CLIFFS

LIGHT FLAT ROLL PRODUCTS CLAIMS MANAGEMENT POLICY

CLEVELAND-CLIFFS STEEL LLC / CLEVELAND-CLIFFS STEEL CORPORATION

Introduction

This Claims Management Policy, together with the Cleveland-Cliffs Steel Terms and Conditions of Sale, covers light flat rolled sheet and tin mill products produced at all Cleveland-Cliffs Steel LLC and Cleveland-Cliffs Steel Corporation ("Cleveland Cliffs") flat rolled facilities. It covers the major points of the claims process. It is not intended to address all circumstances that can arise. Cleveland-Cliffs reserves the right to handle each claim based on the specific individual circumstances.

Requirements for dimensions, flatness, surface, coating weight, surface texture, and chemistry will be dictated by customer specifications accepted by Cleveland-Cliffs in advance in writing, and/or consistent with applicable society/industry specifications (ASTM, JIS, DIN, etc.). More restrictive requirements are subject to inquiry with, and acceptance by, Cleveland-Cliffs prior to order acceptance. Material mechanical properties are to be tested in the quarter position of the width in the manner prescribed by the specification or determined by the producing mill if no such specification requirement exists.

When a customer provides a specific design instruction or set point for a process variable as part of an order, the customer assumes responsibility for defects or performance issues that arise as a result of the direction provided by the customer.

Cleveland-Cliffs reserves the right to modify or revise this policy at any time when deemed necessary

RESPONSIBILITIES

Cleveland-Cliffs is dedicated to supplying our customers with flat rolled steel and tin mill products in accordance with agreed upon standards and specifications. If material furnished by Cleveland-Cliffs does not meet order requirements a claim should be submitted to the appropriate Cleveland-Cliffs Steel representative. All claims will be evaluated on the basis of technical merit in accordance with published policies, applicable specifications, contracts, purchase orders, and final order acknowledgements.

After claim is reviewed and a decision is determined Cleveland-Cliffs' position on the claim will be communicated to the customer.

Cleveland-Cliffs reserves the right to make final disposition on accepted claim material. Final disposition and if necessary removal of the material will be expedited in a timely fashion as conditions warrant.

CUSTOMER RESPONSIBILITIES

See section 16 in Cleveland-Cliffs Terms and Conditions of sale for additional information.

In order to efficiently evaluate and process a claim, Cleveland-Cliffs must be provided with complete information of the problem and be given a reasonable opportunity to investigate claims. Complete information should include claim reason, claim documentation, Cleveland-Cliffs coil number, inspection report, cost of material, quantity of involved material, condition of material, etc. Cleveland-Cliffs retains the right to visit to investigate and/or require a representative sample of the condition, digital photos, or video.

Suspect material should be contained and further processing should cease upon earliest detection of an undesirable condition.

Failure by customer to cooperate fully, including any failure to provide supporting documentation in a prompt manner, may result in the rejection of the claim.

For the duration of the claim, the customer will continue to store the product in an appropriate manner to prevent damage or deterioration and will maintain general insurance.

Unauthorized or unidentified deductions before a claim is dispositioned or settled constitutes nonpayment with subsequent consequences that include but are not limited to credit hold, shipping hold, and loss of discount privileges.

CONSEQUENTIAL COSTS

For claims with merit, Cleveland-Cliffs will assume responsibility for the value of the affected material and will address other costs as outlined below but in no event will be liable for any further direct, indirect, incidental, consequential or special damages or other costs.

Cleveland-Cliffs will not honor sorting, sampling, storage, freight, additional processing, consequential costs, administrative or replacement cost unless approved by Cleveland-Cliffs prior to incurring the expense.

SCRAP CREDIT

Cleveland-Cliffs requires any debit for material dispositioned as scrap to be reduced by the amount of the scrap credit as described below.

Cleveland-Cliffs expects to be reimbursed for scrap credit by the customer for all material scrapped as part of a claim resolution where the Cleveland-Cliffs is found responsible for the scrap. The credit will be determined on a monthly basis using the current scrap values as published in the American Metal Market (AMM). No material is to be scrapped without prior approval from Cleveland-Cliffs.

COIL QUALITY – GENERAL

Cleveland-Cliffs will provide a minimum of 98% satisfactory product in coil shipments of Hot Rolled, Cold Rolled, Coated and Tin Mill Products.

Hot Rolled Unprocessed bands are shipped directly from the mill without further processing. The customer must accept, without claim, the uncropped ends of a coil that may exceed standard tolerances/specifications for ordered thickness and width. Mechanical property variation resulting in specification nonconformance on uncropped ends is not claimable.

For some products (combinations of gauge, width and material strength) there are no published society shape standards. Cleveland-Cliffs will provide a maximum out-of-flat as outlined in the tables attached to this policy. Cold Roll Full Hard unprocessed coils are shipped directly from the mill without further processing. Customer must accept without claim the uncropped ends of a coil that exceed standard tolerances/specifications for ordered thickness and width.

Unless specified on the customer order and accepted on Cleveland-Cliffs' order acknowledgement the coil top side will be provided as the prime surface. Two sided prime requirements must be included in the purchase order and approved at the time of order entry.

If initial processing results in observation of a nonconforming condition, approximately 10% of the coil must be run before rejecting the entire coil. If multiple coils from the shipment show the same imperfection and are being rejected, processing of additional coils should be discontinued pending discussion with a Cleveland-Cliffs representative (e.g. a maximum of 3 coils at one value). Claims will not be honored for outside (OD) or inside (ID) wraps, including claims for identification stickers or markings that may be present on these laps.

CLAIMS MANAGEMENT POLICY

RUST AND STAIN POLICY

Cleveland-Cliffs will investigate all rust and stain claims to attempt to determine the source. Cleveland-Cliffs will not accept rust and/or stain claims under the following conditions:

- Related to improper storage or handling in a customer's facility
- Material shipped beyond the original ship to destination
- Material where the customer requested packaging does not meet Cleveland-Cliffs Steel minimum packaging requirements
- Hot rolled pickled material; Cold rolled full hard, finished, or black plate material; ordered as dry (no oil) or with less than the mill recommended regular (medium / regular) oil coverage
- Coated product ordered dry (without oil or passivation)
- Greater than 90 days from material receipt for material ordered with regular or heavier amounts of rust preventive oil
- Hexavalent chromium passivated coated product after 90 days from material receipt
- RoHS compliant chemical treated product after 75 days from material receipt
- Acrylic treated product after 30 days from material receipt.
- Oiled product (non RP oil), including tin and tin free steel (TFS), after 90 days of shipment
- Hot roll black

Claims for stain that are determined to have been caused by improper mill processing conditions is an exception to this policy and will be evaluated for merit considering the specific facts of the individual claim.

Note: If the material arrives and the coil's packaging is intact and the temperature is below the dew point of the coil storage facility, do not unpack the coil until the coil reaches ambient temperature. If coil is noted with moisture on the coil due to torn packaging, the coil should be completely unpackaged with forced air (high velocity fans) focused on the coil to help prevent rust. This expectation is regardless of the coil temperature. For Tin Plate product only, the packaging is to remain on the coil until the coil reaches ambient temperature regardless of condition of the packaging.

AGING

The metallurgical design of certain steel products can result in the propensity to age. Their mechanical properties can change over time. We warrant properties only at time of our production for these products. It is recommended that these grades be used in an expeditious manner.

WEIGHT VARIATION

A variation between Cleveland-Cliffs' invoiced actual weight and the customer's scale weight up to one percent (1%), whether under or over, shall be permissible variation. Substantial difference outside of this amount is claimable. Claims for weight variation involving multiple coils must be evaluated over a defined period (monthly, quarterly, etc.) and take into account both underweight and overweight coils during that period. If over the time period the total shipped weight was more than 1% underweight the entire shortage will be credited.

COIL BREAKS

The condition known as coil breaks refers to creases or breaks across the width of the coil caused by discontinuous yielding of the strip as it processes. Any processing that recoils on an inside diameters of less than 24" are not covered by these guidelines.

Coil Breaks on Hot Roll (HR)

- HR bands directly off of the Hot Strip Mill are subject to coil breaks upon subsequent recoiling.
- Coil break-free HR requires Temper Rolling (with "coil breaks objectionable" requested). Claims for coil breaks on non-temper rolled HR will not be accepted.

Coil Breaks on Cold Roll (CR)/CR Enameling Steels/Electrogalvanized (EG)

- Properly processed EDDS/EDDS+ (interstitial-free I-F steel) is not subject to coil breaks in an as-received condition or during subsequent processing.
- Because of equipment configuration and geometry there is a potential for coil breaks on heavier thicknesses on CS-B and DS Type B, VIT-PLUS®, and UNIVIT® product in the as-received condition and claims for breaks on this material will not be accepted.

Coil Breaks on Galvanized (GI)/Galvanneal (GA)/Aluminized Type 1 (ALT1)

- Properly processed EDDS and EDDS+ (interstitial-free I-F steel) coils are not subject to coil breaks after coating in an as-received condition or during subsequent processing.
- Properly processed DDS with a low carbon substrate (ordered as DDS 'I-F Objectionable) is not subject to coil breaks after post coating-box anneal and temper rolling during subsequent processing. However, due to roll diameter on the delivery section of the galvanized line heavier coil thicknesses the coil coming off of the coating line may contain coil breaks. These breaks will be "smoothed/masked" during temper rolling but may still be visible in the as-received coil. Claims for breaks on this material will not be accepted.
- Temper rolling is required to minimize the risk of coil breaks during subsequent processing on coils ordered with a low-carbon substrate. Again, heavier thicknesses may contain smoothed/masked coil breaks in the as-received condition. Claims for breaks on this material will not be accepted.
- CS Type B Min Spangle coils are subject to coil breaks/leveler breaks in the as-received condition and during subsequent processing. Temper rolling finish is required to minimize coil breaks during subsequent processing. This effect is temporary due to this grade being susceptible to aging. On heavier thickness there may be smoothed/ masked coil breaks from the exit end of the coating line still visible on these finishes. Claims for breaks on this material will not be accepted.

TRANSPORTATION ISSUES

For all shipments, customer or its designee are responsible for inspection and documentation of material condition during receipt and unloading. On material sold as 'FOB mill' it is the customer's responsibility to record damage upon receipt and to file a claim with the carrier for any claim caused during the transit period from Cleveland-Cliffs to the customer. Refer to Cleveland-Cliffs Steel Terms and Conditions of Sale.

FREIGHT CLAIMS

These guidelines are intended to help clarify the proper procedures for handling claims for material damaged or lost in transit. The consignee must inspect coils at the time of receipt and record any signs of moisture or torn packaging upon a receiving inspection document and notify Cleveland Cliffs within 10 days of receipt. Loss and/or damage can be either visible on delivery to the consignee or concealed and not discovered for an indeterminate length of time. Photographic evidence of the damage is required to help with the investigation into root cause.

The consignee must mitigate the loss by storing and protecting the goods from further deterioration and assist in the repair and salvage unless carrier agrees that goods are valueless. Complete understanding of the following points by personnel involved in receiving and claim processing will improve communications with carriers and may help to expedite the settlement of claims. The consignee must accept all shipments unless the goods are valueless. Goods which have a scrap value may not be valueless. Refusal to accept goods invokes Section 4 of the Bill of Lading contract, and the consignee may be found to be in default of the contract of sale, resulting in back charges. Photographs of damaged goods are helpful for settling claims quickly, especially if the damaged goods are photographed in place on carrier's equipment. Each situation requires a specific method of handling as previously outlined.

When shipments are made FOB Mill, the buyer files the claim. When shipment is made FOB Destination, the seller files the claim. A formal claim must include the following or the claim will be barred:

1. Original Bill of Lading or Bond of Indemnity
2. Original paid Freight Bill or Bond of Indemnity
3. Pricing letter stating cost of material.
4. Delivery receipt with loss and/or damage notation (motor carrier only).
5. Inspection report
6. Itemized statement of all loss and/or damage costs including mitigation costs.
7. Photographs, if available
8. Other supporting documents

SECONDARY PRODUCTS

This Claims Management Policy does not apply to Secondary Products. Secondary Products are sold separately from prime products in the four categories of Excess Prime, Reapplied, Secondary and Salvage. Each of these classifications is covered by its own claims policy. The definitions and policies are maintained by the Sales group at Cleveland Cliffs. The customer should be aware of these definitions and what is to be expected in each category. All claims on material sold as Secondary Products should be presented to the appropriate Cleveland-Cliffs assigned representative who will investigate the claim.

SUPPLEMENTAL HOT-ROLLED FLATNESS SPECIFICATIONS

Carbon Steels under 45 ksi min. yield		Sheet Type	
Min. thickness	Width	Processed**	Non-processed
>.057 – <.180	≤60.0	0.500	1.500
	>60.0 – 72.0	0.750	2.250
	>72.0	1.000	3.000
.180 – <.230	≤60.0	0.500	1.500
	>60.0 – 72.0	0.750	2.250
	>72.0	1.000	3.000
.230 – <.500	≤60.0	**0.750**	**1.500**
	>60.0 – 72.0	**0.875**	**2.250**
	>72.0	**1.000**	**3.000**
.500 – .750	≤60.0	**0.750***	**2.000**
	>60.0 – 72.0	**1.000***	**2.500**
	>72.0	**1.125***	**3.500**

Regular font based on ASTM A568. Includes A786 floor plate coils.
Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A635 or A568.
Application of this table in coil form is not appropriate unless the coil has been rolled out and adequately flattened with all coil set removed.
**Based on future ASTM A635 changes.*
***The term "Processed" includes coils that have been pickled and/or through an adequate flattening process such as: temper roll, tension level, stretcher level, cassette level, Z-Mill.*

High Strength Steels from 45 to 50 ksi min. yield		Sheet Type	
Min. thickness	Width	Processed**	Non-processed
>.057 – <.180	≤60.0	0.750	2.250
	>60.0 – 72.0	1.125	3.375
	>72.0	1.500	4.500
.180 – <.230	≤60.0	0.750	2.250
	>60.0 – 72.0	1.125	3.375
	>72.0	1.500	4.500
.230 – <.500	≤60.0	**0.875**	**2.250**
	>60.0 – 72.0	**1.000**	**3.000**
	>72.0	**1.187**	**3.500**
.500 – .750	≤60.0	**1.000***	**2.500**
	>60.0 – 72.0	**1.250***	**3.250**
	>72.0	**1.500***	**3.750**

Regular font based on ASTM A568. Includes A786 floor plate coils.
Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A635 or A568.
Application of this table in coil form is not appropriate unless the coil has been rolled out and adequately flattened with all coil set removed.
**Based on future ASTM A635 changes.*
***The term "Processed" includes coils that have been pickled and/or through an adequate flattening process such as: temper roll, tension level, stretcher level, cassette level, Z-Mill.*

SUPPLEMENTAL HOT-ROLLED FLATNESS SPECIFICATIONS

Carbon Steels over 50 ksi min. yield		Sheet Type	
Min. thickness	Width	Processed**	Non-processed
>.057 – <.180	≤60.0	**1.000**	**2.500**
	>60.0 – 72.0	**1.500**	**3.500**
	>72.0	**1.750**	**4.750**
.180 – <.230	≤60.0	**1.000**	**2.500**
	>60.0 – 72.0	**1.500**	**3.250**
	>72.0	**1.750**	**3.750**
.230 – <.500	≤60.0	**1.000**	**2.500**
	>60.0 – 72.0	**1.500**	**3.250**
	>72.0	**1.750**	**3.750**

Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A635 or A568.
Application of this table in coil form is not appropriate unless the coil has been rolled out and adequately flattened with all coil set removed.
***The term "Processed" includes coils that have been pickled and/or through an adequate flattening process such as: temper roll, tension level, stretcher level, cassette level, Z-Mill.*

Flatness Tolerance of hot rolled steels ordered by tensile MPa or ordered by yield and tensile strength							
		Min. tensile strength (MPa)					
		<440		440<540		≥540	
Min. thickness	Width	Processed**	Non-processed	Processed**	Non-processed	Processed**	Non-processed
>.057 – <.180	≤60.0	0.500	1.500	0.750	2.250	1.000	2.500
	>60.0 – 72.0	0.750	2.250	1.125	3.375	1.500	3.500
	>72.0	1.000	3.000	1.500	4.500	1.750	4.750
.180 – <.230	≤60.0	0.500	1.500	0.750	2.250	1.000	2.500
	>60.0 – 72.0	0.750	2.250	1.125	3.375	1.500	3.250
	>72.0	1.000	3.000	1.500	4.500	1.750	3.750
.230 – <.500	≤60.0	0.750	1.500	0.875	2.250	1.000	2.500
	>60.0 – 72.0	0.875	2.250	1.000	3.000	1.500	3.250
	>72.0	1.000	3.000	1.188	3.500	1.750	3.750

***The term "Processed" includes coils that have been pickled and/or through an adequate flattening process such as: temper roll, tension level, stretcher level, cassette level, Z-Mill*

SUPPLEMENTAL COLD-ROLLED FLATNESS SPECIFICATIONS

High Strength Steels ordered by yield strength ksi						
		Min. yield strength (ksi)				
Min. thickness	Width	<45	45 – 50	>50 – 80	>80	MartINsite
≤0.444	≤36.0	0.375	0.750	**0.750**	**1.250**	**1.250**
	>36.0 – 60.0	0.625	1.125	**1.125**	**1.250**	**1.250**
	>60.00	0.875	1.500	**1.500**		
>0.444	≤36.0	0.250	0.750	**0.750**	**1.250**	**1.250**
	>36.0 – 60.0	0.375	0.750	**0.750**	**1.250**	**1.250**
	>60.0 – 72.0	0.625	1.125	**1.125**		
	>72.0	0.875	1.500	**1.500**		

Regular font based on ASTM A568.
Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A568.
This table applies to lengths cut from coils by the consumer when adequate flattening measures are performed.

High Strength Steels ordered by tensile strength MPA or ordered by yield and tensile strength					
		Min. tensile strength (MPa)			
Min. thickness	Width	<440	440 – 590	<590	MartINsite
≤0.444	≤36.0	**0.375**	**0.750**	**1.250**	**1.250**
	>36.0 – 60.0	**0.625**	**1.125**	**1.250**	**1.250**
	>60.00	**0.875**	**1.500**		
>0.444	≤36.0	**0.250**	**0.750**	**1.250**	**1.250**
	>36.0 – 60.0	**0.375**	**0.750**	**1.250**	**1.250**
	>60.0 – 72.0	**0.625**	**1.125**		
	>72.0	**0.875**	**1.500**		

Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A568.
This table applies to lengths cut from coils by the consumer when adequate flattening measures are performed.

SUPPLEMENTAL HOT-DIP COATED FLATNESS SPECIFICATIONS

Carbon Steels under 40 ksi yield		Min. yield strength (ksi)
Min. thickness	Width	<40
≤0.048	≤36.0	0.375
	>36.0 – 60.0	0.625
	>60.00 – 72.0	0.875
	≤36.0	0.250
>0.048	>36.0 – 60.0	0.375
	>60.0	0.625

Regular font based on ASTM A924.
This table applies to lengths cut from coils by the consumer when adequate flattening measures are performed.

High Strength Steels ordered by yield strength ksi								
		Min. yield strength (MPa)						
Min. thickness	Width	SS40	SS50	HSLA40	HSLA50	HSLA55/60	HSLA70	HSLA80
≤0.060	≤36.0	0.500	0.750	0.625	0.750	0.875	1.000	1.125
	>36.0 – 60.0	0.750	1.125	1.000	1.125	1.250	1.375	1.500
	>60.00	1.000	1.500	1.375	1.500	1.625	1.750	1.875
>0.060	≤60.0	0.500	0.750	0.625	0.750	0.875	1.000	1.125
	>60.00	0.750	1.125	1.000	1.125	1.250	1.375	1.500

Regular font based on ASTM A924.
This table applies to lengths cut from coils by the consumer when adequate flattening measures are performed.

High Strength Steels ordered by tensile strength MPa) or ordered by yield and tensile strength					
		Min. tensile strength (MPa)			
Min. thickness	Width	440	590	780	980
≤0.060	≤36.0	**0.750**	**1.000**	**1.125**	**1.125**
	>36.0 – 60.0	**1.125**	**1.375**	**1.500**	**1.500**
	>60.00	**1.500**	**1.750**		
>0.060	≤60.0	**0.750**	**1.000**	**1.125**	**1.125**
	>60.00	**1.125**	**1.375**		

Values in Bold are for gauges/widths/strengths that are not accounted for in ASTM A924.
This table applies to lengths cut from coils by the consumer when adequate flattening measures are performed.
Apply the values from the higher strength column for strength values falling between columns.

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About Cleveland-Cliffs Inc.

Cleveland-Cliffs is the largest flat-rolled steel producer in North America. Founded in 1847 as a mine operator, Cliffs also is the largest manufacturer of iron ore pellets in North America. The Company is vertically integrated from mined raw materials and direct reduced iron to primary steelmaking and downstream finishing, stamping, tooling, and tubing. The Company serves a diverse range of markets due to its comprehensive offering of flat-rolled steel products and is the largest steel supplier to the automotive industry in North America. Headquartered in Cleveland, Ohio, Cleveland-Cliffs employs approximately 25,000 people across its mining, steel and downstream manufacturing operations in the United States and Canada.

CLIFFS

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