

Heidtman Steel Products, Inc. Toll Processing Claims Policy

The following toll processing claims policy will apply unless specific direction is provided and agreed upon at time of contract review/order.

Pickling

- 1) Heidtman Steel cannot accept claims for uncoated products that have been oiled after 30 days from processing. It is recommended that pickle DRY coils be removed immediately as no claims for rust or storage stain will be accepted.
- 2) Surface or shape conditions that occurred at the producing mill must be claimed against the mill by the processing customer.
- 3) If necessary to slow our pickle line down to clean the strip, an additional charge may be added to your quoted pickle pricing. Documentation will be provided on line speeds and conditions for reduced line speeds.
- 4) Coils exhibiting stains caused by pickling process will be re-pickled at no cost to the customer.
- 5) Tiger striping removal not guaranteed.
- 6) Ametek surface inspection imaging provided at request only where this process is available.
- 7) Scrap credits not provided on pickling.
- 8) Any oscillation or stagger-wind tolerances must be agreed to by Heidtman Steel prior to the receipt of the purchase order. Material $\geq .250$ " in thickness is more susceptible to oscillation, which could result in friction digs at the pickle line or during subsequent processing and will not be claimable.
- 9) Any special oiling or coating requirements must be agreed to by Heidtman Steel prior to the receipt of the purchase order.
- 10) Some superficial burnished roll marks may occur due to scale or some other kinds of debris being pulled into the entry rolls from the hot roll coil. Material $\geq .200$ " in thickness typically contains some degree of pits and roll marks, especially on coil ends. No claims will be considered unless marks are repeating, >1 cm in diameter, and $>5\%$ of the material thickness in depth.
- 11) Any customer that applies coils having a residue or condition that contaminates the chemicals or causes damages to the rolls on the pickle line may be charged for lost time, repair or replacement of parts, any and all costs incurred due to the coil/coils being put through the pickle line.

Slitting

- 1) Coils that do not meet customer requirements will be run up to 10% of the coil. If the coil still does not meet requirements:
 - a) The coil will be cropped, pulled from the line, and placed in quality hold, unless special instructions have been agreed to with the customer. Storage charges still apply for "Hold" coils.
 - b) Customer will be contacted for disposition during normal business hours.
 - c) Documentation with reason(s) for not meeting customer requirements will be provided.
 - d) Customer will be charged a pull charge for the line time spent on coil.
 - e) Non-conforming coils (small wall/pups, drops, excess) will be retained for a maximum 30 days after reporting. After such time HSP reserves the right to scrap at no scrap credit to customer.
- 2) Required edge trim for material $> .125$ min gauge is 2 X material thickness per side. Material $< .1249$ min gauge requires $\frac{1}{4}$ " per side minimum edge trim. Coils with less than the specified edge trim requirements will be slit on best effort basis only and Heidtman Steel will not be liable for lost trim or bad edge(s) due to lost trim.

- 3) Thickness will be checked at head and tail. Coils may have X-ray charts provided when available. It is the responsibility of the customer to apply steel that meets their requirements.
- 4) Head and tail will be cropped if shape issues exist that may cause damage to our equipment. We reserve the right to cut and scrap up to 2,000# for said reasoning without issuing scrap credit.
- 5) Great care is taken to ensure a good slit edge is produced; however, some conditions are caused by factors beyond our control: grade, incoming shape or as received edge condition. If an incoming material condition causes the coil to crash, scratch due to shape, friction digs or gouges from back-spinning, Heidtman Steel accepts no claims for material loss or monetary retribution. If edge damage results solely from an HSP process, the material will be re-worked at no expense to the customer and credited for any material loss.
- 6) Any quality requirements more restrictive than ASTM standards should be communicated during contract review and clearly described on your purchase order.
- 7) Any damages to machine due to customer material may be charged to customer up to and including down time.

Cut-to-Length

- 1) Coils that do not meet customer requirements will be run up to 5% of the coil (unless instructed otherwise). If the coil still does not meet requirements:
 - a) The coil will be cropped, pulled from the line, and placed in quality hold, unless special instructions have been agreed to with the customer. Storage charges still apply for "Hold" coils.
 - b) Customer will be contacted for disposition during normal business hours.
 - c) Documentation with reason(s) for not meeting customer requirements will be provided.
 - d) Non-conforming bundles will be retained for a maximum 30 days after reporting. After such time HSP reserves the right to scrap at no scrap credit to customer.
- 2) Thickness will be checked at head and tail. Coils may have X-ray charts provided when available. It is the responsibility of the customer to apply steel that meets their requirements.
- 3) Any quality requirements more restrictive than ASTM standards should be communicated during contract review and clearly described on your purchase order.
- 4) Leveling Hi-Strength material is on best effort basis only.
- 5) All stretcher leveled coils must have a minimum .060" width tolerance and .75" trim for multi-blanker. Some jobs may be accepted with less, but no claims will be accepted on material not meeting customer requirements.
- 6) Heidtman Steel will not be responsible for sheets from coils that have a mill edge (multi-blanker) or other edge condition due to shape or lack of trim.
- 7) Heidtman Steel will automatically scrap up to 5% of the coil for quality issues and issue scrap credit, unless an alternative agreement is made and included on the purchase order.
- 8) Heidtman Steel is not liable for any costs associated with quality problems or yield loss as a result of steel making or processing performed outside of Heidtman Steel's control.

Temper Mill

- 1) Cropping up to 5% (unless written otherwise) of customer's coils to line up coil and remove heads and tails may be required and is not claimable as excess scrap loss.
- 2) Up to 60 feet of the head and tail of the coil is not temper passed, due to distance required to wrap the head end on the recoiler and raising of the coils at tail-out.
- 3) Claims for aging conditions that may occur after 90 days, such as coil breaks, are not accepted by Heidtman Steel.

- 4) Superficial burnished roll marks may occur on tempered hot rolled since this is dry material and/or the material may be unprocessed hot band. Only severe roll marks, 2 cm in diameter and > 10% of the material thickness in depth will be considered claimable material.
- 5) Temper passing a coil does not guarantee that all shape and surface conditions will be completely corrected.
- 6) Temper passing to an aim elongation should be pre-approved before sending material to Heidtman Steel and will be performed on a best effort basis.
- 7) Heidtman Steel does not guarantee after temper pass properties or gauge.

Customer Owned Coils Processed at Heidtman Steel

- 1) We attempt to view each coil processed to the extent that our operators and inspectors can and will alert our customers for any known surface or shape defects. Where Ametek is available, we can supply the customer with reports and imagery for some surface defects. We cannot accept claims for conditions that were not caused by our processes or employees.
- 2) No consequential or incidental damages will be accepted.
- 3) These terms are in effect upon processing and can only be altered if agreed upon and in writing by Heidtman Steel.
- 4) No other terms take precedent.
- 5) Material will be invoiced at time of processing.
- 6) Each Heidtman Steel facility may have additional toll processing policy standards or requirements and will be issued as an addendum to this policy statement.
- 7) Exposed and/or surface critical applications must have prior approval before sending material to Heidtman Steel for processing. Processing Orders must spell out specific quality requirements that have been pre-approved to process.
- 8) To better serve our customers and the Heidtman Steel's production facilities, 24 hour contact information is recommended to assist with after normal business hour concerns. This information will remain confidential and utilized by the facility Management and shift Supervisors.

Filing a Claim

Consideration for a claim must be submitted with the following information:

- 1) Heidtman Steel Item code (coil/lift number).
- 2) Physical samples or clear pictures of the material in the as received condition highlighting the subject condition.

When a debit for material is agreed upon, the cost of processing may be waived. Base metal steel cost will only be considered if there is/was gross negligence from a process or employee of Heidtman Steel.

No claim will be considered after six months from material shipment.

For questions regarding Heidtman Steel's Toll Processing Claims Policy, contact your Customer Service Representative.

January 1, 2019