



## Fees for Supplier-Responsible Non-Conformances

- A Repeated Identical Supplier Corrective Action Request (SCAR) **\$250/occurrence**
- Sorting, rework and/or handling fees at Safe Fleet Facility associated with non-conforming raw Materials, components or assemblies **\$75.00/hour/associate**
- Overtime costs associated with production of Safe Fleet facility late deliveries due to supplier quality or delivery issues **At actual**
- Reimbursement of initial shipping costs and replacement-part expedite charges **At actual**
- Reimbursement of Safe Fleet customers' charges for SCAR processing fees, and customer or third-party labor/rework charges **At actual**
- PPAP submission rejections or delays which impact project timelines **\$250.00/occurrence**
- Non-conforming Product Deviation Requests (submitted in advance of any deviation) **No charge**
- Shipments of unapproved product without prior written permission of Safe Fleet **\$500.00/occurrence**
- Missing info/Incorrect Labeling or Packing lists **\$100/occurrence**

Suppliers will be given the option of sending representatives to Safe Fleet facilities to sort and/or rework non-conforming product unless Safe Fleet's production status would be adversely affected. In those situations, Safe Fleet reserves the right to sort and/or rework product and charge back suppliers at the rates listed above. In the event that Safe Fleet personnel are not available for sorting and/or rework, suppliers shall contract directly with a third party for contract labor at prevailing labor rates.





## F.A.Q.

- **Why is Safe Fleet implementing these new fees?**
  - *First of all, these fees are nothing new, they have been around since shortly after Safe Fleet was born. In the past, these have been very intermittently enforced or sometimes not at all by Safe Fleet.*
  - **Why?** *Safe Fleet wishes to raise the overall quality level of its supply chain. It is Safe Fleet's sincerest hope to have a high quality supply chain and never have to collect a penny of these fees. In the cases where the fees must be applied, they will help drive better attention to quality and a robust continuous improvement process at the supplier level.*
- **My company did/does not agree to these fees.**
  - *Per the standard Safe Fleet Terms and Conditions that is a part of every P.O.*
    - **"5. Inspections:** *Goods, materials, articles and services purchased hereunder are subject to Buyer's inspection and approval within a reasonable time, which in no case shall be less than 30 days, after delivery. If goods, materials, articles or services do not conform to applicable instructions, specifications, drawings or descriptions, said non-conforming goods, materials or articles may be returned at Seller's expense and Seller assumes the risk and **agrees to be liable for all damages incurred by Buyer** as a result of or in connection with the rejection. Payment shall not constitute an acceptance of the goods or services nor impair Buyer's right to inspect or any of its remedies."*
    - *In this case, damages can be defined as a financial loss to Safe Fleet in lost production time, missing ship dates, time for paperwork, time for shipping back defective product, etc.. All can be accounted for and boiled down to financial damage. In order to simplify the process, these fees have been consolidated at a cost lower than the actual cost would be shown to be.*
- **My company cannot stay in business with all these extra fees!**
  - *The simple answer is if your company does not want to pay the fees, then stop sending Safe Fleet non-conforming material. If your company is not sending us non-conforming material, then it will not have any fees.*
  - *Realistically, if your company learns to produce less non-conforming material, then it will benefit financially with increased production efficiency as well as reduced scrap and rework costs.*
  - *The non-conformance fees helps assign a cost to what was previously hidden from your company. These extra costs can help drive investment to reduce the nonconformities.*



# SAFE FLEET

- **We will be charged for everything! The Fees are unfair!**
  - *Every effort will be made to be fair in the application of these fees.*
  - *We fully expect 95% of our suppliers to never be charged a single fee.*
  - *The SCAR fee will only come into play when a SCAR is a repeat issue. This means a SCAR has already been done on this issue and it has failed to improve the quality of the parts.*
- **What is a SCAR?**
  - *It is short for "Supplier Corrective Action Request"*
  - *It is a form that encourages structured problem solving, that is very similar to an "8D".*
  - *The initial containment action is required to be complete within 2 business days.*
    - *This basically answers the question of how you are protecting your customer right now from this issue.*
  - *The full SCAR completion is required within 60 days.*
    - *This documents the root cause, chosen corrective action, and validation of corrective action being effective.*
- **My packing list printer will not support your requirements for barcodes.**
  - *The preferred way would be to configure your shipping software to support the information and codes.*
  - *The requirements can also be met easily with a copy of the proper box or pallet label attached to the packing list.*
  - *An alternative is to use the Safe Fleet Barcode Excel tool. (available here: <https://www.safefleet.net/resources/suppliers>)*

