

NCMR DEBITS – Section 18

TO: All P&S Suppliers
FROM: Powers and Sons, LLC

We have developed a policy to deal with parts that we find to be defective or not to specification. A Non-Conforming Material Report (NCMR) will be issued at the time the parts are located and a copy will be forwarded to the responsible supplier. **An NCMR may also be written for late delivery.** The **NCMR** supplier **may** be debited \$100.00 for the initial NCMR. The next five shipments will go through receiving inspection. The cost of this inspection will be \$100.00 per shipment and will also be debited back to the supplier. The total cost of each NCMR will therefore be \$600.00.

If no defects or problems are noted after these five consecutive shipments, the part will be removed from our probation list and further shipments will not be inspected. In the event that this part has the same problem at a later date, the amount debited **may** double to \$200.00 for an NCMR and \$200.00 per inspection, total of \$1,200.00. This doubling **may** continue for as long as the problem exists.

Suppliers will also be responsible for any sorting charges, extra freight or incidental expenses incurred by Powers and Sons as a result of Non-Conforming Material being at our location. These charges will be debited back to the supplier as soon as possible after they occur. Also, if there are charges to Powers and Sons from a Customer Assembly Plant, these charges may be forwarded back to the responsible supplier.

A Receiving Discrepancy Report (RDR) will be written by Powers and Sons when: the quantity of parts received does not match the shipping paperwork or the packaging / labeling is not correct. The supplier **may** be debited \$100.00 for each report written.

We anticipate that the great majority (or all) of our suppliers will continue to send us good parts and will not incur these financial penalties. Please refer any questions about these charges to **Supplier Quality/Development Manager** at 419-485-3151 ext. 151. For any RDRs (quantity/labeling issues) contact **Production Control Manager** at 419-485-3151 ext. 135.