



From: Remy Automotive Europe

Dear Supplier,

Remy Automotive Europe has reviewed the quality expenses that are caused by suppliers as non-conform products were delivered, and it was recognised because of the supplier failures, directly or indirectly, Remy has lost a part of the profit.

In case of supplier failure Remy Automotive Europe have to do the following additional actions:

- Review the stock within Remy plant
- Increase the frequency of incoming goods inspection
- Issue CAR (Corrective Action Request) / collect information, take photos, etc.
- Block deliveries, organise sorting or reworking, isolate failed parts, stop production line, re-organise the future production as it is necessary
- Track the Corrective Action reports, give special warnings to uncooperative suppliers to submit reports in time
- Evaluate the Corrective Action reports
- Justify that supplier's actions were affective

Our company don't want to bear the expenses of the delivered, justifiably non-conform products in the future, that's why the following rules will be followed;

- 1.) **105 Euro** – To cover partly the above costs Remy Automotive Europe will charge 105 Euro to the supplier as a rightful quality complaint is issued.
- 2.) **Product** – The price of the products that are rejected within Remy facility will be charged back
- 3.) **Returned material** – Expenses to deliver the failed products back to the supplier will be paid by recipient.
- 4.) **15 Euro** – Cost of sorting, reworking, line stops will be charged back as 15 Euro / hour / worker.
- 5.) **Alternative material** – As usage of alternative material is needed to be able to keep the production line on-going, then the price difference between the original and the alternative material will be charged to the supplier.
- 6.) **Special transport** – The cost of special transport, that is needed to be able to keep the production line on-going, will be charged to the supplier.

The above rules are effective from 01.09.2006.

If you need any additional information then please, do not hesitate to contact me.

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