



TCI Aluminum Flat Rolled Quality Claim Policy

This document sets forth the policy and procedures for handling material defects claims for Ta Chen International, Inc.'s ("TCI") Aluminum flat rolled products. Flat rolled products include coil, sheet, and plate products. No debit memo shall be deducted from TCI until after a claim has been entered, reviewed, accepted and a TCI credit memo has been issued. Buyer's debit deductions prior to the issuance of a TCI credit memo will be rejected and Buyer shall be responsible for immediate payment of the subject invoice in full.

The TCI Aluminum Flat Rolled Quality Claim Policy is integrated into and should be read together with TCI's General Terms and Conditions. TCI does not reimburse for labor (i.e. back-off charges) and/or freight and/or transfer charges (to and from 3rd party processors) or any subsequent charges associated with claims resulting from material defects. All products are subject to industry accepted tolerance on weight and dimension.

TCI supplies standard commercial quality flat rolled products pursuant to Aluminum Association standards from TCI depots or directly from the mills. TCI must be notified at time of purchase order placement of any special end-user requirements for review and evaluation and must be mutually agreed upon by TCI and Buyer in writing.

1. NOTIFICATION OF REJECTION FOR MATERIAL DEFECTS

The following must be provided:

- A sample and/or digital photograph or video that clearly displays the nature of the defect.
- A copy of the coil skid or bundle number, order number, heat number, size, weight, description of claim, rejected weight information, and digital photos (and if possible, a sample) and TCI Sales Order Confirmation number corresponding to the material under claim.
- An accurate description of the defect(s) and the exact location(s) within the coil (head middle - tail end -edges - top or bottom side).
- Shape Defects for Coil: – Samples are generally not required. Provide a digital photo of material on processing line and a definitive measurement of the raw material – height of the wave and distance between centers.
- Shape Defect on Sheet and Plate as purchased from TCI: Provide digital photo demonstrating the deviation from allowable tolerance.
- A formal claim as outlined above is to be logged with Buyer's TCI account manager so that the product management team can process the claim.

2. CRITERIA FOR MATERIAL REJECTION ON COIL STOCK

- a. Product minimum yield is 97% based on the net weight of the coil.
- b. If a defect is visible at the beginning of an individual coil, TCI authorizes Buyer to run up to 20% of the coil weight to evaluate the degree and persistence of the defect.
- c. If the defect is non-flatness in coil, such as waviness or change in shape, then the deviation of the side edge needs to be measured and recorded. Photos showing an

excessive deviation as captured by a ruler or tape measure will be needed to successfully pursue such a claim.

- d. If the sheets cut from a coil that show significant waviness or change in shape do not lie flat, then a report to be issued by the coil operator showing what and how many adjustments were made to the cut to length/ leveling line to obtain flat sheets.
- e. If a defect appears towards the end of the coil, TCI authorizes Buyer to process any coil weighing 1,000 pounds or less and to set aside for TCI inspection or photographic/digital review of the defective material in excess of the 97% minimum product yield.
- f. All rejected material must be properly identified with Buyer's Purchase Order number, the TCI Sales Order Confirmation number, invoice number, grade, dimensions, lot number/pack number and the original package weight. The preferred method is to attach a copy of the corresponding MTR and packing list to the Buyer's rejection notice.

3. REVIEW AND CLAIM RESOLUTION

- a. Following TCI's receipt from Buyer at the originating TCI warehouse location of Buyer's notification of product rejection for material defects, the sample or substantiating photo, MTR, packing list, purchase order number, TCI Sales Order Confirmation number and description of the claimed defect(s), TCI will review and inspect the claim and may consult with the originating mill and review and inspect the production and inspection records. A sample of the defective material should be retained by Buyer in any case, since the mill may request physical examination of the claim sample and completion of such examination may be necessary before the claim will be accepted or denied. If there is a disagreement between the Buyer, the originating mill, and TCI regarding the validity and extent of the claim, a thorough on-site inspection shall be promptly performed to resolve the matter.

In the event of TCI's acceptance of Buyer's claim, TCI, at its sole discretion shall either (i) credit or refund the price for such material defective product upon receipt of the returned product or (ii) request Buyer to retain the material defective product and issue Buyer a credit based upon the TCI invoice price less scrap value (scrap value will be calculated upon the acceptance date of the claim using the daily rate found on metalprices.com with respect to scrap settlements).

- b. No claim will be honored on material that has already been processed when it exceeds the limits specified in Part 2: Criteria for Material Rejection on Coil Stock.
- c. No claim will be honored if the above procedures are not followed.
- d. Claim initiated and a presented by a third party will not be considered. **Expenses or damage caused by third party processing is at Buyer's own risk.**

- e. Claim filing deadlines depend on what type of claim and what type of order:
 - (i) **Depot Orders**

All claims for water stains and/or material defects must be filed within 60 days of purchase date from TCI inventory. External damage to any delivered product or packing of the delivered product of any kind must be reported to TCI upon Buyer's receipt at its designated facility.
 - (ii) **Mill Direct Orders**

All claims for water stains and/or material defects against mill-direct orders must be filed within 90 days of receipt of material. External damage to any delivered product or packing of the delivered product of any kind must be reported to TCI upon Buyer' receipt at its designated facility.

- f. All aluminum that TCI agrees to accept for return must be securely skidded and protected for standard shipping and handling. The package content must be properly tagged and identified.