



DSP CLAIMS ALLOWANCE POLICY

1. PURPOSE

This policy is available on the Dufferco Steel Processing (DSP) b2b website (www.dufferco.co.za) and provide clear, actionable guidelines to customers for resolving quality concerns with DSP in a timely manner. DSP reserves the right to assess each claim on its own merits, considering all circumstances and evidence presented. All claims are judged against the applicable quality standards as per customer order agreed upon at the time of order placement on DSP.

DSP maintains full authority to determine the outcome of a claim, including the need for sampling or additional testing before a final resolution is reached. Any deductions made without prior approval or proper documentation before a claim is resolved constitutes non-payment and may trigger credit holds, shipping holds, and/or forfeiture of discount privileges. Export claims originating from material sold and distributed to DUFFERCO SA can still use this policy for guidance in claims settlement by the relevant international sales offices and their customers. Final decision on claims will be a mutual agreement reached between the various parties.

2. GENERAL

Because of the inherent nature of steel manufacturing, handling, and transportation, a 100 % defect-free coil cannot be guaranteed. The front (outer) and tail (inner) ends are especially vulnerable to transport and handling damage, and the tail end also risk mechanical imprints (e.g., mandrel contact). Thinner gauges (< 0.30 mm) are particularly susceptible to dents. Defects located within the first or last 10 m of a coil are by first intent excluded from claim consideration. All non-prime material classified as 2nd, 3rd, 4th, and scrap material is sold "voetstoots" (as-is). On non-prime, only the primary defect that would affect the original end use is reported, customers should be aware that additional unreported defects may be present. If a customer uses their own transport to on-deliver coils to other locations, DSP accepts no liability for any transport related damages.

3. CONSEQUENTIAL LOSSES

The maximum credit that may be granted for a claim is limited to the original net paid value of the defective material (i.e., contract price minus any applicable discounts and rebates). In cases where settlement is agreed upon, prior to the actual payment of the coil by the customer, a full credit note as per agreed contract price will be issued. Indirect or consequential damages, such as costs for re-processing, re-transportation, storage, or other downstream activities will not be reimbursed.

4. CREDIT PAYOUT

DSP may scrap up to 2 tonnes of defective processed material at the customer's premises, depending on location, to prevent unwarranted logistics costs. The debit for any material such scrapped is reduced by the DSP monthly scrap rate or mutually agreed rate. If the customer insists on having all defective material lifted, an additional cost equivalent to 50% of the return cost will be deducted from the final payout.

5. ENDORSEMENTS

All shipments must be fully covered and secured during transit. DSP Transporters are instructed to maintain this coverage from dispatch from the DSP premises through delivery to customer premises. Upon receipt, the customer must endorse the DSP delivery documentation to confirm the condition of the material received. Endorsement is a legal acknowledgment that the material was received in an acceptable condition or not acceptable condition; failure to endorse may lead to DSP not entertaining post-delivery claims related to the unendorsed shipment. Photographic evidence of any received condition that deviates from the customer's

expectations should be submitted to the DSP marketing team (claims@duferco.co.za) within 48 hrs of the load, together with the relevant load documentation and claim form available from the b2b website (www.duferco.co.za).

6. DEFECTIVE PORTIONS

A claim may only be initiated after at least 5% of a coil has been processed. This is to ensure that defects are verified, not merely suspected. If defects exceed 5% after the initial 5% processing, the customer must stop further processing and isolate both the processed portion and the remaining coil for inspection by a DSP representative, to allow DSP to assess the true extent of the defect. When a coil is processed completely (100 %), the customer is deemed to have accepted the defect and thereby releases DSP from claim-related obligations. This is to prevent retroactive claims on fully processed coils. When a DSP representative verifies that the defects are legitimate, the customer will receive credit for the entire defective mass.

7. CLAIM TIME FRAME

No claim will be entertained after 270 days (9 months) from the DSP dispatch date, irrespective of the nature or severity of the defect. Depending on the claim type other time frames are as follow; Mass difference (point 15) 7-days. Transport (point 10) water ingress and cargo damages 3-days. DSP retain the right (own discretion), too include the number of days, following production, into the 270 days.

8. TRACEABILITY

The customer must be able to trace every piece of material that is the subject of a claim back to the specific original DSP dispatch/invoiced coil number.

“100 % traceability” means that no part of the claimed material can be “unidentified” or “unlinked” to the coil on the DSP’s dispatch/invoice record.

9. CLAIM STEP-BY-STEP WORKFLOW

Step 1 - DSP Marketing to **receive** the completed claim form available from the DSP b2b website (www.duferco.co.za) or from the relevant sales co-ordinator. Customers are requested to present all information with the claim form to ensure a quick resolution of a claim. Minimum requirements are; DSP coil number as per invoice, location of defective material, defect description, defective weight being claimed, photos (important), customer contact person name and details sent to (claims@duferco.co.za)

Step 2 - DSP Marketing **register** the claim and release the claim to the Quality & Production or Logistics Teams for investigation.

Step 3 - The relevant investigation team will **verify** the claim against the DSP production or dispatch records and the customer’s evidence and decide if a site visit is required (if evidence provided is deemed insufficient). DSP will schedule a site visit to collect additional data and photos; customer must grant access to the relevant area and defective material.

Step 4 - Upon final completion of the claim investigation, DSP Marketing will communicate the **findings** in writing to the customer whether DSP accept the claim OR reject the claim (with written rationale).

Step 5 - If the claim is accepted, DSP offers the customer the **first option** to retain the defective material at a mutually agreed discount.

Step 6 - Where customers request **Return/Uplift** of the defective material, DSP arranges for the material to be lifted. Upon receipt at the DSP premises, the return mass and condition (as witnessed) are confirmed; credit is issued at the actual nett of discounted price paid by the customer minus any adjustments or deductions for mass differences or loss of material value caused by customer negligence e.g., improper storage, mishandling. Final Credit value is posted to the customer's account. DSP may reject the claim or reduce the credit if the returned material differs from the original "as delivered" condition (e.g., collapsed coils, paint marks, surface contamination). DSP may deduct any unplanned costs caused by customer negligence to the returned material (e.g., improper storage, mishandling). All credit adjustments and deductions will be documented and communicated to the customer in writing.

10. TRANSPORTATION OF MATERIAL.

Transport rust, DSP transport contractors are required to keep the cargo fully protected against weather conditions such as rain/moisture from the loading at DSP up to delivery at customer's premises. When material is received and visual inspection confirms that the material **became wet**, the delivery note should be endorsed accordingly and clear photos of the coil in the packed condition should be taken. Please notify DSP Marketing (claims@duferco.co.za) as soon as possible (ideally within 24 hrs) and submit photographic evidence. Where the packing material has been **penetrated** by water, DSP requests customers to remove the packing material as soon as possible and process such material ideally within 5 days. For packaging, DSP use VCI impregnated paper that create a protective environment within each packed coil, the VCIs inside the packaging material form an invisible protective shield on metal surfaces and blocks the ability of oxygen, moisture, and other corrosive elements to attack the metal surface and make it rust.

Transport rust normally only impacts the first few outer wraps, DSP therefore request customers to process coils up to 5%, if rust is still present isolate the coil and sheets and register a claim. In cases where the packing material shows evidence of contact with water but display **no evidence of water penetration**, the coil is suitable for process within the standard claim time frame. Submit the claim forms and photos to DSP Marketing (claims@duferco.co.za) as soon as possible.

If the **DSP transporter did not deliver** the material to the destination from where the claim originates, customers lose the right to claim for corrosion defects.

Fretting (Black marks), also known as either friction marks or friction stains can occur superficially on hot dip galvanised and cold finished coils. It is caused by the interaction of two surfaces in contact with one another, typically caused when material is transported over relatively long distances. Fretting is a superficial phenomenon only confined to a few microns on the material's surface of the first few outer wraps of the coil. The galvanized zinc layer of the material is not compromised by the presence of fretting. It may be of aesthetic concern to some end-users, but from a functional point of view the material may be applied accordingly. Special rubber saddles are made available to our transporters and greatly reduce the occurrence of fretting. Should fretting be noted during de-coiling, claims will only be accepted where the fretting extends beyond 5 % of the coil or violates your product specifications. Processing 5 % of the coil is part of the DSP standard procedure.

Damage - Customer upon receipt of material with physical damage to the outer appearance of the coils, should endorse the delivery documents and provide pictures to support the condition witnessed prior to offloading within 3 days to DSP Marketing (claims@duferco.co.za). Damage on packing material is not necessarily an indication of similar damage on the material, to determine the damage to the material, the coils should be processed. Should the damage exceed 5%, a claim is to be lodged and forwarded to DSP. All other claims for transport damages will only be considered, if submitted within 3 days of receipt of the material, the 3-day window is the standard timeframe for all transport-damage claims and is to be supported by photographic evidence.

11. CORROSION (RUST) CLAIMS

DSP only hold itself accountable for corrosion/rust on cold rolled finished material that has been ordered with protective oil. For cold-finished coils ordered, Not Oiled, DSP is not liable for any rust, whether it be transport, storage or process related. Hot dipped galvanized coils ordered, not passivated, increases the risk for white rust formation once the material has been in contact with water during the transport or storage stage. In such cases customers need to order the material "Not passivated" but with a protective Oil layer to be added during production. For End-users that require "Not passivated" and "Not" oiled conditions, DSP recommends export packing that will increase protection against water ingress without accepting liability for any corrosion/rust claims. Where customers require rust-coverage, always order the coil oiled or passivated. Once the coil is delivered Not Oiled or Not Passivated, DSP's guarantee ends for rust-related defects.

12. SURFACE IMPERFECTIONS

By default, DSP produce material as **SURFACE NOT CRITICAL**, for which surface imperfections such as, scratches, marks, pimples, passivation stains, inconsistent spangle size and appearance, coating sage etc. are considered normal and permissible. In cases where the end user requires a very smooth surface, free of blemishes, it should be ordered as, **SURFACE CRITICAL** which is achieved by skin passing the surface of the material, allowing it to be free from defects that might affect a uniform high-quality paint surface. Surface imperfections are only claimable when customers specifically order "Surface Critical".

13. MECHANICAL PROPERTIES / METALLURGICAL DEFECTS

All prime material is sold with a DSP Test certificate which confirms the chemical composition and mechanical tests results as per quality standard ordered by the customer from DSP. DSP only considers claims that reference its own test data. All other evidence is ignored unless DSP agrees to accept it. All 2nd / 3rd choice material is issued a DSP Test report which only confirms chemistry and mechanical test results if tested and available during initial production run. Whereas for 4th / scrap material are not issued with any report.

14. DIMENSIONAL/SHAPE DEVIATIONS

Material is processed and released according to the relevant tolerance as stipulated per quality norms of material as ordered by the customer at DSP. Claims for dimension and shape are evaluated against the ordered specifications. Shape deviations will not be accepted unless it is still in Coil form and witnessed as such. When shape defects are present after 5% of processing, customers should remove the coil and present it with the processed material to allow DSP to confirm the shape defect on the remaining coil balance. Coils that have been fully processed and subsequently rejected by the customer's downstream process or end user, will not be considered for claims. Kinks are more prevalent on gauges > 0.9 mm due to the winding of the material onto the coiler drum and are to be expected due to the nature of the process if it affects more than 5% of a coil.

15. MASS DIFFERENCES

Differences of up to ± 1 % between the DSP weighbridge and a customer-owned scale are considered normal and not claimable. Weight claims must be submitted within 7 days of receiving the material and must include weigh-bridge tickets from a bridge that is certified by an independent inspection agency. DSP may assess the mass difference using the total load mass measured on the DSP weighbridge rather than evaluating each individual coil separately.