



Raw Materials Specification Manual

CMC STEEL ALABAMA RAW MATERIALS SPECIFICATION MANUAL

Table of Contents

| | |
|---|-------|
| INTRODUCTION | 1 |
| GENERAL TERMS & CONDITIONS | 2 |
| GENERAL RAW MATERIALS SPECIFICATIONS | 5 |
| ENVIRONMENTAL ISSUES | 7 |
| CLOSED CONTAINERS/SEALED UNITS | 8 |
| RADIOACTIVE RAW MATERIALS | 9/10 |
| OTHER UNACCEPTABLE MATERIAL | 10/11 |
| RAW MATERIALS SPECIFICATIONS | |
| PLATE & STRUCTURAL | 12 |
| #1 HEAVY MELT | 13 |
| MIXED #1 / #2 HEAVY MELT | 14 |
| #2 HEAVY MELT | 15 |
| #1 BUNDLES | 16 |
| #2 BUNDLES | 17 |
| BUSHELING | 18 |
| SHREDDED SCRAP | 19 |
| MIXED TURNINGS | 20 |
| CAST IRON BORINGS | 21 |
| TIRE WIRE 95 & 90 | 22 |
| QUALITY/INSPECTION POLICY AND PROCEDURES | 23/25 |
| RAIL NOTICE INFORMATION | 25/26 |
| Raw Materials Specification, Safety and Environmental Compliance and Agreement | 27 |
| Revisions | 28 |

INTRODUCTION

CMC Steel Alabama wishes to consistently provide the best ferrous raw materials market to its suppliers. In order to pay competitive prices and provide the best market for ferrous raw materials, it is imperative that the quality of raw materials purchased produces a clean, dense charge for our electric furnace. Dirty raw materials, loose bundles or loose coils, oversize raw materials, and contaminated raw materials cannot be used to produce quality finished steel products at competitive prices.

This raw materials manual has been provided to let you, CMC Steel Alabama's suppliers of raw materials, know how we operate and know what is acceptable quality and what is not acceptable quality in each raw material commodity. Your efforts in applying these standards to every load of raw materials are appreciated and will continue to be rewarded. All CMC Steel Alabama personnel involved in the purchasing, receiving, grading or unloading of raw materials resources are taught to use the Golden Rule in applying the standards and policies set-forth in this manual. The success of any policy or standard is dependent upon the good judgment and fair mindedness of each person involved in its application. Our objective is to treat every supplier courteously and fairly each time.

The standards used in this manual are derived from the institute of Scrap Recycling Industries' (ISRI) specifications and have been modified to meet CMC Steel Alabama's particular raw materials requirements.

GENERAL TERMS AND CONDITIONS

- A. The Purchasing of Raw materials** is handled by the Raw Materials Department. Raw Materials Department may be contacted at 205-599-7873. Fax correspondence should be sent to 205-599-7763.
- B. PRICES** are quoted for each raw material commodity primarily at the beginning of each month and may be applicable for (a) the entire month; (b) the remainder of that particular month; (c) for a given period of time to be specified; or, (d) for a specific quantity to be delivered by a specific date. A purchase contract with a corresponding purchase order number (P.O.) will be issued for specific grades and quantities to be completed within a specific period of time, generally for one calendar month. Balances on any P.O. not shipped by the specified completion date may be cancelled or extended at the discretion of the CMC Steel Alabama Raw Materials Department. **(All prices are quoted in Gross Tons and all quantities expressed on a P.O. are in Gross Tons.)**
- C. DELIVERY** may be made in truckload (at agreed upon minimum weights) or carload quantities (at agreed upon minimum weights) as specified at the time of purchase.
- D. SCALE HOURS** are 7:00am until 5:00pm on Monday through Friday. The scale will be closed on all holidays. If you have any questions about receiving times, contact the Raw Materials department.
- E. RECEIVING AND GRADING** – CMC Steel Alabama’s weights and grading will govern final settlement for all raw materials purchases. A current CMC Steel Alabama purchase order must be on file for each shipper. No raw materials will be received at the scale unless:
1. A purchase order number has been issued to the supplier by an authorized Raw materials representative and must be referenced on all correspondence and shipping documents.
 2. In the case of truck delivery, the driver must provide the Scale Operator with:
 - a. Purchase order number
 - b. Yard of origin
 - c. Grade being delivered
 - d. Bill of Lading

3. In the case of rail shipment, the shipper must notify CMC Steel Alabama's Raw Materials Department prior to the arrival of the car at CMC Steel Alabama by using the CMC Steel Alabama form provided.
4. We will not accept rail shipments without complete prior notification. Shipments without prior notice may be returned to origin at the supplier's expense or supplier may be responsible for demurrage charges incurred while the car's origin is being determined.

The Scale Administrator on duty is responsible for inspecting the top of every raw materials shipment and determining if it conforms to the shipper's statement as to what grade was shipped. The Scale Administrator will note the grade (i.e. shredded, #2HMS, etc.) on the scale ticket. The Scale Administrator will notify a Scrap Inspector, Scrap Yard Supervisor, Melt Shop Manager who will then notify the Raw Materials Coordinator or Director of Raw Materials of any substandard raw materials shipment. The shipper will then be notified by the Raw Materials Department and the material will be held for downgrading upon supplier's acceptance or rejected at the sole discretion of CMC Steel Alabama. In all cases, shipments held for disposition (downgrade/radiation) must be cleared within (24) hours except weekends or holidays, with any detention, demurrage, or other charges being the sole responsibility of the supplier.

After a shipment is weighed in, it will be the responsibility of the scrap inspector and the crane operator on duty to inspect the remainder of the shipment and determine whether it meets the quality standards as set forth in CMC Steel Alabama's RAW MATERIALS SPECIFICATION MANUAL.

Disputes over substandard material, contracts, grading, unloading, etc., on raw materials delivered after normal business hours (8:00am to 5:00pm, Monday through Friday) will be handled during the next day's normal business hours, and the shipment will not be unloaded, or if unloading has begun, will not be completed until the appropriate personnel have been contacted and have had an opportunity to inspect the load during normal daylight hours and come to a decision regarding acceptability.

Rejected truckloads or carloads of raw materials become the supplier's responsibility at the time of notification. The Raw Materials Department will make every effort to assist the supplier and minimize the negative effects of a problem shipment.

All freight charges or demurrage charges for a rejected shipment are the responsibility of the shipper, and will either be billed to the shipper, or deducted from a current or future shipment.

- F. WEIGHING PROCEDURES/WEIGHT DISCREPANCIES** – Scale Administrators will compare the gross weights provided by the shipper with **CMC Steel Alabama's** weights.
1. Trailers with differences in gross weights of 1,000 lbs. or more will be checked to ensure that it has been weighed properly and that readings are correct.
 2. Railcars with weight differences of 10,000 lbs or more will be investigated by the Raw Materials Department. If a difference is justified the shipper will be notified. Differences in tare or net weights will alert the scale administrator to investigate and record contributing factors such as dirt, rocks, etc. on the scale ticket. (See GENERAL TERMS & CONDITIONS – **Page 2, Paragraph E**)
- G. TRUCK UNLOADING** will be accomplished with all dispatch as carefully as possible with respect to the driver's safety and care of his truck and trailer and surrounding people and property.
- H. SAFETY** is paramount at CMC Steel. Only the driver will be allowed into the scrap yard area. All passenger(s) must wait in the truck scalehouse. The driver must have and use approved head and eye protection (**hard hat, safety glasses**) at all times while within the CMC Steel Alabama scrap yard area. The driver must not leave the immediate area surrounding his truck, and must stay clear of the crane unloading his truck as well as other equipment operating in the area. The driver's strict attention to his surroundings is mandatory.
- I. PAYMENTS** are made by check and are issued promptly per the payment terms agreed to and noted on the P.O. During the end of business closing periods, there could be a slight delay in issuing checks.

GENERAL RAW MATERIALS SPECIFICATIONS

In order to better understand the terms used in this manual, the following definitions are provided:

CLEANLINESS: All grades shall be free of dirt, non-ferrous metals, excessive rust and corrosion, or foreign material of any kind. However, the terms “free of dirt, non-ferrous metals or foreign material of any kind” are not intended to preclude the accidental inclusion of negligible amounts where it can be shown that the amount is unavoidable in the customary preparation and handling of the particular grade involved. CMC Steel Alabama will not accept any non-metallics or steel by-products such as mill scale, slag, grinding dust or swarf.



CLOSED CONTAINERS: Shipments containing ANY “CLOSED CONTAINERS” including but not limited to sheared pipe (has to be open on one end), gas tanks, oxygen/propane bottles, fire extinguishers or any sealed units designed for containing pressurized gas, liquid or substances, which have NOT been emptied and cut-in-half lengthwise, WILL BE REJECTED. (See Acceptance Policy – Environmental Issues Page 8)

OFF-GRADE MATERIAL: The inclusion in a shipment of a particular grade of iron or steel raw materials of a negligible amount of metallic material which exceeds to a minor degree the applicable size limitations or which fails to a minor extent to meet the applicable requirements as to quality or kind of material, shall not change the classification of the shipment, provided it can be shown that the inclusion of such off-grade material is unavoidable in the customary preparation and handling of the grade

involved. The final determination of these occurrences are at the sole discretion of appropriate CMC Steel Alabama personnel involved in the inspection, grading and unloading of raw materials.

RESIDUAL ALLOYS: Wherever the term “free of alloys” is used in the classifications given herein, it shall mean that any alloys contained in the steel are residual and have not been added for the purpose of making alloyed steel.

DEVIATIONS: Deviations from the general classifications of iron and steel raw materials given herein may be allowed by mutual written agreement between CMC Steel Alabama’s Raw Materials Department and the supplier.

ENVIRONMENTAL ISSUES

Part of CMC Steel Alabama's "It's Got To Be Right!" philosophy is caring about the needs of the community, which begins with the environment; one of clean air, land and water. Environmental issues are managed at CMC Steel Alabama by an on-site staff under the direction of the Environmental Manager. Any environmental question or issue should be directed to the Environmental Department; with the Raw materials Department advised of the final resolution by the CMC Steel Alabama Environmental Department.

Hazardous Air Pollutants (HAP) Emissions: Contaminants such as chlorinated plastics, free organic liquids, lead and mercury are not appropriate or desired for the production of steel in EAF facilities. However, these contaminants are found in the scrap steel that is the basic feedstock for the production of new steel.

EPA has identified EAF facilities as potential sources of HAP emissions and, on December 28, 2007, promulgated final regulations (codified at 40 CFR Part YYYYY) intended to control or minimize such emissions. The regulations require EAF facilities, among other things, to restrict the use of certain scrap purchased as production feedstock to minimize the amount of specified contaminants in such scrap.

CMC Steel Alabama (CMC) is committed to complying with the requirements of the EAF Area Source Rule and to the goal of removing at least 80% of mercury convenience-light switches from motor vehicle scrap. CMC is also committed to minimizing to the extent practicable the presence of other contaminants in scrap that may result in the emission of hazardous air pollutants (HAP).

CMC Steel Alabama will only purchase motor vehicle scrap from scrap vendors that participate in The National Vehicle Mercury Switch Removal Program (NVMSRP) or another EPA-approved program designed to minimize the presence of mercury in scrap.

Scrap materials must be depleted to the extent practicable of undrained used oil filters, chlorinated plastics, and free organic liquids at the time of charging to the furnace.

Lead-containing components of scrap, such as batteries, battery cables, and wheel weights, must be removed, to the extent practicable, prior to charging in the furnace unless the scrap is used to produce leaded steel.

DRUMS: Drums (including buckets and barrels) of any size will not be accepted as raw materials unless it can be demonstrated that they do not contain any hazardous materials and have been completely cleaned and processed to our satisfaction.

PLEASE PAY STRICT ATTENTION TO THIS ISSUE.

CLOSED CONTAINERS/SEALED UNITS

SAFETY of our employees comes first and foremost along with protecting our property/equipment. Closed containers and sealed units are a serious explosion hazard, which may result in the loss of life, limb, and/or property. Any shipper that fails to address this issue may result in the suspension or termination as an approved raw materials supplier to CMC Steel Alabama.

NO acetylene cylinders of any kind (pressurized or depressurized) can be accepted by CMC Steel Alabama because they typically contain asbestos. No other closed containers will be accepted. These include, but are not limited to, propane cylinders, freon canisters, auto/truck drive shafts, shock absorbers, struts, torque converters, gear boxes, conveyor rollers, compressed gas cylinders, small compressed gas cylinders, fire extinguishers, hydraulic cylinders, munitions raw materials, air compressor tanks, fuel tanks and any other sealed unit or closed container.

ANY raw materials shipment arriving at CMC Steel Alabama that is found to contain one or more closed containers will be **REJECTED**.



PLEASE PAY STRICT ATTENTION TO THIS ISSUE.

RADIOACTIVE RAW MATERIALS

CMC Steel Alabama protocol requires that any shipment of raw materials that causes an alarm at the facility's radiation detection equipment will be rejected and any expenses incurred will be charged to the account of the shipper. This may result in the supplier being forbidden to ship raw materials to CMC Steel Alabama until the supplier demonstrates that efforts have been made to correct the problem. In addition, CMC Steel Alabama will not purchase any "decontaminated" raw materials regardless if it was performed by the U.S. Government or U.S. Government approved contractor or even if you have a "certificate of decontamination" for the raw materials.

We encourage suppliers to install and properly maintain radiation detection equipment and establish a protocol to eliminate radioactive raw materials from being purchased at their facility.

Please be advised that CMC Steel Alabama follows procedures and guidelines established by the company and the Alabama Department of Public Health, Office of Radiation Control in the management of any raw material shipments suspected to contain radioactive material

POTENTIAL RADIATION ALARMS

CMC Steel Alabama has radiation detectors located at the rail and truck scales that are designed to detect any radiation activity, which may occur when incoming shipments of raw materials are delivered.

The system is designed to solve most of the problems, but it is impossible to prevent any spurious alarms. These alarms are not false alarms because they are caused by a real increase in radiation level. In most cases, these alarms have the same characteristics as a real alarm, but CMC Steel Alabama prefers to call them nuisance alarms. The detectors contain sophisticated data processing that minimizes and differentiates the real from the nuisance alarms.

CMC Steel Alabama has a policy prohibiting off-loading any type of raw materials triggering the radiation detector, which may include nuisance alarms. Raw Materials nuisance alarms will be treated as real alarms because the potential for a radioactive source can be buried in a load shielding the actual readings from

the source; therefore, a load will be rejected. Non-raw materials nuisance alarms will be investigated and can be accepted if traces of radioactive material do not trigger danger levels. This procedure is outlined in our raw materials radiation protocol.

Here's a listing of nuisance alarms containing traces of radioactive material that are known to be common:

- **Contaminated Pipe** - containing potash or oil that may carry radium or thorium radioactive materials.
- **Medical Alarms** – truck drivers or plant personnel that may be injected for medical treatments small traces of radioactive materials (i.e. barium enema)
- **Firebrick** – containing thorium.
- **Calamite** – containing traces of uranium, potassium, and thorium.
- **Concrete** – containing traces of potassium in significant volume.
- **Voids** – spacing between loads in a rail car or dump truck.
- **Other materials:**
Alum, Corrosive solids, ceramics, fire clay, pyro blocks, refractories, propane gas, insulation, bonding pour tile, fiberboards, ladle brick, oxytherm R1, fluidox 141, bonding mortar; and materials that contain naturally occurring material (i.e. – granite rock, dirt).

OTHER UNACCEPTABLE MATERIAL

NO Asbestos - typically in brake shoes, pipe insulation, hose insulation material

NO Tires (or tire pieces) of any type.

NO Free-Flowing Oil (either on the surface of raw materials or containerized in the raw materials)

NO Units Containing PCB's of any type (this includes capacitors, transformers, ballast, etc.)

NO Batteries of any type, this also includes Nickel Cadmium, Mercury, Lithium and other rechargeable batteries

NO Items Containing Freon (i.e. charged AC units or other type of CFC's)

NO Other Types of Refrigerants (e.g. ammonia)

NO Hazardous Wastes and no material containing hazardous wastes or hazardous waste residues

NO Transformers

NO Offensive Odors (mercaptan coated natural gas lines or propane lines/tanks)

NO Flammable Material (oil, grease, fuel, etc.)

NO Liquids of Any Type

NO Mill Scale, Slag, Grinding Dust or Swarf.

NO Foreign Materials/ Non-Metallics (i.e. wood, insulation, concrete, dirt, plastic, etc.).

NO Closed Containers or Sealed Units, such as Compressors, Shock Absorbers, etc.

(See pg. 10 for detailed instructions)

NO Electric Motors

NO Concrete

NO Lead

NO Nails



RAW MATERIALS SPECIFICATIONS

GRADE: Plate and Structural
Plate and structural steel should be all plate and structural steel.

GRADE CODE: 1503

DIMENSIONS: 36" x 18" maximum
1/4" minimum thickness
4" maximum thickness



MINIMUM DENSITY: 55
(Lbs. per cubic ft)

MAXIMUM WEIGHT PER PIECE: 95% - 200 lbs. or less
500 LB maximum

DESCRIPTION: Very dense, clean, new or obsolete steel plates (includes torch cut plate or skeleton plate), structural shapes or crop ends. Should be free of non-ferrous metals and other contaminants.

MAY INCLUDE: Welded structural steel tubing.

Heavy wall pipe and if over 8" o.d. must be split in half.
Please be sure to check all pipe for concrete.

RESTRICTIONS: **No railcar sides.**
No cast iron or steel castings.
No rebar or light structural steel.
No torched heavy machinery.
No cut machine housings.
Sulfur or Phosphorus content is not to exceed .05%.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: #1 Heavy Melt
GRADE CODE: 1501
DIMENSIONS: 36" x 18" maximum
1/4" minimum thickness
4" maximum thickness



MINIMUM DENSITY: 50
(Lbs. per cubic ft)

MAXIMUM WEIGHT PER PIECE: 95% - 200 lbs. or less
500 lbs. maximum

DESCRIPTION: Very dense, clean, new or obsolete carbon steel scrap.

MAY INCLUDE: Railroad raw materials (wheels must be cut in half)
Machine housings must be cut open and not to exceed 500# per piece
Heavy wall pipe (must be split if over 6" in diameter) and up to 20% of a load is acceptable.
Heavy truck wheels/frames

RESTRICTIONS: **No** automobile scrap, except crankshafts.
No brake drums.
No crimped or un-crimped car rims.
No cast iron.
No sheet steel.
No highly alloyed steel.
No rail car sides under 1/4".
No rebar.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATION

GRADE: Mixed #1 / #2 Heavy Melt

GRADE CODE: 1505

DIMENSIONS: 36" x 18" maximum
1/8" minimum
thickness

MINIMUM DENSITY: 40
(Lbs. per cubic ft)



DESCRIPTION: Clean, new or obsolete carbon steel scrap.

MAY INCLUDE: Must conform to requirements of #2 steel grade with sufficient #1 steel (minimum 40%) included for price adjustment. Also may include car rims.

RESTRICTIONS:

- No** turnings.
- No** cast iron.
- No** appliances.
- No** porcelain coated material.
- No** alloyed steel.
- No** non-ferrous material (i.e. copper, aluminum, etc.).
- No** rebar.
- No** wire coils or bundles.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATION

| | |
|---|--|
| GRADE: | #2 Heavy Melt |
| GRADE CODE: | 1505 |
| DIMENSIONS: | 36" x 18" maximum 1/16" minimum thickness |
| MINIMUM DENSITY: (Lbs. per cubic ft) | 35 |



| | |
|----------------------|---|
| DESCRIPTION: | Clean, new or obsolete carbon steel scrap. |
| MAY INCLUDE: | All properly prepared automobile scrap and obsolete appliances (<u>stripped of non-ferrous and non-metallics</u>), pipes (less than 6" in diameter) or light structural steel, thin gauged steel sheeting and thin gauged material. Also may include car rims. Rebar must not exceed 10% of the load. |
| RESTRICTIONS: | No turnings. No cast iron. No porcelain coated material. No alloyed steel. No non-ferrous material (i.e. copper, aluminum, etc.). No tangled rebar. No wire coils or bundles. |

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATION

| | |
|---|---|
| GRADE: | #1 Bundles |
| GRADE CODE: | 1504 |
| DIMENSIONS: | 24" x 24" x 24" Other sizes may be considered by the buyer on a case by case basis. |
| MINIMUM DENSITY: (Lbs. per cubic ft) | 70 |
| DESCRIPTION: | New steel sheet scrap, clippings or skeleton scrap compressed into a <u>small</u> bundle. |
| RESTRICTIONS: | Must be alloy free. |

No tin coated material.

20% maximum painted or galvanized material by volume.

| ELEMENT: | % MAXIMUM |
|------------|-----------|
| Copper | .10 |
| Nickel | .10 |
| Chromium | .10 |
| Phosphorus | .015 |
| Molybdenum | .025 |
| Tin | .01 |
| Sulfur | .025 |

Loose or unsecured coils will subject entire load to rejection.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATION

| | |
|---|--|
| GRADE: | #2 Bundles |
| GRADE CODE: | 1506 |
| DIMENSIONS: | 24" x 24" x 24" Other sizes may be considered by the buyer on a case by case basis. |
| MINIMUM DENSITY: (Lbs. per cubic ft) | 70 |



| | |
|----------------------|--|
| DESCRIPTION: | Clean, new or obsolete scrap compressed into a <u>small</u> bundle. |
| MAY INCLUDE: | Clean, new or obsolete sheet metal scrap, i.e. fenders, filing cabinets, industrial shelving, etc. |
| RESTRICTIONS: | No turnings. No cast iron. No refrigerators, freezers or vending machines. No porcelain coated material. No alloyed steel. No non-ferrous material (i.e. copper, aluminum, etc.). |

Loose or unsecured coils will subject entire load to rejection

Coils/bundles must be free of insulation, plastics and non-ferrous

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: Busheling

GRADE CODE: 1524

DIMENSIONS: 36" x 24" maximum
1/4" maximum thickness

MINIMUM DENSITY: 50
(Lbs. per cubic ft)



DESCRIPTION: Clean, new production steel scrap including sheet clippings, stampings, etc.

RESTRICTIONS: **No Tin Plate Material**

May not include old auto body or fender stock. Free of metal coated, vitreous enameled and electrical sheet containing over 0.5% Silicon.

Must be alloy free.

| <u>ELEMENT:</u> | <u>% MAXIMUM</u> |
|-----------------|------------------|
| Copper | .10 |
| Nickel | .10 |
| Chromium | .10 |
| Phosphorus | .015 |
| Molybdenum | .025 |
| Tin | .01 |
| Sulfur | .03 |

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: Shredded Scrap
GRADE CODE: 1507
MINIMUM DENSITY: 70
(Lbs. per cubic ft)



DESCRIPTION: Extremely dense, clean, homogenous iron and steel scrap, magnetically separated, originating from automobiles, unprepared #1 and #2 steel and miscellaneous baling and sheet scrap, essentially free of non-metallic and non-ferrous material.

RESTRICTIONS:

- No municipal scrap.**
- No tin cans.**
- No turnings or cast borings.**
- No excessive fluff.**

CMC Steel Alabama will only purchase motor vehicle scrap from scrap vendors that participate in The National Vehicle Mercury Switch Removal Program (NVMSRP) or another EPA-approved program designed to minimize the presence of mercury in scrap.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: Mixed Turnings

GRADE CODE: 1508

MINIMUM DENSITY: 50
(Lbs. per cubic ft)



DESCRIPTION: Clean, dense steel turnings from fresh production. May not be **springy, bushy, tangled or matted**.

Turnings that are not easily handled by a magnet will be rejected.

RESTRICTIONS: **No non-ferrous metals, mill scale, slag, grindings, swarf, or dirt.**
No cast iron borings.
No heavily oxidized or excessively oily turnings.
No leaded or high sulfur turnings.

PLEASE NOTE: Please do not ship turnings that will cling together in long clumps because when the material is magged up, it will be an issue when trying to load the charge bucket.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: Cast Iron Borings

GRADE CODE: 1522

DESCRIPTION: Fresh production; originating from the machining of cast iron and must be free-flowing.



RESTRICTIONS: Free of any other material.
No highly oxidized material.

For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS SPECIFICATIONS

GRADE: Tire Wire **95**
GRADE CODE: 1525
DESCRIPTION: Steel wire from tires
RESTRICTIONS: Rubber is not to exceed 5 % of load

CMC Steel Alabama RAW MATERIALS SPECIFICATIONS

GRADE: Tire Wire **90**
GRADE CODE: 1525
DESCRIPTION: Steel wire from tires
RESTRICTIONS: Rubber is not to exceed 10% of load



For further restrictions refer to Environmental issues starting on page 7.



RAW MATERIALS QUALITY/INSPECTION POLICY AND PROCEDURES

Raw materials quality is key to the success of CMC Steel Alabama, and therefore, maintaining strict control standards is a priority. We clearly understand that a raw material by its nature, is a unique commodity, and will work with all of our suppliers to ensure our standards are fair and equitable.

To compliment our Raw materials Specification Manual, which will be provided to all suppliers, we have implemented the following:

1. A strict inspection procedure. Every truck or railcar which enters our facility will be inspected at our scales, pass through radiation detection, and be inspected by trained inspectors when dumped or unloaded. No raw materials will be received without a Purchase Order.
2. Scrap inspection will be required also to determine whether there is an obvious presence of free organic liquids, chlorinated plastics, or lead-containing components. Records of scrap inspections will be maintained on site for two years. Scrap inspection records shall include the identity of the scrap provider for any load that fails visual inspection. Foreign materials will be removed to the extent practicable prior to charging to the furnace, and the scrap supplier will be subject to corrective action.
3. Turnings, borings, and other forms of scrap that were generated as a result of the processing of metal with use of cutting, lubricating or cooling fluids will be visually inspected prior to charging to the furnace to ensure that such scrap does not contain free organic liquids.
4. Scrap that has been processed through a shredder that utilizes magnetic or density separation techniques to separate ferrous and non ferrous materials will be presumed to be depleted scrap of chlorinated plastics and lead to the extent practicable.
5. CMC will conduct a review of the End of Life Vehicle Solutions (ELVS) database to confirm that the motor vehicle scrap provider is enlisted as a participating member in the National Vehicle Switch Recovery Program (NVMSRP). Semi-annual review of the ELVS database will also be conducted to confirm that the scrap provider remains identified as an NVMSRP participant.

Any loads failing to meet our specifications, as outlined, will be rejected. If the load is acceptable scrap but does not match the intended purchased grade, it will be at the discretion of CMC Steel Alabama whether to accept the load as a downgrade or to reject the load. If CMC Steel Alabama chooses to downgrade the load then the supplier must determine whether to return the load or accept the downgraded price.

For each load rejected or downgraded, CMC Steel Alabama Raw Materials Inspectors will complete a Supplier Activity Record, which will be electronically sent to the Raw materials Buyer for discussion with the Supplier. All discussions with Suppliers will be through the Raw

materials Buyer or Raw Materials Coordinators (or in their absence the following people listed in order of priority).

- A. Yard Supervisor
- B. Superintendent EAF/LMS
- C. Melt Shop Manager or Designee
- D. Operations Superintendent

In off-hours, the Inspector will draw on the Shift Melter for assistance if required.

Ongoing rejections and downgrades are costly and inefficient for both suppliers and CMC Steel Alabama. To control the quality of our raw materials and to be consistent with our suppliers, we have developed the CMC Steel Alabama Raw materials specification manual along with the following criteria for remaining an approved supplier.

Recommendation to disqualify a supplier will be based on serious or repeated rejections and the results of audits and/or poor order completion. The number of warnings and rejections that will result in disqualification of a vendor depends on the amount of raw materials supplied and the seriousness of the incident(s).

The following is considered serious and requires all suppliers' attention:

1. Top dressing and mill scale additions, "salting the load", are deliberate misrepresentations of the material being supplied.
2. Sealed units/closed containers represent an explosion hazard.
3. A significant amount of non-ferrous can result in off-grade chemistry of the steel.
4. Radioactive material.
5. Free Organic Liquids, Chlorinated Plastics, Lead and Lead-Containing Components:
6. Mercury Switches in scrap from end-of-life vehicles.

If a supplier reaches a nonconformance level of 5% on an individual purchase order in a calendar month, a suspension of shipments from that yard on the individual purchase order and/or the nonconforming commodity will be implemented and any loads in transit will be held for inspection on the individual purchase order and/or nonconforming commodity until such time that an agreement for corrective action from the supplier to CMC Steel Alabama has been reached.

If, CMC reasonably believes, either as a result of inspection, site visits to a scrap yard, or review of the ELVS database or by other means, that a scrap supplier is not taking appropriate steps to minimize the presence of mercury switches in scrap from end-of-life vehicles, the facility shall:

- Issue a letter to the scrap provider reiterating the requirements of the NVMSRP or another EPA-approved program and threatening suspension if the scrap provider fails to fulfill its responsibilities under the NVMSRP or another EPA-approved program.

- Suspend the scrap provider if, within six months of receipt of the letter described above, the scrap provider again fails to show that it is aware of the need for and is implementing appropriate steps to minimize the presence of mercury switches in auto shred. The suspension shall only apply to shipments of motor vehicle scrap by the provider will then have to re-qualify by demonstrating that it has cured the defect that caused the failure to meet the scrap specification.
- For purposes of Section III A and B, if the nonconforming scrap is purchased through a broker, CMC will require the broker to provide written assurances that the broker implemented corrective action as set forth in Section III of this plan with respect to the supplier of such non-conforming scrap.

To be returned to approved supplier status, the Raw Materials Supplier must meet/discuss with the Raw Materials Buyer, and/or the Melt Shop Management of CMC Steel Alabama with an outline (either verbal or written) for corrective action including:

- Internal control standards necessary to meet CMC Steel Alabama's Raw Materials Specifications and corrective action steps.
- A record of this communication, whether verbal or written, will be entered CMC Steel Alabama's QMS system.

Initially, all current shippers of raw materials as of 10/01/2002 will be grandfathered as approved suppliers. To remain an approved supplier, you must comply with the standards set forth above.

IMPORTANT RAIL NOTICE INFORMATION

The information needed to properly notice CMC Steel AL of a rail car shipment is:

Shipper, the Rail Car Number, the contract the shipment should be applied to, Grade of Scrap, the origin, date of shipment—**NOT date of rail notice**, and the gross, tare and net weight (if available).

All shippers benefit by giving proper notice, which will speed up the unloading process thereby decreasing the time between actual shipment and payment for the affected shipments.

If you have any questions, then please contact the Raw Materials Department at CMC Steel AL.

The following page has a rail notice that you may make copies of for faxing notices to CMC Steel AL. To receive an electronic version for emailing purposes, please email: James.Loper@cmc.com



Notice of Rail Shipment of Raw Material to CMC Steel Alabama

Vendor:

Origin City:

Origin RR:

Delivering RR:

| P/O No. | Car Number | Ship Date | Gross Wt. | Tare Wt. | NT. Wt. | Grade |
|---------|------------|-----------|-----------|----------|---------|-------|
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Send To: James.Loper@cmc.com

Send CC: Nicholas.Rikard@cmc.com

**This form is to be used for all Rail Car Shipments if e-mail is available.
If e-mail is not available please call James Loper at 205-599-7466.
Fax: 205-599-7763**



RAW MATERIALS SPECIFICATION, SAFETY AND ENVIRONMENTAL COMPLIANCE AND AGREEMENT

The undersigned Seller has read CMC Steel Alabama’s Raw Materials Specification. This includes General terms and conditions, Environmental Issues, Closed Containers/Sealed Units, Radioactive Raw Materials, Free Organic Liquids, Chlorinated Plastics, Lead and Lead-Containing Components, Proof of Participation in the National Mercury Switches Removal Plan, Other Unacceptable Material and Raw Materials Specifications.

Seller acknowledges that CMC Steel Alabama may not accept any shipment in whole or in part that does not meet the conditions and specifications described in the specification document. Seller also acknowledges that vendors found to violate this Agreement may be disqualified from supplying scrap materials to CMC Steel Alabama.

Although CMC Steel Alabama will exercise reasonable effort to inspect scrap shipments, materials supplied can contain constituents not readily detected during normal inspection, which expose the company to hazards associated with use. Such constituents may include, for example, sealed containers, radiation sources, hazardous volatiles, free organic liquids, chlorinated plastics, lead and lead-containing components, mercury from motor vehicle switches, etc. In all cases, CMC Steel Alabama’s acceptance of any shipment shall not constitute any waiver of its rights to pursue a claim of damages if subsequent use results in damage or injury to people or property.

I, the undersigned Seller, or authorized representative of Seller, do hereby acknowledge receipt and understanding of the aforementioned specifications and conditions.

PLEASE COMPLETE AND RETURN BY FAX TO: 803-936-3815 or 205-599-7763

Seller’s Name: _____

Company Name: _____

Address: _____

City/State/Zip: _____

Phone: _____ **Fax:** _____

E-Mail: _____

Signature: _____

Title: _____

Radiation Detection Equipment

Model # : **Hand Held** _____ **Truck** _____ **Rail** _____

Change History

Process Owner: Raw Materials CMC Steel SC

| Rev. # | Rev. Date | Change Description | Approver |
|--------|-----------|---|---------------------------|
| 0 | 02/07/00 | Original Issue | A. Lara |
| 1 | 08/16/02 | Contact Information | John May |
| 2 | 12/21/02 | Contact Information | R. Hernandez |
| 3 | 1/19/05 | Add Scrap Grade Specs Change Description | Approver Angel Lara |
| 4 | 10/27/05 | Add Scrap Grade Specs Contact Information Change Description | Approver |
| 5 | 2/2/09 | Add Scrap Grade Specs Contact Information Company Logo Pictures NVMSRP Requirements | Approver Robert Sharpe |