



To Our Valued Customers,

The purpose of this letter is to explain the claims procedures and define what pieces of documentation are needed for expediting specific types of claims. Our goal is to support our customers' manufacturing performance, which requires thoughtful cooperation. Customers can expect 98% satisfactory product in coil shipments of carbon steel sheet. If these standards are not met because of mill imperfections, a claim will be honored.

Coil Claims Policy

Fitness for Use Concept is a concept developed to meet our customers' expectations regarding products ordered for a specific intended end use application. Optima Steel International, LLC (hereafter "OSI") products are produced to meet or exceed our customers' specified product quality requirements for the intended application within the framework of Fitness for Use. Fitness for Use is not intended to mean freedom from imperfections but reflects, instead, a cooperative approach to problem solving in the context of steel product specifications, continuous process production, and application. Under this concept, the mutual objective of OSI and our customers is to make a satisfactory product. It will be the responsibility of our Quality Department to determine when Fitness for Use has not been achieved. Surface quality of sheet products shall be suitable to provide the specified appearance and finish that is required for the end use, consistent with the specifications for the steel ordered.

Notification of a shortage claim must be made to OSI within 10 days of the first free day of release of shipment. ***Shortages not noted on the shipping documents will be denied.*** The claim must include proof of loss, such as: the Trucker's Exception Report, Gate Passes, Port Bill of Lading, and Over, Short & Damage Report. These documents must be forwarded to OSI within five business days of the claim filing.

Notification of damage and repair claims must be made to OSI within 30 days of the first free day of release of shipment. ***Visible damage must be noted on receiving documents; claims for visible damage not noted on the delivery paperwork will be denied. Photographs of damaged steel must be included; damage to packaging cannot be claimed.*** The steel must still be in its original form; OSI cannot accept claims for steel that has been received by the customer and processed (consumed, slit, sheared, painted, etc.) or shipped on to an end user. Any hidden damage revealed after coils have been unpackaged should likewise be documented and OSI notified immediately upon discovery. Damage claims must include the documentation needed for proof of loss, such as: the Trucker's Exception Report, notation of wet shipments, Gate Passes, and Over, Short & Damage Report, along with photos. These documents/items must be forwarded to OSI within five business days of the date of the claim filing. Surveys are required for all claims over \$4,000 and may be requested for claims under \$4,000.

Notification of mill defect claims relating to product specification must be made to OSI within six months of the first free day of release of shipment and are subject to the steel mill's acceptance of the claim. ***Claims for mill defect after six months will be denied. Photos and steel samples must be provided which clearly depict the claimed defect.*** Steel which has been determined to be unusable because of mill related reasons should be set aside for review with OSI personnel or surveyors. This includes whole or partial coils, slit mults, cut lengths, plate, or pipe.

Continuous-process production technology does not currently allow for attaining 100% yield and coils may include short length defects. ***These imperfections may involve up to 10% of an individual coil but are not to exceed 2% of the order total.*** When an individual coil or slit mult contains an apparent mill imperfection, or short length defect, it should be set aside only after a minimum of 10% of the coil has been processed and the defect has not abated. Supporting documentation must be forwarded to OSI within 14 days of the date of the claim. The claim will be for the value of the material only, for losses exceeding the Fitness for Use standards and must be reviewed by the appropriate OSI personnel. ***No claims will be accepted for steel that has been stolen, consumed, allowed to degrade in weather, or damaged on site.***

Coil Processing Claims: Claims for customers' expense for processing will be accepted when visually undetectable defects, such as poor zinc bond or hardness issues, are encountered. If surface or shape issues in the body should be seen in a master coil during the beginning of a processing run, a quantity of the coil, as much as 10%, should be run to determine the condition is not a short length defect. If the condition does not clear after 10% of the coil has been processed, processing should be stopped; OSI must be notified immediately of the condition. Under no circumstances should the entire coil be processed after it has been found unsatisfactory.

Claims for damage or defects, which were apparent when the steel was accepted for its intended use and subsequently processed or shipped on to end users, will be denied.

Sidewall impact damage to coils can usually be successfully repaired at most coating facilities, but some processors are unable to do so. If vendor is unable to mitigate the damage to the users' reasonable expectations, the coil should be held without processing and OSI notified immediately. Satisfactory repairs to damaged coils may include minor flaws which are acceptable yield losses.

Rust Damage Policy: OSI must be notified of any rust within 45 days of the material being released from the original agreed-upon stocking program. Our packaging practices, methods and materials, along with our transportation requirements, are continually reviewed to avoid rust damage to the steel while in transit. Occasionally, despite all our precautions, steel may arrive with rust. It is our policy to thoroughly investigate the circumstances surrounding the damage to discover the source, responsibility, and which corrective steps should be taken.

OSI accepts rust claims if the rust conforms to patterns attributable to: steel mill operations, if the order was shipped Free on Board (FOB) destination **and** if there is evidence of water on the material at the time of delivery **and** if the water is noted on the shipping documents at the time delivery is taken and **signed by the trucker.**

OSI will NOT accept responsibility for:

1. Rust due to steel getting wet in transit if shipment was made FOB shipping point on customer's truck or if rust patterns indicate condensation (coil sweat) in customer's facility as the cause.
2. Deliveries received in the rain without **written exception** taken on shipping documents signed by the driver.
3. Steel ordered "No Chem Treat, Dry (no oil)" or hot rolled steel shipped dry (no oil).
4. Coils stored in an area where they are totally or partially exposed to the elements.
5. Storage past 45 days. Claims for rust after 45 days will be denied.

We recommend that customers thoroughly **inspect all material upon receipt** to protect their interests. Shipments accepted without **written exception** noted on the receiving documents (and signed by the driver) are considered to have no obvious damage at the time of delivery.

Steel goods in every shipment should be closely examined as soon as possible for signs of water on and inside the packaging. If water is suspected in the coil, bundle, or package, or if there is evidence that the steel inside may have been exposed to water (delivery in extreme weather, poor or no tarp protection, or damaged or missing packaging), it is strongly suggested that the material be inspected between wraps on coils and between sheets in bundles, as external water may have dried.

Coils should be stored in a dry warehouse and fully protected from the elements. If a shipment is known to have been in very cold weather, it is suggested that the steel be allowed to reach warehouse temperature before unwrapping to minimize the opportunity for condensation (coil-sweating).

Evidence of adverse or problematic conditions will be exceedingly useful in negotiating transit claims, such as noting wet material and rainy conditions on shipping documents; along with photographs of wet loads, damaged or wet packaging, faulty equipment, or torn, damaged, or missing tarps.

Claims Procedure

Claims should be submitted to claims@optimasteel.net for review, distribution, and investigation. Submissions for claims must include customer business name and contact name and a complete description of the claim material. Provide mill inventory number, along with a description of the nature of the claim, including anticipated loss. *Photographs clearly showing the defect must accompany the claim.* In nearly all cases, it will be necessary to supply a sample of the defect and the best time to get a sample is immediately upon discovery – this will save the time and labor of putting the coil back on the mandrel to get samples. Material claims will be filed with the producing mill, processing claims with the processor, and transit claims with the responsible carrier.

Steel must be in its original form; OSI cannot accept claims for steel that has been processed (consumed, slit, sheared, painted, neglected in weather, etc.) or shipped on to an end user.

Submit samples to:

Optima Steel International, LLC
Attn: Dan Haynes
140 Gregory Ln., Ste. 240, Pleasant Hill, CA 94523
Phone: (925) 338-2300
claims@optimasteel.net

To avoid delay in the claim process the appropriate information is essential; these items include:

- . Notification of Claim including weight of steel loss.
- . Clear photographs showing the claimed defect/damage.
- . Samples of the defect/damage with mill coil number written on the sample.
- . Truckers' signed Bills of Lading/Gate Passes.
- . Estimate to repair if claiming damages.

Gathering information regarding a claim can take substantial effort by all parties. If mill numbers, photos, truckers' bills of lading or gate passes, or an Over, Short & Damage Report are submitted with

the claim, it will save time and effort. **Photographs and samples are necessary** and will be required, along with any additional documentation.

Adjustments to invoices for claims of shortage and damages shall not be eligible for deduction until all claim documentation has been received in full. Claim-based adjustments to invoices should be discussed with the OSI sales representative or OSI management.

Customers may appeal any denied claim within 14 calendar days after receipt of denial by OSI. The appeal must be in writing and state in detail the basis for the appeal.

I hope that you have found this information beneficial to expediting the disposition of claims.

Thank You,

Amy Meadows

Amy Meadows
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**Proof of Loss is required for timely settlement.
Claims cannot be processed without Proof of Loss.**