

General supply conditions, product handling and preservation

Supply provisions (except for toll processing)

Waelzholz Brasmetal Laminacão Ltda. — WB — has its Integrated Management System based on ISO 9001, IATF 16949 and ISO 14001. Due to requirements set forth by such standards, it is necessary to clear some aspects that shall be observed in every order submitted to WB.

Supply requirements:

1. Requirements linked to product

- The customers shall specify in their purchase order or other means, when applicable, special and safety characteristics related to their product;
- In order to expedite the critical assessment of the requirements by our Technical Support and Development Department, we request that such requirements are forwarded by means of Business Representative or Sales Manager (customers serviced directly);
- When it is required to supply PPAP (applicable request to organizations that supply directly or belong to car supply chain), the customer shall report in their order or agreement the need to provide PPAP and applicable submission level, customized by product or order item;;

Notes:

(1.) It is worth noting, as a rule, that WB provides products considered 'bulk material', thus it is exempted from supplying PPAP, according to PPAP leaflet guidance, 4th Issue, in chapter Introduction, item Applicability;

(2.) If the customer requires PPAP issuance, reference standard IATF 16949 provides that, upon pilot batch supply, the second supply is performed only if PPAP is formally approved (PPAP Submission Certificate receiving approved by the customer); however, if the customer issues a new relevant product order, and PPAP has not been properly replied, WB shall consider automatically that initial PPAP is approved by using such order as approval evidence. Our PSW provides this message included in remarkfield.

- In the standard packaging used by WB, the product is sprayed with protecting oil and wrapped with tubular plastic film; the packaging set is also comprised by wooden pallet and steel tapes for packaging; any different requirement concerning product packaging and protection shall be notified to WB in the order / agreement;
- After packaging opening there are not warranties concerning rust;
- Our loading/unloading system is performed by means of traveling crane, thus it is exclusive for open bodywork vehicles; and
- General statement to customers in case of hidden defects, including non-metallic insertions, double sheet, scaling, laminated scratch, etc.:

Defect occurrence: the customer / manufacturer detected surface defects or cracks, before, during or after cold rolling process, to manufacture parts (stamping, folding, deep drawing, thermal treatment, etc.).

Defects in raw material are caused by single non-metallic insertions or scaling. Such non-metallic insertions or scaling are generated in the steel mill during pouring process.

Steel manufacturing without non-metallic insertions is unfeasible - likewise, the steel mill does not ensure steel without non-metallic insertions, and thus, follow-up costs are not borne.

WB, as producer of cold rolled steel strip, cannot ensure absence of non-metallic insertions and scaling in its steels - that cannot be safely detected within our manufacturing and supervision processes considering current state-of-the-art technology. Punctual scaling cannot be detected in reliable fashion.

For more explanation on possibilities and limits of preventing and detecting defects in cold rolled steel strip manufacturing, see leaflet 'Zero-defect-strategy in the cold rolling industry', published by Fachvereinigung Kaltwalzwerke e.V., Duesseldorf, Germany. Download (pdf): www.fv-kaltwalzwerke.de or www.cieffa.org.

If Waelzholz's customer assures their customers zero ppm, it is necessary to have a 100% inspection during or after the customer part processing (e.g., stamping, deep drawing, thermal treatment). The customer is responsible for such inspections.

WB can consider the complaint as technical and forward it to the steel mill, that shall assess insertions/scaling; in most cases, the defects are punctual and do not impact other coils of the same run.

Cost procedure: WB can take over costs for defective material or free replacement. As a matter of principle, WB shall not bear additional costs.

- Due to the internal movement of WB product supplied in coil form prior to its packaging, the outer and inner laps are more susceptible to surface defects due to its handling process; These defects are mostly punctual and should not be used as a basis for product acceptance or rejection.

2. Requirements linked to supply

- Commercial and technical amendments to the agreement shall be forwarded to commercial functions (Representative or Manager); such amendment acceptance shall be subject to feasibility assessment; and
- Commercial complaints shall be notified to Commercial Representative or Sales Department, before returning the product; in case of technical complaints, besides the contacts above mentioned, they shall be also notified to our Technical Support.

3. Requirements connected to WB Integrated Management System

- At the first supply, auto industry customers shall submit to WB the TS Requirement Questionnaire answered, in which they shall point out SGQ requirements to be complied with by WB;
- In the next supplies, such requirements shall be deemed standard; due to that, customers shall report to sale functions any change in requirements pointed out in this questionnaire; and
- TS Requirement Questionnaire answered, and the Protocol attached shall be returned to our Technical Support for assessment and preparation.

4. Legal or regulation requirements

The customer shall specify in its purchase order, when applicable, legal requirements, including aspects related to safety and environment, in material acquisition, storage, handling, recycling, elimination and disposal.

5. Layout and functional testing inspection

WB product undergoes inspections during the manufacturing process and every product specification is checked according to every stage control plan. Due to that, WB does not perform layout inspection by the process end, as every point/portion specified have been checked.

Product handling and preservation

WB, as it is concerned with its product quality maintenance after delivery to the customer, and relevant personnel safety, recommends:

1. At receiving, storage and handling

- Customer unloading and handling conditions
 - to prevent roll damage, use forklift or traveling crane in pallet unloading operation, assisted by sling polyester belts;
 - whenever steel cable is used, prevent direct contact with rolls to prevent scratches and/or kneading.
- Keep the product in a dry and sheltered place
- Maximum stacking
 - Do not exceed 2.0 m height or 3 stackings (whatever occurs first).
- Before handling the product, check tying condition, including loose ties.
- Sharp and usually oiled material
 - Handle wearing scrap leather gloves and over sleeves.
- Band removal
 - While cutting ties, do not stand in front of the roll end, as the 'spring effect' may take place.

2. For customer-provided transport

Product delivery responsibility ends in loading. Nevertheless, some conditions can be considered:

- Provide open bodywork vehicles, as the loading is performed by means of traveling crane;
- The driver shall be properly licensed;
- Tires and bodywork in good maintenance state
 - Floor with no damages that may impact product quality, including holes and other flaws that enable water input in rainy days; and
- Vehicle safety items in optimal state.

3. In case of product return to WB

When product return is authorized due to quality or commercial issue, some points shall be observed for product integrity maintenance:

- Keep the product (roll, strip or tilting spool) properly tied in the pallet, in order to prevent damages and accidents during transportation;
 - Protect the product with plastic and keep it in a dry and sheltered place in order to prevent potential wetting, at the customer's premises and during return to WB; and
 - During product loading, observe the truck load organized form, in order to prevent overturning and potential damages.
- In case of doubts, contact
- Customer Technical Support – telephones +55 11 4070-9590 and
 - Logistics — telephone +55 11 4070-9591.

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Loading conditions

In the case the customer is responsible for picking up the material (Incoterms: ex-works), please review following instructions.

General conditions concerning product collection at WB:

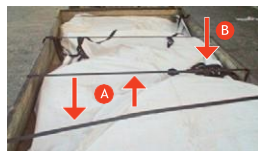
- I. The collection shall be scheduled previously;
- II. The transporting company shall call +55 11 4070-9524 and schedule collection time;
- III. Admissible collection time is approximately 30 minutes; out of this tolerance, the vehicle enters the waiting line and must wait for its turn; and
- IV. Reasons for scheduling are avoiding waiting time at the reception and expediting the product loading process for both parties.

For transporting companies to load at WB, they shall comply with the same tying criteria, aiming at transport and product safety:

- 1) Placing rubber under the packages to prevent displacement in the bodywork



- 2) Tying every package (with no pile up) with polyester belt (A) and ratchet (B): 1 belt (A) for every 2 meters and total load trapping



- 3) Metal rack:
2 belts at every 6 t



- 4) For package with pile up, the tying shall be performed with steel tie



- 5) Wooden rack:
1 belt for every 2 packages



- 6) Tied (bales):
- 1 belt for every two ties (A)
- 1 restraining belt (B)



- 7) The truck shall leave with canvas



- 8) We do not load box truck.

Pickling labor provision general conditions

1. Concerning pickling service:

WB performs pickling labor service by removing rust and oiling the coil, and it considers the following items:

- a. Coil thickness: 1.50 to 13.00 mm;
- b. Coil width: 1,000 to 1,500 mm;
- c. Inside diameter (input): 500 to 780 mm;
- d. Inside diameter (output): 500 +/- 10mm and/or 600 +/- 10mm;
- e. Outside diameter (input and output): 700 to 2,000 mm;
- f. Coil weight: 8,000 to 25,000 kg; and
- g. Minimum coil length: 100 m.

2. Concerning product compliance:

- a. There is no pickling warranty for the coil final 14 meters, close to the inside diameter, due to stoppage time to engage the coil in pickling line decoiler;
- b. The rust warranty is 90 days as from the product removal, under appropriate storage conditions (see removal term in item 3.b);
- c. The objective of the B coiling pattern is as linear as possible, but pre-existing problems in the received hot-rolled coil, such as ripples, side warping, snares and irregular coiling, impair the quality of the pickling and the perfect coiling. WB cannot be held responsible for pickling defects generated from problems arising from the product received, and there is no warranty;
- d. There is no warranty in the coil's first and last lap (outside lap) concerning surface defects.
- e. Due to the removal of surface oxide by chemical process, the coil loses mass/weight and this is an inherent condition of the pickling process

3. Concerning coil transport:

Coil transport is customer's responsibility, including delivery and collection, even though there are some conditions that shall be considered:

- a. Open bodywork vehicles, as coil motion is performed by means of traveling crane;
- b. Pickled coil collection shall be performed within 24 hours — after such period we cannot guarantee that the material is free of any rust type ;
- c. Properly qualified driver;
- d. Tires and bodywork in good state;
- e. Floor with no damages that may impact product quality;
- f. Safety items in optimal state;
- g. Vehicles with air emission within acceptable parameters of laws and regulations in force; and
- h. For special characteristics, please contact WB.