CONTROL OF NONCONFORMING PRODUCT PROCEDURE

<table>
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<th>Rev</th>
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<th>Revision Record</th>
<th>Prep'd</th>
<th>Chkd</th>
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<td>16/03/09</td>
<td>First issue after Integration of QHSE Management System</td>
<td>SMI</td>
<td>WS</td>
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1.0 PURPOSE

To define the methods and requirements for controlling nonconformity and the disposition of nonconforming materials or services.

2.0 SCOPE

This procedure applies throughout DSI PJSC whenever a system or contractual requirement is not achieved. The outputs of this procedure are inputs to the corrective action procedure.

3.0 DEFINITION

3.1 Nonconformity is Non-fulfilment of a requirement.
3.2 Corrective Action Request – CAR a Form used by auditor / Authorised DSI Staff to request that action be taken to correct a non-conformance identified. It may be used as integrated in Non-Conforming Report – NCR.
3.3 Product could be any of DSI PJSC process inputs e.g. materials or process outcome e.g. departmental products / services, and project operational results.

4.0 RESPONSIBILITY

- DSI PJSC personnel - to report non-conformances whenever they are encountered.
- Department Managers / Project Managers - receive & analyze reported non-conformances, client complaints, regulatory violations; etc and to implement corrective actions as required.
- QSHE Manager / Engineer / Officer - to ensure that non-conformances are logged, analyzed and followed by corrective actions.
- Area Managers to ensure all corrective actions are implemented as planned and on time.

5.0 PROCEDURE

5.1 Non-conformances may be encountered as a result of:

1) Inspection, Test / verification activity;
2) Audit activity;
3) Routine observance of activities;
4) Internal or external customer complaint.

5.2 Non conforming products / materials / services in sites or stores or in departments shall be identified, documented, segregated wherever practical and disposition action shall be taken.

   Responsibility of review and disposition shall be with concerned Department / Project Manager.

5.3 The disposition action may include one or more of the following:

- Use as is after getting deviation approval from Client / Authorized person.
- Rework and Re-inspect
- Re-grading for alternate use
- Reject and scrap
- Reject and return to vendor
• Disposition of scrap items

In case of Rework, non conforming product shall be re-inspected. Records of Re-inspection shall be maintained.

5.4 Whenever contractually required, the customer shall be informed about deviation and his concurrence / approval shall be obtained. Records of such deviations shall be maintained. If non conformance is detected by customer after project hand over, the complaints are attended at site by drake and scull staff as per contract terms and conditions where applicable.

5.5 Non conformance may occur with quality management system also. The concerned department manager is responsible to take necessary actions for such non conformance.

5.6 Records of all non conformance and actions taken are to be maintained by concerned departments / Project. Manager of such departments / projects are responsible for maintaining records.

Form IMS/QHSE/CNCP/03/01 shall be used for this purpose

6.0 ATTACHMENTS

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<tr>
<th>Type</th>
<th>Name</th>
<th>Number / Code</th>
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<tbody>
<tr>
<td>Form</td>
<td>Control of non conforming Products Form</td>
<td>IMS/QHSE/CNCP/03/01</td>
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</table>
### Control of Nonconforming Products Form

**AREA/PROJECT REF:** __________________________

**LOCATION:** _______________________________

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SIGNATURE, NAME, DATE</th>
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<tbody>
<tr>
<td>IDENTIFICATION &amp; NON CONFORMANCE DETAILS</td>
<td>INITIATOR/OBSERVER</td>
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</table>

**PROPOSED ACTION**

1. USE AS IS AFTER GETTING DEVIATION APPROVAL
2. REWORK & REINSPECT
3. DEGRADE FOR ALTERNATIVE USE
4. REJECT & RETURN TO VENDOR
5. REJECT & SCRAP

**INITIATOR:**

**DEPT/PROJECT MGR:**

**QA MGR/ENGR:**

**CLIENT:**
<table>
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<tr>
<th>PROPOSED COMPLETION DATE :</th>
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<tr>
<th>PROPOSED ACTION EXECUTION</th>
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<th>ACTION AS MENTIONED ABOVE IS EXECUTED ON</th>
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<thead>
<tr>
<th>ACTION MENTIONED ABOVE IS VERIFIED AND ACCEPTED/NOT ACCEPTED</th>
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<tr>
<td>QA MGR/ENGR</td>
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<td>CLIENT</td>
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<th>REMARKS:</th>
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PROPOSED ACTION EXECUTION

DEPT/PROJECT MANAGER

QA MGR/ENGR

CLIENT

REMARKS: