

Precoat Metals Terms & Conditions of Processing

The terms and conditions set forth below shall constitute the expression of all the terms of this agreement as a complete and exclusive statement of the agreement between Precoat Metals and Precoat Metals Corp. (hereafter referred to as “PCM”) and the customer (hereafter referred to as “Customer”).

1. **General:** All Sales and/or processing services provided by PCM, in conjunction with the PCM Price Quotation, and the PCM Order Acknowledgement from Customer, are subject to these terms and conditions. Any variation from these terms must be negotiated and formally accepted, in writing, by a corporate officer of PCM. No other terms and conditions shall apply, including the terms of any purchase order submitted to PCM by Customer.
2. **Material (Coil) Receipt:** All material is to be delivered to PCM locations, freight prepaid, charged to the material owner. PCM assumes no responsibility for freight charges for material not purchased by PCM, unless approved prior to material receipt, i.e. claimed and returned material.

Incoming material will be inspected for visual damage upon receipt. Any visual damage will be documented and retained as part of the coil record. To maintain optimum material quality, coils will not be unpackaged until time of processing. In the event coils arrive at PCM wet, frozen, or with evidence of condensation, the coils will be immediately placed on hold and the metal owner will be notified to supply Precoat with further direction within a reasonable time, Precoat shall have no liability for the condition of coils placed on hold.

Not all defects can be identified until coating application is completed. Any hidden damage and material nonconformance, including rust under the packaging, will be recorded and addressed at time of processing. PCM assumes inbound substrate is suitable for processing at full speed and for the intended application which includes, but is not limited to, characteristics such as surface treatment, camber, edge quality, surface quality, shape, and temper. Claims will not be accepted for material that does not meet specification for the intended application.

3. **Storage:** Except for damaged Customer material placed on hold after receipt pursuant to section 2 above, PCM bears risk of loss of and damage to all Customer material located at a PCM facility or one of its processors. All reasonable precautions are taken against hazards of damage or loss and insurance coverage is maintained by PCM. Materials received and subsequently released as prime bare shipment are subject to a \$300 per coil in/out handling charge. This charge will be waived for any shipments resulting from unexcused delays in processing or PCM’s negligence. Risk of loss or damage to Customer material will pass to Customer upon shipment, FOB PCM’s facility, unless PCM expressly otherwise agrees in writing.
4. **Inventory Management:** All Customer’s inventories are maintained and monitored via the PCM real-time coil inventory system. All such inventory and associated activity is available on a 24/7 basis through CoilZone @ <https://coilzone.precoat.com/>. The PCM Inventory system is formatted to record and transmit all transactions and material status electronically via A.I.S.I. X12. PCM does support other various means of E-Commerce B2B links.

PCM may charge reasonable storage fees for aged inventory stored at Precoat by taking a snapshot at close of business on the final day of each month. Age determination will be considered as follows:

- Bare metal: Total days from original date of receipt to original Precoat location
- Finished Goods: Total days from date of final production

5. **Processing Lead Times:** PCM will undertake commercially reasonable efforts to comply with Customer Order Request Date. Availability of substrate and materials to be applied will impact PCM’s ability to comply with such request. As a general guideline, Customer should allow two to three weeks for the processing of standard items.

Non-standard items may take from two to six weeks for processing, depending on the materials system/supplier. Calculation of lead times start once metal is on site and dependent upon the specified paint vendor lead times. Customer should allow an additional one to three weeks for any secondary operations that may be required (e.g. slitting, embossing, cut-to-length). PCM will always strive to meet these lead times; however, lead times could fluctuate with peak seasonality and/or significant disruption in raw material supply outside of PCM’s control.

5. **Unused Materials (Metal Treatments, Laminates, Coatings, Adhesives, Special Packaging):** Upon acceptance of an order, PCM will purchase materials necessary to fulfill the order. Additionally PCM, in conjunction with Customer, may engage in the stocking of materials as part of a formal “Stocking Program”. Customer is responsible to pay and/or reimburse PCM for all materials purchased as described above, including material that has reached their expiration date due to lack of demand. All materials are to be consumed prior to any change in the supply chain, i.e. coating supplier, coating system, or processor. PCM reserves the right to dispose of and be reimbursed for the cost of all unused materials, plus disposal costs. PCM will undertake commercially reasonable efforts to meet an alternate application for the material prior to invoicing Customer.

6. **Pricing:** All invoiced material is subject to the pricing schedule in effect at the time of material shipment unless stated otherwise on the applicable quote. Price discrepancies are to be communicated immediately to Precoat Customer Service for resolution. Price quotations are subject to change, but only with appropriate advance notice and explanation unless the quote has had no activity for 90 days. PCM expressly reserves the right to assert any liens for actual processing and storage of Customer material.

7. **Payment Terms:** All invoices for services provided by PCM shall be paid in accordance with standard payment terms “net 30 days” from invoice date. Customer shall not delay payment and shall not offset or make deductions for warranty claims or other quality issues. All shipments are subject to the approval of the PCM Credit Department.

8. **Order Management, Variance Policy:** Below is the allowable shipping variance from ordered quantity.

250 tons or more	+/- 3%
100 tons - 249 tons	+/- 10%
10 tons - 99 tons	+/- 20%
Less than 10 tons	+/- 30%

IMPORTANT NOTE: For non-repeating, one-time orders, PCM will not comply with the variance policy described above and will run to a variance of +/- 30%, unless otherwise agreed to in advance of placing the order.

9. **Processing of Mill/Transit, Hold, and Reject Material:** PCM reserves the right to be remunerated for costs associated with the processing of Metal related rejections. If a defect is found, PCM will promptly place the defective material on hold for review. PCM will charge for finished portions of mill defective material, but will bear the cost of processing unfinished portions. Accordingly, so long as Customer works timely with the Mill Supplier as set out below, Customer will not be invoiced for unfinished portions of such metal related rejections. It is the responsibility of the Metal Owner to engage the Mill Supplier and to disposition Mill Holds and Mill Rejects within a reasonable time frame. If Mill Holds or Rejects are not dispositioned within 90 days, they may be subject to storage fees. If the material remains on site and not dispositioned after 365 days, PCM will assume ownership and reimburse the Customer at current scrap rates.

If it is requested to run prime production with mill related defects (for example, Rough Surface, Dross, Edge Conditions, etc.) Precoat may request a signed deviation and to be reimbursed for line downtime, reduction in line speed, or other related processing efficiency losses. The agreement of such costs will be made in advance of processing by the Metal Owner and Precoat.

10. Internal Yield Allowance: Although PCM is continually striving to optimize yields, continuous coil processing technology does not allow for 100% yield attainment. PCM guarantees a specified internal prime yield based on the following parameters:

- Market and application
- Throughput quantity
- Average weight per lineal foot processed
- Average order size
- Average Incoming coil size

The established yield allowance will be applied to the total throughput weight (finished goods, WIP, RTS, reject, & scrap) for the reconciliation period.

Average Weight per Lineal Foot	Average Quarterly Volume
	More than 250 tons
Less than 1.00	99%
1.01-1.25	98%
1.26-2.49	97%
2.50-3.99	96%
>3.99	95%

- PCM requires an additional 0.5% yield allowance for each secondary operations process provided (slitting, embossing, application of strippable/protective film, cut-to-length). All off-fall losses, unless caused by PCM, are to be considered engineered losses and Customer responsibility.
- For Appliance, Stainless Steel, Aluminum and Critical Surface applications the stated yield guarantee will be reduced by 2% and the minimum quarterly volume must meet 100 tons.
- If Average Quarterly Volume does not meet 250 tons for steel or 100 tons for appliance, stainless steel, aluminum and critical surface for the reconciliation period, all losses will be considered allowable and credited at appropriate scrap value.

Reconciliation Terms:

PCM will reimburse Customer monthly for all PCM scrap, with reconciliations processed and provided quarterly summarizing the aggregated production across all PCM facilities. PCM rejects retained by PCM, & Mill scrap at scrap value as stated in Appendix A, less \$35 per ton handling charge. The scrap indices outlined in Appendix A are subject to change and will be communicated at the beginning of each calendar year. Scrap values for alternative substrates to be established based on prevailing regional markets for said commodities.

PCM to reimburse Customer at Average Prime Value for all losses determined to be caused by PCM that exceed Internal Yield Allowance. Note that this is not the invoice price of the purchased metal. PCM to retain ownership of all scrap and PCM fault rejects.

Non-Allowable Rejection: If during coil processing, difficulties are encountered which result in an individual coil loss, defined as a “Non-allowable PCM reject”, PCM will reimburse Customer at average Prime Value for substrate involved regardless of overall yield performance. PCM is to retain material ownership.

Precoat fault coil rejects will be considered non-allowable based on quantity rejected compared to the weight per lineal foot by following the table below:

Weight per Lineal Foot	Lineal Foot of Rejected Material
< 0.99	>5500
0.99-1.25	>5000
1.26-2.50	>4000
2.51-4.00	>2500
>4.00	>1750

For Appliance, non-allowable rejects do not apply.

For Aluminum, refer to the next level down for non-allowable rejects. For example, for a weight per lineal foot of 2.30, any PCM fault reject 2,500 LF or greater will be considered non-allowable and reimbursed accordingly.

11. External Claims Policy: The application of materials to metal surface in the continuous coil coating process will result in intermittent variations and imperfections that prevent the realization of absolute conformity to a 100% standard of quality. PCM will undertake its best commercially reasonable efforts to minimize and remove non-conforming material. The nature of the continuous coil coating process, however, makes it impossible to remove all such flaws, in either metal or applied materials. This is taken into consideration in the pricing process. Thus, Customer waives any claims for such intermittent defects. If an imperfection is detected, the Customer is requested to run 300 lineal feet or 10% of the coil, whichever is less, beyond the initial appearance of the defect to see whether the imperfection runs out. If the imperfection runs out within 300 lineal feet (or 10%), Customer is to continue processing and will consider the defect an allowable loss and will not submit any Claim. If the defect continues after 300 lineal feet (or 10%), the balance of the coil is to be set aside, along with the lineal feet previously run, and a Claim may be submitted by Customer.

Customer will notify PCM Technical Services of suspect material, when deficiency of applied materials or substandard product performance exceeds allowable defect, as stated above. A Claim Form is available on [CoilZone](#). Customer is to provide pertinent information as noted below:

- A minimum 12” x full width sample of material defect prior to any further processing provided to PCM. A picture may be acceptable if the defect could not possibly be induced by subsequent processing.
- Customer Order Number
- PCM coil number(s) and invoice weight
- Invoice Number
- Quantity suspect or rejected
- Description of defects

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For construction building complaints the following is also required:

- Quality photograph(s)
- Job number & job name
- Date material was shipped to job site
- Date building was erected, location of building, and building dimensions (including roof pitch)
- Name of builder/contractor and contact information

For all Claims, PCM reserves the right to be allowed the opportunity to physically inspect material at the job site or Customer location prior to any material replacement to complete the full Claims investigation. If this opportunity is not permitted, PCM may deny the Claim.

As a condition precedent for any Claims, the Customer must provide a complete detailed breakdown of all charges for any alleged Claims.

To the fullest extent permitted by law, Precoat shall not be liable for any consequential, special, indirect, or punitive damages related to Claims, including but not limited to, labor cost, overhead, lost profit, loss of use, loss of production, rental equipment for installation or removal of defective material, disposal costs, travel costs, taxes, insurance and project costs due to delayed installation.

PCM will respond, in writing, within 30 calendar days from the date the completed claims information and sample are provided to PCM Technical Services. The response will include one of the following:

- I. Acceptance of claim and instructions for material disposition.
- II. Denial of responsibility, with complete explanation for denying claim.
- III. Recommendation for further processing at Customer facility, with purpose of working through defective material.
- IV. Instructions for return to PCM of suspect material. PCM reserves the right to salvage any claimed material. Any material recovered and determined to meet order requirements will immediately be transferred back into Customers account and returned to Customer on next available shipment.
 1. PCM will make good faith efforts to reprocess Claim material within 60 days of receipt of returned coil. Customer will issue a buyback PO once the reprocessing is completed within 30 days of reprocessing. If the buyback PO has not been received, PCM may exercise the right to place the material into Customer's account and prebill for the material successfully reprocessed within 60 days of completion.
 2. Reworked material must ship back to Customer within a reasonable time period. If reworked material is completed within 30 days and Customer no longer needs this material, Customer will may be invoiced for the material and will be required to accept shipment.
- V. Claim investigation updates, if the full resolution has not been reached within 30 days. Additional updates will be provided at least monthly, and more frequently, if requested.
- VI. If a sample or critical information needed to start the investigation is not received within 90 days, the case will be considered closed and will be formally denied.

Customer may appeal any denied Claim within 14 calendar days after receipt of formal denial from PCM. Any appeal must be in writing and state in detail the basis for the appeal.

All correspondence regarding Claim resolution is to be directed to PCM Technical Services.

All accounting transactions are to wait until formal claims resolution. Further, it is assumed that Customer will use all finished material within 180 days of coating. Aging varies with the substrate, pretreatment, and coatings, but in all cases will affect the coatings flexibility and subsequent performance. Storage conditions of material shipped including at subsequent processors should be controlled to avoid potential forming and performance problems. Extreme changes in coil temperature versus the dew point, and exposure to moisture can all have an adverse effect on material performance. Claims subject to wet field storage and/or conditions susceptible to coil "sweats" will not be honored. Claims submitted on material beyond this 180 day timeframe may not be valid and such long storage times may further affect product warranty.

Off color Claims on "Visual" paint systems where material was mixed between multiple plants and/or production dates will not be accepted unless the coating was applied outside of the paint vendor's specifications.

- 12. General Warranty Information:** PCM certifies that all materials will be applied in a good, workmanlike manner, in accordance with Manufacturer's specifications. Requests for applications outside of specified parameters will be considered, but such applications will void any future claims for non-compliant performance. PCM MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ITS SERVICES HEREUNDER. The foregoing warranty supersedes any warranty appearing on any sales contract, purchase order form or the like, which may be used in connection with PCM's providing its services.

PCM's liability for breach of the foregoing warranty shall be limited to the cost of the metal, applied materials and freight.

IN NO EVENT SHALL PCM BE LIABLE FOR AND PCM SPECIFICALLY DISCLAIMS ANY RESPONSIBILITY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES OF ANY KIND, INCLUDING WITHOUT LIMITATION, LOSS OF PROFITS, LOSS OF BUSINESS OPPORTUNITY, COST OF SUBSTITUTE PRODUCTS, LOSS OF REVENUE, LOSS OF USE OR LOSS OF CAPITAL, NO MATTER HOW ARISING EVEN IF THE POSSIBILITY OF SUCH DAMAGES WAS DISCLOSED IN ADVANCE OR COULD HAVE BEEN REASONABLY FORESEEN. THE EXCLUSION OF INCIDENTAL AND CONSEQUENTIAL DAMAGES AS SET FORTH HEREIN SHALL BE DEEMED INDEPENDENT OF AND SHALL SURVIVE ANY FAILURE OF THE ESSENTIAL PURPOSE OF ANY REMEDY HEREUNDER.

The total maximum aggregate liability of PCM to Customer for any reason and for all Claims of any kind, whether based on breach of contract, breach of warranty, tort (including negligence), strict liability or otherwise, arising out of or in connection with the performance or non-performance of a valid Purchase Order, shall not exceed the total amount of the Purchase Order giving rise to the Claim.

- 13. Excusable Delay:** PCM shall in no event be responsible for failure to fill any order or orders when due to fire, flood, explosion, riot, strike or other difference with workmen, shortage of utility, facility, material or labor at current prices, delay in transportation, breakdown or accident; acts of God or of the public enemy, compliance with or other action taken to carry out the intent or purpose of any existing or future law or regulation, or any other cause beyond PCM's reasonable control. In the event of any such delay cause as aforesaid, PCM shall have such additional time within which to perform as may be reasonably necessary under the circumstances and shall have the right to apportion its services among Precoat customers (including Customer) in such manner as it may consider to be equitable.

Appendix A: Scrap Rates 2023

- **Carbon Steel**
 - **BAL:** AMM Philadelphia #1 Bundles, Dealer Selling Price
 - **BHM:** AMM Alabama #1 Bundles, Consumer Buying Price
 - **COL:** Mill Pricing Program – follows AMM South Carolina #1 Busheling
 - **HAW:** AMM Cincinnati #1 Busheling
 - **HOU:** AMM Houston #1 Busheling
 - **JAX:** AMM Chicago #1 Busheling, Consumer Buying Price
 - **GFD/KGB/MMC/NGT/POR/STL:** AMM Chicago #1 Bundles, Consumer Buying Price
- **Stainless Steel**
 - **GFD/MMC/NGT/STL:** AMM Chicago 304 Solids, Clips, Dealer Buying Price
 - **HOU:** AMM Houston 304 Solids, Clips, Dealer Buying Price
- **Aluminum**
 - **BHM:** AMM Painted Aluminum Siding, Dealer Buying Price – High Side
 - **COL:** Platt's Metals Week Transaction Price, Prior Month Average
 - **GFD:** AMM US Segregated Low Copper Alloy Clips 3105, Mills Specialty Consumers' Buying Price
 - **KGB/JAX/MMC/NGT/POR/STL:** AMM Midwest Secondary Smelters' Mixed Low Copper Clips, Buying Price