

## 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.

Product specifications including but not limited to dimensions, flatness, surface appearance, coating weight, surface texture, and chemistry will be made as provided to, and accepted by ArcelorMittal Dofasco in writing. Product information and details regarding specifications are upon request and must be reviewed by customer in detail prior to the submission of purchase orders.

### ARCELOMITTAL 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.

If it is confirmed that the problem is a result of faulty steel, ArcelorMittal Dofasco's policy is to credit based on the purchase price of the steel including transportation charges forming part of the invoice price. For claims with merit, ArcelorMittal Dofasco will assume responsibility for the value of the weight of the material involved and will not be liable for further direct, indirect, incidental, consequential or special damages or other costs.

### CUSTOMER RESPONSIBILITIES

In order to efficiently evaluate and process a claim, ArcelorMittal Dofasco must be provided with the details of the problem and be given a reasonable opportunity to investigate claims. 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. ArcelorMittal Dofasco retains the right to visit customer premises to investigate and/or require test data, a representative sample of the condition, digital photos with a size reference next to the condition or a video, as may be required. All claims must be entered with the appropriate information (claim reason, claim documentation, ArcelorMittal Dofasco coil number, inspection report, weight of material and condition of material, etc.). 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.

### GENERAL CLAIMS POLICY

ArcelorMittal Dofasco will not accept claims for any of the following:

1. Defects occurring on the inside and/or outside wraps of coils;
2. Damage to product as a result of customer's improper storage;
3. Claims not reported within 6 months from the date of shipment (or earlier as set out below for claims relating to rust, storage, aging, visual damage to unwrapped product and product shortage);
4. 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.

ArcelorMittal Dofasco will not honour sorting, sampling, storage, freight, additional processing, consequential costs, administrative or replacement costs.

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 mulds from coils. Customers are expected to shear, blank or process a minimum of 10% of the coil or bundle before rejecting the product.

### PRODUCT-SPECIFIC CLAIMS POLICY

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 specifications:

#### A. Surface Imperfections

Claims for surface imperfections will be dependent on surface level classification ordered by customer, 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 Hot Rolled and Coated products may contain break marks.

**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.

When coils or coil-inspected cut lengths are ordered, the Customer should expect that they may contain some abnormal major surface imperfections and also more minor imperfections than sheet-inspected cut lengths. When surface imperfections are encountered in parts, blanks or cut lengths from inspected coils, the customer is expected to accept up to 2% by weight without claim.

ArcelorMittal Dofasco will not accept claims for wood grain and general surface quality that may be cosmetically objectionable on product with tin coating weights of No. 10 and lighter.

#### **B. 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.

#### **C. Pickle Line-stop Stains**

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.

#### **D. Pickle Line Welds**

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

#### **E. 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.

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" from ArcelorMittal Dofasco's Hot Mill and no shape correction is applied.

#### **F. Rust**

No claim for rust will be accepted:

- For dry product (including hot rolled pickled dry, cold roll dry and coated unpassivated dry);
- For oiled product after 30 days from date of shipment; and
- For product which customer has shipped beyond the original ship-to destination.

#### **G. Storage Stains**

No claim relating to storage stains on product will be accepted after 3 months following the date of shipment, or for product which has been shipped beyond the original ship-to destination.

#### **H. Aging**

No claim for effects of aging, including loss of ductility and increased hardness, will be accepted after 45 days from the date of shipment.

#### **I. Visible Damage and Weight Discrepancies**

Customers are required to report visible damage to Product and/or any weight discrepancies within 60 days following date of shipment.

#### **J. Secondary Product**

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.

### **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.

### **SCRAP POLICY & PRODUCT RETURN**

ArcelorMittal Dofasco will recover the then-current scrap market value for product that is confirmed to be deficient or defective that cannot be returned to ArcelorMittal Dofasco. The then-current market value will be based on the published ArcelorMittal Dofasco scrap credit value for mill returns for the month in which the claim is accepted by ArcelorMittal Dofasco, as published at <https://ec.dofasco.ca/ECommerce/B2BHome.asp>.

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.

Where ArcelorMittal Dofasco has authorized customer to return product:

- customer will repackage the product to prevent damage in transit and allow for safe handling and unloading by ArcelorMittal Dofasco Inc. in accordance with the Packaging and Loading Manual available at <https://ec.dofasco.ca/ECommerce/B2BHome.asp>, including minimum banding and packaging requirements;
- the claim number provided to customer by ArcelorMittal Dofasco's Technical Service Manager must be included on the bill of lading accompanying the product return and on the outer wrap or packaging of all returned product (or on the top sheet of each returned bundle) as customer's return authorization number.

Returned product which does not conform to the above will be rejected at the sole cost of the customer. **No credit will be applied to customer for transportation costs associated with returned product that does not conform to the above requirements.**

### **SHIPMENT REJECTIONS**

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.

### **TRANSPORTATION ISSUES**

For all deliveries, consignee is responsible for inspection and documentation of the material condition of product during receipt and unloading.

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

For products delivered DDP (Delivery Duty Paid) "Customer", 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 24 hours of delivery of product and documented with photographs.