



1. Purpose and Scope

The purpose of this procedure is to document the policy of Nova Steel claims review and acceptance procedure. This involves all customer supplied materials that are pickled, pickled and slit, or slit only requirements.

2. Responsibility

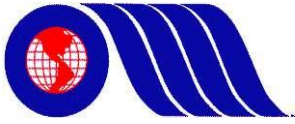
The General Manager is responsible for the approval and implementation of this procedure. In the event of the absence of the General Manager the Quality Assurance Manager will assume the responsibility.

3. Industry Standards

Nova Steel will monitor to ASTM industry standards. The steel industry standard coil policy is for customers to process up to 10% of the material before deeming the material to be non-conforming or suspect. Many mill induced defects will dissipate after the initial few feet are processed. The customer is also expected to accept without claim the inside and outside laps of the coils as well as any or all mill processing defects totaling less than 2% by weight.

4. General Claim Policies

- Nova Steel adopts the mill definitions and quality guidelines for coil products since they ultimately control the substrate.
- Purchase Orders to Nova Steel should clearly define the delivery, quality and service requirements. All claims will be reviewed against purchase order requirements.
- Any changes to the quality requirements following the original orders should be communicated to the Sales representative to instigate a review of the requirements and potential pricing considerations. (I.e. increasing surface quality requirements may require additional inspection practices). New purchase orders/contracts should be submitted when a change of this magnitude is requested.
- Time constraints, claims must be made within 30 days of the delivery date and made in writing to the Quality Assurance Department and the Sales representative at Nova Steel.
- Slitting coils will also increase yield loss due to edge trim requirements. Nova Steel will not be responsible for excessive scrap loss due to extra side trim allowance given on incoming orders.
- Nova Steel process cannot guarantee 100% inspection of surface quality due to the nature of our process, whether the condition is either mill or Nova Steel related. Defects that are not captured internally and reach our customer will not be liable for claims against Nova Steel if the defect is due to mill production methods. Customers should report to Nova Steel the concern so that we can review our practices. For defects caused by Nova Steel, report the nonconformance and Nova Steel will review the material, available inventory and the claim.



- No claim pertaining to rust or storage stains will be accepted after 30 days of the processing date.
- Consequential charges: Nova Steel does not control the manufacturing and inspection standards utilized by our customers or their material processors. As a result Nova Steel will not accept consequential charges such as administration fees, additional labor requirements, storage, freight, replacement or sorting requests.

5. Claim Process

- A Credit Return Authorization number (CRA) will be assigned to accept all claims. All paperwork, including return bills of lading, debit memos, etc. shall reference the claim number assigned by Nova Steel Quality Assurance Department.
- Claim acceptance can only be acknowledged by Nova Steel's Quality Assurance Department. Once an agreement has been achieved the appropriate credit will be processed after the material has either been returned to Nova Steel or scrapped with Nova Steel approval at the customer's facility. Nova Steel reserves the right to subtract the scrap allowance from the cost of the material based on the prevailing scrap price value at that time.
- Defect confirmation, samples, video, photos, Nova Steel coil identification numbers, amount of material affected by the defect and any other relevant information must be provided to initiate a complaint. All affected product/parts shall be quarantined at the customer's facility to enable a Nova Steel representative to review the material and to confirm the validity of the claim.
- The basis of credit for a Nova Steel defect will be reimbursement for material value only.
- Debiting of account must be approved by Nova Steel, automatic debiting of open claims or denied claims will not be an acceptable practice.
- Rework, when appropriate rework is feasible to maintain continuity of supply and to minimize the financial impact. When agreed upon the material must be packaged safely and loaded onto the truck in a secure manner, to assure material arrives safely and prevents further damage to product during handling.
- Nova Steel does not guarantee the successful use of any product in any application, no rust claims will be allowed on pickle dry products.