



TCI Electro-Galvanized Steel Coil Quality Claim Policy

This document describes the policy and procedures for handling mill related claims for the coil products of Ta Chen International, Inc. ("TCI"). 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. Customer debits deductions prior to the issuance of a TCI credit memo will be sent back to the customer for immediate repayment.

The TCI Stainless Coil Quality Claim Policy is a term of TCI's Conditions of Sale and covers claims on material defects only. TCI does not reimburse for labor (i.e. backoff charges) and/or freight and/or transfer charges (to and from 3rd party processors) charges associated with claims resulting from material defects.

1. CRITERIA FOR MATERIAL REJECTION ON COIL STOCK

- a. Our guaranteed minimum yield is 95% based on the net weight of the coil.
- b. If a defect is visible at the beginning of an individual coil, we authorize you to run up to 10% of the coil weight to evaluate the degree and persistence of the defect.
- c. If the defect diminishes at the 10% point, we authorize you to run an additional 5% of the coil weight. If the defect persists, the balance of the coil, along with the metal processed must be set aside for our inspection.
- d. If a defect appears towards the end of the coil, we authorize you to process any coil weighing 1,000 Lbs or less and to set aside for our inspection the defective material in excess of our guaranteed minimum yield of 95%. All rejected material must be properly identified with your P.O. Number, the Ta Chen Sales Order number, invoice number, grade, dimensions, lot number/pack number and the original package weight. **The most efficient method is to attach a copy of the corresponding mill test report / packing list to the customer rejection sheet.**

2. NOTIFICATION OF REJECTION

The following must be provided:

- **A sample and/or photograph that clearly displays the nature of the defect.**
- **A copy of the mill test report/packing list 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 Defect – Samples are generally not required. However, please provide a digital photo and a definitive measurement of the raw material – height of the wave and distance between centers.

3. SETTLEMENT OF THE REJECTION

- a. A claim may be settled for raw material less scrap value (Scrap value must be calculated at time of acceptance by metalprices.com in agreement with scrap settlement)
 - Upon receipt of the sample or substantiating photo at the originating TCI warehouse location and post consultation with the mill for review of the production & inspection records.
 - A sample of the defective material should be retained 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 customer's and the mill's opinion regarding the validity and extent of the claim, a thorough on-site inspection will be promptly performed to settle the matter.
- b. No claim will be honored on material that has already been processed when it exceeds the limits specified in



TA CHEN INTERNATIONAL, INC.

Part 1: Criteria for Material Rejection on Coil Stock.

- c. No claim will be honored if the above procedures are not followed.
- d. A claim initiated and presented by a third party will not be considered. Expenses or damage caused by **third party processing is at your own risk.**
- e. A claim is to be filed within 30 days of purchase date from TCI inventory. External damage of any kind is to be reported promptly upon receipt at customer's facility.