

April, 2022

ArcelorMittal Dofasco GP  
Flat Carbon Steel



## CLAIMS MANAGEMENT POLICY

### INTRODUCTION

This claims policy, together with ArcelorMittal Dofasco's Terms and Conditions of Sale (which can be found at <https://ec.dofasco.ca/ECommerce/B2BHome.asp> under "Commercial Conditions of Sale"), covers all flat rolled product sold by ArcelorMittal Dofasco. It sets out the rights and obligations of each of ArcelorMittal Dofasco and the customer but does not intend to cover all circumstances which may arise. ArcelorMittal Dofasco reserves the right to handle each claim individually, on a case-by-case basis, based on the circumstances surrounding the claim in question.

Requirements for dimensions, flatness, surface, coating weight, surface texture, and chemistry will be according to customer specifications accepted by ArcelorMittal Dofasco in advance in writing, and/or consistent with applicable ASTM specifications. More restrictive requirements are subject to inquiry with, and acceptance by, ArcelorMittal Dofasco prior to order acceptance.

### ARCELORMITTAL DOFASCO RESPONSIBILITIES

ArcelorMittal Dofasco is dedicated to supplying customers with flat rolled steel products in accordance with agreed to standards and specifications. ArcelorMittal Dofasco's early involvement in the development of customer requirements within the ArcelorMittal Dofasco organization is paramount to achieving customer satisfaction.

If material furnished by ArcelorMittal Dofasco does not meet order requirements, a claim should be submitted to the appropriate ArcelorMittal Dofasco representative. All claims will be evaluated on the basis of technical merit in line with published policies, applicable specifications, contracts, purchase orders and final order acknowledgments.

After a claim is reviewed and a decision is determined by ArcelorMittal Dofasco, a document outlining ArcelorMittal Dofasco's position on the claim will be communicated to the customer.

For claims with merit, ArcelorMittal Dofasco will assume responsibility for the value of the weight of the affected material based on the purchase price including transportation charges forming part of the invoice price.

### CUSTOMER RESPONSIBILITIES

In order to efficiently evaluate and process a claim, ArcelorMittal Dofasco must be provided with complete information of the problem and be given a reasonable opportunity to investigate claims. Complete information includes claim reason, claim documentation, ArcelorMittal Dofasco coil number, inspection report, cost of material, quantity of involved material, condition of material, etc.).

ArcelorMittal Dofasco retains the right to visit to investigate and/or require test data, a representative sample of the condition, digital photos with size reference next to the condition, or a video.

Failure by customer to cooperate fully, including any failure to provide supporting documentation in a prompt manner, may result in the rejection of the customer's claim.

For the duration of the claim, customer will continue to store the product in a manner to prevent damage or deterioration and maintain general insurance.

Unauthorized or unidentified deductions before a claim is dispositioned or settled constitutes non-payment with subsequent consequences including, but not limited to, credit hold, shipping hold and loss of discount privileges

### CONSEQUENTIAL COSTS

ArcelorMittal Dofasco will not be liable for further direct, indirect, incidental, consequential or special damages or other costs. ArcelorMittal Dofasco will not honor sorting, sampling, storage, freight, additional processing, consequential costs, administrative or replacement costs.

### SCRAP CREDIT

ArcelorMittal Dofasco requires any debit for material dispositioned to be scrapped to be reduced by the amount of the scrap credit for the month in which the claim is accepted. Material scrapped without approval from ArcelorMittal Dofasco is not eligible for credit. The scrap credit value for material not returned to ArcelorMittal Dofasco is published as below:

For Shipments into Canada: [Scrap Credit Value Canada](#)

For Shipments into US and Mexico: [Scrap Credit Value in USA/Mexico](#)

### COIL QUALITY-GENERAL

ArcelorMittal Dofasco guarantees 98% satisfactory product in coil shipments of Hot Rolled, Cold Rolled, Coated and Tin Mill Products. ArcelorMittal Dofasco will not accept claims for any of the following:

1. Defects occurring on the inside and/or outside wraps of coils as these are considered packaging, including stickers or markings that may be present on these laps;
2. Damage to product as a result of customer's improper storage;
3. Deterioration of product as a result of customer's inadequate inspection and documentation of coil condition upon arrival (see Transportation Issues)



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4. Claims not submitted in writing within 180 days from the date of shipment (or earlier as set out below for claims relating to rust and storage stain)

5. Claims for visual damage to unwrapped goods, weight discrepancies, or shortage of goods not submitted in writing within 60 days following date of shipment.

6. Defects inherent in the particular product ordered, provided that such product otherwise meets technical specifications and/or ASTM standards as set out in customer's accepted purchase order.

7. For customer orders that include specific design instruction or setpoint for a process variable, beyond the standard range, Customer assumes responsibility for defects as a result of such instruction or setpoint.

Products suspected to be unusable by Customer for mill related issues should be set aside for review with appropriate ArcelorMittal Dofasco personnel. This includes blanks, cut lengths, bundles, coils and slit mults from coils. Customers are expected to shear, blank or process a minimum of 10% of the coil or bundle before rejecting the product.

## **COIL QUALITY-PRODUCT SPECIFIC**

In addition to (or, as the case may be, as an exception to) the above, the following sets out ArcelorMittal Dofasco's claims policy with respect to specific products or product features:

### **A. Surface Imperfections**

Claims for surface imperfections will be dependent on surface level classification ordered by customer, and apply only to the prime surface, as follows:

**Standard** – may contain surface defects that can be seen and felt but are not detrimental to the structural integrity or manufacturability of the part. Standard surface should only be ordered where appearance is not critical. Some products may contain minor imperfections such as pits, scratches, break marks, roll marks, dross particles, and tigerstripes etc. and shall be acceptable to the purchaser without limitation.

**Semi-Critical** – may contain surface defects that do not affect formability or the application of surface coatings. Some surface defects that can be seen are allowed. Defects may show through paint as highlights.

**Critical** – surface should be free of defects that might affect the uniform appearance of a quality paint or an electrolytic coating. Defects may be seen but will not show through paint.

**Auto Exposed** – Auto exposed criteria with each OEM for each application.

### **B. Dimensions (New)**

ArcelorMittal thickness tolerances quoted in accepted purchase orders references applicable ASTM thickness tolerances and produced to full gauge tolerance unless otherwise specified. ArcelorMittal does not accept claims on restrictive or explicit tolerance ranges unless otherwise agreed to.

### **C. Flatness**

ArcelorMittal Dofasco's flatness tolerance quoted in accepted purchase orders is the maximum deviation from a horizontal flat surface, as defined in the flatness tolerance tables of applicable ASTM specifications. Where ASTM does not specify an ordered product, the closest ASTM table will be used to determine acceptable tolerances.

- HR grades refer to ASTM A568 Tables 14 (or A1.11), no claim will be accepted relating to flatness for non-tempered, non-pickled hot rolled product as these products are provided to customer "as produced" and no shape correction is applied.
- CR and CTD grades refer to ASTM A924 Table 12.
- Inquire required for flatness levels more restrictive than ASTM requirements.

No claim will be accepted relating to flatness for non-tempered non-pickled hot rolled product and heavy gauge pickled hot rolled product with a thickness specification greater than 0.25 inches. These products are provided to customer "as produced" and no shape correction is applied.

### **D. Rust & Storage Stains**

All rust and stain claims will be evaluated to determine cause. ArcelorMittal Dofasco will not accept rust and/or stain claims under the following conditions:

- Related to improper storage or handling in a customer's facility
- Related to improper inspection and reaction to condition upon arrival (e.g. transportation damage, wet coil). See section on Transportation Damage
- Where the customer has shipped beyond the original ship-to destination
- Material where the customer-requested packaging does not meet ArcelorMittal Dofasco's minimum packaging requirements
- Hot rolled pickled material; Cold rolled full hard, finished, or black plate material; ordered as dry (no oil) or with less than the mill recommended oil coverage.
- Coated product ordered dry (without oil or passivation)
- Passivated product (Hexavalent chromium or ROHS compliant) after 90 days of shipment
- Oiled product, after 90 days of shipment
- Cosmetic rust (not pitted) on hot-rolled black



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- Condensation rust will not be warranted. Packaging should be left on coils until they are brought to the same temperature as the storage area.

E. Aging

Certain steel grades are considered aging grades in relation to their mechanical properties. As such their properties change over time. As such, we warrant properties only at time of our production. It is recommended that these grades be used in an expeditious manner.

F. Hot-Rolled Plain Product

Hot-Rolled Plain product is, by definition, shipped without additional processing. Customers must accept a maximum of 15 feet on either end of a coil that exceeds thickness or width tolerances.

G. Hot-Rolled Pickled Product

Unplanned stops are inherent in continuous pickling operations and occur infrequently. When a line stop occurs, the stain will be isolated to a single section representing less than 2% of the coil length (to a maximum of 100 feet). ArcelorMittal Dofasco will accept a limited claim for the length of the material affected by the line-stop stain.

Customers will be expected to accept, without claim, pickle line weld marks unless customer's specifications require product to be "without welds".

H. Tin Plate Product (New)

Claims for wood grain and surface quality that may be cosmetically objectionable on product with tin coating weights of No. 10 and lighter will not be accepted. End uses requiring clean steel practices must be identified on customer specifications or purchase orders for related issues to be considered claimable. Claims for rust and/or stain on oiled tin and tin free steel (TFS), after 90 days of shipment, black plate material; ordered as dry (no oil) or with less than the mill recommended oil coverage, or if the coils are unpackaged prior to arriving at ambient temperature will not be accepted. Lacquer and laminate adhesion related to tin oxide is not guaranteed.

**WEIGHT VARIATION**

A variation between ArcelorMittal Dofasco and customer's scale weight of up to one percent (1%), whether over or under, shall be permissible. Variations in excess of 1% are claimable provided, however, that claims for weight variation involving multiple coils must be evaluated over a defined period (monthly, quarterly, etc.) and take into account both underweight and overweight coils during that period. If over the time period the total shipped weight was more than 1% underweight, the entire shortage will be credited to customer.

**TRANSPORTATION ISSUES**

Coils should not be unwrapped until they reach ambient temperature (usually 48-72 hours) unless packaging is compromised or the material shows evidence of moisture.

For product delivered FOB "Mill" (prepaid or collect) or Ex Works "Mill" (collect), customer owns the material while in transit and no claims will be accepted for damage to product sustained in transit.

For products delivered DDP (Delivery Duty Paid) "Customer" or DAP (Deliver at Place), ArcelorMittal Dofasco is the payer of the freight, and any claims relating to damage to product sustained in transit must be reported to ArcelorMittal Dofasco in writing within 1 business day of delivery of product and documented with photographs.

For all shipments, the customer is responsible for inspection and documentation of the material conditions during receipt and unloading. In situations where damage is noted upon receipt, the customer should make every opportunity to determine if the damage is related to a transit condition and if so, the customer must notify both ArcelorMittal Dofasco and the carrier within 1 business day. When Coils are received with damaged packaging; frost, condensate or wet condition; the customer must follow the ArcelorMittal procedure for "Inspection of Coils at Receiving" [Inspection of Material at Receiving](#)

**PRODUCT RETURN**

Customer will not return product to ArcelorMittal Dofasco unless directed to do so in writing. Unauthorized returns will not be accepted and will be returned at customer's sole risk and expense.

The specific packaging and labeling requirements for returning coils to ArcelorMittal Dofasco ownership will be provided at the time of authorization. General requirements can be found at [Requirements for Returning Coils to ArcelorMittal Dofasco](#). Returned product which does not conform to the requirements will be rejected and no credit will be applied to the customer for the return transportation costs.

**SHIPMENT REJECTION**

Product that is rejected before receipt on the customer floor is classified as a "Shipment Rejection". Reasons for Shipment Rejections can include product, delivery or specification errors on the part of ArcelorMittal Dofasco. All Shipment Rejections must be returned with the original ArcelorMittal Dofasco bill of lading. ArcelorMittal Dofasco will not accept claims or returns for customer order errors. If a customer rejects a shipment on the basis of customer's inability or unwillingness to receive material (and not as a result of an ArcelorMittal Dofasco error), ArcelorMittal Dofasco reserves

the right to refuse to accept the rejected material, at customer's sole risk and expense, or to apply additional charges incurred relating to freight and storage associated with the rejected material.

#### **SECONDARY PRODUCT CLAIMS POLICY**

Secondary product, being product which is identified by ArcelorMittal Dofasco as being non-prime product, is subject to a separate Secondary Product Claims and Quality Standards Policy, which is available for review at <https://ec.dofasco.ca/ECommerce/B2BHome.asp>. For greater certainty, this Claims Management Policy does not apply to Secondary product.