

CLAIM POLICY

IMPORTANT: Please read this Claim Policy. Failure to comply with the requirements and timelines set out in this Policy shall be sufficient grounds for Samuel to deny any claim.

1. Terms of Sale

This Policy applies to the sale of products by Samuel, Son & Co., Limited and its affiliates, including Samuel, Son & Co. (USA) Inc. (“**Samuel**”) to our customers (“**Customers**”). This Policy is part of Samuel’s Standard Terms and Conditions of Sale <https://www.samuel.com/customer-resources/terms-and-conditions> (the “**Terms**”). In the event of any inconsistency or discrepancy between this Policy and the Terms, the Terms shall take precedence.

2. Specifications and Warranty

Subject to the limited warranty set out in the Terms and unless otherwise set out in Samuel’s order confirmation, Products (as defined in the Terms) will conform to the specifications, tolerances, surface quality level and delivery requirements set out in the order confirmation issued by Samuel.

3. Inspection and Notification Requirements

Customers are required to inspect Products as soon as possible following receipt and no later than the 5 days following receipt. Product inspection to include, but not limited to, verification of gauge, width, weight and ensuring material is delivered in a clean, dry and undamaged condition. Customer must immediately (and no later than 5 days following receipt) notify their Samuel contact of any discrepancies.

4. Rust and Corrosion

If Customer receives Product that is wet and/or rusty, Customer must immediately (and no later than 24 hours after receipt of the Product) notify Samuel and properly annotate all receiving documents (including the driver’s copies) as a precondition for Samuel’s review of the claim. Failure to properly document receiving papers and to notify Samuel on a timely basis may impact the resolution of the claim, which may include denial of the claim.

For defect claims relating to atmospheric conditions (e.g. rust, corrosion) which were not readily apparent at the required inspection above, Customer must notify Samuel in writing within thirty (30) days from Customer’s receipt of materials to be eligible for any potential claim.

Note: No rust claims may be filed in respect of dry product. “Dry product” are Products that are purchased without any applied protection from atmospheric or other types of corrosion. Examples of dry product are cold roll carbon steel that has no oil applied, galvanized carbon steel that does not have any passivation or oil applied.

5. Non-Atmospheric Related Claims

Claims will not be accepted for defects occurring on the inside and/or outside wraps of coils or slit mults as these are considered packaging, including stickers or markings that may be present on the laps.

As a precondition to submitting a claim, the Customer shall have processed a minimum of 10% of the Product to substantiate the extent of the alleged defects and to determine the frequency and nature of the alleged defects.

Customer must notify Samuel in writing of any claims within one hundred eighty (180) days for processed Products from the ready ship date.

6. Permissible Defects

By placing an order with Samuel, 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.).

7. Required Information and Timeframe for Claim Resolution

7.1 Claims must be submitted in writing to the appropriate Samuel representative within the timelines set out in this Policy. Any defective material or parts should be segregated by the Customer for review and disposition by the Samuel representative. Unless otherwise agreed to in writing by Samuel, Products subject to a claim must be stored and cannot be returned to Samuel, moved, scrapped or otherwise modified pending Samuel's review of the claim.

7.2 All claims must be in writing and shall include the following:

- Written description of the defects, including measurements and total weight affected.
- Samples of the incoming as-delivered condition that contain the defect (i.e. prior to subsequent processing).
- Tag number of affected Product.
- Photos clearly showing the defects.
- Shipped identity of the Product including the Samuel Bar Code tag and/or the individual cut strand sticker.

- If the Product is in coil form: description of the defect location (lead/body/trail; top/bottom surface; Edge 1/Center/Edge 2; repeat distance/pitch or continuous).
- Physical samples may be requested by Samuel. Please coordinate with the appropriate Samuel representative to courier the samples.

7.3 Provided that the Customer delivers to Samuel the requested claim information and files its claim within the required timelines set out in the Policy, Samuel endeavors to review claims on an expedited basis. Resolution of claims may, at Samuel's sole discretion, include repair, return or scrapping the affected Products. Generally, Samuel aims to respond to claims (that have the required documentation) within 5 business days.

Claims accepted by Samuel will cover the purchase price of the material and freight (if applicable). Additional incurred costs (e.g. administrative costs, line time, sorting, etc.) will not be reimbursed by Samuel. Notwithstanding the foregoing, Samuel may, at its discretion, consider on a case-by-case basis, additional incurred costs incurred by the Customer, provided that any such costs must have the prior written consent of Samuel.

Customer shall not short pay Samuel pending Samuel's review of a claim. Please note that short paying an invoice may result in the Customer's account being put on hold.

In the event that Samuel agrees with the Customer's claim, the return of defective material will be coordinated by the appropriate Samuel contact. It is the Customer's responsibility to ensure material is properly identified and safely packaged for return in accordance with applicable safety, highway and delivery standards.