



March 2017

Subject: Returned Material Authorization (RMA); Supplier Corrective Action Request (SCAR)

Periodically we remind our valued Supplier partners of Digital Systems Engineering's Returned Material Authorization (RMA) policy for Defective Product and/or Damaged Product. We have included a notation on a Supplier Corrective Action Request (SCAR) as the two subjects are often associated. In restating our policies, we have an opportunity to strengthen our unique business partnership.

Defective Product. Defective Product shall be defined as goods received Defective on Arrival (DOA) or may have become defective while under warranty. DSE will request a Returned Material Authorization (RMA) reference number from our Suppliers to arrange return of Defective Products. DSE may request Defective Product be repaired or replaced, or to receive a credit for said product.

DSE Policy on Supplier-Issued RMA

- Supplier asked to respond to DSE's RMA request within five (5) business days
- Upon receipt of RMA number (or similar ID), DSE issues an RMA Purchase Order (P/O)
- Supplier's RMA number (or similar ID) is used for return package identification
- Supplier acknowledges to repair or replace Defective Product within 30 calendar days, and
- Supplier's Invoice and/or Packing Slip shall reference DSE's RMA P/O
 - If DSE's RMA P/O is not referenced, product may be considered delinquent at end of 30 calendar days; DSE reserves the right to issue credit against outstanding invoice of Defective Product without further notice.

Supplier Failure to Respond. If Supplier fails to respond to an RMA request within five (5) business days, DSE reserves the right to issue credit against the outstanding invoice of Defective Product without further notice.

RMA Product Returned to DSE. RMA Product or replaced goods is expected within 30 calendar days. If said is not in working order:

- Supplier shall be notified via e-mail of new Defective RMA Product, and
- DSE reserves the right to issue credit against an outstanding invoice at end of original 30 calendar days.

RMA Product Not Returned to DSE. RMA Product not returned to DSE within 30 calendar days as replaced goods or in working order:

- DSE reserves the right to issue credit against an outstanding invoice without further notice.

Freight. Suppliers may be asked to cover freight charges. Supplier may select to share shipper account, send freight-paid labels, or issue freight credit against an outstanding Supplier invoice.

DSE-Caused Damaged Product. Policy for returning DSE-Caused Damaged Product is identical to RMA policy for Defective Product, with following exceptions: Supplier has 60 calendar days to repair and return Damaged Product. DSE absorbs freight charges.

Product returned to DSE within 60 calendar days and not in working order:

- Supplier shall be notified via e-mail of new Defective RMA Product, and
- DSE reserves the right to issue credit against an outstanding invoice at end of original 60 calendar days.

Product not returned to DSE within 60 calendar days:

- DSE reserves the right to issue credit against an outstanding invoice at end of original 60 calendar days without further notice.

Supplier Correction Action Request (SCAR). In the instance a SCAR is issued against defective goods or repeated manufacturing or delivery findings, the SCAR is to be closed within 20 days of issuance; if it remains open past the 20 days, at the discretion of the Buyer and/or Quality Assurance Manager, a future PO may be delayed until said SCAR is closed.

If there are questions, please call or e-mail us at Purchasing@digitalsys.com.

Respectfully,

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