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	OP4 / P / 001	
	Rules for the acceptance of Scrap (Except import by sea vessel)	

List of modifications		
Revision	Date	Modifications
0	August 2011	Adaptation to new purchasing organisation (previous review 2/2010 by L. Rocha)

Page	Synopsis	
1	1. Purpose	1. PURPOSE : Identification and handling of anomalies in the supply of scrap (except import by sea vessel). 2. SCOPE : ArcelorMittal Metallic's factory receptionists 3. REFERENCES : - ISO Standard 9001: 2008 and special provisions - ISO/TS 16949 on the subject of purchases - ArcelorMittal Metallics Purchasing & Coordination Quality Manual and procedures attached - European classification of scrap 27 March 1995 issue - Receptionist's booklet 19 December 1995 (Condensed + ESPRA interpretation of the European Steel Scrap Specification) - Procedure OP4/P/002 - Instructions OP4/I/001 and 002
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4. PURPOSE OF THE PROCEDURE

In the event of non-conformity of a consignment of scrap, rejection is applied in serious and obvious cases, but between rejection and acceptance there is an area which is subject to the appraisal of the receptionist : the acceptance with compensation concerns expenses for handling the anomalies found, avoids automatic rejection or, on the contrary, too easy acceptance, which involves a drop in quality.

The purpose of this procedure is therefore to define a scale of compensation for the presence of:

Dangerous objects:

- Pressurised, closed or insufficiently open containers of all origins which could cause explosions. Containers shall be considered as insufficiently open where the opening is not visible or is less than **10 cm** in any one direction.
- Dangerous material, inflammable or explosive, fire arms (whole or in part), munitions, dirt or pollutants which may contain or emit substances dangerous to health or to the environment or to the steel production process.
- Asbestos,
- Hazardous radioactive material :
- Material presenting radioactivity in excess of the ambient level of radioactivity.
- Radioactive material in sealed containers even if no significant exterior radioactivity is detectable due to shielding or due to the position of the sealed source in the scrap delivery.


Sterile:

- All grades shall be free of all but negligible amounts of other non-ferrous metals and non-metallic materials, earth, insulation, excessive iron oxide in any form, except for nominal amounts of surface rust arising from outside storage of prepared scrap under normal atmospheric conditions.
- All grades shall be free of all but negligible amounts of combustible non-metallics materials, including, but not limited to: rubber, plastic, fabric, wood, oil, lubricants and other chemical or organic substances.
- All grades shall be free of larger pieces (brick-size) which are non-conductors of electricity such as tires, pipes filled with cement, wood or concrete.
- All grades shall be free of waste or of by-products arising from steel melting, heating, surface conditioning (including scarfing) grinding, sawing, welding and torch cutting operations, such as slag, mill scale, baghouse dust, grinder dust and sludge.

Residuals or other metallic elements

Copper

- All grades shall be free of visible metallic copper which means free of copper – wound electric motors, sheets and copper coated materials, bearing shells, winding and radiator cores.
- All grades shall be free of all but negligible amounts of wire, insulated wire and cable tubing and other copper, brass items mixed with, attached to, or coating ferrous scrap.
- All grades shall be free of material with high dissolved copper content such as re-bars and merchant bars which will be grouped in the high residual grades.

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Tin

All grades shall be free of tin in any form such as: tin cans, tin coated materials etc... as well as bronze elements such as rings and bearing shells. Tin coated materials and tin cans will be grouped in the high residual grades.

Lead

All grades shall be free of lead in any form such as batteries, solder, wheel weights, tern plate, cable ends, bearings, bearing shells, etc...

Chromium, Nickel, Molybdenum

All grades shall be free of alloyed steels and stainless steels as well as of mechanical parts (which mainly contain these elements) such as motors, drive gears for trucks, axles, gear boxes, gear wheels, tools and dies as well as non magnetic pieces.

Mixtures of categories:

- Mix of categories (Ex : E1/E3, E46/E40, etc...),
- Mix of mechanical pieces, reinforcing bars etc.


Remark : this compensation scale is applied for the purpose of preventing accidents and improving quality. It is not done to transfer to the scrap user part of the work of sorting and preparation which is the job of the supplier and is entirely his responsibility.

5. SCOPE

It applies to all the consumer sites for which MPC/ESPRA supplies the scrap.

This compensation calculation applies to all the consignments, lorries, wagons or barges. This procedure is internal to MPC/ESPRA and is communicated to all consumer sites.

This present conditions are not applied for long distance imported scrap. In this particular case, specific measures must be taken (see procedure MET/P/002).

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6. IDENTIFICATION OF ANOMALIES

6.1. Radioactive parts setting off the radioactivity detection beacon alarm

Once the alarm is set off, a meticulous search by qualified staff has to be instigated to find out whether there is a highly dangerous part such as irradiated parts or sealed sources in their lead castle or innocuous parts such as mineral substances (refractory bricks or furred pipes, for example). Whether they are highly dangerous or innocuous parts, they may under no circumstances be loaded into the furnace and must be removed in accordance with the local regulations in force at the supplier's expense.

6.2. Substances which are dangerous because of risk of explosion on loading into furnace

These definitions cover items likely to cause explosions during handling or when melting and include:

- 6.2.1. Devices which are dangerous by their nature, such as devices containing or which contained explosive charges and those which may be confused with these such as training devices or manufacturing rejections.


However, at the request of each consumer, and after prior agreement, devices neutralised by a company approved by the "Service des Poudres" for the demilitarisation of devices which contained explosives, and provided with a certificate of neutralisation issued by this company, may be accepted, on condition that they are delivered open in uniform and distinct batches. These batches must be individualised and identified by special labelling, whatever the mode of transport.

- 6.2.2. Hollow devices, in general, that is any closed or insufficiently open metal containers.

- a) However, metal containers which contained or were intended to contain fluids after they have been rendered harmless by shearing or flattening so that their contents could run out and which are incapable of being filled with liquid during storage or transport, are considered to be of merchant quality and come under the European scrap classification.

For gas containers (*such as bottles for oxygen, hydrogen, acetylene, butane, propane, etc.*), these will only be considered harmless after cutting by straight sections along the largest diameter or following a generatrix.

- b) Vehicle shock absorbers are considered dangerous at the moment of melting and are prohibited if they have not first been sheared, crushed or otherwise neutralised, thus allowing the fluids they contain to run out. **The degree of dangerousness is let to the receptionist appreciation : proscribed material or objects which are judged as potentially dangerous.**

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Concerning very dangerous objects where the incident cannot generally be settled quickly by the site, the consequences will have to be assessed, case by case, and if it's not possible to set a fixed compensation payment, the problem will be discussed and treated with the MPC-ESPRA's Buyer.

The buyer can refer to the competent court for serious negligence placing the lives of others in danger.

10. HANDLING OF ANOMALY WITH RESPECT TO SUPPLIER

At the entry weighbridge, the vehicle must present a document stating the site of origin, the scrap category and the weight.

IMPORTANT

To be effective, the application of these compensation regulations must be notified as soon as the incident is detected by immediate contact with the sender (reception document given to the driver, telephone, fax, e-mail). The receptionist must keep any objective proof of his decision (photo with identification of the load) and must leave the supplier the opportunity to come and confirm the non-conformity himself. It is advised, for clarity and speed of information, that the reception itself has the authority in this specific case to communicate directly with the supplier in application of the MPC-ESPRA procedures or, in the case of a specific problem, in consultation with the MPC-ESPRA regional Buyer.


In the event of a decision of tighter control of a lorry on concrete pad, it is recommended to inform the supplier as soon as the lorry arrives, that tighter control is going to be applied.

In all cases, he must be given the opportunity to attend, and to take back his goods, at his expense, if it appears that the total amount of the compensation is high. The discussion, which could take place about the consignment, will be a privileged time with the supplier, to remind our requirements.

The final acceptance will only be given after the tighter control.

Our aim is to receive scrap conforming to the ESSS : the deduction of compensation for handling incidents from the amount paid to the supplier forms a permanent incentive for the supplier to take corrective measures in order to improve the preparation of the scrap supplied.

The consumer site also has the chance to send a letter to the supplier, in co-operation with the buyer, to request corrective measures, especially in the case of an excessive concentration of incidents.

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11. COMMENTS

11.1. Rejection on arrival

The application of penalties or fixed compensation obviously does not replace the possibility of rejection of the consignment in serious cases: for example, a large quantity of electric motors and steriles found on arrival of the vehicle.

In case of doubt, the decision to reject on arrival, without unloading, is facilitated if samples are taken from the vehicle starting from the top of the load, using a crane equipped with a grab or a magnet.

11.2. Tolerance on weight of steriles for passing on of waste management charges

These tolerances are fixed in the European Reference System **and do not constitute a right.**


Any quantity of steriles found will be deducted from the load weight so that only the quantity of scrap actually received is paid for.

The waste management charges will only be passed on over the percentage stated for each category in the reference system, and the scale in appendix 1 will be applied as from the first kg of steriles.

12. DATAS COMPILING

The anomalies recorded by the site are included in the supplier evaluation file drawn up by the site and passed on to the quality Coordinator via the concerned buyer.

ANNEX 1 – SCALE OF COMPENSATION in accordance with European Steel Scrap Specification

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	Mix of categories	Prohibited objects	Steriles	Potentially dangerous hollow objects	Dangerous objects
<u>DESCRIPTION</u>	a) mix of categories (Ex: E1/E3, E46/E40, etc...) b) mix of mechanical pieces, reinforcing bars, etc... in E3, ...	- tyres - copper objects (electrical motors,...), bronze, tin, brass,... - car shock absorbers - hydraulic suspension sphere - lead objects (batteries, etc...) - Out of dimensions, etc..	- earth - waste - wood - plastic - fibres etc...	- extinguishers - empty gas bottle - boilers - compressed air tanks - cylinder - jack etc...	- shells - full gas cylinders - bomb etc...
	Flat-rate indemnity (levied directly by the receiving site)	Flat-rate indemnity (levied directly by the receiving site)	Flat-rate indemnity (levied directly by the receiving site)	Flat-rate indemnity (levied directly by the receiving site)	File passed on
<u>PROCESSING</u>	1 st possibility : refusal or: In case a) - downgrading to the lower category In case b) - reduction of EUR 15/ton on the total load (load being the recipient).	EUR 100 by unit Seeing during unloading or during the inspection on concrete surface.	- systematic reduction of tonnage on the registered weight in order to only pay for scrap received + EUR 180/ton of steriles as from the first kg If the weight of sterile is superior to 1.5% for E1 1% for E3 of the loading weight upon arrival. For max allowed % of other categories refer to last version of European Steel Scrap Specification. The sterile weight is either: - estimated - measured (control on concrete surface).	EUR 400 by unit Seeing during unloading or during the inspection on concrete surface. If several components are present simultaneously, this will lead to particular sanctions. In case of recurrence, the supplier takes the risk to be blacklisted.	Referral to national jurisdiction

Other major risks :

- radioactivity*
- asbestos
- chemically contaminated scrap
- damage to the environment or the health of personnel
- etc.

***Radioactive incident**

Suppliers must ensure that the scrap being delivered is free from radioactivity, asbestos, and chemical pollution.

In the event of a delivery triggering the alarm whilst passing through the detection device which generates the launching of the procedure used at this effect and **in case of established radioactivity** :

- contractual penalty of EUR 1800 for damage
- moreover, the supplier will be liable for all associated costs, whatever the incident
- the supplier is obliged to provide, within 24 hours, written proof stating by how much limit was exceeded, a copy of the inspection document proving the detection device is in good working order + measures will be put in place to guarantee that subsequent deliveries will not be contaminated
- exclusion of scrap flux originating from the incriminated site (3 months) ; commercial relations could re-start after the implementation of an improving action plan (as indicated above)

All other incidents resulting from other **major hazards** will be treated in a similar manner.