



AA Metals, Inc.

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Claim Policy

This document outlines the policy and procedures for the filing/processing of claims for aluminum and stainless steel products on AA Metals, Inc. ("AAM") and procedures regarding disposition of claims.

All claims submitted to AAM by the customer will be evaluated on the basis of validity and in accordance with our policies and procedures. Aluminum and stainless steel products are supplied in accordance with Aluminum Association ("AA") and ASTM standard tolerances and properties.

Unauthorized deductions occurring prior to disposition and settlement of a claim constitute nonpayment. Subsequent consequences include, but are not limited to shipping hold, credit hold, additional service fees on past due amounts and/or loss of discounts.

1. General Requirements

The AAM claim policy is part of the terms and conditions of sale and covers claims on:

Material defects only. AAM does not reimburse for: labor (i.e., back-off charges and post fabrication charges by end user) and/or freight and/or transfer charges, (to and from third party processors) loss of production, or charges associated with claims resulting from material defects.

AAM supplies standard distributor quality from our depots or directly from the mill. We must be notified at time of the purchase order placement of any special end use requirements for our evaluation.

AAM expects customer to use reasonable judgement in defining a product's non-conformance, based upon end use requirements. A claim shall be declined if the technical investigation reveals an unreasonable discrepancy between end use requirements and extent or severity.

2. Criteria for material rejection on coil stock

- A) Our guaranteed minimum yield is 97% based on the net weight of the coil. This reflects typical head/tails condition as received from mills.
- B) If a defect is visible at the beginning of an individual coil, we authorize the processing of up to 10% the coil weight to evaluate the degree and persistence of the defect.
- C) If the defect diminishes at the 10% point, we authorize the processing of an additional 5% of the coil weight. If the defect persists, processing must be stopped immediately. 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 the process any remaining coil weighing 1,000 pounds or less and to set aside for our inspection, (the defective material in excess of our guaranteed minimum yield of 97%). All rejected material must be properly identified with your P.O. number, the AAM sales order number, invoice number, grade, dimensions, claim number and the net weight being returned. Additionally, attach a copy of the corresponding mill test report/packaging list.
- E) Since there are no published AA or ASTM flatness tolerance for aluminum and stainless steel coils, the following guidelines shall be used: coils sheeted on a six high corrective leveler, properly rated for the thickness and mechanicals, and should produce a sheet within AA flat sheet tolerance. This will be the only coil flatness standard that will be considered for evaluating coil shape that is in question.
 - Flat Sheet: The same procedures apply as with coil. Flatness tolerances are per AA and ASTM standards. Minor optical chatter marks which are non-dimensional and do not affect the inherent quality of the sheets will not be considered for rejection. Surface quality is normal for commercial mill finish

which may have some roller marks that occurred during sheeting and may display occasional slight hairline scratches.

- F) The supplier reserves the right to request return of the defective material and rework the product, if doing so is believed to rectify the condition.

3. Notification of rejection

All of the following must be provided:

- A) A sample and/or photographs that clearly display the nature of the defect. Samples submitted must be marked with AAM claim number, which shall be provided by AAM Quality department.
- B) A copy of the mill test report/packing list corresponding to the material under claim along with heat or lot number.
- C) An accurate description of the defect(s) and the exact location(s) within the coil (head middle, tail and edges).
- D) Shape defect – Samples are generally not required. However, please provide digital photos with a ruler measurement indicating the height of the wave and distance between centers. Failure to advise these details in a timely manner on the part of the customer may lead to a decline of the claim.

4. Settlement of the rejection

- A) Claim may be settled for raw material less scrap value, (scrap value will be calculated at the time of acceptance of the claim). AAM will use American metal market daily quotations to determine scrap value. No material may be scrapped or otherwise disposed of without our written approval and the following criteria:
 - Upon receipt of the sample, or substantiating digital photos, discussion with the mill for review of production and inspection records.
 - A sample of the defective material should be retained in any case, since the mill may request physical examination of the claimed 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 onsite inspection may 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 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 be not be considered. Expenses or damages caused by third party processing is at client's expense.
- E) Water stain and other relevant claims are to be filed within 30 days of invoice date from AAM inventory. External damage of any kind is to be reported promptly upon receipt at customer's facility. All shipment that arrives wet or damaged must be signed for as such on the delivering bill of lading with a copy provided to AAM.
- F) The absolute maximum time limit for claims involving inherent metallurgical quality or concealed defects is 90 days from material invoice date. Under no circumstances will any claim be considered past this time limit.
- G) All material that we agree to accept for return must be securely skidded for standard shipping and handling. The contents must be tagged in accordance with section 2 part D of this document.

This Claim Policy is effective from 12/17/2015, and will be provided by Seller as a part of sales order confirmation of all order confirmed by Seller.