



SAMUEL, SON & CO. CLAIM POLICY

CLAIM CONDITIONS

1.0 Background

To support our customer and their procurement and product planning (APQP) processes, Samuel, Son & Co., Limited (Samuel) is committed to a disciplined review of our customer’s product, their intended processing and end use applications. In addition, an internal process design review is effectively in place to proactively identify and prevent non-conformances in the product and processes, internally and, at our Customer’s Receiving, Forming, Heat Treating, Welding, Surface Preparation, Assembly, and other related Processes. However, it is recognized that certain defects may be discovered during Customer processing.

In any situation, Samuel will conform to the general delivery conditions of the American Society for Testing and Materials (ASTM) for the product purchased, as well as any referenced specification and grade requirements on the purchase agreement. Referenced specifications may include ASTM, Society Automotive Engineering (SAE), Japanese Industrial Standards (JIS), Aluminum Association (AA) or other suitably applicable society / proprietary material specifications. This policy follows the general metals industry standards noted above.

The following Claims Conditions referenced in sections 2.0 through 9.0 apply to all Customer claims arising from or related to Producer defects.

2.0 Dimensions, Surface and Other Defects

Samuel attempts to provide defect free material supplied in coil, sheet, blank, bar or other forms, however, certain defects are not visible during material processing and inspection. It is also not practical to contain all surface defects during processing due to line processing speeds and limited access to inspect product.

With respect to flatness on delivered coil product, it is noted that it is the Customer’s responsibility to ensure adequate flattening equipment is utilized as per ASTM to remove coil set and other coil related shape conditions.

With respect to coil breaks (stretcher strains) on Hot Roll coil and sheet product, it is noted that the Customer is advised to purchase temper passed product otherwise there is no guarantee against this surface condition.

Customer agrees that the Permissible Defect Rate (PDR) is 2 % maximum of the billed length or weight. The PDR shall be calculated in accordance to the following formula:

$$\text{PDR \%} = \text{total defect length or weight} / \text{total weight shipped}^{*\dagger\ddagger}$$

*For heavy thickness coils (>.236” in thickness as per ASTM), the PDR% relates to a percentage of the billed weight that is equal to a complete outer and inner diameter wrap of the coil and may exceed 2% due to material thickness.

†If a shipment is made in both length and weight, the PDR% shall be based upon the billed weight.

‡The PDR% is to be applied on a shipment by shipment basis in the form of the product received (slit coil, mill master coil, sheets, plate, etc.).

3.0 Forming

Samuel will provide products that satisfy the applicable chemical, dimensional and mechanical requirements as outlined in the purchase agreement and in any referenced material specifications (ASTM, SAE, JIS, Aluminum Association Standards, and various Automotive Proprietary Standards). In the case of forming problems we will conduct testing of the material and/or parts at a Samuel testing facility, mill



source, or an accredited testing lab. The tests must conform to the standards as outlined by the ordered specifications on the Customer's purchase agreement.

Unless otherwise agreed upon at the time of contract placement, Samuel will not guarantee part formation as there are many Customer owned processes, affecting part formation such as die maintenance, lubrication, forming strain rate (press/line speed), etc. that Samuel does not control. Furthermore, the ordered grade may not be suitable for forming the part, let alone the end use characteristics. Samuel does provide the service of reviewing specific parts and processes to determine the suitable material to be ordered. This includes creating proprietary Customer specifications unique to Customer specific needs.

4.0 Rust and Corrosion

For defects related to rust, corrosion or any other defects caused by atmospheric conditions, Customer must notify Samuel in writing within thirty (30) days from the ready ship date to be eligible for any potential claim. However if Customer receives wet and/or rusty material, Customer must immediately notify Samuel and properly annotate all receiving documents including driver's copies to properly pursue a claim. Failure to properly document receiving papers and to timely notify Samuel may seriously impair the timely and satisfactory resolution of a claim.

There are no rust claims on dry product - product purchased without any applied protection such as oil or chemical passivation from atmospheric or other types of corrosion. Examples of dry product are coldroll carbon steel that has no oil applied, galvanized carbon steel that does not have any passivation or oil applied, etc...). These products are purchased solely at the Customer's risk.

5.0 Time Limits on Non Rust Related Claims:

5.1 Processed Material

- On all other claims for any reason or defect, Customer must notify Samuel in writing within **one hundred eighty (180)** days for processed material from the ready ship date.

5.2 Non Processed Material

- For non-processed material (material that is not inspected or processed on a Samuel or outside processor processing line prior to shipment) the buyer must notify Samuel in writing within **thirty (30) days** of the ready ship date to make a material claim.

6.0 Disposition of Non Conforming Material / Material Return

6.1 Disposition

- When defects attributable to the input material are found at any stages of manufacture by Customer, the disposition of such defects shall be mutually discussed and agreed upon by both parties. Material determined to be unusable, because of supplier related reasons, must be set aside for review with appropriate Samuel personnel. This includes blanks, cut lengths, coils or slit mults from coils, extrusions or bars, burned parts and plate.
- When an individual coil or slit mult contains an apparent high frequency of mill imperfections, it should be set-aside only after a minimum of 10% of the coil has been processed.

6.2 Material Return

- With regard to material returns, Samuel must first authorize all material returns. The material must contain a return tag with proper identification (Samuel bar code preferred). The material returned shall be properly packaged and secured to meet all highway safety standards. Customer must pay Samuel the current market value for the scrap or coils if the Customer fails to return any product(s).

7.0 Required Information / Timeframe for Claim Resolution

7.1 Required Information

- With regard to a claim on the material or service, Customer must advise a Samuel Inside Sales Representative of the problem, in writing. The Inside Sales Representative will initiate containment.

Samuel requires the following information to process a claim:

- typical defect samples and/or digital photos E-mailed, illustrating the defects and reasons describing why the defect is unacceptable
- shipped identity of material including the Samuel Bar Code tag and/or the individual cut strand sticker.
- After the above information is supplied to a Samuel representative, the claim process will begin. Contact your sales representative for where to send samples. UPS / FedEx numbers are available upon request.

7.2 Target Timeframe for Claim Resolution

- Once a defect is determined to be related to material supplied by Samuel, the defective material should normally be dispositioned and removed within 5 working days; however some claims may require additional investigation and may require as much as 15 working days to resolve and remove.

8.0 Corrective Action Responses

When requested, Samuel will provide a corrective action response for serious and repetitive issues that involve a breach of the purchase agreement. Samuel reserves the right to decline providing a corrective action if the material is within metal industry standards.

9.0 All Other Consequential Costs/Damages:

When Customer suggests sorting to remove defective parts, Samuel reserves the right to a final financial decision based on economic and other factors. Customer charges (debits) related to sorting or other costs alleged to be related to defective Samuel product, are subject to approval or denial by Samuel after the results of sample testing have been used to determine the liabilities of the parties. No sorting shall begin until the details of the sorting contract have been negotiated with a Samuel representative, preferably in writing. Samuel reserves its right to "cure" a defective tender through commercially reasonable means, including material replacement.

With regards to claim compensation, Samuel will limit the recovery to material costs and freight only, unless previous arrangements have been negotiated with a Samuel Management Representative.

Samuel does not cover administrative or restocking fees associated with a claim unless previously agreed upon.

A handwritten signature in black ink, appearing to read "Colin Osborne", written in a cursive style.

Colin Osborne
President – Service Centers
Samuel, Son & Co., Limited