

CLAIMS POLICY

Updated 19 January 2009

Dear Valued Customer;

We would like to take this opportunity to update Venture Steel's policy regarding non-conforming material and the processing of claims, in conjunction with the prevailing claims policies issued by the supplying mills.

We consider your business a privilege and want to work in partnership with you on any concerns you may have in terms of our relationship.

Venture Steel guarantees that material will be provided to the Customer in tolerance to any chemical, physical and dimensional requirements as ordered by the Customer. Such requirements must be plainly communicated on the Purchase Order. No implied requirements may be made by the Customer.

Industry Standard - the steel industry standard coil policy is for a Customer to process up to 10% of a coil before deeming it to be non-conforming. Many mill defects are likely to dissipate after the lead has been run through the machine. We do however ask that the Customer exercises discretion in processing excessive amounts of suspect material.

Exceptions - the Customer is expected to accept, without claim, the inside and outside laps of coils as well as any defects totaling less than 2% by weight. This would include surface, edge and shape defects. Any material that is purchased 'as is' from Venture Steel will be exempt from claim. Also, if the Customer accepts material on a signed deviation, then any claims made against the material for said deviation will be void.

Specifications and Grades - where directed by the Purchase Order, Venture Steel will provide steel to the procured specification and grade. However, we make no claim that the steel will make the part at all times due to the intrinsic nature of steel making and the processing at Customer's facilities. For these reasons issues such as cracking, splitting and malformations may not be claimable to Venture nor the producing mill.

Support - Venture Steel will work with the Customer to try to prevent/correct issues such as cracking, splitting, application of steel, etc. in conjunction with laboratories, mills, metallurgical representatives and other experts. Any associated costs for these activities may be passed on to the Customer with their consent.

Cross Application - not all worldwide specifications are produced by North American mills. For this reason some material such as EN, JIS or DIN specs may be supplied with the closest SAE or ASTM spec available in the North American market. Venture will ensure that the original specifications (EN, etc.) are met at the time of processing. Please also note that cross application between imperial and metric specifications is a standard practice within the steel industry.

Surface Quality - Venture will make every effort to provide as clean a surface as possible. However, mill surface issues such as coil breaks are part of the normal rolling practice. If coil breaks are a major deterrent to the forming practice it is recommended that material be purchased as temper passed to reduce the frequency and severity of breaks. As a normal practice Venture Steel does not order Surface Critical material. If surface critical material is required it must be stated in the initial Purchase Order requirement. Venture makes no guarantees if Customers order non surface critical material for surface critical parts.

Identification and traceability - the Customer is expected to maintain proper identification and traceability back to Venture Steel's tag (coil) number or skid number. These numbers must be included on any communication pertaining to possible defects.

Proof of Defect - the Customer is expected to prove the defect and make available to Venture Steel said proof. This should take the form of samples of parts, samples of flat stock or digital pictures/video of same.

Investigation - Venture Steel reserves the right to inspect the samples/parts/coils/blanks at the Customer's facility prior to accepting any claim. Through this inspection process Venture Steel will determine if we are responsible for the defect, whether through our processing or through the material itself. This inspection will usually be performed by the QA department but other arrangements may be made at Venture Steel's discretion.

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Determination of Responsibility - prior to accepting responsibility for any claim Venture Steel will need to verify that our processing or material was a direct contributor to the problem

Corrective/Preventive Action - Venture Steel will investigate any claims that resulted from our processing/material and may provide a corrective action plan if requested. Venture Steel retains the right to reject corrective action requests if the defect is deemed to be undetectable or is a normal, expected type of defect.

Accumulation Claims - will not be honored. All claims are to be made as they occur.

Time Constraints - claims must be made within three months of the delivery date of the material on processed material. For unprocessed material, claims must be made within thirty days. Claims must be made in writing to the Quality Department and/or the associated Sales Representative(s).

Rust - claims for wet material/rust must be initiated at the time of delivery to the Customer and must be noted on the transportation copy(ies) of any paperwork. Rust claims must be claimed within thirty days of the ready date of the material. Rust claims will not be accepted on any dry material such as hot rolled black, cold rolled un-oiled or galvanized un-oiled. Storage rust - please note that cold rolled material may experience storage rust during humid weather or if there is a prolonged period of time between processing and shipping. This will affect the outside lap and perhaps the slit edges. Customers are expected to accept this condition without claim.

Customer's Manufacturing & Inspection Standards - Venture Steel does not control the Manufacturing and Inspection Standards employed by our Customer's or their processors. Therefore, Venture Steel will not compensate for labour, processing or administration charges. The only exception to this will be if said charges were included in the purchase contract.

Packaging and Delivery - all material to be returned must be done so in the same condition as shipped.

Claim Acceptance - claims may only be accepted by the QA department. Once Venture Steel has agreed to accept a claim we will reimburse the cost of the material only. Credits will be processed after the material has been returned to Venture or QA has authorized scrapping at the Customer's facility. All credits will be given at the discretion of Management.

Scrap Allowance - if material is scrapped at the Customer's location, Venture Steel reserves the right to subtract the scrap allowance from the cost of the material. Scrap allowance is based on the price Venture Steel receives for their scrap. The Customer has the right to negotiate this price.

Customer Rework - through negotiation it may be feasible to rework the material at the Customer's facility. In order for Venture Steel to accept any sorting costs a quote must be presented detailing the projected costs. Venture Steel must authorize the rework prior to the rework taking place in order to absorb any of the associated cost. If the Customer proceeds to rework, without prior consent, Venture Steel will only reimburse for defective weight. Venture Steel reserves the right to sort the material through Venture's staff or a third party. If sorting is performed and no defective product is found, Venture will not reimburse for sorting as the exercise would have proven that the Customer's in-process inspection was adequate.

Disputes - Customers have the right to dispute claims and/or credits, either through QA or Management.

It will always be Venture Steel's intent to resolve material claims with our customers as fairly and expeditiously as possible, to the mutual satisfaction of all parties concerned. Thank you in advance for your continued support of Venture Steel and its services. We value your business and look forward to discussing mutually beneficial opportunities in the near future.