

# Quality Assurance Program

In order to ensure both a safe and materially superior product, Alco Iron & Metal is implementing the following Quality Assurance Program. The goal of this program as summarized above, is to ensure the health and safety of our employees, our customers, downstream handlers and carriers and the environment. It is therefore the responsibility of Alco Iron & Metal and its employees to be continually vigilant at every step, from purchasing to shipping, to make sure that only clean, properly processed material be integrated into the finished product.

The procedures of our Quality Assurance Program take place at every step of the packaging process. They begin before material is purchased or received and continue until the finished product leaves an Alco facility. Every Alco employee engaged in material processing must be on the look out for foreign material, which may contaminate or endanger his or her fellow personnel, the environment or the final load.

*Though the inspection procedures rely primarily on visual inspections, technological advancements will allow us to use various equipment to aid in detection of hazardous or undesirable contaminants. Examples include both the stationary and portable radiation detectors at our San Leandro and Vallejo facilities. This inspection process consists of several stages of operation at Alco and its suppliers and is described below:*

1. ***Trucking and Receiving Personnel***

These two groups are Alco's first line of defense. If inbound loads are properly and thoroughly inspected, contaminating or dangerous material never enters into Alco's production stream. Though it often impractical for transport personnel to inspect each component that is shipped, he or she may educate our customers as to what is and is not accepted. Receiving personnel have the added advantage of being able to more closely inspect the loads. In any case, it is imperative that these two groups refuse any loads or components that fall outside of the list of acceptable materials.

2. ***Unloading and Sorting***

These groups are the ones most likely to encounter offending materials and therefore must be on alert at all times. This phase is especially important because the cleaning cycle affords the greatest opportunity to inspect each piece.

3. ***Baling and Packaging***

This phase is the last chance to view individual pieces and components. This group, along with the Sorters, has the greatest opportunity to prevent foreign debris from entering the finished product.

#### 4. *Loading and Shipping*

Though the ability to thoroughly inspect materials is greatly diminished at this phase, it is the final opportunity to view product before it leaves Alco toward its destination.

Unacceptable material comes in many varieties. As stated earlier, the concern here is in accepting or allowing material that is hazardous to personnel or the environment into the production stream. Unacceptable material may fall into the following categories:

- ***Foreign Objects and Debris***

Though usually the least dangerous of categories, they are not permitted. This category includes dirt, glass, paper or fibrous debris of any sort.

- ***Organic Materials***

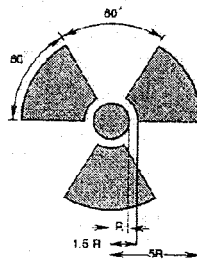
This category includes wood, wood products, any plant or vegetable matter, animal or insect carcasses or any food products.

- ***Chemical***

This category includes any chemical composition including those in fluid, solid, gaseous (*see compress gas containers*) or powdered or friable form (such as asbestos). Examples of such chemical products include but are not limited to fuels, oils, unused paints or solvents (excluding painted products when appropriate for that scrap classification), cleaning products acids or bases.

- ***Radioactive Wastes or Components***

Though not readily identifiable, radioactive materials may be suspected in incoming loads from laboratories, x-ray equipment components, medical supply companies, and in military scrap. All material should be scanned with the stationary radiation detectors and individual, suspected components may be scanned with hand-held radiation detectors at each location. Other more obvious sources include smoke detectors, older gauges and camping style gas lantern globes. Also any material labeled with trefoil (tri-foil) or radiation symbol similar to that shown below.



- ***Biomedical Wastes***

Such wastes include blood, blood-contaminated products, gauze or bandages, needles, syringes or any material labeled with the biohazard symbol as noted below. Red plastic bags or containers may also be a good indicator that biohazards are present.



- ***Compressed Gas or Enclosed Containers***

While it is not uncommon for these types of containers to exist in the scrap waste stream, extra precautions must be taken to ensure their safe handling. Containers must be empty before processing with valves or lids being removed being the preferred status. If a valve is present, ensure that it is safe by determining its past contents, cracking the valve open to determine if residual pressure still exists and opening the valve completely when it is clear that it is safe to do so. Also, if a container has any type of lid or access hatch (such as oil filled electrical transformers), ensure that it is removed and the container visually inspected to verify that it is empty.

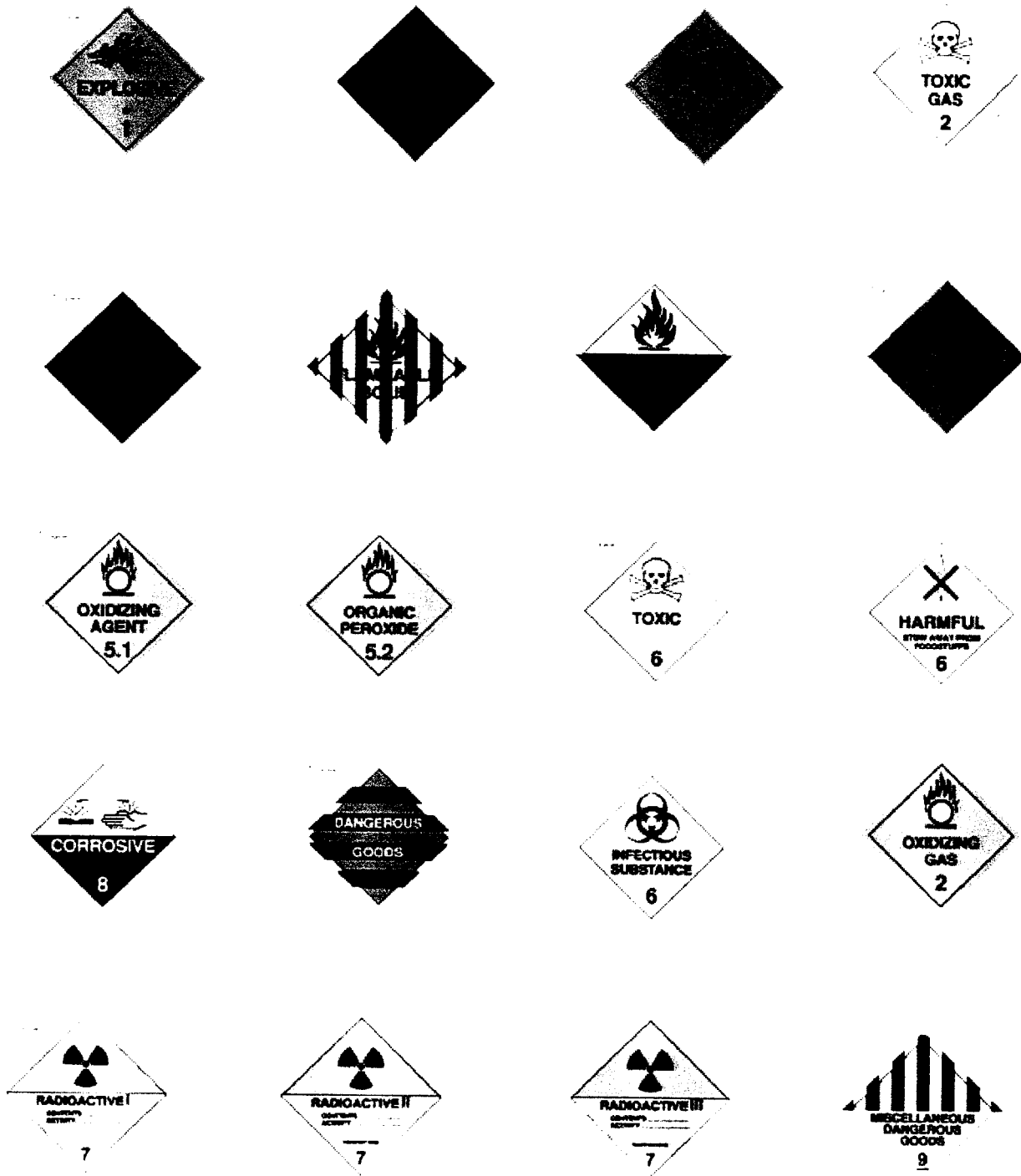
- ***Refrigeration Components***

Alco Iron & Metal does not maintain the equipment required by law to properly draw refrigeration gases out of closed refrigeration systems and therefore does not accept closed refrigeration systems. In addition, regulations state that on open refrigeration components, we received a certificate from the seller stating that the refrigeration gases were properly removed and disposed of in accordance with applicable law.

- ***Department of Transportation (DOT) Shipping Placards***

The United States Department of Transportation also maintains a list of substances that it considers hazardous to life and the environment. Though somewhat generic, it classifies them and maintains a number of identifiable shipping placards used to identify these materials. Any item or container labeled with such a placard shall be removed from the scrap stream and its contents properly processed. Only after it is clear that no hazard exists may the container be returned to the scrap stream with the label removed.

See below for a sample of DOT placards.



# Non Accepted Material

- **Refrigeration Components**

*Sealed refrigeration components shall not be accepted. Refrigeration components such as compressors, dryers and condensers may be accepted after receiving written certification from the seller that the system has been properly evacuated according to applicable law.*

- **Oil-Filled Electrical Transformers**

*Transformers shall be accepted only after it has been determined that they have been completely drained.*

- **Closed Containers**

*Containers such as barrels, cans, drums, hoses and tubing shall be accepted only after it covers, lids or ends have been removed and it has been determined that they have been emptied. Possible contents may include but are not limited to solvents, oils, paints, cleaning fluids etc.*

- **Hazardous Materials Labeled Containers**

*Any container bearing any Hazardous Material Label shall not be accepted until it can be certified that the contents of the container have been removed and the container is safe for disposal.*

- **Radioactive Materials**

*Any materials bearing the international radioactive symbol shall not be accepted. Any material that is suspected of being radioactive or containing radioactive components shall be checked by qualified personnel using an approved radiation detector.*

- **Automotive Parts**

*All automotive components, such as transmissions, engines, radiators and reservoirs must be disassembled and/or proven empty and oil free before they are received.*

- **Cementateous or Fibrous Materials**

*These materials or products that contain these materials shall not be accepted unless the seller can certify in writing that they are free of asbestos or dangerous material and it has been prearranged that Alco Iron & Metal will be responsible for their cleaning.*

- **Miscellaneous Trash and Debris**

*Such products as wood, wood fiber, paper, dirt, excessive rust or concrete shall not be accepted with a loaded unless it has been predetermined that Alco Iron & Metal will be responsible for cleaning and debris removal. In no case shall trash and debris be allowed into the scrap metal processing stream.*

**\*\*\* All unacceptable material that enters Alco Iron & Metal without proper authorization shall be returned to the seller or provider or disposed of in accordance with applicable law.**