



QUALITY PROCEDURE

Document No:	P-QA-06
Revision: 00	09/27/2021
Created By	C. Schatzke
Approved By	A. Neff
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Title: **NSPS Claims Policy**

1.0 Preface:

- 1.1 NSPS Metals, LLC strives respond to any customer concerns within 24 hours and seeks to fully resolve any non-conforming material issues within 20 days of notification. To process the claim in a timely manner, please provide the required supporting documentation (outlined in **section 2.0**) as quickly as possible. If the appropriate validation information is not supplied within 10 days of original notification, the claim will be considered withdrawn. Quality Assurance will disposition each claim individually based on technical merit in accordance with this policy, applicable specifications, contracts, purchase orders, and order acknowledgements.
- 1.2 After a claim is reviewed by NSPS Metals, LLC, Inc., a claim acceptance, or denial will be provided to the customer outlining material disposition and if applicable, request for debit memo.
- 1.3 Unless otherwise specified on customer P.O., applicable ASTM standards will apply for NSPS's flat roll steel shape, properties, and dimensions.

2.0 Supporting Documentation

- 2.1 For any claim to be validated, NSPS Metals, LLC must be provided with:
 - 2.1.1 A clear description of the defect and reason for rejection.
 - 2.1.2 The quantity being rejected (sheets / linear footage, or weight).
 - 2.1.3 Material traceability information (NSPS tag number).
 - 2.1.4 Photos / videos which clearly display the non-conformance.
 - 2.1.5 Samples may be required for paint, coating, or shape issues.
- 2.2 NSPS Metals, LLC reserves the right to inspect any suspect material being claimed at the customer's site. Visits for the purpose of inspection may include accompaniment by NSPS Metals' suppliers. On-site inspections may occur when a sufficient supporting documentation cannot be provided, when the scope of the claim includes a substantial quantity of material and/or the customer's location.
- 2.3 NSPS Metals expects that material is adequately quarantined and safeguarded from unnecessary degradation or further damage until an inspection can take place. NSPS Metals, LLC reserves the right to inspect any suspect material being claimed.
- 2.4 Approximately 10% of all material the material should be tried for the end use before rejecting an entire coil, or bundle of sheets/blanks. If 10% is not run, please give specifics as to reason why it is not feasible. The customer may be responsible for processed material determined to be excessively over 10%.

2.5 For Claims regarding dimensional error:

- 2.5.1 Provide photos of the actual dimension using the most adequate tool for the tolerance.

2.6 For claims regarding surface defects:

- 2.6.1 For repeating type defects, please provide a repeat distance.

2.7 For claims regarding shape defects:

- 2.7.1 Photos must be provided of the material in as shipped or pre-processed condition, i.e. before entering any machinery.
- 2.7.2 Measurements shall be provided showing the materials distortion (height, length and repeat). Measurements shall be taken with the material in a relaxed state laying on a flat surface.
 - For reference on measuring or identifying flat roll shape issues, refer to ASTM A1030/A1030M.

3.0 Containment:

- 3.1 To mitigate the negative impact to NSPS Metals, the customer, and its suppliers alike, NSPS expects that any material similar in kind, or from the same shipment be inspected prior to use, and quarantined (if necessary) until the claim investigation concludes.



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4.0 Material Returns:

- 4.1 Material shall not be returned to NSPS Metals, LLC without written approval from Quality Assurance. Upon acceptance to return, an RMA form will be provided with all information necessary to complete the return.
- 4.1.1 Returns must have the original traceability present on the material, failure to maintain this traceability may subject the returned material to be denied.
- 4.1.2 NSPS' supplied RMA # shall be written on the coil, bundle, or skid.
- 4.2 Any material returned without written authorization will be subject to associated freight charges.
- 4.3 Non-conforming material shall not be resold or scrapped without the prior authorization of NSPS Quality Assurance. If material is scrapped as a result of an accepted claim, the scrap value will be deducted from the customer credit based on current regional scrap rates.

5.0 Bounds of liability and responsibility:

- 5.1 NSPS expects that its customers conduct adequate material inspections prior to acceptance, or inclusion into down stream processes. For this reason, NSPS is responsible only for the physical material. Claims including freight charges, cost for labor, down time, or other incidental or consequential damages / charges will be denied.
- 5.2 Claims will not be accepted in the following circumstances:
- The material is observed to be non-conforming after further processing or modification by our direct customer.
 - The material was provided to a downstream processor or customer by our direct customer.

6.0 Claim Acceptance Conditions:

- 6.1 Claims regarding weight discrepancy less than 1% of the invoiced weight will not be accepted.
- 6.2 Claims for material damage or degradation due to improper storage or handling by customer, will not be accepted.
- 6.3 Surface imperfections on the bottom side of the material including stains, rust, or scratches will not be accepted.
- 6.4 Claims against material received damaged, wet, water stained, containing white / red rust will not be accepted after 30 days of shipment date.
- 6.4.1 Claims of this kind shall have photos of the material in as received condition (preferably still on the truck / railcar they were provided on).
- 6.4.2 A description of the material's condition must be noted on the carrier's BOL with the driver's signature, when possible.
- 6.5 Claims for age related defects such as (but not limited to) fluting, or stretcher marks will not be accepted after 45 days.
- 6.6 Claims, regardless of type for material received greater than six months prior, will not be accepted.
- 6.7 Short payment of invoice(s) shall not proceed until the claim investigation has concluded, and a disposition provided. Once validated, a corresponding credit will be supplied, or in cases where material is authorized to return, the credit will be issued upon receipt of the returned material.

7.0 Customer Owned Material

- 7.1 NSPS places a large emphasis on protecting material within its control from damage and/or degradation. We understand the environment and climate in which we operate, for this reason the organization has implemented engineering and administrative controls deemed adequate to safeguard material. Customer owned / supplied



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material will be received, handled, stored, and inspected in accordance with the established processes if concessions are not agreed upon prior to receipt of material.

7.2 In order assist our customer's in obtaining claims for non-conforming material received at NSPS, we have implemented a robust defect reporting system which seeks to provide clear communication of defects without undue delay. This reporting may include, reports, pictures and/or photos sent via phone or email. NSPS will exhaust its ability to contact our customer to obtain material dispositions to prevent production disruptions. If established points of contact cannot be reached, the organization will make dispositions based on our best judgement. This may include:

- Backing off material from our processing line(s),
- The decision not cut a sample during initial processing.
- Performing pull-through inspection, rather than processing.

7.2.2 The above may result in service charges and/or re-processing charges at the customer's expense.

7.3 NSPS will not accept claims for non-conforming material under the following circumstances:

- Claims for non-conforming material, which was processed per order requirements, when a customer point of contact could not be reached.
- Non-conforming material which is unclaimable to the original supplier due to time delay in processing by the customer.
- Damage and/or degradation of material greater than 90 days of receipt.
- Damage and/or degradation of material provided via railway.

8.0 Painted Material

8.1 NSPS outsources the painting process and thus does not warrant the paint system, nor can formally guarantee a prime yield percentage, or a full reimbursement value for non-prime material generated during processing. While we have established contracts with these paint suppliers, please inquire with your NSPS sales contact to understand the current prime yield percentage.

8.2 At time of RFQ, it is the customer's responsibility to communicate any specific paint requirements to NSPS. In the event no specific requirements are provided, services will be rendered by our supplier(s) in accordance to relevant and current industry standards ie. ASTM, AISI and NCCA.

8.3 In addition to the clauses in **section 6** and **section 7**, NSPS will not accept claims under the following circumstances:

- 8.3.1 Surface imperfections which arise as result of customer request to ship painted material "eye-to-side".
- 8.3.2 Tolerance stack-up between the base material and painting process which result in the finished product thickness being over-sized (so long as all parties involved processed in accordance to relevant and current industry standards).