

Management Review Minutes

Date: 2/23/23 Location: Corporate/Virtual

Attendees: Pete Heinke, Craig Mathiason, Christopher Sweet, Randy Richards, Joe Ross Merritt, Robert Heinke, Frank Mareno, Rick Rowland, Patrick Macias, Craig Scott, Jo Nemec, Sarah Singleterry, Gary Jantonio, Jonathan Spear

Inputs	Outputs (Comments, Attachments, Action Items)
Status of Actions from Previous Mgmt. Reviews	<p>From 1/5/22 Management Review</p> <ol style="list-style-type: none"> <u>On Time Delivery</u> – On Time Delivery (OTD) performance was reviewed. YTD OTD performance is as follows: (CLV 98.72%, GAD 81.31%, LYN 96.01%, SMT 94.75%, SM2 70.81%, Total Company 88.30%). There was significant discussion around OTD and not achieving our 98% goal. The importance of this metric needs to be stressed. Per Pete Heinke “We need to increase our passion on OTD performance...”. The industry mill performance and material shortages are not helping and it was also discussed that we may not be setting clear startup timing expectations with customers. Action Item: QA (R. Rowland) will document actions taken throughout the year to improve our OTD. Update: JAN/FEB/MAR-Weekly HPX Fab, SM2 Fab & SM2 BEST Rollout meetings, APR/MAY- Weekly HPX Fab, SM2 Fab, SM2 BEST Productivity Analysis Meetings, JUN/JUL- Weekly HPX Fab, SM2 Fab & SM2 BEST Rollout meetings + Bi-Weekly GAD Fab Production Analysis + SM2 BEST App Rollout & Machine Status Dashboard, AUG- Added SM2 Daily production review for 2 weeks, SEP-DEC-Same as June/July. 2/23/23 Update: This continued all year in 2022 and for 2023 we have separated out all branches/plants & fabrication for Credits, Devaluations & On Time Delivery.
Changes in External & Internal issues that are relevant to the QMS.	<ul style="list-style-type: none"> 3 year Registration Audit with SRI occurred in January 2022. Result was successful recommendation for registration for another 3 year period. Gadsden eMaintenance implementation Q1-Q2 2022. BEST implementation continues in SM2 and has begun to incorporate some of SMT. Beginning January 2023, we will be tracking Credits, Devaluations and On Time Delivery by specific plant and business unit.

<p>Customer Satisfaction & Feedback from relevant interested parties</p>	<p><u>DPPMs</u> – 2022 DPPM performance was reviewed for all plants and total company. In 2022 we reduced our DPPM Goal from ≤ 3400 to ≤ 3000. The DPPM performance, against the goal of 3,000 or less goal is as follows and includes pricing errors: (CLV 4798, DEC 4064, GAD 4776, LYN 3363, SMT 3880, SM2 1939, Total Company 4126). DPPMs without pricing errors and calculated by weight were also reviewed. Without pricing errors: (CLV 2627, DEC 3195, GAD 2661, LYN 2097, SMT 3185, SM2 1939, Total Company 2859).</p> <p>Historical DPPM performance was reviewed. 2021 was our record performance year. In 2022 our DPPM performance was at or slightly above our 10 year average.</p> <p>Pareto analysis of the top rejection causes was reviewed. Sales Entry (mostly price errors) was #1, while Shape was #2 and Packaging/Shipping was #3. Additionally, the top 3 causes by plant were reviewed (slide 9).</p> <p>DPPMs: Sales Errors were discussed. Gary Jantonio mentioned the number of credits that his team has to do for Pricing Errors is large. Joe Ross asked if errors per line item is the same or if it has changed. We don't believe we have this information available currently. Craig mentioned that we have initiated ~30 days ago, every single wrong price, goes straight to Joe Ross & Craig to have a discussion with the people involved immediately. Before a case gets entered in FIT, they are supposed to tell Vicki, we want to find out if there's an analyst issue, like how did that happen that they had a customer say "hey that's not the right price" because it was so bad last year.</p> <p>Action Item: Craig & Joe Ross handling this. Rick to get a Q1 Update to see what was learned. Depending upon what was learned, maybe a Q2 update as well?</p> <p><u>On Time Delivery</u> – On Time Delivery (OTD) performance was reviewed. Full Year OTD performance is as follows: (CLV 96.4%, GAD 62.2%, LYN 87.8%, SMT 88.2%, SM2 65.3%, Total Company 76.6%). Relative to 2021: CLV +1.4%, GAD +4.2%, LYN +0.7%, SMT -3.9%, SM2 +7.9%, Total Company -1.0%. Therefore, year over year, all branches improved except for SMT.</p> <p>Action: We will continue the fabrication tracking calls as well as continue the BEST software implementation. R. Rowland to continue to report out weekly and monthly on OTD, HFI's and (new in 2023) we are separating out all operating facilities and functions. This should assist us with driving accountability down to each operating unit.</p> <p>Craig Mathiason commented regarding brand new business: There should be no lates related initial mill delivery unless we failed to place orders in a timely fashion. Hunter Engineering was the example reviewed. No adjustment here right now, but fundamentally that is our belief.</p>
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<p>Customer Satisfaction & Feedback from relevant interested parties (continued)</p>	<p><u>Devaluations</u> – Devaluation performance was reviewed. Full Year Devaluation performance is as follows, against the goal of <0.35% of revenue (CLV 0.16%, DEC 0.35%, GAD 0.75%, LYN 0.51%, SMT 0.73%, SM2 0.79% Total Company 0.54%). Additionally, Operations was at 0.36% of revenue against a goal of <0.15% and sales was at 0.13% of revenue against a goal of <0.15%.</p> <p>Pareto analysis of causes were reviewed. This showed machine malfunction as the #1 cause. There was discussion that during 2022 we increased scrutiny on machine malfunction cases to ensure that they weren't really operator error issues.</p> <p>Christopher Sweet reviewed the plan in SMT to improve devaluation visibility to the floor. We are improving the frequency of the weekly review of these issues to keep these things front of mind.</p> <p>Customer feedback via formal corrective action requests was reviewed, by plant location. 6 requests were made. This was substantially fewer than previous years (26 in 2021).</p> <p>As of this management review, 1 external corrective actions remain open. (See slide 15 for details)</p> <p><u>Audit Results (External)</u> – Customer audits and SRI audits were reviewed. SRI results resulted in a renewed 3-year registration in January (BHM, CLV & SMT). Multilink audited Cleveland on 5/11/22, no report provided. BTM visited Decatur on 6/1/22 and informally audited (1 CA issued) with no report provided. Rinnai audited Sumter on 8/1 & 8/2, no report provided. Craig M. mentioned that it would be beneficial, in some instances such as new business i.e. Rinnai, that we formally document discussions and discrepancies in case we do not receive a formal audit report. This would allow us to show any issues or concerns that we brought up with the customer representatives. Would also be good if that were somehow uploaded into the new BEST CRM area.</p> <p><u>Audit Results (Internal)</u> – 2022 internal audits met the audit schedule requirements and the results were reviewed. 2 Minor Findings (SM2 & GAD), 7 Observations (1 at each location) and 1 OFI (Opportunity for Improvement) in CLV were reported.</p> <p>Process audit quantity was reviewed. There is room to improve here and we will work on this in 2023. Action Item: Rick to send out monthly reminders about these.</p>
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Customer Satisfaction & Feedback from relevant interested parties (continued)	<p><u>Performance of External Providers</u> – Supplier ratings and scorecards, for our top mill suppliers, were reviewed. Nucor Berkeley, Nucor Decatur, Nucor Gallatin, Metal One, SDI and NLMK were rated throughout 2022. The overall rejection rate was 0.86%, which was not our best year ever, but it was one of our better years.</p> <p>Pete asked about the scoring methodology and we reviewed it. Frank mentioned that the mill sales folks were questioning the claims response time being a part of the service portion of the scorecard rather than being a part of the Quality section. Joe Ross said he liked the fact that the sales folks would have to help drive the mill claim responsiveness. We also discussed Nucor Berkeley’s poor scores. We requested detail from Berkeley and received the following info:</p> <p><i>“Berkeley: Q3 was 290 ton eaton order with pickle stains. Remake had peeled roll scale from the hot mill. Q4 about half the claims were related to 3 grade 50 sizes that were run on the older pickle line while the other one was being upgraded. The upgraded pickle line and new tension leveler should alleviate this.”</i></p> <p>Long term trend, aggregate score chart on slide 19. Craig M. thought it would be interesting to see the “weighted” version of the aggregated graph. This would weight performance by lbs received. Action Item: Rick will provide this data after Q1 2023 scorecards come out and will present it to the group. We can then see if we want to continue with this.</p>
Quality Policy	<p>The Quality Policy was reviewed and determined to be appropriate and suitable. See slide 3</p>
Adequacy of Resources	<ul style="list-style-type: none"> • Craig Scott – Romer Arm Training (Scheduled March 2023) • GAD QA Technician – Cody’s replacement, search in progress • 60/40 QA/Operations Employee budgeted in SM2, search to begin in Q1.

Effectiveness of Actions to Address Risks and Opportunities	<p>Actions to Address Risks/Opportunities (From risk scoring matrix)</p> <ol style="list-style-type: none"> 1. BEST Project/Machine Intelligence/Camera Surface Visualization – Long-term project to address opportunities in Quotation, Award, Contract Management, Production. (P. Heinke + Team [Programming, IT, QA, Technical]) 2020 Update: DEC bottom side camera installation completed in Q2 2019. Lays the groundwork for other locations as BEST rolls out to other plants (Q1 2021 installation is in progress in SMT on SRB). 2021 Update: SCT & SRB hardware installs are complete; however, fabrication machine intelligence has taken priority. 2. Best Project/Machine Intelligence. A tremendous amount of progress and work here in 2021 with a focus on fabrication (specifically SM2). Implementation in our non-fabrication business will be much easier than our fabrication business. <ul style="list-style-type: none"> • Interested Parties Log, JDM-F-100 was reviewed for continuing suitability. No changes needed. See slide 3 • The main method of evaluating business risk is twofold: 1) The model is used for quotation and capability, while 2) Customer contract management reviews are held to assess ongoing business risk. Both of these activities have allowed Jemison to grow profitably over time.
Opportunities for Improvement	<ul style="list-style-type: none"> • Actions highlighted in blue, above, list many of the opportunities for improvement at Jemison. • Jemison is ~ 3 years into a full ERP re-write that is expected to take 2-5 years. This new ERP system is expected to greatly improve efficiency

JEMISON

METALS

MANAGEMENT REVIEW

2/23/23



Management Review Requirements (ISO 9001)

*“Top management shall review the organization’s quality management system (QMS), at planned intervals, to ensure its continuing suitability, adequacy, effectiveness **and alignment with strategic direction of the organization.***

Review Inputs

- a) Status of actions from previous Management Reviews
- b) Changes in external & Internal issues that are relevant to the QMS
- c) Information on the performance & effectiveness of the QMS, including trends in:
 - 1) Customer satisfaction & feedback from relevant interested parties
 - 2) The extent to which quality objectives have been met
 - 3) Process performance & conformity of products & services
 - 4) Nonconformities & corrective actions
 - 5) Monitoring & measuring results
 - 6) Audit results
 - 7) The performance of external providers

- d) The adequacy of resources
- e) The effectiveness of actions taken to address risks and opportunities
- f) Opportunities for improvement

Review Outputs: The output from the management review shall include any decisions and actions related to:

- a) Opportunities for improvement
- b) Any need for changes to the quality management system
- c) Resource Needs



REVIEW FOR CONTINUING SUITABILITY

Quality Policy

Interested Parties Log (JDM-F-100)

Corporate Quality Policy

- To meet or exceed internal and external expectations represented in our Four Customer Service Cornerstones:
 - Quality
 - On-Time Delivery
 - Personal Service
 - Complete & Accurate Inventory
- Provide a safe working environment for our employees.
- To continually improve the skills of our employees through training and education.
- To continually improve our processes, equipment, systems, and Quality Management System effectiveness.



STATUS OF ACTIONS FROM PREVIOUS MANAGEMENT REVIEWS

From 1/5/22 Management Review

1. On Time Delivery – Action: We will continue the fabrication tracking calls as well as continue the BEST software implementation. R. Rowland to continue to report out weekly and monthly on OTD, HFI's and separate fabrication metrics. Update: this continued all year in 2022 and for 2023 we have separated out all branches/plants & fabrication for Credits, Devaluations & On Time Delivery.



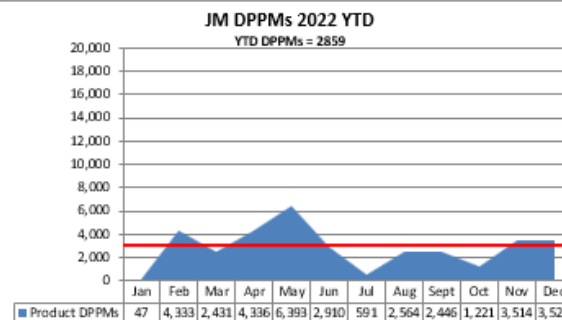
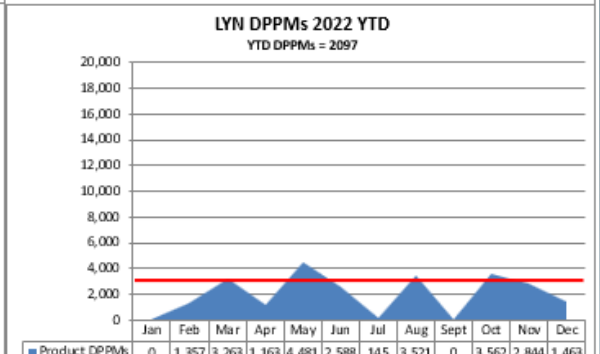
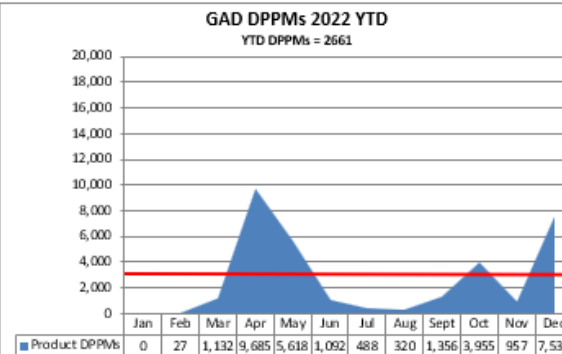
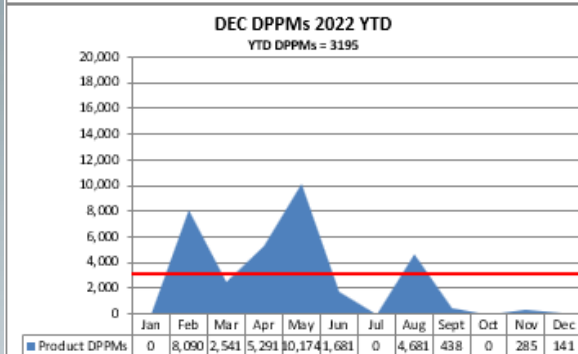
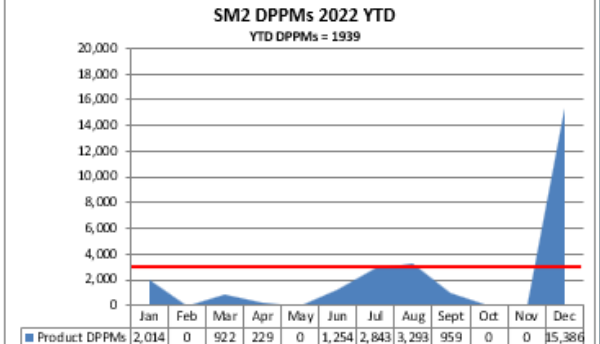
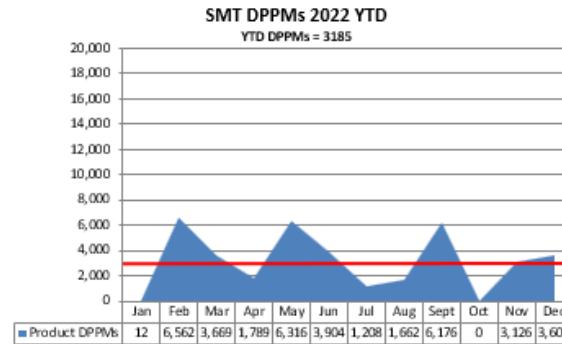
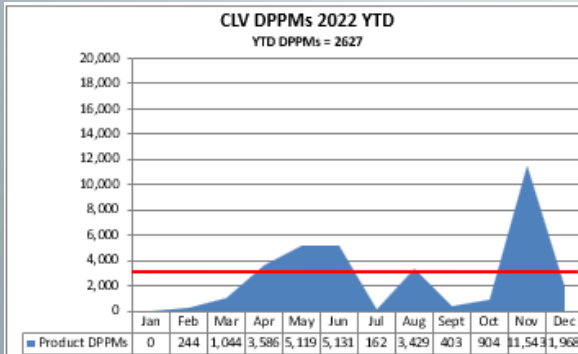
CHANGES IN EXTERNAL & INTERNAL ISSUES THAT ARE RELEVANT TO THE QMS

- 3 year Registration Audit with SRI occurred in January 2022. Result was successful recommendation for registration for another 3 year period.
- Gadsden eMaintenance implementation Q1-Q2 2022.
- GAD Quality. Brian Smith resignation effective 4/15/22. Craig Scott hired, 10/17/22 Start Date. GAD QA Technician Cody Mathis transitioning to shipping and we are in the process of hiring his replacement.
- BEST implementation continues in SM2 and has begun to incorporate some of SMT.
- Beginning Jan 2023, we will be tracking Credits, Devaluations and On Time delivery by specific plant and business unit.



Customer Feedback DPPMs

(Less Price Errors, what our plant personnel see)



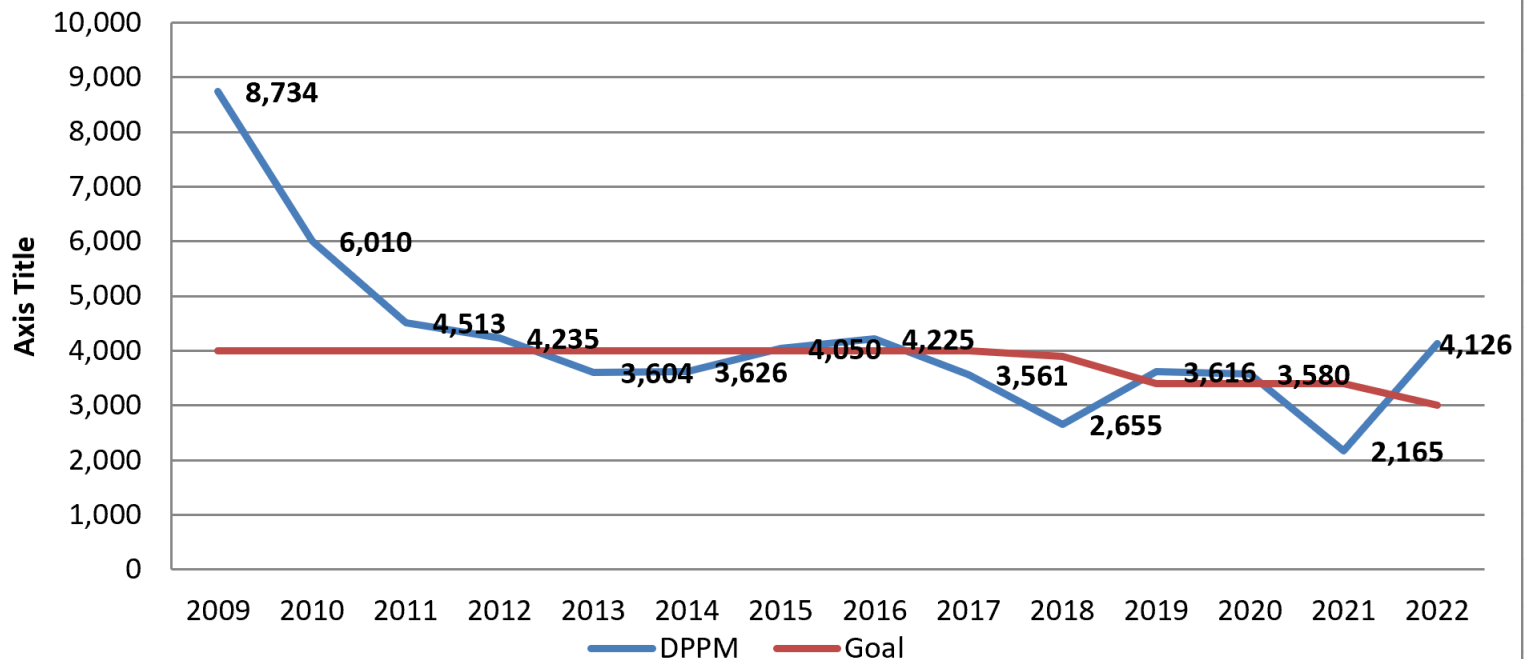
Customer Feedback DPPMs

	2022 DPPM's						
Goal <3000	CLV	DEC	GAD	LYN	SM2	SMT	Total
DPPM	4,798	4,064	4,776	3,363	1,939	3,880	4,126
DPPM-Sales Errors	2,627	3,195	2,661	2,097	1,939	3,185	2,859
DPPM by Weight	1,479	2,202	2,430	1,425	1,655	2,644	2,131

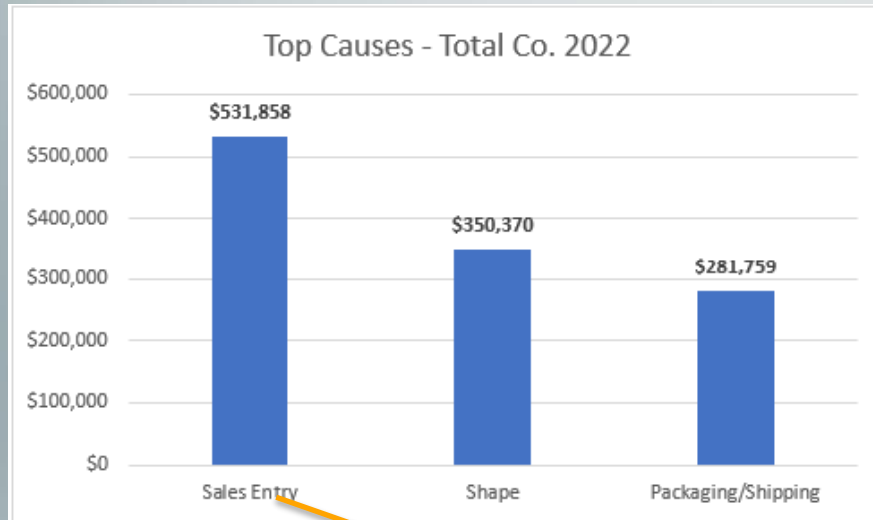
2022 was slightly above our 10 year average. Goal was ≤ 3000 DPPM vs 4126 Actual

Revenue Growth:
2020 to 2022: +133%
2021 to 2022: +22.3%

Historic JM Total Co DPPMs



Customer Feedback DPPM Analysis

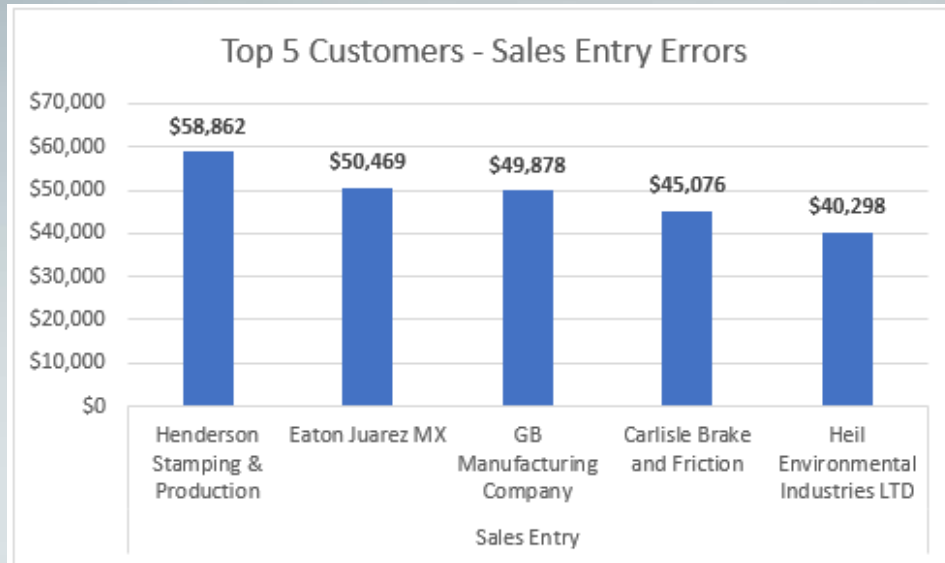
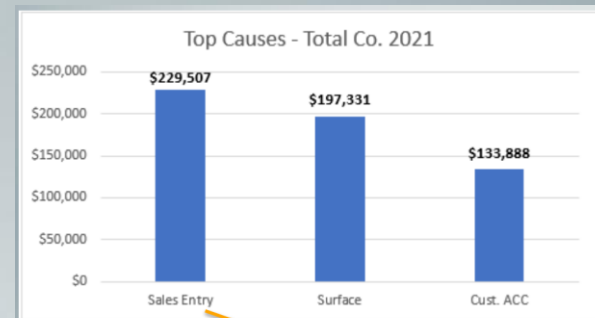


•2021 Data Showed:

- 1) Price Errors \$230k
- 2) Surface \$197k
- 3) Customer Accomodation 134k

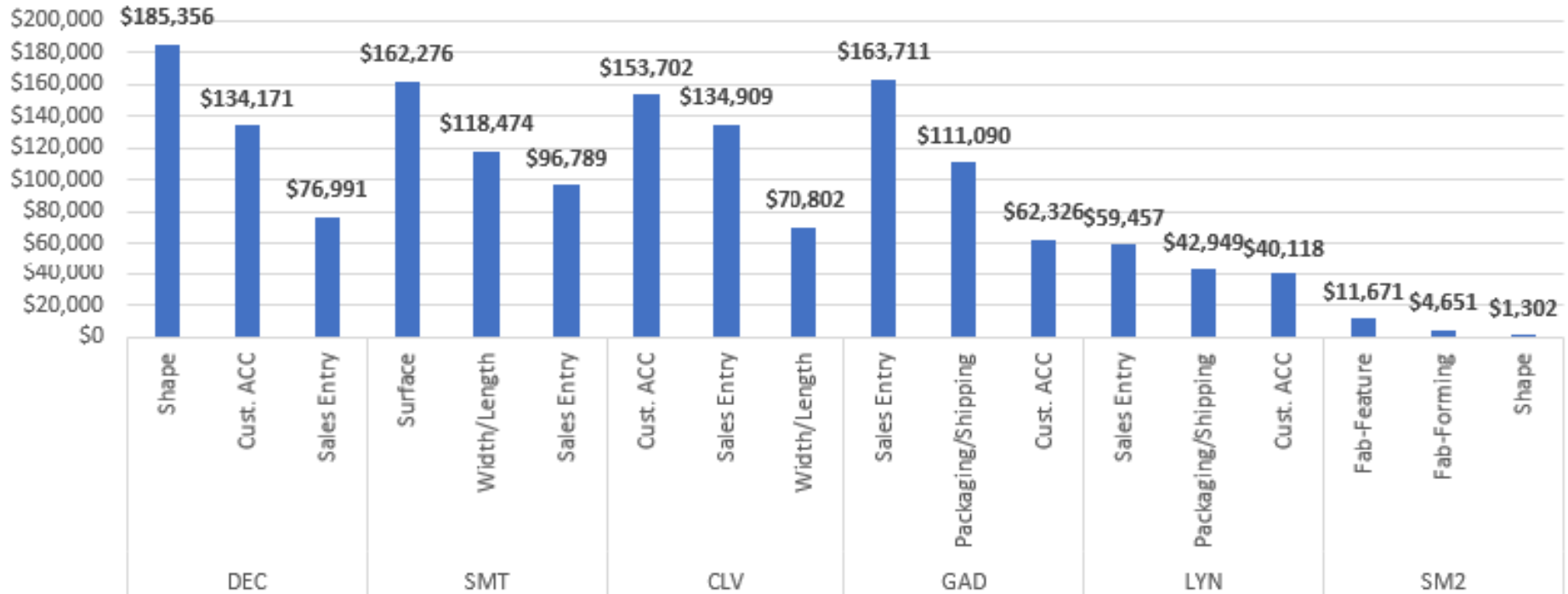
•2022 Data shows Price Errors as #1 \$531k, Shape at #2 \$350k and Packaging & Shipping at #3 \$281k.

2021 Data



Customer Feedback DPPM Analysis

Top 3 Credit Reasons, by Plant

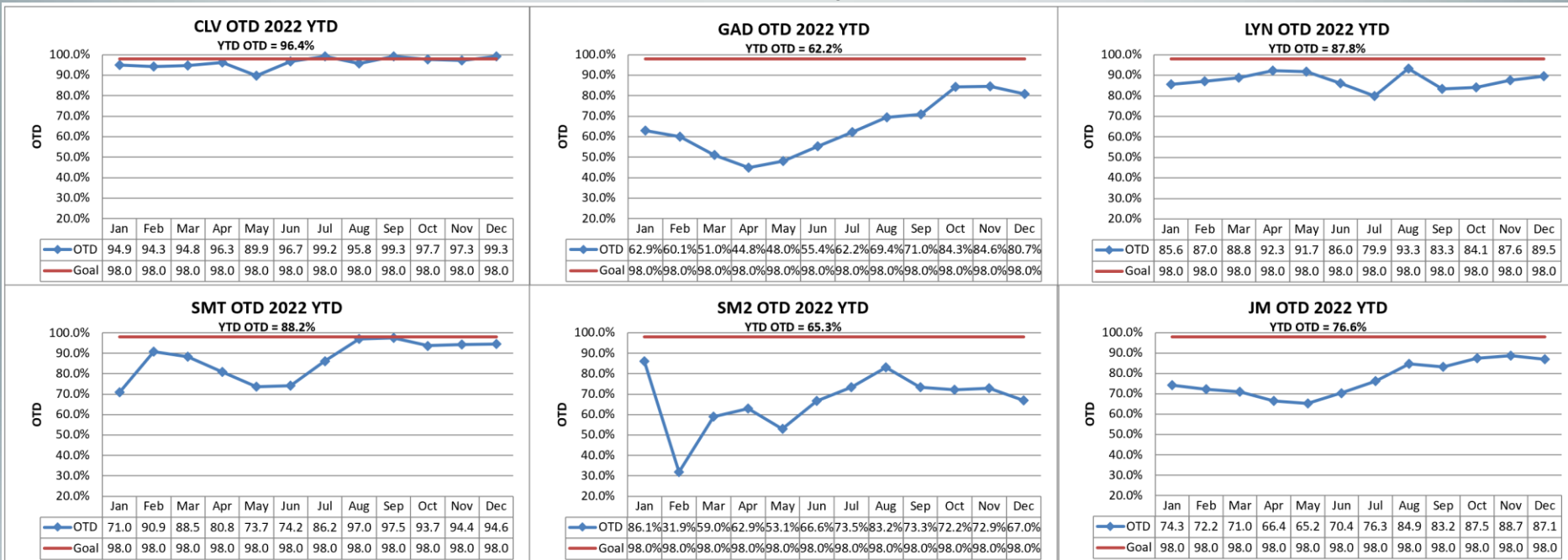


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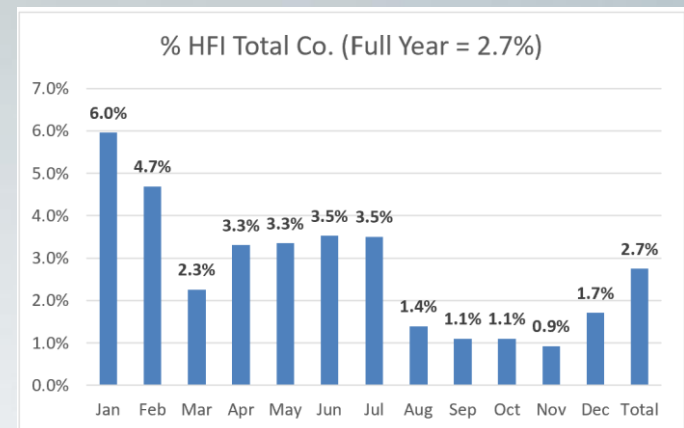


Customer Feedback

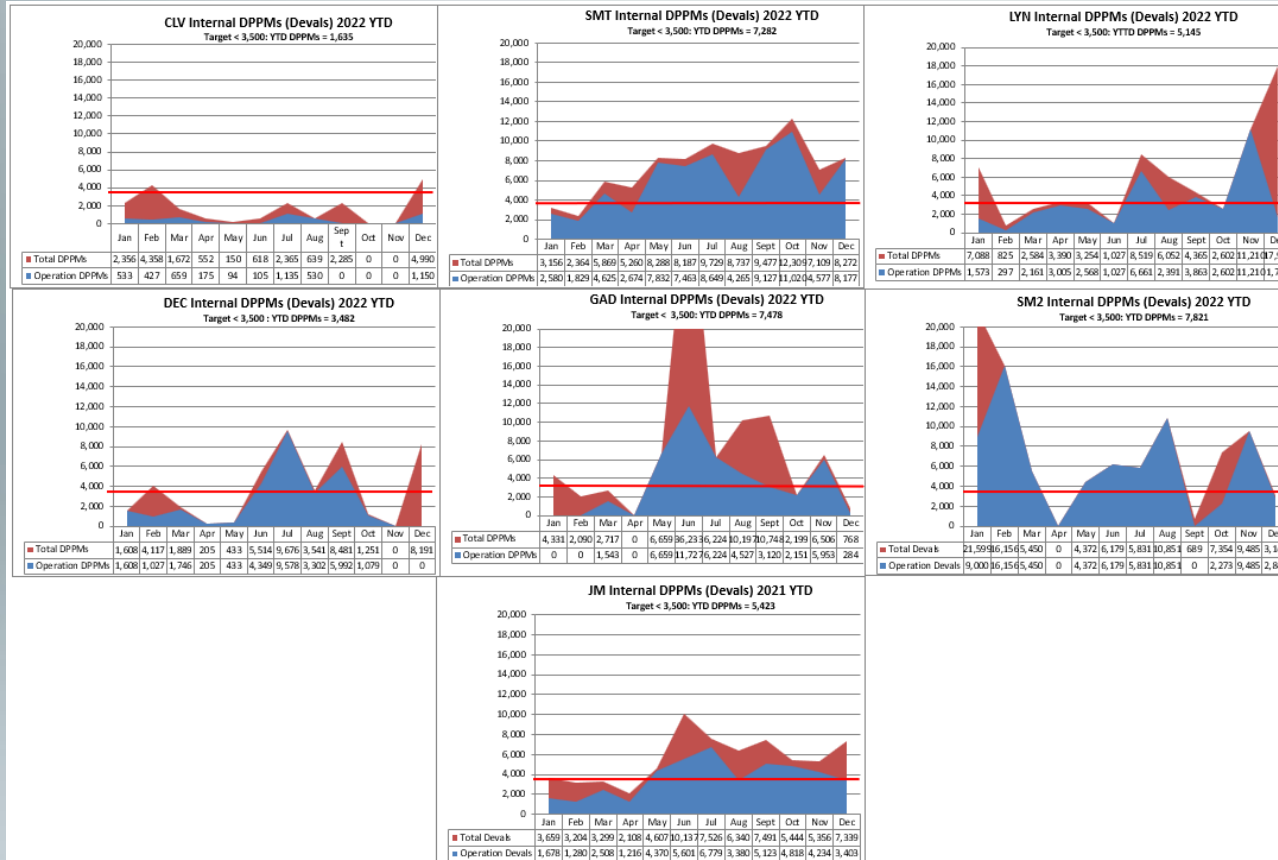
On-Time Delivery (Full Year 2022)



- General Uptrend in 2022 in OTD.
- Tracking in 2023 will separate out all business units.
- Approximately 2.7% overall OTD directly related to HFI material (4.5% in 2021).



Devaluation Tracking (Full Year 2022)



Blue Area =
Operational Deval,
Red Area =
Inventory Related
Deval

2021 0.21% of Rev.
2020 0.49% of Rev.

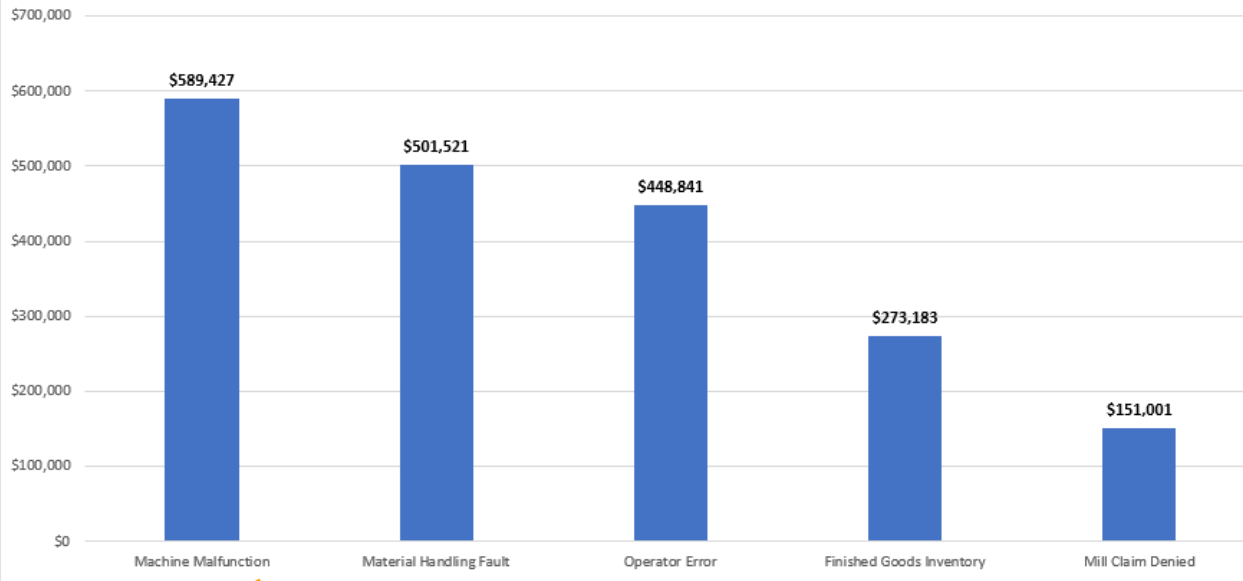
2022 Full Year Devaluations

	GAD	DEC	CLV	LYN	SMT	SM2	Total
Actual	\$578,631	\$308,660	\$109,786	\$241,510	\$1,012,586	\$72,350	\$2,323,523
Goal	\$322,127	\$330,310	\$229,651	\$156,146	\$499,898	\$41,231	\$1,579,363
% of revenue	0.75%	0.35%	0.16%	0.51%	0.73%	0.79%	0.54%
% of revenue goal	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Operations (Goal <0.15%)	0.37%	0.25%	0.04%	0.30%	0.59%	0.62%	0.36%
Sales (Goal <0.15%)							0.13%
Deval DPPM	7,478	3,482	1,635	5,145	7,282	7,821	5,423



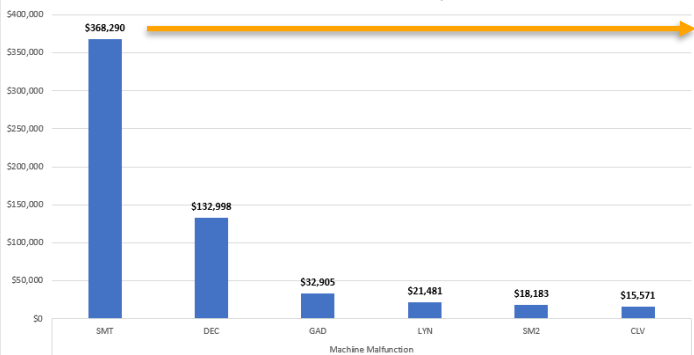
Devaluation Tracking

2022 Devaluations (Top 5)



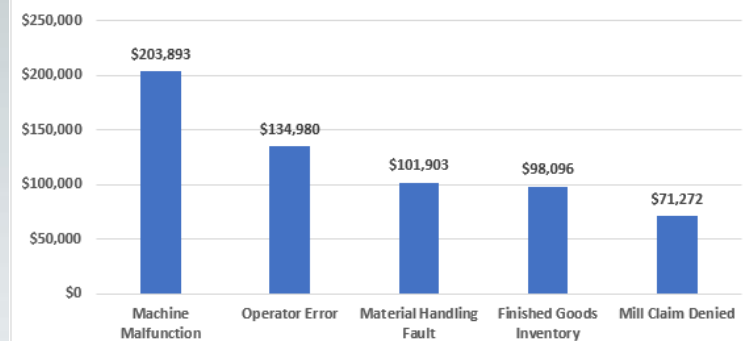
2021 Data:
 #1 Machine
 Malfunction #2
 Operator Error &
 #3 Material
 Handling Fault

2022 Machine Malfunction Devals by Plant



Customer	Total
BSH-NEW BERN	\$69,323
EATON-FAY	\$43,455
THE AUSTIN COMP	\$36,926
EATON-TN	\$35,849
ALTEC - NC	\$26,169

2021 Devaluations



Devaluation Tracking

	2022 Full Year Devaluations						
	GAD	DEC	CLV	LYN	SMT	SM2	Total
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% of revenue	0.75%	0.35%	0.16%	0.51%	0.73%	0.79%	0.54%
% of revenue goal	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Operations (Goal <0.15%)	0.37%	0.25%	0.04%	0.30%	0.59%	0.62%	0.36%
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GAD at **0.75%** of Revenue. Top Causes 1) Finished Goods \$218k (\$158k Tarter Fab, \$60k Heil Fab) 2) Material Handling Fault \$165k (\$92k Heil Fab) 3) Operator Error \$82k

DEC at **0.35%** of Revenue. Top Causes 1) Machine Malfunction \$133k (Eaton MX, WQ-MS & FL) 2) Operator Error \$46k (Eaton SMT, JD Stock) 3) Mill Claim Denied \$44k (Tarter Sheet, ERMCO)

CLV at **0.16%** of Revenue. Top Causes 1) Mill Claim Denied \$34k (JAC, Vertiv, Versa-Fab) 2) Customer Accommodation \$23k (Fusite) 3) Machine Malfunction \$15k (Lozier, Lincoln, AMC)

LYN at **0.51%** of Revenue. Top Causes 1) Operator Error \$84k (Doosan, Nordfab, HPX Fab) 2) Not Rejected in a Timely Manner \$60k (HPX-LYN) 3) Material Handling Fault \$38k (Nordfab, HPX Fab)

SMT at **0.73%** of Revenue. Top Causes 1) Machine Malfunction \$368k (BSH, Eaton FAY, Austin Co) 2) Material Handling Fault \$247k (Eaton SMT, BSH, Eaton FAY) 3) Operator Error \$207k (Draka, Eaton SMT, BSH)

SM2 at **0.79%** of Revenue. Top Causes 1) Operator Error \$28k (Trane, Bluebird) 2) Machine Malfunction \$18k (Trane) 3) Finished Goods Inventory \$11k (Trane)

Total Co at **0.54%** of Revenue. Top Causes 1) Machine Malfunction \$589k (BSH, Eaton FAY/TN/MX, Austin Co) 2) Material Handling Fault \$501k (Heil Fab, Eaton SMT, BSH) 3) Operator Error \$449k (Draka, Eaton)



Customer Feedback via Corrective Action Requests in 2022

6 Formal Corrective Action Requests (External)

CLV 1 CA Requests

1 Carlisle Brake (slit to wrong width)

GAD 2 CA Requests

2 Heil Fab (Channels too narrow, Cross member leg lengths off)

SMT 0 CA Requests

SM2 1 CA Requests

Bluebird (Custom Skids getting damaged during shipment)

LYN 0 CA Requests

DEC 2 CA Requests

1 Hunter Engineering (Shape Issue)

1 BTD (Tag Switch)



Status of Open External Corrective Actions

Case No.	Created Date	Branch	Customer	Dept.	Status	Description	Status
24128	10/24/2022	GAD	Heil Fab	Operations	Open	Cross Member Leg Lengths out of tolerance	Some remaining process audits left to perform for verification.



EXTERNAL AUDIT RESULTS

Since 1/5/22 Management Review

Decatur – 6/1/22 BTD Visit/informal audit. 1 Corrective Action Issued.

Lynchburg – None

Cleveland

- 1/20/22-1/21/22 SRI Registration Audit. No findings, no observations.
- 5/11/22 Multilink Audit – no report provided.

Sumter

- 1/18/22-1/19/22 SRI Registration Audit. No findings, no observations.
- 8/1-8/2/22 Rinnai. No report provided.

SM2 – None

Gadsden – None

Corporate – 1/11/22-1/13/22 SRI Registration Audit. No findings, no observations.

Next External Audit (BHM, DEC, LYN) – Wk. of 3/27/23 (BHM & DEC) & Wk. of 4/24/23 (LYN), SRI Surveillance Audit



PROCESS & INTERNAL AUDITS

Location	Internal Audit Results	2022 Process Audits
CLV	<p><u>Observation 1</u>: Tape was present at Redbud and calibration record was up to date, but no legible identification was present.</p> <p><u>OFI 1</u>: Arrow Tru-Line loading instructions were not present on loading order although all shipping employees are very aware of loading requirements.</p>	3
SMT	<p><u>Observation 1</u>: Tag 6426210 was not dispositioned within normal 14 day disposition period.</p>	5
SM2	<p><u>Minor Finding 1</u>: Corrective action not closed in a timely fashion.</p> <p><u>Observation 1</u>: Reject tag was not dispositioned within normal 14 day disposition period.</p>	2 (+52 Weekly Dock Audits)
DEC	<p><u>Observation 1</u>: The coil was weighed and matched the BOL reported weight; however, the weight was not written onto GAD009 receiving form. Receiver says he forgot to write it in. Several other receiving forms were checked and the coil weights were documented/recorded.</p>	9
GAD	<p><u>Minor Finding 1</u>: JemPrint Rev 0 had thickness different than work order thickness. This issue was fixed the same day.</p> <p><u>Observation 1</u>: Micrometers, tape measures & calipers could be better organized with additional measuring tools located strategically throughout the plant. Some operators were having to share tools to do first piece inspections.</p>	7
LYN	<p><u>Observation 1</u>: The shipper trainee was unaware of the location of the shipping procedure.</p>	12
BHM	<p><u>Observation 1</u>: ISO training not documented complete on new hire checklist, even though it was completed. Updated during the audit and other samples were marked correctly.</p>	n/a



Supplier Scorecards

Mill Source	Q1-2022	Q2-2022	Q3-2022	Q4-2022
Nucor-Berkeley	3.7	4.3	1.9	1.2
Nucor Gallatin	4.0	3.8	4.5	3.9
NLMK	NR	4.5	4.8	3.7
Metal One America	4.1	4.3	4.3	4.2
Nucor-Decatur	4.3	3.4	4.2	4.2
SDI	NR	4.4	4.5	4.5

Final Rating Scale	
3.5-5	Good
2.5-3.4	Marginal
<2.4	Poor

Total (All Groups)				
Vendor	Weight Claimed	Weight Received	Claims %	Top Claim Reasons (in order)
NUCOR-BERKELEY	2,688,967	133,031,071	2.02%	SCALE, HEAVY STAIN, AND EDGE WAVE
NLMK	47,151	11,518,250	0.41%	RUST AND CROSS BREAKS
Nucor Decatur	246,972	136,098,167	0.18%	PITS, OSCILLATION, OVERWIDTH
METAL ONE AMERI	93,732	76,188,530	0.12%	CAMBER AND SURFACE TREATMENT
SDI COLUMBUS	2,620	15,597,479	0.02%	DENTS
Nucor Gallatin	0	3,816,194	0.00%	
Total (All Groups):	3,076,822	356,836,018	0.86%	

2014 = 2.1% 2018 = 0.66%

2015 = 1.3% 2019 = 1.45%

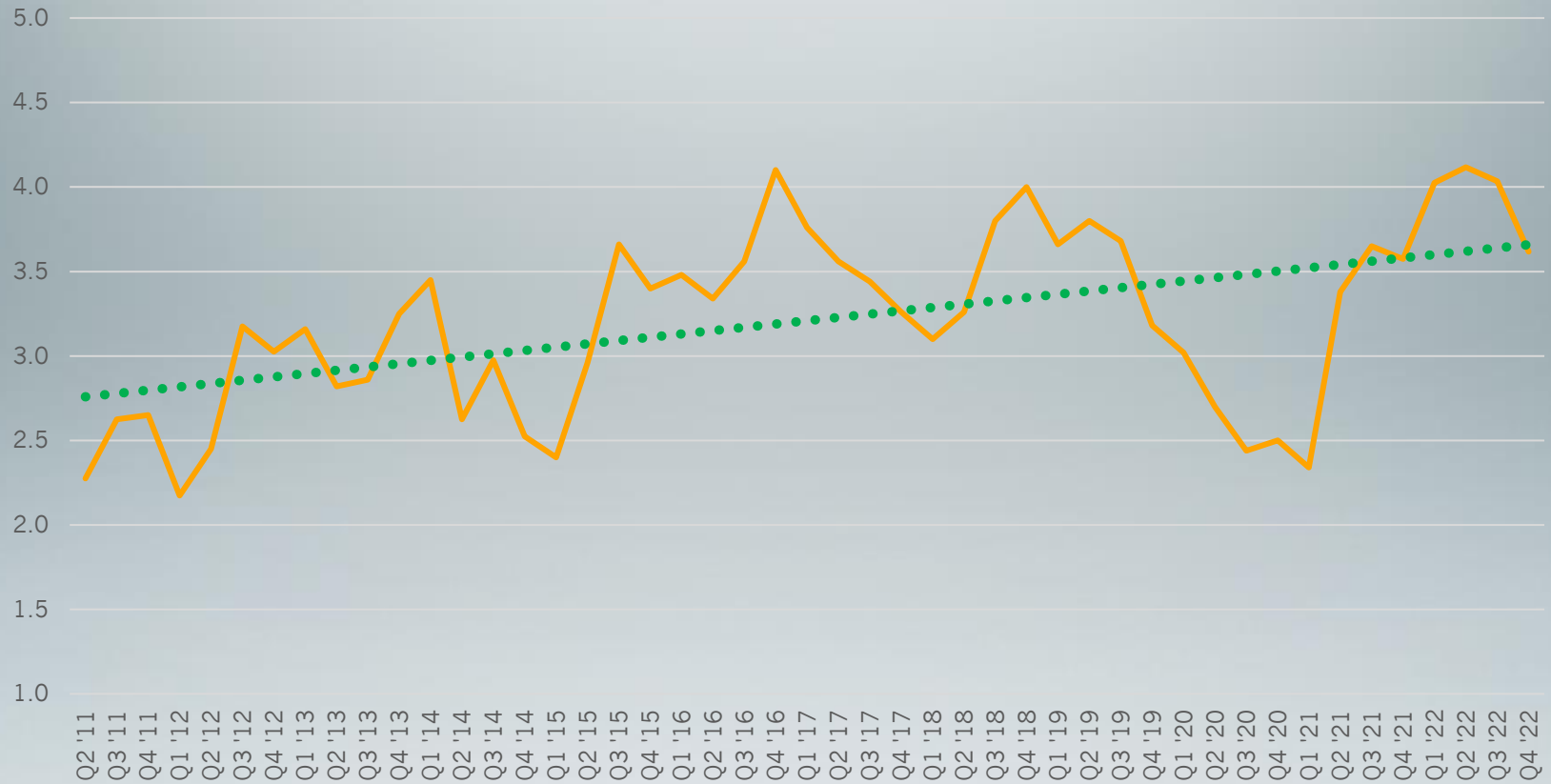
2016 = 0.83% 2020 = 1.70%

2017 = 1.17% 2021 = 0.24%

2022 = 0.86%

Supplier Scorecards

Aggregate Score (All Mills)



Resource Needs

- Craig Scott – Romer Arm Training (Scheduled March 2023)
- GAD QA Technician – Cody's replacement, search in progress
- 60/40 QA/Operations Employee budgeted in SM2, search to begin in Q1.

Other Business?

