

USS-POSCO Industries (UPI) Sheet Claims Policy

Scope:

UPI warrants that goods furnished will be produced and tested in accordance with the specifications of the purchased material as identified by the purchase order acknowledgements and further defined by any formal customer specification and/or contract or general industry standard that is referenced. Exceptions to specified requirements will be documented and will be used as overriding criteria for claim acceptance. The purpose of this claim policy is to outline some of the significant parts of the claim policy and is not intended to cover all situations that may arise in the settlement of claims and complaints.

UPI reserves the right to modify or supersede this general policy at anytime to reflect changes mandated by policy revisions.

Claim Handling:

UPI's dedication to satisfy our customers is primarily reflected in two concepts: agreement in producing product that meets customer standards and specifications as agreed to at order entry. Tolerances and requirements for product will be consistent with customer specifications and / or applicable society standard (ASTM, AISI, etc.).

During claim investigation, UPI reserves the right to visit to obtain samples, inspect claimed material and obtain digital photos or video media that pertain to the claim.

Customer Responsibilities:

Customer inspection of coils is expected for each incoming load and should be done prior to unloading. For all obvious damage and wet package conditions a written exception must be clearly written on the delivery receipt. Lacking such an exception for obvious damage and wet material, load is assumed to be delivered and accepted as prime by customer. Coils should always be stored fully wrapped until used for production. Coil package must be saved along with the coil – if damage, moisture, or rust is observed when the coils are unwrapped. Notify UPI representative of all problem conditions as soon as observed and hold material for inspection. Transit claims will be declined if proper exceptions are not taken and reported within 15 days of receipt. Rail transit rust due to condensation is no longer under warranty by UPI as the condition is inherent to this mode of transportation. All other rail transit claims must be reported as soon as possible and be fully documented with pictures of the damage while material is still in the railcar.

Customer must promptly notify UPI when material is found to be defective. Material identity must be established and samples must be available to verify defective conditions. UPI must be

given reasonable opportunity to investigate all nonconformance. Claims will not be honored if material has aged beyond twelve months after invoice date, not stored properly within customer's inventory, or exposed to excessive processing delays within the customer's manufacturing process.

Time limit for storage rust claims on Black Plate and electrostatically oiled Cold Rolled or Galvanized product is 90 days from receipt if delivered without transit damage to the coil package. All customers waive claim on rust on any product that is ordered dry. All rust claims must be in compliance with UPI's Rust Policy.

Unprocessed strip off the coil must be inspected to evaluate the as-shipped quality prior to accepting claims for defects that can be generated during customer processing such as: shape; mechanical damage and surface contamination. Individual coils must be pulled from the processing line if a defect continues after processing 10% of the coil. A minimum of 200 feet should be removed on coil-fed product and material retried before pulling the coil from the line. Customers should stop processing coils from the same production series after two coils are found to have the same defect and promptly hold all remaining coils from that production series for UPI review.

UPI Reservations:

UPI reserves the right to make final disposition on accepted claim material and to handle each claim individually, based on the circumstances surrounding the claim in question.

Individual coils with billed weight within 1% of the customer's certified scale weight will not be subject to claim or credit. Individual coils with significant weight differences of 5% or greater should be held for separate investigation.

No material is to be scrapped without prior approval from UPI.

Consequential Cost:

For claims accepted by UPI only the value of the weight of the material involved in the claim will be accepted. UPI will not honor consequential costs such as sorting, coating, painting, shearing, sampling, storage, freight, additional processing, administrative, or replacement cost unless pre-approved by UPI prior to incurring expense. UPI will not be liable for consequential damages or any further cost.

If material is rejected during processing UPI will evaluate each claim individually to determine if the condition could have been observed or otherwise detected prior to that processing.

In no event shall UPI be liable for or accept any claims for personal injury, disease, death or property damage, loss of profit or lost business, production disruption or delay, or any indirect or incidental costs, or any other consequential damages of any kind. Customer must submit final claim charges on all settled items within thirty (30) days of settlement.

Any unauthorized or unidentified deductions taken by a customer before claim is disposed of, approved by UPI and settled shall constitute nonpayment with subsequent consequences: including, but not limited to, implementation by UPI of a credit hold, shipping hold, and/or loss of discount privileges.