

1. Purpose

The purpose of this document is to provide clarity regarding technical recommendations in the case of quality complaints that have been approved by ArcelorMittal South Africa.

2. Complaint Outcomes

There are four possible outcomes for a quality complaint accepted by ArcelorMittal South Africa:

2.1 Scrap Option

The material is scrapped at the customer. The credit value is calculated as follows:

Credit Value (excl. VAT) = (Material Inv Price + Transport Cost – Scrap Price) × Material Weight

2.2 Return Option

The material is returned to AMSA and the customer is credited as follows:

Credit Value (excl. VAT) = (Material Inv Price + Transport Cost + CO₂ Tax) × Material Weight

2.3 Retain Option

The material is retained by the customer and re-graded to a suitable grade. Credit is calculated as follows:

Credit Value (excl. VAT) = (Material Inv Price – Retain Value) × Material Weight

2.4 Withdrawal

The complaint is withdrawn by the customer and no credit is paid.

3. Examples

3.1 Example 1

Material Inv Price = R 15 000.00

Transport Cost = R 145.00

Scrap Price = R 3 550.00

Material Weight = 2T

Option = Scrap

To find the Credit Value:

Credit Value (excl. VAT) = (Material Inv Price + Transport Cost – Scrap Price) × Material Weight

∴ Credit Value (excl. VAT) = (R15 000.00 + R145.00 – R3 550.00) × 2T

∴ Credit Value (excl. VAT) = R 23 190.00

3.2 Example 2

Material Inv Price = R 15 000.00

Transport Cost = R 145.00

Material Weight = 2T

CO₂ Tax = R 70.00

Option = Return

To find the Credit Value:

Credit Value (excl. VAT) = (Material Inv Price + Transport Cost + CO₂ Tax) × Material Weight

∴ Credit Value (excl. VAT) = (R 15 000.00 + R 145.00 + R70.00) × 2T

∴ Credit Value (excl. VAT) = R 30 430.00

3.3 Example 3

Material Inv Price = R 15 000.00

Material Weight = 2T

Retain Value = R 12 000.00

Option = Retain

To find the Credit Value:

Credit Value (excl. VAT) = (Material Inv Price – Retain Value) × Material Weight

∴ Credit Value (excl. VAT) = (R 15 000.00 – R 12 000.00) × 2T

∴ Credit Value (excl. VAT) = R 6 000.00