



CUSTOMER NON-CONFORMING MATERIAL POLICY

Non-conforming material should be reported directly to a Pacesetter Steel Service, Inc. Quality Assurance Technician.

It is the goal of Pacesetter Steel Service, Inc. to resolve any non-conforming material issues within 30 days of notification. In order to process the claim in a timely manner, please provide the required validation information noted below as quickly as possible. If the appropriate validation information is not supplied within 30 days, the claim may be subject to denial. Quality Assurance will disposition each claim individually based on technical merit in accordance with this policy, applicable specifications, contracts, purchase orders, and order acknowledgements.

For a claim to be validated:

- Pacesetter Steel Service, Inc. must be provided with:
 1. A clear description of the defect or reason for rejection.
 2. Tag identity information including Pacesetter tag number, gauge (or decimal thickness), size, weight rejected, and form of rejected material.
 3. A photo or sample that clearly illustrates the problem. Claims for adhesion failures require a flat sample and formed part (or failed test) be submitted to Quality Assurance. Gauge, width, and mechanical property or breakage issues require a sample. For repeating type defects such as roll marks, pits, or dents, please provide a repeat distance. For shape deviations, please include measurements of height deviation and repeat distance prior to any subsequent processing.
 4. When a photo or sample is unreasonable, or is an ineffective demonstration of the nonconformity, material shall be inspected. A processor or mill inspection may be required. Material set aside for inspection must be appropriately stored and protected until inspection, disposition, and removal (if determined) can take place.
 5. Pacesetter Steel Service, Inc. reserves the right to inspect any non-conforming material.

Approximately 10% of the material should be tried for the end use before rejecting an entire coil or skid, or specific reason given why it cannot be attempted. If more than 10% is consumed, processor or mill acceptance of the claim may be required.

Material shall not be returned to Pacesetter Steel Service, Inc. without written return authorization from Quality Assurance. All returns should reference a Return Authorization Number. Any material returned without written authorization will be subject to associated freight charges. Non-conforming material should not be resold or scrapped prior to disposition by Quality Assurance. If material is scrapped as a result of an accepted claim, the scrap value will be deducted from the customer credit based on agreed upon current scrap rates.

It is essential that all material be inspected on arrival. Claims against material more than six months old (from receipt date) are subject to denial. Damage or moisture present upon receipt must have exceptions taken on the carrier's Bill of Lading. Rejections for water stain, rust, or damage must be submitted no more than 10 business days from receipt. Rejections for age related defects such as fluting or stretcher strains should be submitted within 45 days of receipt.

Deductions should not be made from payments prior to disposition of the claim. Credit will only be issued once a claim is validated. Please include the Pacesetter Nonconformance Number on any correspondence.

Weight discrepancies less than 1% of the invoiced weight will be denied.

Pacesetter Steel Service, Inc.'s responsibility covers material only. We are not liable for any processing charges or continuous coil coating costs. Additionally, we are not liable for freight, labor, or down time charges, or any other incidental or consequential damages or charges. Any exceptions must be pre-approved by Pacesetter Steel Service Quality Assurance prior to incurring the expense.