
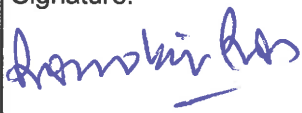
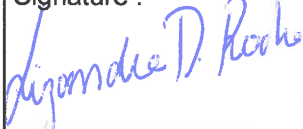



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List of modifications		
Issue	Date	Modifications
0	February 2012	Adaptation to new purchasing organisation (previous review 2/2010 by L. Rocha)

Page	Content	
1	1. Subject	<b>1. SUBJECT:</b> Identification and processing of quality reception and non-conformities in supply of Scrap to maritime ports.
	2. Scope	
	3. References	
2	4. Subject of the procedure	<b>2. APPLICATION:</b> Scrap reception at maritime discharging ports executed by service provider.
2	5. Application	
2	6. Identification of anomalies	<b>3. REFERENCES:</b> - ISO 9001 :2008 and particular sections of ISO/TS 16949 relating to purchasing - ArcelorMittal Metallics Purchasing & Coordination quality manual and attached procedures - European steel scrap specification Or any other well defined scrap classification system
3	7. Action to be taken in the event of non-conformities	
3	8. Processing non-conformities with regards to the supplier	
4	Table of penalties	

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#### **4. PURPOSE OF THE PROCEDURE**

This reception procedure for scrap delivered by vessel is to be applied at the sea ports, in order to secure the supplies to our customers with a product that complies with the European Steel Scrap Specifications. These specifications are our reference when placing orders.

The following procedure explains the various operations to be performed during the reception process.

**Nb: The reception of the scrap quality will only be done once at the ports, to avoid carrying it out again at the site, unless otherwise agreed between seller and buyer.**

#### **5. APPLICATION**

This procedure applies to maritime ports, where handling is the responsibility of service providers. The service provider is the company responsible for unloading the vessels and carrying out a quality reception of the cargo. The service provider will therefore ensure that a draft survey report as well as a quality reception report is issued correctly for each unloading operation, and sent by e-mail to preliminarily determined persons involved.

#### **6. IDENTIFICATION OF NON-CONFORMITIES**

- Hazardous objects (hollow objects) and banned objects (copper, lead, tyres, etc...)

These objects are identified while the top of the load is inspected visually, then again while unloading the vessel. They will be discarded and stocked apart with the sterile; the ASP buyer will be responsible for removing them after control or investigation.

- Evaluating the weight of sterile

The mass evaluation of sterile will be estimated the entire long during the unloading operation.


- Asbestos, radioactivity, other toxic products

The goods may be rejected if there is any asbestos present  
Any contaminated material or piece may be rejected.

All deliveries will be accompanied by a **NON RADIOACTIVE** certificate, issued while loading the vessel **before shipment**.

- Mixed categories

Mixing categories is not allowed.

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## **7. ACTION TO BE TAKEN IN THE EVENT OF NON-CONFORMITIES**

If the service provider detects any non-conformity during unloading process, the procedure to be followed is:

- Contacting the MPC buyer, who takes the decision what adequate action will be followed:
  - o refusing the shipment
  - o downgrading the category
  - o developing a mutual agreement between the parties

After unloading the vessel, the qualitative and quantitative reception report showing the non-conformities, and in particular the quantity of sterile, will be sent to the supplier, If the general conditions of supply settled during the negotiations by the MPC buyer (applied during the transaction) are not respected, **contractual penalties will be applied.**

NOTE: Quality check has to be performed during the complete unloading .

## **8. PROCESSING A NON-CONFORMITY WITH REGARDS TO THE SUPPLIER**

In order to be effective, the MPC buyer must launch, **as soon as a non-conformity is detected**, the actions described under point 7.


The service provider must keep all objective evidence needed for the decision-taking process.

The supplier is keeping the option of, personally or mandatory, checking the non-compliance at the discharging port.

**Additional costs, related to the handling of any non-conformity, are charged to the supplier**


## **9. Elements of quality reception report.**

See Annex

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## TABLE OF PENALTIES

<b>COMPENSATION RULES</b>	
<p><b>NON- CONFORMITY  NOTED</b></p>	<p><b>PRESENCE OF STERILES OR BANNED OBJECTS WHEN UNLOADING VESSELS</b></p>
<p><b><u>Presence of steriles (earth, excavated material, etc.)</u></b></p>	<p>① Systematic deduction of the tonnage based on the draft survey at discharging port, so only the Ferro-scrap received is valued, whatever the scrap category is.</p> <p>② If the weight of the steriles is higher than contractual agreed for the loading weight on arrival, the supplier will be charged the cost of handling the waste material, to an amount of:</p> <p style="text-align: center;"><b>25 € /t of steriles, from the first kg of steriles</b></p>
<p><b><u>Mixed categories</u></b></p>	<p><b>No mixture of categories is tolerated unless a preliminary agreement with the buyer</b></p>
<p><b><u>Forbidden objects</u></b></p>	<p><b>200 euro per object</b></p>
<p><b><u>Other major hazards (dangerous objects)</u></b></p>	<p>e.g. Loaded equipment or equivalent (explosive shell, full gas cylinder, etc...) Radioactive objects (radioactive sources, etc.)</p> <p style="text-align: center;"><b><u>ARE TREATED UNDER NATIONAL JURISDICTION</u></b></p>

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## ANNEX

### Inspection Discharging Report

#### 1. Identification

m/v	AURA	Ref ArcelorMittal Recycling	GF/10/06/RGL/E3
Location	Gent, quay 580	Arrived	19.11.2006 at 00:40
Cargo	Steel scrap E3	Discharging commenced	19.11.2006 at 06:40
Sailed from	Aberdeen	Discharging completed	19.11.2006 at 15:30

#### 2. Weight

SGS draft survey weight	3329.750 MT
B/L weight	3328.26 MT
Difference	1.490 MT

#### 3. Appearance

Steriles	1.5 % (including sand, rust, dust, lumps of concrete).
Oversize ( > 1.5 X 0.5 X 0.5 m)	5.0 %
Thickness ( >3 mm)	95.0 %
Mechanical parts	1.0 %
Closed cylinders	3 pieces were seen during discharging
Remarks	Occasionally truck scrap and car engines. Various mechanical units & parts. Sporadically cast-iron, re-bars, Cr-coated 1 galvanized objects, rims, steel cables, steel wire, chains, rubber and timber, 1 electric motor and some copper wire.

#### 4. Radioactivity

Equipment used	Mini-rad – Series 1000
Nature of radiation detected	Gamma rays
Range	0-1000 µsv/h

Our surveyor carried out field tests at random during the complete discharging to record radioactivity levels on the above-mentioned commodity as declared. The measurements on the tested material showed no radiation above the natural background, which varied from 0.1 - 0.4 µsv/h.

This is a result obtained at time and place of the inspection. Although this inspection was carried out thoroughly and with due diligence, it is an inspection at random and therefore does not necessarily serve the purpose of ascertaining the total cargo to be free of pieces that exceed the radiation levels detected.

