



## **CUSTOMER CLAIMS POLICY**

Effective Date: January 20, 2020

To directly access a copy of this policy, please visit our company website: <http://www.coilplus.com/quality>

Coilplus prides itself in our ability to provide high quality flat-rolled ferrous & non-ferrous materials, and superior service to our valued customers. We utilize a multi-disciplinary approach through our contract review process to perform the necessary due diligence and select the appropriate supply chain for our customers. The same process is used in the case of customer directed supply chains.

We recognize the primacy of our role as the gatekeeper between the metal producers, coil coaters, outside processors and our customers. Therefore, our associates strive to manage-out the defects from our supply chain with the goal that no products escape Coilplus with defects. We also pursue continuous quality improvement; however, defects still occur despite these efforts. Therefore, it is important that the customer understand our policies & procedures regarding claims resolution. Material mill claims policies supersedes this policy for mill caused defects.

This Customer Claims Policy reflects the current quality standards of Coilplus, its suppliers and the industry, and is intended to expedite fair and equitable settlement of claims. Therefore, Coilplus appreciates your full cooperation during the claim process to allow for an effective and efficient resolution of the claim. Each claim is handled separately and will not be considered precedent for future claims.

This following sub-sections contain specific details regarding the policies and procedures for a customer ("Customer") to report quality matters and resolve issues relating to the materials ("Material") that Coilplus supplies to Customer.

### **GENERAL GUIDELINES**

1. Please contact your Coilplus Sales representative(s) or Coilplus Quality Assurance ("QA") for product quality matters.
2. Claims for "failure to meet material specification" as accepted standard must be submitted within 60 days of receipt. Material subject to claim must be stored and handled as if it were prime. Selling, scrapping, or returning any rejected/claimed material without written authorization from Coilplus may invalidate your claim.
3. It is improper to withhold payments to Coilplus for an outstanding amount related to an unsettled claim. Doing so, may result in credit/shipping hold.
4. It is critical to inspect material at the point of delivery and notify us immediately of nonconformity or damage detected. Transit damage or quantity claims must be documented on the bill of lading and should be submitted within two (2) business days of delivery. Coilplus will not accept damage or rust claims for customer pick-ups (FOB Coilplus).
5. Unless otherwise specified, Coilplus considers the material's top-side as the prime-side. The bottom surface is not guaranteed for prime application.
6. We treat claims on an invoiced-weight basis. We do not accept claims for weight accumulated on multiple invoices. Traceability of the material back to Coilplus must be provided (tag number).



7. Customer shall run at least 10% of the material affected by the nonconformance to determine if the defect continues into the slit coil/bundled sheets. Claims based on “suspected” defects in material from the same batch (heat, workorder, anneal cycle, etc.), will not be considered.
8. In no event, will Coilplus be liable to Customer for consequential, incidental, special or punitive damages relating to or resulting from a claim (i.e., sorting, down time, etc.).
9. When our material supplier, coater or outside processor is determined to be responsible, we will issue a claim to the supplier, which could delay resolution of your claim.
10. If Customer requires a copy of the mill claims policies, it should be requested at onset of business.

### **TRANSIT DAMAGE CLAIMS**

Claims for Material damaged in-transit from a common carrier or Coilplus delivery truck, must be made in writing within two (2) business days after delivery of Material to the point of delivery. Materials delivered or transported in inclement weather conditions must be duly noted on the original bill of lading, at time of receipt, should material be suspect to water damage. Coilplus will not accept damage or rust claims for customer pick-ups (FOB Coilplus).

### **TRANSIT CLAIM PROCEDURE**

Claims for transit damage must be made to the Coilplus Sales representative assigned to Customer, or directly to QA.

Customer’s notification of claim must include the following details for QA to conduct a proper investigation:

1. Date of receipt of damaged Material
2. Date the damage was discovered
3. Detailed description of the damage, including but not limited to: type of damage, location of damage on Material, how the damage occurred (or likely occurred), why the damage renders the Material unusable.
4. Coilplus tag numbers and description of claimed Material
5. Customer’s P.O. number and the Coilplus invoice number for claimed Material
6. Weight/number of pieces claimed
7. Street address at which damage Material is located
8. Sufficient evidence showing the transit damage, including a bill of lading signed by the driver describing the damage and photograph(s) of Material with torn packaging and exposed damaged prior to unloading from the truck.

Coilplus may request additional information and/or inspect claimed material, and Customer agrees to use its best efforts to accommodate Coilplus for these requests. Failure by Customer to provide adequate information to support the claim may result in denial of the claim.

Coilplus will endeavor to timely resolve in-transit damage claims. Coilplus is not liable to Customer for delays in processing or resolving a claim, nor will any delay relieve Customer of its obligations relating to the Material at issue, including payment.

If Coilplus **accepts** the damage claim:

- Coilplus will provide notice to Customer that it is accepting the claim and will identify the appropriate resolution, as determined at Coilplus’s discretion. See the “**Claim Resolution**” section below.
- If Coilplus **denies** the damage claim:
  - Customer is obligated to retain the Material.
  - Customer must immediately pay Coilplus for any amounts due and owing for the suspected claimed Material.
  - Coilplus may consider an appeal by Customer, which decision is at Coilplus’s discretion.

## **MATERIAL QUALITY CLAIMS**

Any claim that the Material does not conform to the applicable specifications and tolerances must be made in writing within sixty (60) days from receipt of Material to the customer or customer’s designee. Mill caused material defect claims will be subject to supplying mill claims policies.

Minor cosmetic imperfections, including but not limited to, light marks, spangle variation, coating sags, dross, rub marks, discontinuous surface appearance are commercially acceptable visual imperfections, and are generally not detrimental to the performance of the Material, nor grounds for a justifiable claim.

## **MATERIAL QUALITY CLAIMS PROCEDURE**

Claims for non-conformance must be made to the Coilplus Sales representative assigned to Customer, or directly to QA.

Customer’s notification must include the following details for QA to conduct a proper investigation:

1. Date of receipt of non-conforming Material
2. Date the non-conformance was discovered
3. Detailed description of the nonconformity, including but not limited to: type of non-conformance, location of non-conformance (within the coil/sheets bundle), why the nonconformity renders the Material unusable.
  - **Surface Conditions:** Marks, dents, bruises and other surface imperfections often have a repeating distance corresponding to the specific source. Please provide the repeating distance and location, when applicable.
  - **Shape Issues:** Shape issues should be presented in terms of wave height (deviation from flat) and distance between waves (in number of I-Units whether in coil or blank form). Measurements must be taken in accordance to ASTM A568 (current rev.) with a single sheet on a flat surface (not on the bundle/stack itself). Provide photos showing the sample on the flat surface to capture the poor shape condition and the measurements of the deviation from flat and distance between peaks.
  - **Rust Claims:** Claims for rust are handled in the following manner, according to type of finish and surface treatment:
    - Rust conditions that are caused by transportation errors must be properly documented upon receipt by the customer and reported to Coilplus within two (2) business days.

- Coilplus cannot honor a claim for rust on hot roll (black), cold rolled dry, pickle-dry, dry lube or other dry orders where proper packaging and loading instructions have been followed.
  - Claims for uncoated products that have been properly oiled will be considered only if the claim is received within thirty (30) days for domestic material and fifteen (15) days for foreign material from date of material shipment.
  - Claims for “white rust” on galvanized material (coated), which has not been chem-treated, will not be considered unless material is noted as received wet or not properly protected.
- **Thickness:** Head/tail material out of thickness tolerance will not be considered for claim when ordered directly from the hot mill, pickler or cold mill, unless processed by Coilplus. Thickness of the strip is not guaranteed to be within ordered tolerance 1” from each mill edge.
  - **Camber:** Per ASTM 568 (or A635 for cut-to-length) tolerances based on strip width unless specified on the Purchase Order and acknowledged by Coilplus.
4. Coilplus tag numbers and description of claimed Material
  5. Customer’s P.O. number and Coilplus invoice number for claimed Material
  6. Weight/number of pieces claimed
  7. Street address at which Material is located
  8. Sufficient evidence offering reasonable representation of the nonconformity in the as-received condition at the point of delivery, including:
    - Sample(s) of Material in the formed and un-formed state. Material samples of the nonconformance should be clearly marked with Coilplus tag identity, lengthwise direction, and top/bottom side.
    - Photographs, video and documentation should be sent via email to your Coilplus contact.
    - If two or more coils/sheets/sizes are subject to claim, Customer should provide samples of each representative tag.

Coilplus may request additional information and/or inspect claimed Material, and Customer agrees to use its best efforts to accommodate Coilplus for these requests. Failure by Customer to provide adequate information to support the claim may result in denial of the claim.

Coilplus will endeavor to timely resolve Material quality claims. Coilplus is not liable to Customer for delays in processing or resolving a claim, nor will any delay relieve Customer of its obligations relating to the Material at issue, including payment.

If Coilplus **accepts** the Material quality claim:

- Coilplus will provide notice to Customer that it is accepting the claim and will identify the appropriate resolution, as determined at Coilplus’s discretion. See the “**Claim Resolution**” section below.

If Coilplus **denies** the Material quality claim:

- Customer is obligated to retain the Material.
- Customer must immediately pay Coilplus for any amounts due and owing for the claimed Material.
- Coilplus may consider an appeal by Customer, which decision is in Coilplus’s discretion.

## QUANTITY CLAIMS

Any claimed weight/sheet quantity discrepancy must be made in writing within two (2) business days after delivery of Material to the point of delivery.

Normal scale error may result in weight discrepancies between Customer-measured weights and billed weights for Material supplied by Coilplus in coil-form or blank form. Calibration documentation of Customer's weight scale(s) should be made available to Coilplus upon request.

Coilplus reserves the right to deny any quantity claim of 2% or less of the aggregate invoiced weight/sheet count.

The allowable over-shipment for an order quantity is 10%.

## QUANTITY CLAIMS PROCEDURE

Claims for shortages must be made to the Coilplus Sales representative assigned to Customer, or directly to QA.

Customer must provide Coilplus with sufficient evidence of such weight or sheet-count discrepancy with its notice of claim. An example of sufficient, proper evidence would be photographs of measured weight (for Material in coil-form) or photographs of a measurement of stack height (for Material in sheet-form).

Coilplus may request additional information and/or inspect claimed material, and Customer agrees to use its best efforts to accommodate Coilplus for these requests. Failure by Customer to provide adequate information to support the claim may result in denial of the claim.

Coilplus will endeavor to resolve quantity claims in a timely manner. Coilplus is not liable to Customer for delays in processing or resolving a claim, nor will any delay relieve Customer of its obligations relating to the Material at issue, including payment.

If Coilplus **accepts** the discrepant quantity claim:

- Coilplus will provide notice to Customer that it is accepting the claim and will identify the appropriate resolution, as determined at Coilplus's discretion.
- Customer will follow the applicable procedure outlined in the "**Claim Resolution**" section below.

If Coilplus **denies** the discrepant quantity claim:

- Customer is obligated to retain the Material.
- Customer must immediately pay Coilplus for any amounts due and owing for the claimed Material.
- Coilplus may consider an appeal by Customer, which decision is in Coilplus's discretion.

## CLAIM RESOLUTION

Upon Coilplus's acceptance of a claim, Coilplus will determine the appropriate resolution, which is Customer's sole and exclusive remedy for the claim. In no event, will Coilplus be liable to Customer for consequential, incidental, special or punitive damages relating to or resulting from a claim (i.e., sorting, down time, etc.).

Coilplus may consider the following material dispositions and remedies, but Coilplus will evaluate the circumstances surrounding each specific claim to determine the appropriate and final resolution. Each claim is handled separately and will not be considered precedent for future claims.

## MATERIAL DISPOSITIONS AND REMEDIES

- **Material Retained at a Discount:** It may be suitable for the Customer to re-work and/or sell the claimed Material at a lower cost. The discount will be an amount agreed upon by Coilplus and the Customer.
- **Scrap Material:** Coilplus may choose to have the Customer scrap all or part of the claimed Material. Coilplus will credit or refund the difference (as a scrap allowance) between the amount paid by the Customer for the claimed Material and its current scrap value (plus freight if applicable), as determined by Coilplus based on the current published regional scrap rates listed in the American Metals Market or similar publication. Coilplus will provide authorization to the Customer to scrap the Material. See “**Internal Scrap and Secondary Sales Dispositions**” disposition type down below.
- **Return Material:** Coilplus may instruct the Customer to return all or part of the claimed Material. Coilplus will prepare and send a Return Material Authorization (RMA) form to the Customer listing the claimed material to be returned and with specific instructions for the return. Material must be returned in the same condition that it was received by the Customer, and secured with proper banding and packaging to prevent further damage, non-conformance, or safety issues. The Customer may not return material not listed within the RMA.
- **Credit:** Coilplus may issue credit to the Customer’s account in an amount determined by Coilplus, based upon the item’s purchase price listing on Coilplus’s respective invoice, the disposition of the claimed Material, and the claimed weight or sheet quantity (as applicable). Credits will be issued to the customer’s account.
- **Material Replacement:** Coilplus may provide Customer with substitute Material to replace the claimed item(s). To ensure action can be taken to prevent recurrence of the nonconformance, replacement orders will be generated only after proper evidence has been provided to identify the source of the problem and the claim has been validated by QA, which may result in Customer’s return of the Material before the replacement order is entered.
- **Internal Scrap and Secondary Sales Dispositions:** Coilplus utilizes various third-party industrial scrap service providers to collect & recycle (via a re-melting process), both ferrous & non-ferrous Materials associated with a scrap or secondary sales disposition, as a result of a suspect/nonconforming condition or excess prime/aged/obsolete inventory. Such arrangements may include a one-time buy or be part of a contracted (on-going) scrap management recycling program.