Supplier Cost of Non-Quality

**Introduction**

Our agreements with suppliers for the purchase and supply of products/services is based 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 our 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’), we will exercise our contractual right to charge the supplier an administrative charge in the amounts stated in the below table, which we may deduct from any payments due to the Supplier to compensate for internal administration costs only associated with such quality incident.

**Description**

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

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

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| **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, and are not penalties resulting from the relevant quality incidents.

Version Control

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| **Date** | **Amended by** | **Summary of Change** | **New Version Number** |
| 15/08/2014 |  | Initial Issue | 1 |
| 06/03/2018 | Carl Ibbitson | Version control and applicability added | 2 |
| 22/10/18 | Andrew Wall | Removal of references to Rolls-Royce | 3 |
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