

# CORPORATE POLICY

## Flat Rolled Claims Policy

<b>Title:</b> Flat Rolled Claims Policy	<b>Doc Number:</b> QA.POL.001
<b>Issue Date:</b> May 3, 2021	<b>Revision Date:</b> March 30, 2026
<b>Originating Department:</b> Quality Assurance	

### A. Introduction

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Presented below is Algoma Steel Inc.'s comprehensive policy and procedure framework for addressing and managing customer claims. It is important to note that Algoma Steel Inc.'s Terms & Conditions of Sale apply to all products sold by Algoma Steel. Our Terms & Conditions of Sale are located on the back of our order confirmation along with the limits on our liability.

Although this Claims Policy covers the major points of a claim policy, it is not intended to address all circumstances that may arise. Algoma Steel thus reserves the right to handle each claim individually, based on the circumstances surrounding the claim in question. Algoma Steel also reserves the right to modify or revise this Claims Policy at any time when deemed necessary

### B. Complaint Resolution

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Once a complaint has been received, a Customer Metallurgist will be assigned to your account. Their role is to look into any quality-related concerns you might have. If you are facing issues with the steel you received, our Metallurgist will thoroughly investigate and ensure that any claims align with Algoma Steel's Terms & Conditions of Sale. The Customer Metallurgist is your direct point of contact for implementing corrective action, any requests you have for rectifications will be channeled through them. Additionally, the Customer Metallurgist acts as a liaison between you and our Algoma Steel team. Their collaboration ensures that our efforts are streamlined for an ongoing enhancement of the products and services we provide.

### C. Claim Process

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Algoma Steel is committed to delivering products that align with our customers' quality requirements. In the event of any challenges related to our products, the following claims policy will be used to resolve the issue.

1. The customer must report claims promptly and by no later than twelve (12) months from the date of shipment. Under Algoma Steel's Terms and Conditions of Sale, orders are FCA Mill, and, as such, the delivery date is deemed to be the date of shipment.

2. Claims are to be made promptly and the Customer Metallurgist must then be given a reasonable opportunity to investigate the claim, at which they will require evidence of the claim to be presented in writing in order to thoroughly assess the claim. As per the Conditions of Sale, orders are FCA Mill, and, as such, the delivery date is deemed to be the date of shipment.
3. Algoma Steel requires customers to provide sufficient supporting documentation for any claim to proceed. The supporting documentation includes but is not limited to, claim reason, Algoma Steel Batch Number, digital photos of the material and defects with scale, location of the defect on the coil, rejected weight and its current condition, etc.
4. In some cases, samples, videos, test results or physical on-site inspection may be requested or required by the Customer Metallurgist.
5. For the duration of the claim, the customer shall maintain general insurance and store the product in an appropriate manner to prevent damage or deterioration. Rejected material must not be scrapped, resold or returned until the Customer Metallurgist provides an approved claim resolution including the Algoma Steel Claim Number.
6. Algoma Steel requires all customers to complete a standardized Claim Submission Form. This information will help both Algoma Steel and the customer with timely claims resolution as all of the required information will be in one location. [A link to this form can be found here.](#)
7. Since claims will not be accepted without proper Algoma Steel Batch identification, an accumulation of steel scrap from various coils that cannot be identified will not be considered. Claims should be submitted to Algoma Steel promptly and as they occur. Steel determined to be unusable because of quality concerns should be set aside for review.
8. If the Customer Metallurgist validates a claim, Algoma Steel's policy is to pay material costs only. The customer will therefore be credited an amount not in excess of the invoiced price of the steel. Algoma Steel will recover the current market value for any scrap, plates or coils if we do not decide to return it to Algoma Steel. Current scrap rates at the time of claim acceptance will be negotiated between the Algoma Steel and the Customer. Algoma Steel reserves the right to return any scrap. The disposition of rejected material will be as agreed upon between the customer and Algoma Steel.
9. Algoma Steel does not accept charges other than material costs incurred in the production of a part or fabrication. However, if the Customer Metallurgist agrees that sorting, reworking or refinishing of the parts would be a feasible alternative and the proposed costs are agreed to by both parties, they will direct the customer to proceed. These agreements must be preauthorized by the Customer Metallurgist in writing.
10. Algoma Steel will consider mutually agreeable performance standards for determining defect allowances for sheet steel; however these must be negotiated prior to the order acceptance.
11. If the customer is unhappy with the Customer Metallurgist's determination of the product in question, Algoma Steel offers a customer appeal process. The appeal will be reviewed by the Manager, Technical Service who will, in turn provide the final response to the customer. Please note that claim appeals must be received in writing by the Customer Metallurgist within ten (10) business days of the written claim refusal as provided in order to be considered.

12. Should a claim issue arise on a specific invoice, that invoice should not be paid until the claim is resolved by Algoma Steel. Deductions should not be made from payments prior to disposition of the claim.

## D. General Claim Guidelines

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1. The customer is expected to process a minimum of 10% of any suspected unusable coil before determining the product's non-conformity. Subsequently, the affected product should be segregated for inspection by the Customer Metallurgist. It is advisable for the customer to exercise discernment in the processing of disproportionately large quantities of such material to mitigate additional recovery expenses.
2. Algoma Steel requires customers to file properly documented claims within twelve (12) months from the date of shipment (or earlier as specified in the sections below) in order to be considered.
3. Claims will not be accepted for material improperly stored by the customer or their processors. This includes but not limited to, storing outside, storing in humid locations, under leaking roofs, etc.
4. When steel is supplied in coil form, the customer will be expected to accept without claim the two most inner (ID) and outer (OD) coil wraps as they are considered packaging.
5. HR Black unprocessed coil product is shipped without further processing. Therefore, the customer is expected to accept, without claim, a maximum yield loss of 2% by weight. This does not include the outer and inner wraps as described above. This includes but is not limited to conditions such as width, gauge and/or surface condition on inward and/or outward coil ends. This yield loss allowance does not include pickle or edge slit yield losses incurred as a result of subsequent processing not completed by Algoma Steel.
6. When HR processed coils (including P&O, tempering, side trim) or CR coils are ordered, the customer is expected to accept up to 2% by weight of the coil involved without claim.

## E. Sheet and Strip Products - General Surface Quality Descriptors

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**Standard** – may contain defects that are visible and can be felt which are not injurious to the fabrication, formability or engineering design. This surface type should only be ordered where appearance is not critical. Some surface defects will show through the paint. Pickled hot rolled products may be subject to pickle stop stains. Please refer to the section entitled Stains for additional information.

**Semi-Exposed** – may contain defects that do not affect formability or the application of surface coatings. Some surface defects that can be seen are allowed and may show through paint as highlights. It should be noted only the top surface (unless with prior agreement) will be consider semi-exposed. The bottom will be considered standard.

**Exposed** - Surface to be free of defects that may affect the uniform appearance of a quality paint or coating. Although defects may be seen, they will not show through the surface coating. It should be noted only the top surface (unless with prior agreement) will be consider exposed. The bottom will be considered standard.

## 1.1. Shape

The shape definition includes edge wave, center buckle (oil can), cross bow, or any other distortion from a flat surface other than obvious damage. The flatness tolerance quoted is the maximum deviation from a flat surface, as defined in the flatness tolerance tables of the appropriate ASTM specifications, after adequate leveling or flattening operations are performed by the customer. Measurements should be taken from a flat surface like a flatness table, level floor, etc. Measuring on piles of sheets, on skids, or blocked loads is not adequate. Proper documentation of this issue is very important. Pictures should be taken on the processing line before and after the material has been leveled. These as well as pictures of shape measurements must be submitted with any shape claim in order for it to be considered.

*Customers seeking guidance on proper shape measurement techniques can refer to ASTM A1030.*

### Sheet

1. **The standard shape** is defined in accordance with ASTM A568 Table 14 (for relevant sizes) only after the material has been sufficiently levelled by the customer.
2. **The improved shape** is defined using half of ASTM A568 Table 14 (for relevant sizes). To attain the specifications outlined in full ASTM A568 Table 13 (for applicable sizes), coils must be ordered as fully processed P&O and applies after the material has undergone appropriate leveling by the customer.

**Shape Significance and Coil Ordering:** If the shape holds critical importance for the customer's intended use, coils must be ordered as P&O and processed through Extended Finishing, contingent upon size.

**HR Black Unprocessed Coil:** HR Black Unprocessed Coil is shipped direct from the Hot Mill and it is to be recognized that Algoma Steel will not have any opportunity to inspect the shape condition of the final product. If a claim for flatness is presented, Algoma Steel will use the flatness tolerance specified in ASTM A568 for non-processed hot rolled sheet cut to length (or ASTM A6 depending on gauge) as the reference specification to determine the validity of the claim.

### Plate

In most cases ½ ASTM A6 (table 13 for carbon and table 14 for HSLA) is the best shape tolerance available. This must be acknowledged at the time of order and will show in the grade caption on the MTR.

## 1.2. Coil Breaks

Coils breaks are transverse creases that may occur across the width and are considered only cosmetic. They do not affect formability.

1. Claims will not be accepted on unprocessed coils.
2. Claims will not be accepted on low carbon drawing quality steel as this steel type is intentionally produced with formability in mind.
3. In order for claims to be considered for coil breaks, material must be ordered and acknowledged by Algoma Steel as "coil break considered". In most cases, this will ensure the proper mix of grade to mitigate this issue. Coil breaks can occur during any subsequent bending operation. Coil breaks that occur on customer-processed coils not ordered as above are not eligible for claim.

## 1.3. Rust

Algoma Steel strongly recommends that coils be oiled and/or chemically treated prior to shipping.

1. Algoma Steel will review orders with customers that request light/very light oil or pickle dry product (no oil) prior to agreeing to supply. This includes Hot Roll pickled dry and Cold Roll dry.

2. The effective start date for all rust claims is the ship date that is listed on the Bill of Lading. However, a delay in shipment that is directed by the customer will result in the start date beginning on the ready ship date.

*Note that no rust claim will be accepted for material shipped beyond the original ship-to destination and/or if it is determined to have been improperly stored or handled by the customer.*

The following time limitations apply to all products delivered to and accepted by the customer:

1. **HR Black/Unprocessed** - not accepted
2. **HR Pickle Dry/CR Dry or HR P&O/CR with very light oil** – by inquiry only – not accepted
3. **HR P&O and CR (heavy oil)** –90 days
4. **HR P&O and CR (standard oil)** – 60 days
5. **HR P&O and CR (light oil)** –30 days
6. **Any light, standard or heavy oiled coil requesting no wrapping** – 15 days

#### **1.4. Staining**

Claims for **any** stain will not be accepted after **90** days from the date of shipment. Pickle stop stain may occur on HRPO products and is typically isolated to a small portion of the coil length and should not exceed 2%. A limited claim will be accepted for stop stain.

#### **1.5. Weight Discrepancies**

Claims for weight discrepancies of less than 1% of the shipped weight will not be accepted.

#### **1.6. Transportation Issues**

The customer is responsible for completing a receiving inspection and properly documenting material condition at the time of receipt. Any claims for damage, corrosion, rust (or its potential from water, road salt, tarp issues) etc. must be clearly documented with pictures taken while the product is still on the railcar or truck.

Any claims for transit-related damages that occur when a load is shipped FCA Mill “Prepaid” will need to be processed through the carrier. Algoma Steel will assist our customers with these claims, but the ultimate resolution will be with the carrier. The Bill of Lading included with the delivery must be documented with the claimable issue and the documentation and photograph described above must be sent in writing to Algoma Steel within 5 days for a claim to be considered for assistance. The receiver is responsible for storing and protecting any claimed material during resolution.

Any claims resulting from transit-related damages that occur when a load is shipped FCA Mill “Collect” are the customer’s sole responsibility to process with the carrier.