



CUSTOMER CLAIM POLICY

- 1) **Notification of Non-conformance** – To expedite the claims process it is recommended that your initial notification of potential non-conformances are reported to Sterling Pipe and Tube Quality Assurance Department.

Cheryl Kynard	Quality Engineer	419-304-5852	cjohnson@sterlingpipeandtube.com
Sherri Keller	Quality Manager	419-806-1021	skeller@sterlingpipeandtube.com

If you are unable to contact the Sterling Quality Assurance Team, please contact the Sales Manager who normally handles your account.

All claims must be submitted within 3 months from the original date of Invoice.

- 2) **Information Required** – Your initial notification to Sterling must identify the material in question by Sterling ship tag number. The Sterling ship tag is attached to each skid, lift or bundle. The ship tag number is also available on an adhesive label attached to the banding. Please include a detailed description of the non-conformance as well as the weight of the claim, including any scrap loss.

Failure to provide proper material identification may result in a denial of the material claim.

In many cases, a minor defect such as dents, scratches, etc may be contained to the outside pcs of the package. The customer is authorized to process up to 10% of the material PRIOR to rejecting.

- 1) **Sample(s) of Defect** – Whenever possible, samples / photos of the non-conformance are required with claims and must be sent to Sterling Quality Assurance and identified by the Sterling ship tag number. Samples may consist of the following based on the type of defect:

A) Dimensional & Surface defects – At least a 12” long sample is needed for any ID/OD sizing issues. Special arrangements may be made for material of large size. A good photo showing surface defects is acceptable.

B) Forming Defects – At least a 12” long raw sample and a minimum of 2 formed parts that show the defect are required.

C) Rust – All material processed at Sterling is inspected for rust during all phases of production and every precaution is taken to quarantine rust damage, so it is not shipped to the customer. Sterling will follow the industry standard of accepting responsibility for rust damaged material when detected and claimed within 30 days from the date of shipment.

D) Transit Damage/Rust – When material is received with visible damage and/or wet, the following steps must be taken to validate your claim:

1. The Sterling Bill of Lading and trucking co. delivery receipt must have a notation from your receiving department that describes the condition of the material at the time of receipt.

EXAMPLE: “Steel received wet – material was not tarped.”

2. Sterling Quality Assurance must be notified immediately regarding the nature of the claim. A copy of the Bill of Lading and delivery receipt with proper notations must be faxed to Sterling Quality Assurance.

NOTE: Sterling requires that all tubular products have a rust preventative oil (RP) applied after rolling to prevent rust and oxidation. In the event a customer requires the material to be supplied DRY the customer must sign a waiver releasing Sterling from liability.

- 2) **Quantity discrepancy** – Shipments from Sterling are made using Gross weight or Gross, Net, Tare. Each individual tag number will show the weight and piece count. In cases where there is a discrepancy at time of receipt, the customer must.

A) Notate the discrepancy on the Bill of Lading

B) Submit the Bill of Lading to Sterling personnel for review within 5 business days of receipt

C) All weights are guaranteed to +/- 1.5% of the total Bill of Lading weight

- 3) **Issuance of Claim Number** – In cases where the material is deemed non-conforming upon initial notification, Sterling Quality Assurance will issue a claim number. In cases where the cause of the non-conformance requires further investigation, a Sterling representative may request to meet with you at your facility to inspect the material. A claim number will be issued within five business days after the material is deemed non-conforming.
- 4) **Claim Processing** – In order to process all claims in a timely fashion the following information must be provided on your debit memo or request for credit to account:
 - A) Sterling claim number
 - B) Purchase Order number
 - C) Material Description (Grade, Dimensions, Part Number, Etc.)
 - D) Date of Receipt
 - E) Amount of material rejected (Weight & Pieces)
 - F) Date of rejection
 - G) Detailed description of non-conformance
- 5) **Scrap Credit** – Sterling requires any debit for material that is dispositioned as scrap without returning to Sterling and that the material value is reduced by the amount of scrap credit as described below.

Sterling expects to be reimbursed for scrap credit by the customer for all material scrapped as part of a claim resolution where Sterling is found responsible for the scrap. The credit will be determined using the American Metal Market (AMM) values at the time of the claim. No material is to be scrapped without prior approval from Sterling.

- 6) **Return Material Authorization** – Once a claim number is issued, Sterling Quality Assurance will forward a Return Material Notice to the Sterling Traffic Manager. Sterling's Traffic Manager will contact you and plan arrangements to pick up the material for return to Sterling. Material cannot be returned to Sterling without Sterling Quality Assurance authorization.
- 7) **Corrective Action Requests** – All requests for Corrective Action must be submitted in writing to Sterling Quality Assurance. Sterling will make every effort to provide an effective 8-D Corrective Action within 30 days from the date of receipt of the request. In some cases, Corrective Action may take additional time and require participation by the producing mill and will be forwarded to you as soon as possible.

Corrective Action may not be provided in instances where.

- Proper material traceability is not provided,
- Claims are of a commercial basis (no clear fault)

- 8) **Sorting** – In some cases, it is beneficial to all parties that the customer processes the material, sort, and claim the defective parts. Due to the uncertainty of the cost of such an approach it is necessary to receive approval from Sterling Quality Assurance prior to sorting the material.
- 9) **Freight Detention** – Sterling operates on a first come – first served basis for all inbound and outbound freight. Customer Pick-up and Designated shipments assume a maximum of 3-hour load time. All pre-paid freight, vans and flats, assume a maximum load time of 4 hours.

The times are based on the actual sign-in and sign-out times on our shipping log, not the arrival time to the facility. When extenuating circumstance arise, we will review case by case.

All detention requests will be verified by QA and Shipping Mgmt. prior to payment authorization. If approved, Sterling will pay a fee not greater than \$50.00 hr. for each hour over the maximum wait times.

- 10) **Limitation of Liability** – Material proven to be non-conforming still in the hands of the original purchaser will be replaced or credit issued for the price sold upon return to Sterling. Sterling cannot be liable for any labor extended on any products nor for any direct or consequential damages to anyone for the reason such products do not conform to the contract or to any express or implied warranty.