



**WAUPACA FOUNDRY, INC.**

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## **Waupaca Foundry, Inc. Policy on Casting Rejects and Customer Charge Backs (RGA Policy)**

July 1, 2012

Waupaca Foundry (WF) will reimburse our customer the invoice price for pre-authorized defective castings. Waupaca Foundry plant and quality representatives can authorize reimbursement. Any additional chargebacks must be agreed upon contractually, or pre-approved by WF Plant or Corporate Management. The process of handling of defective (rejected) WF castings at our customers' facilities includes:

1. Issuance of a "Returned Goods Authorization" (RGA),
2. WF issuance of a credit notification/memo,
3. Customer deducts agreed amount on check noting the RGA/credit memo for recording purposes.

Procedure for Casting Defect Reimbursement:

1. Obtain RGA to include the following required information:
  - a. Customer quality and accounts payable/financial contact person.
  - b. Part number
  - c. Quantity
  - d. Reason for rejection
  - e. Financial representative should be the customer's designated person agreeing to this process and, if applicable, process supplier debits.
2. Credit memo/notification sent to the customer:
  - a. A report is generated documenting part numbers, quantity, and price for each part number.
  - b. Credit notification is issued by WF through e-mail or facsimile.
  - c. Credit memo is issued by WF after information is verified by on-site review, photos, or part review at WF upon their return.
3. Customer deducts agreed upon amount:
  - a. Customer references RGA number or credit memo number on payment.

We feel this process is value added for our Customers for the following reasons:

- Elimination of repetitive documents (issuance of debit memos).
- Accounts for defective parts in a well-documented manner.
- Credits are processed in a timely fashion.
- Reduction of phone calls and other needless communication to resolve debits.

Kenley Hansen  
Director, Quality Assurance

