control



KONGSBERG

Date	Amended by	Summary of Change	New Version Number
01/04/2019	Mario Martinez	Initial Issue	1