



CUSTOMER CLAIMS POLICY

INTRODUCTION

The Claims Management Policy, together with Steel Terms and Conditions of Sale, covers all Sterling Pipe and Tube products. This policy covers major points of the claims process. It is not intended to address all circumstances that can arise. Sterling reserves the right to handle each claim based on the specific individual circumstances.

Requirements for dimensions, flatness, surface, weight, and chemistry will be dictated by customer specifications accepted by Sterling in advance in writing, and/or consent with applicable industry standards.

Sterling reserves the right to modify or revise this policy at any time when deemed necessary.

RESPONSIBILITIES

Sterling Pipe and Tube is dedicated to supplying our customers with products in accordance with agreed upon standards and specifications. If the product does not meet order requirements a claim should be submitted to the appropriate representative. All claims will be evaluated based on technical merit in accordance with published policies, applicable specifications, contracts, purchase orders, and final order acknowledgments.

Sterling reserves the right to make final disposition on accepted claim material. Final disposition and if necessary, removal of the material will be expedited in a timely fashion as conditions warrant.

To expedite the claims process it is recommended that your initial notification of potential non-conformance is reported to Sterling Pipe and Tube Quality Assurance Department.

Cheryl Kynard Quality Engineer 419-304-5852 cjohnson@sterlingpipeandtube.com

Sherri Keller Quality Manager 419-806-1021 skeller@sterlingpipeandtube.com

If you are unable to contact the Sterling Quality Assurance Team, please contact the Sales Manager who normally handles your account.

All claims must be submitted within 3 months from the original date of Invoice.

CUSTOMER RESPONSIBILITIES

To efficiently evaluate and process a claim, Sterling must be provided with complete information of the problem and be given a reasonable opportunity to investigate claims. Complete information should include claim reason, claim documentation, tag numbers, quantity/weight of involved material, condition of the material. The Sterling ship tag is attached to each skid, lift or bundle. The ship tag number is also available on an adhesive label attached to the banding.

Failure to provide proper material identification may result in a denial of the material claim.

In many cases, a minor defect such as dents, scratches, etc may be contained to the outside pieces of the package. The customer is authorized to process up to 10% of the material PRIOR to rejecting.

SAMPLE REQUEST

Whenever possible, samples / photos of the non-conformance are required with claims and must be sent to Sterling Quality Assurance and identified by the Sterling ship tag number. Samples may consist of the following based on the type of defect:

- Dimensional & Surface defects – At least a 12” long sample is needed for any ID/OD sizing issues. Special arrangements may be made for material of large size. A good photo showing surface defects is acceptable.
- Forming Defects – At least a 12” long raw sample and a minimum of 2 formed parts that show the defect are required.

RUST AND STAIN POLICY

All material processed at Sterling is inspected for rust during all phases of production and every precaution is taken to quarantine rust damage, so it is not shipped to the customer. Sterling will follow the industry standard of accepting responsibility for rust damaged material when detected and claimed within 90 days from the date of shipment. Sterling will not accept rust and /or stain claims under the following conditions:

- Related to improper storage or handling in a customer’s facility
- Material shipped beyond the original ship to destination
- Material where the customer requested packaging does not meet Sterling’s minimum packaging requirements
- Hot rolled pickled or cold rolled; ordered as dry (no oil). In the event a customer requires the material to be supplied DRY the customer must sign a waiver releasing Sterling from liability.
- Coated product ordered dry (without oil or passivation)
- Any product ordered with a designation of light or less rust preventative oil
- Greater than 90 days from material receipt for material ordered with regular or heavier amounts of rust preventative oil.

TRANSPORTATION ISSUES

When material is received with visible damage and/or wet, the following steps must be taken to validate your claim:

The Sterling Bill of Lading and trucking co. delivery receipt must have a notation from your receiving department that describes the condition of the material at the time of receipt. **EXAMPLE:** “Steel received wet – material was not tarped.” Possibly acknowledgement from the driver if possible.

Pictures of the load if possible and weather conditions noted. Sterling Quality Assurance must be notified immediately regarding the nature of the claim. A copy of the Bill of Lading and delivery receipt with proper notations must be sent to Sterling Quality Assurance.

All material sold as 'FOB' is the customer's responsibility to record damage upon receipt and to file a claim with the carrier for any claim caused during the transit period from Sterling.

QUANTITY DISCREPANCY/ WEIGHT VARIATION

Shipments from Sterling are made using Gross weight or Gross, Net, Tare. Each individual tag number will show the weight and piece count. In cases where there is a discrepancy at time of receipt, the customer must.

Notate the discrepancy on the Bill of Lading

Submit the Bill of Lading to Sterling personnel for review within 5 business days of receipt

All weights are guaranteed to +/- 1.5% of the total Bill of Lading weight

Sterling reserves the right to ship a partial bundle that has a quantity +/- 10% of the total bundle quantity if needed to fulfill an order.

CLAIM PROCESSING

In cases where the material is deemed non-conforming upon initial notification, Sterling Quality Assurance will issue a claim number. In cases where the cause of the non-conformance requires further investigation, a Sterling representative may request to meet with you at your facility to inspect the material.

To process all claims in a timely fashion the following information must be provided on your debit memo or request for credit to account:

- Sterling claim number
- Purchase Order number
- Material Description (Grade, Dimensions, Part Number, Etc.)
- Date of Receipt
- Amount of material rejected (Weight & Pieces)
- Date of rejection
- Detailed description of non-conformance

SCRAP CREDIT

Sterling requires any debit for material that is dispositioned as scrap without returning to Sterling and that the material value is reduced by the amount of scrap credit as described below.

Two Methods apply – the customer must describe which method they prefer:

- Sterling expects to be reimbursed for scrap credit by the customer or,
- Sterling will subtract the scrap credit from the credit amount for all material scrapped as part of a claim resolution where Sterling is found responsible for the scrap.

The credit will be determined using the American Metal Market (AMM) values at the time of the claim. No material is to be scrapped without prior approval from Sterling.

RETURN MATERIAL AUTHORIZATION (RMA)

Once a claim number is issued, Sterling Quality Assurance will forward a Return Material Notice to the Sterling Traffic Manager. Sterling's Traffic Manager will contact you and plan arrangements to pick up the material for return to Sterling. Material cannot be returned to Sterling without Sterling Quality Assurance authorization.

CORRECTIVE ACTION REQUESTS

All requests for Corrective Action must be submitted in writing to Sterling Quality Assurance. Sterling will make every effort to provide an effective 8-D Corrective Action within 30 days from the date of receipt of the request. In some cases, Corrective Action may take additional time and require participation by the producing mill and will be forwarded to you as soon as possible.

Corrective Action may not be provided in instances where it is not possible to root cause an issue:

- Proper material traceability is not provided,
- Claims are of a commercial basis (no clear fault)

SORTING OR EXTRA COSTS

Sterling will not honor sorting, sampling, storage, freight, additional processing, consequential costs, administrative or replacement costs unless approved by Sterling prior to incurring the expense.

FREIGHT DETENTION

Sterling operates by appointments but may also if time allows use a first come – first served bases for all inbound and outbound freight. All Loads assume a maximum of 3-hour load time.

The times are based on the actual sign-in and sign-out times on our shipping log, not the arrival time to the facility. When extenuating circumstance arise, we will review case by case.

All detention requests will be verified by QA and Shipping Mgmt. prior to payment authorization. If approved, Sterling will pay a fee not greater than \$50.00 hr. for each hour over the maximum wait times.

LIMITATION OF LIABILITY

Material proven to be non-conforming still in the hands of the original purchaser will be replaced or credit issued for the price sold upon return to Sterling. Sterling cannot be liable for any labor extended on any products nor for any direct or consequential damages to anyone for the reason such products do not conform to the contract or to any express or implied warranty.

SECONDARY PRODUCTS

The claims policy does not apply to secondary products.