



**Prajekto 360 INTL (PI)
Stainless Flat Rolled Quality Claim Policy**

This policy outlines the procedures for handling defective material claims for Prajekto International (PI) stainless steel flat rolled products, including coil, sheet, and plate products. Debit memos cannot be deducted from PI until a claim has been entered, reviewed, accepted, and a PI credit memo has been issued. If a buyer deducts debits prior to the issuance of a PI credit memo, the deduction will be rejected, and the buyer will be responsible for immediate payment of the subject invoice in full. The PI Stainless Flat Rolled Quality Claim Policy should be read together with PI's General Terms and Conditions, and all products are subject to ASTM standards.

If a buyer rejects PI stainless steel flat rolled products, they must provide a sample and/or photograph that clearly displays the nature of the defect, a copy of the mill test report, packing list, purchase order number, and PI 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. In the case of a shape defect for coil, samples are generally not required, and a digital photo and a definitive measurement of the raw material's height of the wave and distance between centers should be provided. For defective materials exceeding accepted industry tolerances on weight and dimension, a digital photo demonstrating the deviation from allowable tolerance should be provided. A formal claim must be logged with the buyer's PI account manager so that the product management team can process the claim. PI does not reimburse for labor, freight, transfer charges, or any subsequent charges associated with claims resulting from material defects.

STANDARDS FOR MATERIAL REJECTION ON COIL STOCK:

- a. The product minimum yield is 97% based on the net weight of the coil.
- b. If a defect is visible at the start of an individual coil, PI allows the buyer to process up to 10% of the coil weight to assess the severity and persistence of the defect.
- c. If the defect decreases at the 10% mark, PI authorizes the buyer to process an additional 5% of the coil weight. However, if the defect persists, the remaining coil and processed metal must be set aside for PI inspection.
- d. If a defect arises towards the end of the coil, PI permits the buyer to process any coil weighing 1,000 pounds or less and set aside the defective material that exceeds the 97% minimum product yield for PI inspection.
- e. All rejected material must be accurately identified with the buyer's P.O. Number, PI 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.

PROCEDURES FOR REVIEWING AND RESOLVING CLAIMS

- a. Once PI receives Buyer's notification of material defects, including sample or photo evidence, MTR, packing list, purchase order number, PI Sales Order Confirmation number, and description of the claimed defect(s), PI will review and inspect the claim. PI may consult with the mill and review production and inspection records. The Buyer should keep a sample of the defective material in each case as the mill may request a physical examination of the sample. If there is a disagreement between the Buyer, mill, or PI regarding the validity and extent of the claim, an on-site inspection will be performed to resolve the matter. If PI accepts the claim, PI may credit or refund the price for the defective product upon receipt of the returned product or request the Buyer to retain the defective product and issue a credit based on the PI invoice price less scrap value calculated on the acceptance date using American Metal Market prices for scrap settlements on the immediately preceding Monday.
- b. Claims will not be honored on material that has already been processed when it exceeds the limits specified in Part 2: Standards for rejecting material on coil stock.
- c. Failure to follow the above procedures will result in the claim not being honored.
- d. Claims initiated and presented by a third party will not be considered. Expenses or damage caused by third-party processing are at the Buyer's own risk.



e. Claims must be filed within 30 days of the purchase date from PI inventory. Any external damage must be reported promptly upon receipt at the Buyer's facility.