

	POLICY	No	QAC-PRO-109.2
	Vendor Claims (External)	Effective Date	01/01/2019
		Revision Letter	B

1.0 Purpose

This policy document establishes guidelines for the processing of all Vendor CLAIMS at NEW PROCESS STEEL, L.P., AND ITS AFFILIATES AND SUBSIDIARIES (“NPS”)

It is NPS expectation that all goods or services furnished shall conform to all specifications and appropriate standards and will be free from defects in material and / or workmanship. In the event of a nonconformity, pursuant to Section 3 of the Terms and Conditions of Purchase found at <http://www.nps.cc/downloads/NPSTermsandConditionsPurchases.pdf>, NPS will notify Vendor and pursue recovery in accordance with the Claims Process below.

2.0 Scope

All employees and vendors.

3.0 Definitions

- 3.1 CLAIM – NPS created vendor non-conformance that documents a nonconformity from the purchased material or service.
- 3.2 FINANCIAL SETTLEMENT – The cash settlement with vendor related to an accepted claim.
- 3.3 NPS LOCATION – Any physical area where NPS owned material resides.
- 3.4 OUT OF SPECIFICATION – Material that does not match the ordered ASTM or NPS purchase order specifications.
- 3.5 PHYSICAL RECEIPT – Act of receiving material at an NPS location.
- 3.6 QUARANTINE WAREHOUSE – A designation within AX for inventory that has been deemed questionable and that needs to be dispositioned.
- 3.7 CONTAINMENT – Act of keeping OUT OF SPECIFICATION or potentially OUT OF SPECIFICATION material isolated from good material.
- 3.8 ACCEPTED CLAIM – A CLAIM that is accepted by the vendor for the full and requested CLAIM amount and terms.
- 3.9 REJECTED CLAIM – A CLAIM that is not accepted by the vendor for the full and requested CLAIM amount and terms.

- 3.10 VENDOR CORRECTIVE ACTION REQUEST – Formal request to investigate a problem that already happened and for a root cause analysis to prevent future occurrences of.

4.0 Policy

This Policy of NPS is to ensure the following:

4.1 Cycle Time

- 4.1.1 Vendor acknowledges receipt of CLAIM within 1 business day of submission.
- 4.1.2 Duration of time between the creation of the CLAIM and the FINANCIAL SETTLEMENT not to exceed 30 days.
- 4.1.3 Material is removed from an NPS LOCATION, if required, within 10 business days of the FINANCIAL SETTLEMENT. Material remaining beyond this time is subject to a storage fee of \$10.00/ton per month.

4.2 Evidence

- 4.2.1 Vendor will disposition claims with electronic evidence including pictures or video depicting the defect as the primary means of resolution.
- 4.2.2 When physical samples are necessary NPS will submit to the vendor at the vendor's cost.
- 4.2.3 If on-site inspection is required NPS will coordinate with the vendor at the vendor's cost.

4.3 FINANCIAL SETTLEMENT

- 4.3.1 CLAIMS will be financially settled with a vendor debit for vendors with open invoice transactions.
- 4.3.2 CLAIMS will be financially settled with a vendor wire (preference) or check for vendors with no open invoice transactions.
- 4.3.3 Any and all forms of payment that are mailed should be mailed to a PO box, as listed below:

United States

Attn: Accounts Payable
New Process Steel, L.P.
PO Box 55205
Houston, Texas 77255

Mexico (United States Based Businesses)

Attn: Accounts Payable
NP Steel SA de CV
C/O New Process Steel, L.P.
PO Box 55205
Houston, Texas 77255

4.4 OUT OF SPECIFICATION

- 4.4.1 Material that is deemed OUT OF SPECIFICATION at PHYSICAL RECEIPT is received into a QUARANTINE WAREHOUSE.
- 4.4.2 Material that is deemed OUT OF SPECIFICATION during a production run is transferred into a QUARANTINE WAREHOUSE.
- 4.4.3 Material that is deemed OUT OF SPECIFICATION at the time of shipment is transferred into a QUARANTINE WAREHOUSE.
- 4.4.4 If out of specification, the vendor will make goodwill efforts to work with NPS' supplier excellence team to develop containment and corrective action plans.

4.5 Material CONTAINMENT

- 4.5.1 Related material at NPS LOCATIONS and/or customer locations is contained if required.

4.6 REJECTED CLAIM Resolution

- 4.6.1 A REJECTED CLAIM is escalated within the vendor's organization and within NPS.

4.7 VENDOR CORRECTIVE ACTION REQUEST

- 4.7.1 Every claim with a dollar amount of \$20,000 or greater will require a vendor corrective action.

5.0 Revision History

Effective Date	Rev Letter	Description of Change
8/01/2015	A	Initial Release
10/5/2018	B	Revised 4.1.2 from 45 days to 30 days. Revised 4.1.3 from 30 days to 10 business days. Added 4.2. Removed 4.3 requirement for \$250.00 claims processing fee. Added 4.4.4. Revised 4.7.1 to specify equal to or greater than \$20,000.