

Purpose:

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validation information is not supplied within 10 days of original notification, the claim will be considered withdrawn. Quality Assurance will disposition each claim individually based on technical merit in accordance with this policy, applicable specifications, contracts, purchase orders, and order acknowledgements.

After a claim is reviewed by Pacesetter Steel Service, Inc., a claim acceptance, or denial form will be sent to the customer outlining material disposition and request for debit memo. Unless otherwise specified on customer P.O., applicable ASTM standards will apply for Pacesetter's flat roll steel shape, properties, and dimensions.

I. CLAIM VALIDATION

For a claim to be validated, Pacesetter Steel Service, Inc. must be provided with:

1. A clear description of the defect and reason for rejection.
2. Material identity information including Pacesetter tag number, gauge and decimal thickness, size, weight rejected, and form of rejected material (i.e. coil, sheets).
3. Photos, videos, or samples (depending on the issue) that clearly illustrate the non-conformance. Claims for coating 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.
4. Shape claims should include evidence of pre-processed material condition. For shape issues, please include measurements of wave or bowed height, and distance from wave to wave, prior to processing. Wave height should be measured with the coil not under line tension. Sheet wave height to be measured on a flat surface. For reference on measuring or identifying flat roll shape issues, refer to ASTM A1030/A1030M.
5. When a photo or sample cannot be obtained, or there is insufficient demonstration of the nonconformity, Pacesetter reserves the right to inspect the material on-site. An inspection by a processor or mill representative may also be required. Material set aside for inspection must be appropriately stored and protected until inspection, disposition, and removal (if determined) can take place. 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 bundle of sheets/blanks. If 10% is not run, please give specifics as to reason why it is not



CUSTOMER NONCONFORMING MATERIAL POLICY

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feasible. The customer may be responsible for processed material determined to be excessively over 10%.

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 shall not be resold or scrapped without the prior authorization of Pacesetter 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 current regional scrap rates.

It is essential that all material be inspected by customer on arrival. Claims against material more than six months old (from customer receipt date) are subject to denial. Damage or moisture present upon receipt must be noted on the carrier's Bill of Lading. Rejections for water stain, wet material, condensation, rust, or damage (i.e., dents, dings, handling damage) must be submitted no more than 30 days from the date of shipment to customer. Rejections for age related defects such as (but not limited to) 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 and material is dispositioned and/or received back into Pacesetter inventory. Please reference 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, paint, or coil coating costs. Additionally, we are not liable for freight, labor, 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.

Pacesetter will not honor claims for non-conformances found on material that has been processed, formed, or sold to a downstream customer or processor (i.e. Pacesetter's customer's customer or processor; downstream third party).

Unless otherwise specified on the customer order, the top surface is considered the prime surface.

II. RUST AND STAIN

Pacesetter will not accept rust or stain claims if any of the following conditions apply:

- Transit rust or stain related to improper storage or handling at a customer facility
- Material stored outdoors, or not protected against moisture or sudden temperature changes
- Rust or stain for material shipped beyond the original ship-to destination
- Hot rolled pickled or cold roll fully processed material ordered dry not oiled
- Galvanized or Galvannealed material ordered without oil or passivation

III. Coil Painted Material

Due to variations inherent in the coil coating process, Pacesetter does not guarantee 100% prime material. Pacesetter Steel Service, Inc. (Pacesetter) will, however, guarantee the following yields to each customer based on the amount of the order for a single gauge, width, and color:

20,000 lbs to 39,999 lbs	95% Prime Material
40,000 lbs to 99,999 lbs	97% Prime Material
100,000 lbs and over	98% Prime Material

Please note that weight or length discrepancies less than 1% of the invoiced amount will be denied.

Pacesetter will adhere to the specifications and tolerances as published by the following organizations: American Iron and Steel Institute (AISI), American Society for Testing and Materials (ASTM), and the National Coil Coating Association. Any deviations from these specifications and tolerances requested by our customers must be negotiated with the sales representative prior to order acceptance and must be agreed to in writing.

Please refer to Pacesetter's Customer Non-Conforming Material Policy for information regarding the rejection of non-conforming material. In addition, the following conditions also apply:

1. Customer understands claims for rust on a slit, perforated, or exposed edge of painted material will not be accepted.

2. Customer understands that claims for paint failure due to transit abrasion as a result of eye to the side shipment of the material will not be accepted.
3. Customer understands claims for rust, damage, or paint failure due to improper storage or handling of material will not be accepted.
4. Customer understands that painted material with a protective strippable coating should not be stored out of doors. The strippable coating by nature is water permeable, and care should be used to protect a panel from “sweating” during storage and shipment. Therefore, claims for surface stains created by moisture penetrating the protective strippable coating will not be accepted.
5. Customer understands that trials are produced on a best-effort basis. Pacesetter’s, and our supply chain partners,’ responsibility is limited to material only. We do not warranty, or make any guarantee, regarding the success of the trial. It is not our policy to accept claims for trial material. Exceptions may be considered on a pass-through basis only.

All painted coils approved for return to any facility must be loaded “eye to sky” on skids and sheeted material must be banded to a platform skid. All rejected material must be packaged in a manner to ensure no additional damage occurs during transit.

As Pacesetter is not the manufacturer of the paint system, we do not warrant the paint system. However, upon request, we will act on the customer’s behalf to obtain the paint manufacturer’s warranty and/or file claim with the paint manufacturer if necessary.

REVISION LOG:

- **04-19-19:** Edited instruction to say Coil Painted Material (Roman numeral III)
- **04-27-18:** Edited instruction to say Rejections for water stain, wet material, condensation, rust, or damage must be submitted no more than 30 days from the date of shipment to customer
- **03-14-14:** Added Prepaint Policy
- **07-09-15:** Edited introduction section added ASTM language. Separated remainder into Roman numeral sections. Customer Responsibilities Section I, #3 added video is usable for evidence of claim and clarified “coating” adhesion. Section I #4 redone to strictly address shape claims and measurability. Section #5 added and edited based on previous version #4 (material inspection). Language added no claims accepted when sold-to or processed at a third party. Added top surface is prime surface unless otherwise specified. Section II Rust and Stain added.
- **07-29-15:** Section I Page 2, paragraph 2 removed word ‘continuous, added ‘paint’ or coil coating costs. Section II line 1 added ‘Pacesetter’.



- **07-18-22:** Section 1 (Claim Validation), Page 2, added words to describe damage type (i.e., dents, dings, handling damage)
- **07-24-23:** Renumbered pages.