

**TRANSNET FREIGHT RAIL**an Operating Division of **TRANSNET SOC LTD**

(Registration No. 1990/000900/30)

REQUEST FOR PROPOSAL [RFP]**FOR THE SUPPLY OF 599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE
GENERAL FREIGHT BUSINESS (GFB)**

RFP NUMBER: TFRAC-HO-8608
ISSUE DATE: 23 July 2012
CLOSING DATE: 16 October 2012
CLOSING TIME: 10:00 am
BID VALIDITY PERIOD: 29 April 2013

COMPULSORY BRIEFING SESSION:

A compulsory briefing session will be held at the following venue:

Time : 10:00 am
Date : 16 August 2012
Venue : Transnet Freight Rail, School of Rail Campus
Esselenpark Campus
Main Building Hall
No.1 P91 Road (Modderfontein Road off R25)
Kaalfontein
Kempton Park
Johannesburg

PLEASE NOTE CHANGE IN VENUE

SCHEDULE OF BID DOCUMENTS

Section No	Page
SECTION 1: NOTICE TO BIDDERS	5
1. PROPOSAL REQUEST	5
2. FORMAL BRIEFING	6
3. PROPOSAL SUBMISSION	6
4. DELIVERY INSTRUCTIONS FOR RFP.....	6
5. LOCAL CONTENT THRESHOLD.....	8
6. SUPPLIER DEVELOPMENT INITIATIVES.....	10
7. BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND SOCIO-ECONOMIC OBLIGATIONS.....	10
8. COMMUNICATION	12
9. INSTRUCTIONS FOR COMPLETING THE RFP.....	12
10. COMPLIANCE	12
11. ADDITIONAL NOTES.....	13
12. DISCLAIMERS	13
13. PUBLIC FINANCE MANAGEMENT ACT (PFMA)	14
14. LEGAL REVIEW.....	14
SECTION 2 : BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS.....	16
1. BACKGROUND.....	16
2. EXECUTIVE OVERVIEW.....	16
3. SCOPE OF REQUIREMENTS	17
4. GENERAL INFORMATION	20
5. MANUFACTURERS	20
6. INSPECTION DETAILS.....	21
7. IMPORTED CONTENT	21
8. EXCHANGE AND REMITTANCE.....	21
9. EXPORT CREDIT AGENCY SUPPORTED FINANCE.....	22
10. NATIONAL RAILWAY SAFETY REGULATOR ACT.....	22
11. SERVICE LEVELS	23
12. CONTINUOUS IMPROVEMENT INITIATIVES.....	23
13. RISK.....	24
14. REFERENCES.....	24
15. EVALUATION METHODOLOGY AND CRITERIA.....	25
SECTION 3: FINANCIAL OFFER & OTHER PERTINENT INFORMATION.....	26
1. FINANCIAL OFFER.....	26
2. GENERAL.....	28
SECTION 4 : PROPOSAL FORM	36
SECTION 5 : VENDOR APPLICATION FORM	41
SECTION 6 : SIGNING POWER – RESOLUTION OF BOARD OF DIRECTORS	43
SECTION 7 : CERTIFICATE OF ACQUAINTANCE WITH RFP DOCUMENTS	44

SECTION 8 : GENERAL BID CONDITIONS - GOODS	45
SECTION 9: CERTIFICATE OF ACQUAINTANCE WITH DRAFT SUPPLY AGREEMENT	46
SECTION 10 : RFP DECLARATION FORM	47
SECTION 11 : BREACH OF LAW	50
SECTION 12 : BID CLARIFICATION REQUEST FORM	51
SECTION 13 : SUPPLIER CODE OF CONDUCT	52
SECTION 14: CERTIFICATE OF ATTENDANCE OF BRIEFING SESSION.....	54
SECTION 15: CERTIFICATE OF ACQUAINTANCE WITH SPECIFICATIONS AND DRAWINGS.....	55
SECTION 16: NON-DISCLOSURE AGREEMENT [NDA].....	56
SECTION 17: SUPPLIER DEVELOPMENT INITIATIVES.....	57

RFP ANNEXURES:

ANNEXURE A – DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT [FORM SBD 6.2]
ANNEXURE B - SUPPLIER DEVELOPMENT BID GUIDELINES DOCUMENT
ANNEXURE C - LOCAL CONTENT DECLARATION: SUMMARY SCHEDULE
ANNEXURE D - IMPORTED CONTENT DECLARATION: SUPPORTING SCHEDULE TO ANNEXURE C
ANNEXURE E - LOCAL CONTENT DECLARATION: SUPPORTING TO ANNEXURE C
ANNEXURE F – FINANCIAL TOTAL COST OF OWNERSHIP (TCO) MODEL (to be issued during the tender process)
ANNEXURE G – SUPPLIER DEVELOPMENT VALUE SUMMARY
ANNEXURE H – NON-DISCLOSURE AGREEMENT
ANNEXURE I – DRAFT SUPPLY AGREEMENT (to be issued during the tender process)
ANNEXURE J – GENERAL BID CONDITIONS (GOODS)
ANNEXURE K – LOCOMOTIVE SPECIFICATION
ANNEXURE L – SABS TECHNICAL SPECIFICATION SATS 1286:2011 (LOCAL CONTENT)

LIST OF ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
CD	Compact/computer disc
DPE	Department of Public Enterprises
DTI	Department of Trade and Industry
EME	Exempted Micro Enterprise
GBC	General Bid Conditions
GFB	General Freight Business
ID	Identity Document
JV	Joint Venture
LOI	Letter of Intent
NDA	Non-Disclosure Agreement
NGP	New Growth Path
OD	Transnet Operating Division
PTN	Post-Tender Negotiations
PPPFA	Preferential Procurement Policy Framework Act
QSE	Qualifying Small Enterprise
RFP	Request for Proposal
SD	Supplier Development
SOC	State Owned Company
TFR	Transnet Freight Rail
TFRAC	Transnet Freight Rail Acquisition Council
TRE	Transnet Rail Engineering
TCO	Total Cost of Ownership
VAT	Value-Added Tax
ZAR	South African Rand
SARB	South African Reserve Bank
CPI	Consumer Price Index
GTK	Gross Ton Kilometres

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 1: NOTICE TO BIDDERS

1. PROPOSAL REQUEST

INTRODUCTION

Please note that this RFP will be issued in parts. This document constitutes Part 1 of the RFP and contains the following information:

- **General information;**
- **Technical information;**
- **Local content;**
- **B-BBEE scorecard;**
- **Supplier Development;**
- **Financial proposal;**
- **Administrative information e.g. pertaining to closing dates, briefing session, returnable documents, etc.**

Subsequent parts will be issued at a later stage(s) and will address aspects such as evaluation criteria, evaluation methodology, weightings and supply agreement, Financial Total Cost of Ownership (TCO) Model, *inter alia*.

Responses to this RFP [hereinafter referred to as a **Proposal** or **Proposals**] are requested from companies, close corporations or enterprises [hereinafter referred to as an **Entity** or **Respondent**] to supply the aforementioned requirement(s) to Transnet.

On or after **23 July 2012**, the RFP documents may be inspected at, and are obtainable from the office of the Secretariat TFRAC, Inyanda House No 1, Ground Floor, 21 Wellington Road, Parktown, Johannesburg on payment of an amount of **R 40,000.00** [Forty thousand SA Rand][inclusive of VAT) per set. Payment is to be made as follows:

Account Name: Transnet Freight Rail
Bank: Standard Bank
Account No: 203158598
Branch code: 004805

NOTES –

- a) This amount is not refundable.
- b) A receipt for such payment made must be presented when collecting the RFP documents and submitted with your Proposal.

RFP documents will only be available until the **10 August 2012 at 14h00. No RFP will be issued after this date and time.**

Any additional information or clarification will be faxed or emailed to all Respondents, if necessary.

2. FORMAL BRIEFING

A compulsory briefing session will be conducted by TFR on the **16 August 2012**, Transnet Freight Rail, School of Rail Campus, Esselenpark Campus, Main Building Hall, No.1 P91 Road (Modderfontein Road off R25), Kaalfontein, Kempton Park, Johannesburg, for a period of \pm 5 hours. [Respondents are to provide their own transportation and accommodation].

- 2.1 A Certificate of Attendance in the form set out in Section 14 hereto must be completed and submitted with your Proposal.
- 2.2 Respondents failing to attend the compulsory briefing session will be disqualified.
- 2.3 Respondents without a valid RFP document in their possession will not be allowed to attend the briefing session.
- 2.4 The briefing session will start punctually at **10:00am**.
- 2.5 Transnet reserves the right (in its sole discretion) to hold further briefing session(s) with the bidders should this be deemed necessary.
- 2.6 Transnet furthermore reserves the right to issue amendments/addendums to this RFP should this be deemed necessary.

3. PROPOSAL SUBMISSION

Proposals **in triplicate (one original plus two copies) plus a CD/s copy(ies) which must be clearly labelled and** must reach the Chairperson, TFRAC before **10:00am on Tuesday 16 October 2012**, and must be enclosed in a file/s which must have inscribed on the outside:

RFP No:	TFRAC-HO-8608
Description	599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)
Closing date and time:	Tuesday, 16 October 2012 at 10:00am
Closing address	<i>[Refer options in paragraph 4 below]</i>

4. DELIVERY INSTRUCTIONS FOR RFP

4.1 Delivery by hand

If delivered by hand, the file/s are to be deposited in the TFR tender box which is located at Inyanda House No 1, Ground Floor, 21 Wellington Road, Parktown, and should be addressed as follows:

<p>THE CHAIRPERSON TRANSNET FREIGHT RAIL ACQUISITION COUNCIL TENDER BOX INYANDA HOUSE 1 21 WELLINGTON ROAD PARKTOWN</p>
--

- a) The measurements of the "tender slot" are 500mm wide x 100mm high, and Respondents must please ensure that proposal documents or files are not larger than the above dimensions. Responses which are too bulky [i.e. more than 100mm thick] must be split into two or more files (referenced accordingly) and each file to be endorsed as required in paragraph 3 and 4 above.
- b) It should also be noted that the above tender box is located at the ground level main entrance in 21 Wellington Road and is accessible to the public 24 hours per day, 7 days a week.

4.1 **Despatch by courier**

If despatched by courier, the file/s must be addressed as follows and delivered to the Office of The Chairperson, TFRAC and a signature obtained from that Office.

**THE CHAIRPERSON
TRANSNET FREIGHT RAIL
ACQUISITION COUNCIL
GROUND FLOOR
INYANDA HOUSE 1
21 WELLINGTON ROAD
PARKTOWN, JOHANNESBURG**

- 4.2 Please note that this RFP closes punctually at 10:00am on Tuesday 16 October 2012.
- 4.3 If Proposals are not delivered as stipulated herein, such Proposals will not be considered and will be treated as "NON-RESPONSIVE." Such Proposals will be disqualified.
- 4.4 No email or facsimile responses will be considered, unless otherwise stated herein.
- 4.5 Proposals to this RFP will be opened as soon as practicable after the expiry of the time advertised for receiving them.
- 4.6 Transnet shall not, at the opening of Proposals, disclose to any other company any confidential details pertaining to the Proposals / information received, i.e. pricing, delivery, etc. The names of the Respondents will be divulged to other Respondents upon request.
- 4.7 File/s must not contain documents relating to any RFP other than that shown on the file/s. All file/s must reflect the return address of the Respondent on the reverse side.
- 4.8 Should the Respondents want to include any additional conditions, such conditions must be embodied in an accompanying letter. Subject only to clause 15 [Alterations made by the Respondent to Bid Prices] of the General Bid Conditions, alterations, additions or deletions **must not** be made by the Respondent to the actual RFP documents.
- 4.9 Proposals to this RFP must be submitted on a clearly labelled CD/s in PDF format as well. Specific spread sheets to be used by TFR must also be available for editing purposes in Excel.
- 4.10 Proposals to this RFP must be submitted in clearly demarcated files (referenced accordingly) in terms of the following:
1. Returnable Checklist
 2. Local Content proposal
 3. Supplier Development

4. B-BBEE scorecard
5. Technical proposal
6. Financial proposal
7. Annexures

5. LOCAL CONTENT THRESHOLD

It is a prerequisite of the Preferential Procurement Policy Framework Regulations 2011 that all procurement activities undertaken by Transnet which involve "designated sectors" [i.e. the purchase of textile, clothing, leather and footwear, power pylons, rolling stock [locomotives and wagons], canned/processed vegetables and/or buses [bus bodies]] shall be subject to the requirements of Regulation 9(1) thereof. Since this RFP falls within these designated sectors, "local content" is a pre-qualification for this acquisition of Electric Locomotives. The stipulated minimum threshold for electric locomotives is 60%. Only locally produced or locally manufactured electric locomotives with this stipulated minimum threshold for local production will be considered.

Transnet reserves the right to evaluate bids in accordance with any instructions issued by National Treasury. Transnet also reserves the right to approach the Minister of Finance for exemption from the Regulations or instructions and to evaluate the bids in accordance with such exemption if granted.

Please note that apart from the stipulated minimum threshold of 60% for Electric Locomotives, the following thresholds must also be met in respect of certain components or activities:

No	Component / Activity	% local content (3 – 5 years)	% local content (6 years and above)
1	Assembly of locomotives and EMU	100%	100%
2	Car body: - Car body shell - Door system - Windows - Seats (for coach interior) - Lighting - Grab pillars and rails - Interior gladding - Cable and wire - Safety equipment - Pipe works and ducts	100%	100%
3	Bogie: - Bogie frame	100%	100%

	<ul style="list-style-type: none"> - Motor suspension unit - Wheel sets and wheel components - Axle and axle boxes - Bearings - Bolster 		
4	Coupling Equipment <ul style="list-style-type: none"> - Coupler body - Coupler hook - Yoke - Pin - Draft-gear 	100%	100%
5	Suspension <ul style="list-style-type: none"> - Shock absorbers and dampers - Springs 	100%	100%
6	Heat, Ventilation and Air Conditioning <ul style="list-style-type: none"> - Fabrication - Power Coating - Heat Exchangers - Fans - Compressors - Refrigeration components - Electrical components - Fasteners - Insulation and liners 	60%	70%
7	Braking system	70%	80%
8	Alternators	90%	100%
9	Traction motors	65%	80%
10	Electric systems	80%	90%

Respondents must complete and return the Declaration Certificate for Local Production and Content appended hereto as Annexure A, C, D & E Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 must be used to calculate local content (Annexure L).

6. SUPPLIER DEVELOPMENT INITIATIVES

Historically in South Africa there has been a lack of investment in infrastructure, skills and capability development and an inequality in the income distribution and wealth of a significant portion of the population. There have been a number of Government initiatives developed to address these challenges. In particular, the New Growth Path [NGP] developed in 2010 aligns and builds on previous policies to ensure the achievement of Government's development objectives for South Africa.

Transnet fully endorses and supports Government's New Growth Path policy through its facilitation of Supplier Development [SD] initiatives. The Respondent is required to submit a **detailed** and **narrative based** Supplier Development initiative/ proposal. In the case of a JV the principal respondent is required to submit a **detailed** and **narrative based** Supplier Development initiative/ proposal. [Refer to Section 17 (Supplier Development Initiatives) and Annexure B (Guidelines for a Supplier Development Bid Document)]

7. BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND SOCIO-ECONOMIC OBLIGATIONS

Transnet fully endorses and supports the Government's Broad-Based Black Economic Empowerment Programme and it is strongly of the opinion that all South African business enterprises have an equal obligation to redress the imbalances of the past.

Transnet would therefore prefer to do business with local business enterprises who share these same values and who are prepared to contribute to meaningful B-BBEE initiatives [including, but not limited to subcontracting and Joint Ventures] as part of their tendered responses. Transnet will accordingly allow "preference" points to companies who provide a **VALID** B-BBEE Verification Certificate. All procurement transactions will be evaluated accordingly.

Consequently, when Transnet invites prospective suppliers to submit Proposals for its various expenditure programmes, it requires Respondents [*Large Enterprises and QSE's - see below*] to have themselves accredited in compliance with the Government Gazette No 34612, Notice No. 754 dated 23 September 2011. As from 1 October 2011 valid B-BBEE Verification Certificates must be issued by:

- a) Verification Agencies accredited by the South African National Accreditation System [**SANAS**]; or
- b) Registered auditors approved by the Independent Regulatory Board of Auditors [**IRBA**], in accordance with the approval granted by the Department of Trade and Industry.

A **VALID** Verification Certificate issued must reflect the weighted points attained by the measured entity for each element of the scorecard as well as the overall B-BBEE rating.

A certificate will be regarded as valid and scored if accredited in accordance with the above.

7.1 Joint Ventures and Subcontractors

Joint Ventures - Incorporated JV/ Consortium/s

As part of the incorporated JV/ Consortium's tendered responses, the Incorporated JV/ Consortium/s must submit a **VALID** B-BBEE certificate in their registered name.

Joint Ventures - Un-incorporated JV/ Consortium

Unincorporated joint ventures must obtain a consolidated B-BBEE scorecard as if they were a group structure, provided that such a consolidated B-BBEE scorecard is prepared for this venture.

In addition to the above, Respondents who wish to enter into a Joint Venture with, or subcontract portions of the contract to B-BBEE entities, must state in their RFPs, the percentage of the total contract value that will be allocated to such B-BBEE entities, should they be successful in being awarded any business. A rating certificate in respect of such B-BBEE JV-partners and/or subcontractor(s), as well as a breakdown of the distribution of the aforementioned percentage must also be furnished with the RFP response.

Guidance regarding B-BBEE Rating

In terms of the Codes of Good Practice, Enterprises are rated by Verification Agencies or registered auditors based on the following:

- a) **Large Enterprises** [i.e. annual turnover greater than R35 million]:
 - Rating level based on all seven elements of the B-BBEE scorecard
- b) **Qualifying Small Enterprises – QSE** [i.e. annual turnover between R5 million and R35 million]:
 - Rating based on any four of the elements of the B-BBEE scorecard
- c) **Exempted Micro Enterprises – EME** [i.e. annual turnover less than R5 million]:
 - Automatic rating of Level 4 B-BBEE irrespective of race or ownership
 - Black ownership greater than 50% or Black Women ownership greater than 50% automatically qualify as Level 3 B-BBEE

Sufficient evidence to qualify as an EME will be the submission of a certificate from an IRBA accredited auditor, accounting officer or SANAS accredited verification agency. The certificate must confirm the entity's turnover, black ownership, black women ownership and B-BBEE status level. Respondents will be required to furnish proof of the above to Transnet. [i.e. a VALID B-BBEE Certificate and a detailed scorecard as stipulated above in respect of Large Enterprises and QSEs, or proof of turnover in respect of EMEs].

NB: Respondents who are not in possession of a Valid B-BBEE certificate at the closing date will be afforded a further opportunity to provide such Valid Certificate at Transnet's discretion.

Turnover: *Kindly indicate your entity's annual turnover for the past year:*

R _____

7.2 B-BBEE Registration

In addition to the accreditation certificate, Transnet recommends that Respondents register their B-BBEE compliance and supporting documentation on the Department of Trade and Industry's [DTI]

National B-BBEE IT Portal and Opportunities Network and provide Transnet with proof of registration in the form of an official B-BBEE Profile issued by the DTI.

Transnet would wish to use the DTI B-BBEE IT Portal as a data source for tracking B-BBEE compliance.

For instructions to register and obtain a DTI B-BBEE Profile go to <http://bee.thedti.gov.za>

8. COMMUNICATION

Respondents are advised that should any attempt be made by a Respondent either directly or indirectly to canvass any officer or employee of Transnet in respect of this RFP between the closing date and the date of the award of the business the Proposal/Respondent will be disqualified from any further participation in the tender process.

- 9.1 For specific queries relating to this RFP, a Bid Clarification Request Form should be submitted before 12:00pm on the 14th September 2012 to Lindiwe.Mdletshe@transnet.net, substantially in the form set out in Section 12 hereto. In the interest of fairness and transparency Transnet's response to such a query will be made available to other Respondents who have collected RFP documents. For this purpose all Respondents need to indicate by email their intention to respond to this RFP by informing Transnet of their contact details as soon as possible but not later than 16 August 2012 to Lindiwe.mdletshe@transnet.net.
- 9.2 After the closing date of the RFP, Respondents may communicate with the Secretary of the TFRAC, at facsimile number 011 774 9760 or by email to Prudence.Nkabinde@transnet.net on any matter relating to the RFP Proposal. For confirmation of transmission the Respondent may call the secretariat on this telephone number: 011 584 9486.
- 9.3 Respondents found to be in collusion with one another will be automatically disqualified and blacklisted from doing business with Transnet in the future.

9. INSTRUCTIONS FOR COMPLETING THE RFP

- 10.1 Sign all sets of documents [sign, stamp and date the bottom of each page]. These set will serve as legal and binding copies. Triplicate sets of documents are required. These second sets can be a copy of the original signed Proposal.
- 10.2 All sets of documents to be submitted to the address specified in paragraph 4 above.
- 10.3 A CD copy of the RFP Proposal (PDF version) must be submitted. Specific spread sheets to be used by TFR must also be available for editing purposes in Word / Excel (Annexures A, F, G & K).

All mandatory returnable documents listed in the Proposal Form [Section 4] must be returned with your Proposal.

10. COMPLIANCE

The successful Respondent [hereinafter referred to as the **Supplier**] shall be in full and complete compliance with any and all applicable laws and regulations of Republic of South Africa.

11. ADDITIONAL NOTES

- 12.1 All returnable documents as indicated in the Proposal Form [Section 4] must be returned with the proposal. Failure to provide us with all mandatory returnable documents by the closing date will result in disqualification.
- 12.2 Changes by the Respondent to its submission will not be considered after the closing date.
- 12.3 The person or persons signing the Proposal must be legally authorised by the Respondent to do so [Refer Section 6 – Signing Power, Resolution of the Board of Directors]. A list of those person(s) authorised to negotiate on your behalf [if not the authorised signatories] must also be submitted along with the Proposal together with their contact details.
- 12.4 Transnet does not engage with non-value adding agents or representatives solely for the purpose of increasing B-BBEE spend (fronting).
- 12.5 Transnet may wish to visit selected Respondents place of manufacture during this RFP process.
- 12.6 Transnet reserves the right to undertake post-tender negotiations [PTN] with any number of short-listed Respondents..
- 12.7 Unless otherwise expressly stated, all Proposals furnished pursuant to this RFP shall be deemed to be offers. Any exceptions to this statement must be clearly and specifically indicated. Transnet reserves the right to reject any or all offers.

**FAILURE TO OBSERVE ANY OF THE AFOREMENTIONED REQUIREMENTS
MAY RESULT IN A PROPOSAL BEING REJECTED**

12. DISCLAIMERS

Respondents are hereby advised that Transnet is not committed to any course of action as a result of its issuance of this RFP and/or its receipt of a Proposal in response to it. In particular, please note that Transnet reserves the right to:

- 13.1 modify the RFP's Goods and request Respondents to re-bid on any changes;
- 13.2 reject any Proposal which does not conform to instructions and specifications which are detailed in this Part or any subsequent parts of this RFP;
- 13.3 disqualify Proposals submitted after the stated submission deadline;
- 13.4 not necessarily accept the lowest priced Proposal;
- 13.5 reject all Proposals, if it so decides;
- 13.6 withdraw the RFP on good cause shown; including if PFMA or final Transnet Board approval is not granted;
- 13.7 award a contract in connection with this Proposal at any time after the RFP's closing date;

- 13.8 award a contract for only a portion of the proposed Goods which are reflected in the scope of this RFP;
- 13.9 split the award of the contract between more than one Supplier;
- 13.10 make no award of a contract; or
- 13.11 exercise options during the acquisition programme, for example to suspend, postpone or terminate the acquisition of locomotives. Transnet reserves the right to invoke such suspension, postponement or termination and this will be indicated in the supply agreement.

In addition, Transnet reserves the right to exclude any Respondent from the bidding process who has been found guilty of a serious breach of law during the preceding 5 [five] years, including but not limited to breaches of the Competition Act 89 of 1998. Respondents are required to indicate in Section 11 [*Breach of Law*] whether or not they have been found guilty of a serious breach of law during the past 5 [five] years.

This RFP contains the key, indicative commercial, technical and legal terms on which Transnet proposes to purchase the Locomotives contemplated in this RFP. The decision by Transnet to award the RFP to a bidder through its internal processes and governance structures and any commitment from Transnet is, in each case, subject to and will only be completed upon the signing of a set of mutually satisfactory procurement agreements between the parties (substantially in the form of the draft supply contract referred to in Section 9 of this RFP, which will be made available during the tender process). In the absence of such signed agreements, Transnet will not be bound by an interim step in the process [including but not limited to a decision by its approval body to appoint a bidder as the preferred bidder or to award such RFP to a specific bidder, as the case may be].

Kindly note that Transnet will not reimburse any Respondent for any preparatory costs or other work performed in connection with this Proposal, whether or not the Respondent is awarded a contract.

13. PUBLIC FINANCE MANAGEMENT ACT (PFMA)

In terms of section 54(2)(d) of the PFMA, Transnet must obtain Ministerial approval for the acquisition of a significant asset before proceeding with the acquisition and as such this acquisition is subject to PFMA approval. Furthermore this acquisition is subject to final approval being granted by the Transnet Board of Directors.

14. LEGAL REVIEW

A Proposal submitted by a Respondent will be subjected to review and acceptance or rejection of its proposed contractual terms and conditions by Transnet’s Legal Counsel, prior to consideration for an award of business.

Respondents are to complete this section:

NAME OF RESPONDENT PHYSICAL ADDRESS

Respondent's contact person	
Name.....
Designation.....
Telephone.....
Cell Phone.....
Facsimile.....
Email.....
Website.....

**Transnet urges its clients, suppliers and the general public to report any fraud or corruption on the part of Transnet employees to
TIP-OFFS ANONYMOUS: + 27 800 003 056**

"PREVIEW COPY ONLY"

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 2 : BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

1. BACKGROUND

The South African railway network is operated by TFR which is an Operating Division of Transnet SOC Ltd, a State Owned Company [**SOC**].

Estimates show that Transnet has a shortage of GFB type electric locomotives. In addition to this shortage, Transnet intends to increase traffic through the main corridors within the next 7 [seven] years.

TFR wishes to significantly modernise and upgrade its current fleet of electric locomotives. These locomotives, many of which have seen nearly 30 [thirty] years of service, cannot guarantee the degree of reliability and availability needed to provide the level of customer service TFR is aspiring to deliver. Much of this fleet is therefore in need of replacement.

In addition, recent investment in the railway infrastructure in South Africa and improvements in operating efficiency has meant that the volume of freight traffic being carried by TFR has increased considerably and this trend is likely to continue into the medium and longer term.

2. EXECUTIVE OVERVIEW

Transnet is seeking a Supplier(s) to provide solutions for its Operations Divisions. It also seeks to improve its current processes for providing these Goods to its end user community throughout its locations.

The selected Supplier(s) will share in the mission and business objectives of Transnet. These mutual goals will be achieved by meeting contract requirements and new challenges in an environment of teamwork, joint participation, flexibility, innovation and open communications. In this spirit of collaboration, Transnet and its Supplier(s) will study the current ways they do business to enhance current practices and support processes and systems. Such a relationship will allow Transnet to reach higher levels of quality, service and profitability.

Specifically, Transnet seeks to benefit from this Supplier(s) in the following ways:

- 2.1 Transnet must receive reduced cost of acquisition and improved service benefits resulting from the Supplier's economies of scale and streamlined service processes.
- 2.2 Transnet must achieve appropriate availability that meets user needs while reducing costs for both Transnet and the chosen Supplier(s).
- 2.3 Transnet must receive proactive improvements from the Supplier with respect to supply of Goods and related processes.
- 2.4 Transnet's overall competitive advantage must be strengthened by the chosen Supplier's leading edge technology and service delivery systems.

- 2.5 Transnet's end users must be able to rely on the chosen Supplier's personnel for service enquiries, recommendations and substitutions.
- 2.6 Transnet must reduce costs by streamlining its acquisition of goods, including managed service processes on a Group basis.
- 2.7 Transnet is committed to adhere to the following processes and objectives:
- 2.7.1 To ensure the bidding process is fair and transparent
 - 2.7.2 To identify suppliers with whom TFR can collaborate, to ensure value for money and compliance with Transnet's support for the government's New Growth Plan [NGP], IPAP II and related government objectives
 - 2.7.3 Transnet is committed to obtaining significant socio-economic objectives in addition to value for money and security of supply. In light of this TFR seeks to appoint a supplier who can commit to delivering on the governments objectives (NGP & IPAPII), which include;
 - ✓ Industrialisation
 - ✓ Localisation
 - ✓ The creation of jobs
 - ✓ The transfer of technical skills, IP and knowhow of the South African industry
 - ✓ Increasing the capability and capacity of the South African rolling stock industry
 - ✓ Reducing capital leakage
 - ✓ Increase South Africa's exports
 - ✓ The integration of South African suppliers into the locomotive OEM's global supply chains
 - 2.7.4 To allow for the long term maintenance of the Locomotives, post warranty period, by requiring the Supplier(s) to commit to transferring such related skills to Transnet and South African companies.

3. SCOPE OF REQUIREMENTS

This RFP is issued for the acquisition of 599 [five hundred and ninety-nine] Electric Locomotives [**the Locomotives**], to be delivered and fully operational according to the specification provided. TFR is therefore requesting Respondents to provide their best solution to meet the aggressive delivery schedule required for the Locomotives as set out in paragraph 3.1 below. Detailed specifications are attached as Annexure K.

In alignment with the requirements of the NGP to reduce the carbon intensity of the economy, Respondents are required to provide a plan on how Transnet can contribute to reducing the effects of climate change through these Locomotives. This plan should include improvements such as, but not limited to, increased energy efficiency of the Locomotives, increased power regeneration abilities, the manner in which the Respondents will develop the local supplier industry for greener technologies and the manner in which the power grid can be optimised.

In addition to the above requirements, please provide the following information:

Ref	Questionnaire	Response: If yes, provide details
1	Do you participate in the Investor Carbon Disclosure Project [CDP]?	
2	If you participate in the CDP what are your current scores/ratings?	
3	Does your Locomotive design accommodate the use of renewable energy supply?	
4	Does your Locomotive have regeneration capability and the required metering and measurement instruments to manage energy consumption and quantify regeneration back to the grid?	
5	Does your Locomotive design allow for retrofitting of the technology to enable use of renewable energy supply?	
6	What would be the cost of such a retrofit?	
7	Does your company have a documented process for the decommissioning and recycling of a locomotive at the end of its lifespan?	
8	Which of the following methods does your company employ to drive emission reduction in your locomotive products: <ul style="list-style-type: none"> • Compliance to regulatory requirements/standards • Dedicated budget for energy efficiency • Dedicated budget for low carbon R&D • Dedicated budget for other emission reduction activities • Other [specify] 	

3.1 7-Year GFB Locomotive Delivery Schedule

New GFB Electric Locomotive Plan						
Delivery Periods	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Quantity of Locomotive	65	130	130	130	144	599

- Transnet requires flexibility in exercising options for the acquisition of the Locomotives. These options may include suspending or postponing the delivery of the Locomotives until a later date or changing quantities. Transnet however does not expect to pay a price premium should it exercise any of these options.

- Transnet reserves the right to terminate the Locomotive acquisition programme or any part thereof at any stage during the seven year period should circumstances so dictate. Therefore, Transnet is not obliged to acquire the full amount of 599 Locomotives. Bidders are therefore required to provide 'Break-pricing' for each of the stages indicated below, should Transnet decide to terminate the acquisition process at any of these stages.

DELIVERY SCHEDULE IN BATCHES

Delivery Periods	2014/15	2015/16	2016/17	2017/18	2018/19
					65
				65	130
			65	130	130
		65	130	130	130
	65	130	130	130	144
Total number of Locomotives in Batches	65	195	325	455	599
Pricing per Locomotive					

Guiding Principles

The Respondents are to take the following guiding principles in consideration when compiling their Proposals:

- Proposals must be strictly in accordance with the technical specification provided.
- Maximum standardisation is required of all sub-systems irrespective of the type of proposed Locomotives. By implication, a common source of supply is preferred but shall be evaluated on a cost to TFR basis.
- A long term [life of the fleet] localised service commitment from the successful Respondent is required—
 - during the warranty and defect liability period [DLP], except for consumables. During the warranty and defect liability period [DLP] the supplier must ensure that critical spares are available in the country and transported to site when required.
 - for continuous technological upgrades to constantly reduce costs and increase efficiencies. The design philosophy must thus cater for future technological changes;
 - for the development of and continuous adjustments to the maintenance plans to guarantee the performance requirements and thereby reduce costs; and
 - for continuous specialised training (operating (Drivers) as wells as Technical personnel) as required by Transnet.

3.2 Specifications

Annexure K attached herewith outlines TFR’s desired outcomes required from the Locomotives and standardised technical requirements. These specifications and the additional worksheets are designed to assist the Respondents in choosing the best overall solution that will meet TFR’s needs.

All responses must be fully substantiated in the relevant Technical bid responses (Annexure K).

Alternative Proposals

TFR recognises that Respondents may feel able to deliver a better overall solution that meets TFR’s objectives without meeting all of the essential requirements. Failure to meet an essential requirement therefore may not lead to a Proposal being deemed non-compliant and being rejected, provided that a satisfactory alternative that meets all mandatory requirements and which provides a satisfactory alternative to the essential requirements is provided. Respondents should note that a failure to meet an essential requirement, without providing a satisfactory alternative, will attract a negative score in the evaluation process. Conversely, exceeding an essential requirement will attract a positive score during evaluation.

3.3 Instructions for Completion of Specification Schedule [Annexure H]

- Do not add extra columns and/or rows in the spreadsheet.
- Do not change the clause wording.
- If fully compliant please use the words "Full Compliance" under the compliance level column.
- If partially compliant please use the words "Partial Compliance" under the compliance level column.
- If not compliant please use the words "Non-compliance" under the compliance level column.
- For all instances where the response is "Non-compliance", please provide comments.
- If there is a feature of the proposed solution that is not listed in the spread sheet, please provide separate details and potential benefits to TFR of such feature being proposed.

4. GENERAL INFORMATION

- 4.1 The Supplier(s) shall be fully responsible to Transnet for the acts and omissions of persons directly or indirectly employed by them.
- 4.2 The Supplier(s) must provide the information requested and comply with the requirements stated in this RFP.

5. MANUFACTURERS

The Respondents must state hereunder the actual manufacturer(s) of the components tendered for:

5.1. LOCAL MANUFACTURER(S):

DESCRIPTION	NAME	ADDRESS [IN FULL]
_____	_____	_____
_____	_____	_____

5.2. FOREIGN MANUFACTURER(S):

DESCRIPTION	NAME	ADDRESS [IN FULL]
_____	_____	_____
_____	_____	_____

Respondents should attach a separate annexure containing this information, should it be required.

6. INSPECTION DETAILS

The Respondents must state the actual name(s) and address/addresses of the suppliers of the Locomotive components for inspection purposes only:

6.1. LOCAL MANUFACTURER(S):

DESCRIPTION OF COMPONENT	NAME	ADDRESS [IN FULL]

6.2. FOREIGN MANUFACTURER(S):

DESCRIPTION OF COMPONENT	NAME	ADDRESS [IN FULL]

7. IMPORTED CONTENT

The Respondents must state hereunder the value and percentage of the imported content as well as the country of origin in respect of each Locomotive component to be imported:

DESCRIPTION.	VALUE	% COST	COUNTRY OF ORIGIN	CURRENCY	TARIFF HEADING

Note: Where more than one country is applicable to one item, the Respondents must furnish this information separately.

8. EXCHANGE AND REMITTANCE

The attention of the Respondents is directed to clause 16 [Exchange and Remittance] of the General Bid Conditions appended hereto. The Respondent is also to note that the particulars of the exchange rate on which the Respondent has based its tendered price(s), is/are to be stipulated hereunder.

8.1. ZAR [South African currency] being equal to _____ [foreign currency]

8.2. ZAR [South African currency] being equal to _____ [foreign currency]

- 8.3. ZAR [South African currency] being equal to _____ [foreign currency]
- 8.4. ZAR [South African currency] being equal to _____ [foreign currency]
- 8.5. ZAR [South African currency] being equal to _____ [foreign currency]
- 8.6. _____ % in relation to tendered price(s) to be remitted overseas by Transnet
- 8.7. _____ [Name of country to which payment is to be made]
- 8.8. Beneficiary details:
- 8.9. Name [Account holder] _____
 Bank [Name and branch code] _____
 Swift code _____
 Country _____
- 8.10. _____ [Applicable base date of Exchange Rate used]
Transnet prefers fixed prices and receiving prices in Rand

9. EXPORT CREDIT AGENCY SUPPORTED FINANCE

In order to finance its payment obligations under a future contract where foreign transactions are involved, Transnet may consider raising debt financing [an "ECA Facility"] from one or more banks and financial institutions, with the benefit of export credit agency [ECA] credit support to be provided by an Export Credit Agency. Under such circumstances the successful Respondent undertakes:

- 9.1. to provide [and/or cause the Parent/OEM to provide, as applicable] to Transnet and the banks and financial institutions that may participate in the ECA Facility all such assistance as an importer of Goods and services, which are eligible for ECA credit supported finance by an Export Credit Agency, is generally required to provide for the purposes of obtaining ECA support;
- 9.2. not to do or [as Supplier of the relevant eligible Goods or services] omit to do anything, which may adversely affect Transnet's prospects of qualifying for or, once obtained, maintaining ECA credit support by an Export Credit Agency in respect of an ECA Facility.

All cost, expenses, charges and liabilities incurred by Transnet in establishing an ECA Facility with credit support from an Export Credit Agency, may be for the account of Transnet.

Transnet reserves the right to make use of any other source of funding.

10. NATIONAL RAILWAY SAFETY REGULATOR ACT

In compliance with the National Railway Safety Regulator Act, 16 of 2002, the successful Respondent [**the Supplier**] shall ensure that the Goods to be supplied to Transnet, under the terms and conditions of a contract between the parties, comply fully with the specifications as set forth in Section 15 [*Specifications and Drawings*] and Annexure K [*Specifications*] of this RFP, and shall thereby adhere to railway safety requirements and/or regulations [as applicable]. Permission for the engagement of a subcontractor by the Supplier, as applicable, both initially and during the course of a contract, shall be subject to a review of the capability of the proposed subcontractor to comply with the specified railway safety requirements and/or regulations. The Supplier and/or its subcontractor shall grant Transnet access, during the term of the contract, to review any safety-related activities, including the coordination of such activities across all parts of the organisation of the supplier.

Accepted:

YES	
------------	--

NO	
-----------	--

11. SERVICE LEVELS

- 11.1. An experienced national account representative(s) is required to work with Transnet's sourcing/procurement department. [No sales representatives are needed for individual department/locations]. Additionally, there shall be a minimal number of people, fully informed and accountable for the contract.
- 11.2. Transnet will have quarterly reviews with the Supplier's account representative on an on-going basis.
- 11.3. Transnet reserves the right to request that any member of the Supplier's team involved on the Transnet account be replaced if deemed not to be adding value for Transnet.
- 11.4. Transnet expects a minimum availability on the Locomotives of 95% and a maximum of 10 faults per million kilometres for the locomotive fleet
- 11.5. The Supplier must provide a telephone number for customer service calls.
- 11.6. Failure of the Supplier to comply with stated service level requirements will give Transnet the right to cancel the contract in whole, without penalty to Transnet, giving 60 [sixty] days' notice to the Supplier.
- 11.7. Supplier development and Local Content reports to be submitted on a monthly basis, subject to independent review.

Transnet reserves the right to conduct amongst others compliance audits with a view to monitor compliance with all aspects of this tender and any subsequent agreement. In addition, the Department of Trade and Industry (DTI) may also conduct compliance audits to ascertain the authenticity of declarations made in terms of, amongst others, local content.

Acceptance of Service Levels:

YES	
------------	--

NO	
-----------	--

12. CONTINUOUS IMPROVEMENT INITIATIVES

- 12.1. Respondents shall indicate whether they would be committed, for the duration of any contract which may be awarded through this RFP process, to participate with Transnet in its continuous improvement initiatives to reduce the overall cost of transportation services and related logistics provided by Transnet's Operating Divisions within South Africa, to the ultimate benefit of all end-users.

Accepted:

YES	
------------	--

NO	
-----------	--

If "yes", please specify details in paragraph 12.2 below.

- 12.2. Respondents must briefly describe their commitment to the continuous improvement initiatives and give examples of specific areas and strategies where cost reduction initiatives can be introduced. Specific areas and proposed potential savings percentages should be included. Additional information can be appended to the Respondent's Proposal if there is insufficient space available.

13. RISK

Respondents must elaborate on the control measures put in place by their entity, which would mitigate the risk to Transnet pertaining to potential non-performance by a Supplier, in relation to:

13.1. Quality and specification of Goods delivered:

13.2. Continuity of supply (refer to supplier agreement):

13.3. Compliance with the Occupational Health and Safety Act, 85 of 1993:

13.4. Compliance with the National Railway Safety Regulator Act, 16 of 2002 [refer paragraph 10 above]:

14. REFERENCES

Please indicate below the company names and contact details of existing customers whom Transnet may contact to seek third party evaluations of your current service levels:

NAME OF COMPANY	CONTACT PERSON	TELEPHONE

15. EVALUATION METHODOLOGY AND CRITERIA

This section will be addressed in subsequent parts of the RFP issued at the next stage.

"PREVIEW COPY ONLY"

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 3: FINANCIAL OFFER & OTHER PERTINENT INFORMATION

1. FINANCIAL OFFER

- 1.1. Locomotives must be on a delivered price basis in accordance with INCOTERMS 2010, Delivered Duty Paid to Nominated South African Destination (**DDP**) as per the draft Supply Agreement which will be made available during the tender process. RFP's for supply on any other basis of delivery will be disqualified. The delivery schedule provided by the Respondent must be inclusive of all non-working days or holidays, and of periods occupied in commissioning and formal acceptance of the Locomotives.

Respondents should note that Transnet's preferred payment currency would be South African Rand. However, where the supplier has approval from SARB to receive payments in foreign currency, it is Transnet's policy not to pay VAT in foreign currency."

- 1.2. Transnet is anticipating a milestone payment structure as follows:

First batch: Advance Payment of ZAR 300m payable on accepted delivery schedule and the acceptable APG being provided. Balance of payment will be made on successful acceptance testing, subject to retentions.

Subsequent batches: payment will be made on successful acceptance testing, subject to retentions

The Respondent will be required to secure an Advanced Payment Guarantee (APG) and Parent Company Guarantee before each remittance and delivery. The costs for the establishment of the APG and Parent Company Guarantee will be for the account of the Supplier. All guarantees will be on demand. The issuer of the Advance Payment Guarantee must have at least a long term credit rating of A- (Fitch or equivalent) and the issuer should be pre-agreed with Transnet. Should the minimum credit rating of the Issuer of the APG drop below the stipulated minimum requirement before expiry, the Supplier will have to replace the APG at own cost with an issuer that meets the minimum rating criteria. Transnet will require that the successful Respondent [**the Supplier**] posts an "on-demand" Performance Bond(s) [on terms satisfactory to Transnet and for such amount as Transnet may agree] covering (i) the obligations of the Supplier in relation to the agreed "in-service" availability and reliability targets of the Locomotives and (ii) the Supplier's obligations in relation to its Supplier Development commitments [as provided in its SD Plan], and (iii) its green economy commitments. Transnet may require the Supplier to provide one or more Performance Bonds in respect of the above commitments.

- 1.3. Transnet requires that the Respondent provides an outline of performance guarantees [e.g. penalties] for the following events:

- (i) Pre-production delays
- (ii) Post-production / shipment delays
- (iii) Performance (Reliability / Availability)
- (iv) Defect Liability
- (v) Availability of Spares
- (vi) Breach and Termination [100% cover]
- (vii) Loss of Profit penalties for unreasonable lengthy delays

1.4. The Respondent should note that where a portion of the contract or order value is to be remitted overseas, TFR shall, if requested to do so by the Supplier, effect payment overseas direct to the principal or Supplier of such percentage of the contract or order value as may be stipulated by the Respondent in its RFP Documents. Transnet requires that the Respondent provide the following:

- (i) The manner in which the Respondent will address the risk of future movements in exchange rates, including a description of any exchange rate hedging strategy to provide a fixed range price to Transnet.
- (ii) All exchange rates included should be readily verifiable by TFR. The Respondent should identify the source information used in determining each projected exchange rate [which must be publicly available].
- (iii) Respondents must separately disclose the cost of any hedges included in the price offered.

Transnet SOC Ltd would prefer an overall RAND based contract that includes the locally based components/work as well as the imported content. The Supplier must show particulars of amounts/currencies and exchange rates used in respect of the imported portion in calculating the overall tender price in RAND. If contract is awarded to the Supplier, the Supplier must submit a foreign exchange rate risk hedging quotation to Transnet SOC Ltd for acceptance before the contractor considers entering into any exchange hedging contracts. Once the cost of hedging is accepted and agreed by Transnet SOC Ltd, the cost of hedging shall be treated as a compensation event (Variation Order) and shall be for Transnet's account.

Once agreement has been reached on the fixed Rand price in respect of the foreign content as explained above, the Supplier has the sole responsibility for the implementation and management of the foreign exchange hedging contracts for the purpose of providing protection against the currency exposure assumed by the Supplier under this agreement to fluctuations in exchange rate movements.

Transnet SOC Ltd has no liability, financial and or otherwise, to the Supplier or any other person under or in connection with the Hedging Contracts.

The Supplier has made its own independent appraisal of all risks arising under or in connection with the Hedging Contracts and has not relied on any information provided to it by Transnet SOC Ltd to hedge the exchange rate risk exposure.

Only if no agreement can be reached on the cost of hedging with the Supplier, Transnet SOC Ltd will consider entering into a multi-currency agreement.

1.5. In developing an optimal value for money solution, TFR will entertain a financing solution proposal from the Respondent. The Respondent may provide a description of any alternate finance solution noting the potential value for money benefits.

1.6. TFR develops and uses simulators at its School of Rail and at other geographical locations in South Africa.

- a. These simulators will be designed to be exact replicas of the Locomotive cabins in the Locomotives that will be supplied by the successful Bidder. TFR appoints external companies to develop the various components that make up the simulator, such as the hardware and the software components. In order to do this, the external companies require information about every aspect of the locomotive being supplied, including but not limited to technical information, drawings, and characteristics of the locomotives in different operating

conditions. This is in order to develop a simulator that simulates the locomotive supplied as far as is technologically possible and physically capable of being simulated.

It shall be a legally binding obligation of the successful Bidder to co-operate with and assist the simulator development companies appointed by TFR to develop the simulators by providing the necessary documentary information relating to the Locomotive to them, its professional expert's time to advise on the various stages of development and whether the simulations developed are suited to the Locomotives being supplied, and any other assistance that may be required to develop the simulator. This shall be at no extra charge to TFR, except where travelling and subsistence are required. TFR shall bear the costs of these in terms of its prevailing internal policies and rates allowed for such travelling and subsistence. The successful Bidder shall provide all intellectual property that it has provided to TFR, to the simulator developers for the purposes of developing the required simulator.

- b. The costs of acquiring the software required for train driver training simulators must be quoted for separately or as a value add (at no charge to TFR).
- 1.7. Transnet requires flexibility in exercising options for the acquisition of the Locomotives. These options may include suspending or postponing the delivery of the Locomotives until a later date or changing quantities. Transnet however does not expect to pay a price premium should it exercise any of these options.
- 1.8. Transnet reserves the right to terminate the Locomotive acquisition programme at any stage or any part thereof during the seven year period should circumstances so dictate. Therefore, Transnet is not obliged to acquire the full amount of 599 Locomotives. Bidders are therefore required to provide 'Break-pricing' for each of the stages indicated below, should Transnet decide to terminate the acquisition process at any of these stages.

DELIVERY SCHEDULE IN BATCHES

Delivery Periods	2014/15	2015/16	2016/17	2017/18	2018/19
					65
				65	130
			65	130	130
		65	130	130	130
	65	130	130	130	144
Total number of Locomotive in Batches	65	195	325	455	599
Pricing per Locomotive					

2. GENERAL

TFR a division of Transnet SOC Ltd must procure locomotives to meet its obligations with regards to increased demand for rail traffic services.

This section gives an overview of the financial requirements in order to enable TFR to perform a rigorous financial assessment of the various Respondents' capabilities. Respondents are required to provide all the information set out in Sections A, B, C and D below. Should any information not be provided, it will lead to the Respondent's disqualification.

2.1 Instructions to the Respondents

- Complete the following document [Section A, B and C] to the best of your ability
- Cross reference all pertinent attachments
- Have the documents certified as true and accurate by your auditors
- Return with the bid documents

2.2 Financing and Level of Commitment

- (i) Respondents should be aware that due to the administrative and cost burden of advance payment guarantees [APGs], TFR would prefer a payment schedule that is aligned to clause 1.2 above. Thus Respondents should provide for receipt of payment only on acceptance, with concomitant retentions in favour of TFR, including performance bonds and warranty provisions.
- (ii) Should a separate entity, a Special Purpose Vehicle [SPV], be formed to execute the project, then such duties and obligations which would normally be incurred by the parent companies will become the onus of the SPV. In view of this it is imperative that the SPV's financial strength and viability be demonstrated through a rigorous completion of the information in the tables below as would be done for the parent companies.

2.3 Procurement price risk

Respondents will be required to price in line with the following options:

- Fixed pricing
- Escalation based pricing.
- Indexation formulas used in pricing calculations

Note that TFR prefers a fixed price contract

SECTION 3-A: General

The following information is required to be supplied by all Respondents. Where the response is too large for the space provided, the table can be allowed to flow over to the next page or referenced attachments can be provided.

Section	Required Information	To be completed / provided as required
1	General Information:	
1.1	Contractors Name	
1.2	Registration Number	
1.3	Physical Address	
1.4	Postal Address	
1.5	Telephone Number(s)	

Section	Required Information	To be completed / provided as required
1.6	Telefax Number	
1.7	E-mail Address	
1.8	Web Page	
1.9	Years in Business	
1.10	Shareholders Details	
1.11	Company Structure [e.g. Holding Co. with subsidiaries etc.]	
1.12	Organogram	
1.13	CV's of Key Staff	
1.14	Business & Marketing Strategy	
1.15	Vat Number	

2 Facilities/Equipment/Software-indicate Owned or Leased:

2.1	Offices	
2.2	Premises	
2.3	Landlord	
2.4	Computer Equipment	
2.5	Standard Software	
2.6	Customised Software	

3 Financial:

3.1	Bank	
3.2	Address	
3.3	Contact Person	
3.4	Permission for Bank Reference	
3.5	Aggregate Turnover last Three Years	
3.6	Annual Reports Available for Review	
3.7	Auditors	
3.8	Factor Accounts	
3.9	Debtors Book	
3.10	Bank Overdraft	
3.11	Present Borrowings	
3.12	Assets	
3.13	Liabilities	

Section	Required Information	To be completed / provided as required
3.14	Contingent Liabilities	
3.15	Legal Disputes	
3.16	Insurance	
3.17	Professional Indemnity	

"PREVIEW COPY ONLY"

SECTION 3-B: Measures

Respondents are required to complete the following table with the information requested. All information is compulsory and any information not provided will result in the Respondent being excluded from the process. The necessary supporting documentation must be cross referenced to the second column below

Information to be provided	Attached Proposal Reference
----------------------------	-----------------------------

(a) Pertinent Financial Information:

1. All Respondents must provide all audited financial statements for the last three years and for any quarters subsequent to that, to enable TFR to run typical financial ratios and analyses	
2. Total revenue generated by Transnet business for each of the last three years	
3. List names and revenue generated by your top 5 customers for each of the last three years	
4. A copy of your latest rating report	

(b) Insurance:

Respondents should ensure transparency. Respondents are required to provide detailed insurance premium calculations and full details of associated project insurance related costs [e.g. insurance "risk contingencies"]. Respondents must include in their Proposal -	
1. A mark-up of the insurance arrangements in the SLA clearly identifying where:	
a. there will be full compliance with TFR's insurance requirements	
b. the Bidder proposes alternative solutions to satisfy TFR's requirements	
c. there are points of clarification required	
2. Completed Insurance Cost and Technical Proforma.	
3. A letter from the Bidder's Insurance adviser stating that the insurance arrangements are achievable on the terms and prices included in the Respondents Proposal.	
During post tender negotiations these rates will be compared to rates available to TFR and the Respondent will be requested to utilise the TFR facility should the rates prove to be more advantageous.	

(c) Taxation

Respondents must include in their Proposal -
--

<p>1. Advice from a specialist taxation advisor regarding the taxation implications of the proposal supported by adequate opinions and relevant precedents; especially with regards to VAT and tax consequences of the proposed funding structure. The amendment was made in order to eliminate the duplication in respect of the definition of Value-Added Tax, as it is defined in page 4 under the list of acronyms.</p>	
<p>2. Strategy for obtaining the tax rulings required under the Import/Export Agreements if any;</p>	
<p>3. Strategy for minimising the customs duty burden associated with the importation of components, parts or locomotives. TFR will not be responsible for the payment of any duties incurred by the preferred bidder, as the onus is on the preferred bidder, in respect of goods that qualify for rebate of Customs duty and/or are subject to 0% duty." The amendment is made in order to correct the previous statement which provides that Transnet will not be liable for payment of any duty in respect of the importation of the locomotives (complete locomotives are imported duty free), since no complete locomotives will be imported due to the localisation. As a result, duty will be payable by the supplier in respect of the importation of components and parts, however the supplier is required to utilise the rebate provision 317.12 and for those items not falling under the rebate i.e. items attracting duties, the duty will already be included in the price (DDP)</p>	
<p>4. Setting up a bonded warehouse for spares and a rebate store for the manufacturing of locomotives". The amendment is made in order to highlight that a rebate store for the manufacturing of locomotives is also required in order to minimise customs duty liability.</p>	

"PREVIEW COPY ONLY"

SECTION 3-D: Financial Projections**Financial model inputs & outputs**

Financial model inputs & outputs	Base Proposal Reference
As a minimum the financial models must include:	
(i) Investment data:	
1. A monthly locomotive delivery and acceptance schedule [please use the spread sheet provided, Annexure F]	
2. Analysis of bid costs [including professional fees] [please use the spread sheet provided, Annexure F]	
3. Capital and operating cost assumptions [please use the spread sheet provided, Annexure F]	
4. All and any assumptions [please use the spread sheet provided, Annexure F]	
5. Non time based assumptions including financing costs, working capital, tax and accounting assumptions [please use the spread sheet provided, Annexure F]	
6. The following nominal cash flows must be included [please use the spread sheet provided, Annexure F]: <ol style="list-style-type: none"> a. Capital acquisition cost(separated into: <ul style="list-style-type: none"> • Base price [“off the shelf”] • Optional prices(to cater for functionalities not offered as part of base product) b. Maintenance cost [broken into constituent costs per intervention, e.g. labour, parts] based upon 14 million GTK's per month c. Engineering support cost d. Special tooling requirements e. Capital spares f. Consumables g. Energy costs (based upon 14 million GTK's per month and an electricity costs of 60 cents per kilowatt hour); and h. Any other relevant cost 	
7. Fuel efficiency rates to be provided based on 14 million GTK's per month. Sensitivity to be provided based on varying work rate [notches 1-10 whichever applicable] and tonnages hauled. [Please use the spreadsheet provided, Annexure F]	
8. Escalation formula used, where applicable to the operating costs (deviations from the requested South Africa Consumer Price Index (CPI) June 2012 5.5% + 2%, and the reason therefore must be fully explained)	

hereunder, at which all legal documents may be served on the Respondent who shall agree to submit to the jurisdiction of the courts of the Republic of South Africa. Foreign Respondents shall, therefore, state hereunder the name of their authorised representative in the Republic of South Africa who has the power of attorney to sign any contract which may have to be entered into in the event of their Proposal being accepted and to act on their behalf in all matters relating to such contract.

Respondent to indicate the details of its *domicilium citandi et executandi* hereunder:

Name of Entity: _____

Facsimile: _____

Address: _____

NOTIFICATION OF AWARD OF RFP

As soon as possible after approval to award the contract(s), the successful Respondent [the Supplier] will be informed of the acceptance of its Proposal. Unsuccessful Respondents will be advised in writing of the name of the successful Supplier and the reason as to why their Proposals have been unsuccessful, for example, in the category of price, delivery period, quality, B-BBEE status or for any other reason.

BID VALIDITY PERIOD

Transnet requires bid validity until **29 April 2013** against this RFP.

NAME(S) AND ADDRESS / ADDRESSES OF DIRECTOR(S) OR MEMBER(S)

The Respondent must disclose hereunder the full name(s) and address(s) of the director(s) or members of the company or close corporation [C.C.] on whose behalf the RFP is submitted.

Registration number of company / C.C. _____

Registered name of company / C.C. _____

Full name(s) of director/member(s)	Address/Addresses	ID Number(s)
_____	_____	_____
_____	_____	_____
_____	_____	_____

CONFIDENTIALITY

All information related to a subsequent contract, both during and after completion, is to be treated with strict confidence. Should the need however arise to divulge any information gleaned from provision of the Goods, which is either directly or indirectly related to Transnet's business, written approval to divulge such information must be obtained from Transnet.

DISCLOSURE OF PRICES TENDERED

Respondents must indicate here whether Transnet may disclose their tendered prices and conditions to other Respondents:

YES	
------------	--

NO	
-----------	--

RETURNABLE DOCUMENTS AND SCHEDULES

Mandatory returnable documents and schedules:

Respondents are required to submit the following returnable documents and schedules with their responses. All Sections, as indicated in the footer of each page, must be signed, stamped and dated by the Respondent:

RETURNABLE DOCUMENTS & SCHEDULES	SUBMITTED (Yes/No)
SECTION 1 : Notice to Bidders	
ANNEXURE C: Local Content Declaration: Summary Schedule	
ANNEXURE D: Imported Content Declaration: Supporting Schedule to Annexure C	
ANNEXURE E: Local Content Declaration: Supporting Schedule to Annexure C	
SECTION 2 : Background, Overview and Scope of Requirements	
ANNEXURE K : Locomotive Specifications	
SECTION 3 : Financial Offer & Other Pertinent Information	
ANNEXURE F : Financial Total Cost of Ownership (TCO) Model	
SECTION 4 : Proposal Form	
SECTION 6 : Signing Power - Resolution of Board of Directors	
SECTION 7 : Certificate of Acquaintance with RFP Documents	
SECTION 8 : General Bid Conditions – Goods	
ANNEXURE J – General Bid Conditions Goods	
SECTION 9 : Certificate of Acquaintance with Draft Supply Agreement	
SECTION 10 : RFP Declaration Form	
SECTION 11 : Breach of Law	
SECTION 13 : Supplier Code of Conduct	
SECTION 14 : Certificate of attendance of Site Meeting / RFP Briefing	
SECTION 15: Certificate of Acquaintance with Specifications and Drawings	
SECTION 16 : Non-Disclosure Agreement	
ANNEXURE H : Non-Disclosure Agreement	
ANNEXURE B : Supplier Development Value Summary	

Failure to provide all the above-referenced mandatory returnable documents by the closing date will result in a Respondent's disqualification. Bidders are therefore urged to ensure that all these documents are returned with their Proposals.

Essential returnable documents and schedules

Respondents are required to submit the following returnable documents and schedules with their responses. All Sections, as indicated in the footer of each page, must be signed, stamped and dated by the Respondent:

RETURNABLE DOCUMENTS & SCHEDULES	SUBMITTED (Yes/No)
SECTION 5 : Vendor Application Form	
- Original cancelled cheque or bank verification of banking details	
- Certified copies of IDs of shareholder/directors/members [as applicable]	
- Certified copy of Certificate of Incorporation [CM29/CM9 name change]	
- Certified copy of share certificates [CK1/CK2 if CC]	
- Entity's letterhead	
- Original VALID Tax Clearance Certificate	
- Certified copy of VALID VAT Registration Certificate [SA companies only]	
- Certified copy of VALID Company Registration Certificate	
- VALID B-BBEE Verification Certificate [Large Enterprises and QSEs]	
- VALID B-BBEE Certificate from Auditor, Accounting Officer or SANAS accredited verification agency [EMEs]	
- Audited Financial Statements for previous 3 years	

Failure to provide all the above-referenced essential returnable documents may result in a Respondent's disqualification. Bidders are therefore urged to ensure that all these documents are returned with their Proposals. Transnet in its sole discretion may afford Bidders a further opportunity to submit these essential returnable documents.

CONTINUED VALIDITY OF RETURNABLE DOCUMENTS

The successful Respondent will be required to ensure the validity of all returnable documents, including but not limited to its Tax Clearance Certificate and valid B-BBEE Verification Certificate, for the duration of any contract emanating from this RFP. Should the Respondent be awarded the contract [the **Agreement**] and fail to present Transnet with such renewals as and when they become due, Transnet shall be entitled, in addition to any other rights and remedies that it may have in terms of the eventual Agreement, to terminate the Agreement forthwith without any liability and without prejudice to any claims which Transnet may have for damages against the Respondent.

By signing the RFP documents, the Respondent is deemed to acknowledge that he/she has made himself/herself thoroughly familiar with all the conditions governing this RFP, including those contained in any printed form stated to form part hereof and Transnet SOC Ltd will recognise no claim for relief based on an allegation that the Respondent overlooked any such condition or failed properly to take it into account for the purpose of calculating tendered prices or otherwise.

SIGNED at _____ on this ____ day of _____ 2012

SIGNATURE OF WITNESSES

ADDRESS OF WITNESSES

1 _____
Name _____

2 _____
Name _____

SIGNATURE OF RESPONDENT'S AUTHORISED REPRESENTATIVE:

NAME: _____

DESIGNATION: _____

"PREVIEW COPY ONLY"

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 5 : VENDOR APPLICATION FORM

Respondents are to furnish the following documentation and complete the Vendor Application Form below:

1. **Original** cancelled cheque **OR** letter from the Respondent's bank verifying banking details [**with bank stamp**]
2. **Certified** copy of Identity Document(s) of Shareholders/Directors/Members [where applicable]
3. **Certified** copy of Certificate of Incorporation, CM29 / CM9 [name change]
4. **Certified** copy of Share Certificates [CK1/CK2 if CC]
5. A letter on the entity's letterhead confirm physical and postal addresses
6. **Original** valid SARS Tax Clearance Certificate and **certified copy** of VAT Registration Certificate [SA companies only]
7. A signed letter from your auditor or accountant confirming most recent annual turnover figures

Note: No contract shall be awarded to any Respondent whose tax matters have not been declared by SARS to be in order.

Vendor Application Form

Entity's trading name					
Entity's registered name					
Entity's Registration Number or ID Number if a Sole Proprietor					
Form of entity [v]	<input type="checkbox"/> Trust	<input type="checkbox"/> Pty Ltd	<input type="checkbox"/> Limited	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole Proprietor
How many years has your entity been in business?					
VAT number [if registered]					
Entity's telephone number					
Entity's fax number					
Entity's email address					
Entity's website address					
Bank name			Branch & Branch code		
Account holder			Bank account number		
Postal address					Code

Respondent's Signature

Date & Company Stamp

Physical address			
		Code	
Contact person			
Designation			
Telephone			
Email			
Annual turnover range [last financial year]	< R5 m	R5 - 35 m	> R35 m
Does your entity provide	Products	Services	Both
Area of delivery	National	Provincial	Local
Is your entity a public or private entity	Public	Private	
Does your entity have a Tax Directive or IRP30 Certificate	Yes	No	
Main product or services [e.g. Stationery/Consulting]			

Complete B-BBEE Ownership Details:

% Black ownership	% Black women ownership	% Disabled Black ownership
Does your entity have a B-BBEE certificate		No
What is your B-BBEE status [Level 1 to 9 / Unknown]		
How many personnel does the entity employ	Permanent	Part-time

If you are an existing Vendor with Transnet please complete the following:

Transnet contact person	
Contact number	
Transnet Operating Division	

Duly authorised to sign for and on behalf of Entity / Organisation:

Name		Designation	
Signature		Date	

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 6 : SIGNING POWER – RESOLUTION OF BOARD OF DIRECTORS

NAME OF ENTITY: _____

It was resolved at a meeting of the Board of Directors held on _____ that

FULL NAME(S)

CAPACITY

SIGNATURE

in his/her capacity as indicated above is/are hereby authorised to enter into, sign, execute and complete any documents relating to Proposals and/or Agreements for the supply of Goods.

FULL NAME _____

SIGNATURE CHAIRMAN

FULL NAME _____

SIGNATURE SECRETARY

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 7 : CERTIFICATE OF ACQUAINTANCE WITH RFP DOCUMENTS

NAME OF ENTITY:

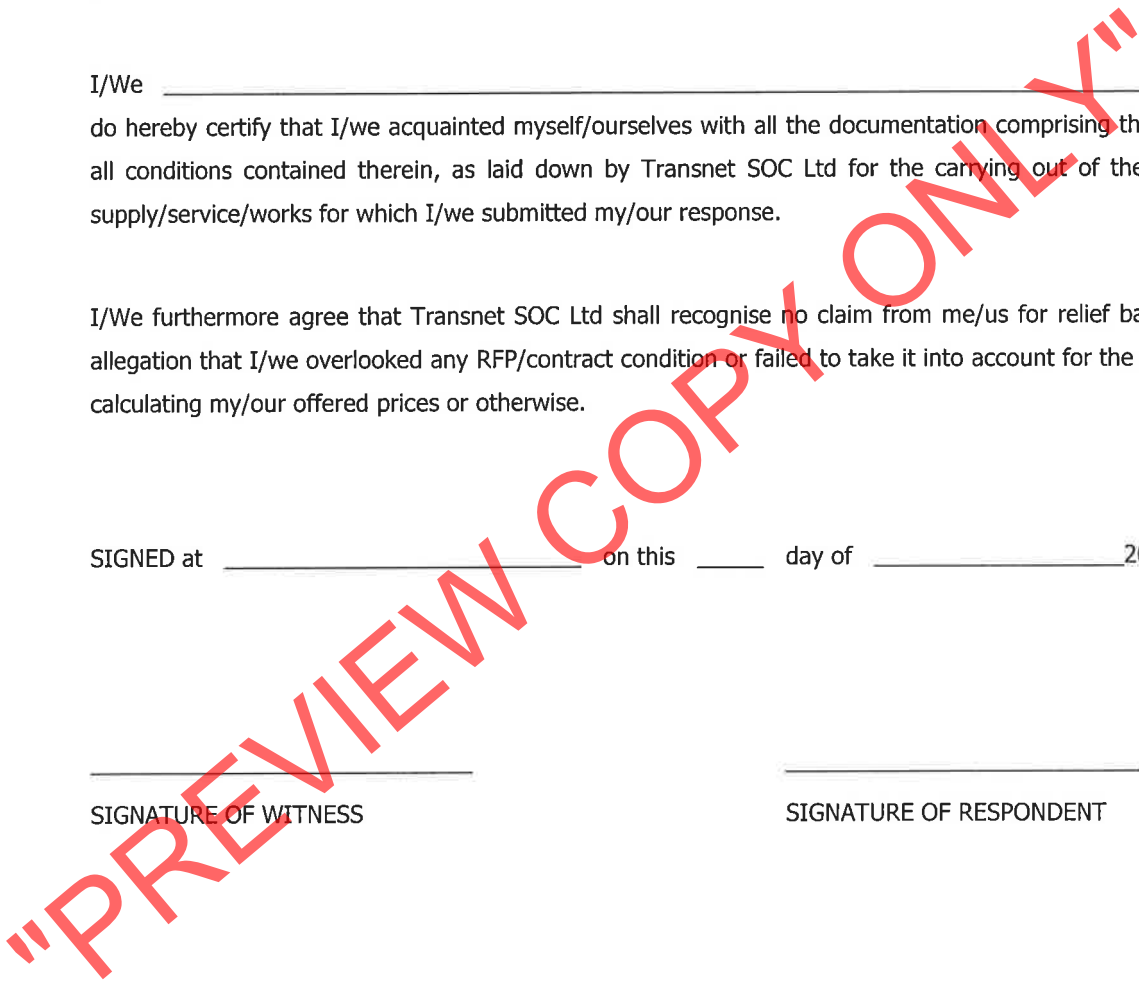
I/We _____
do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising this RFP and all conditions contained therein, as laid down by Transnet SOC Ltd for the carrying out of the proposed supply/service/works for which I/we submitted my/our response.

I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any RFP/contract condition or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

SIGNED at _____ on this _____ day of _____ 2012

SIGNATURE OF WITNESS

SIGNATURE OF RESPONDENT



**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 8 : GENERAL BID CONDITIONS - GOODS

Refer General Bid Conditions appended hereto

"PREVIEW COPY ONLY"

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 9: CERTIFICATE OF ACQUAINTANCE WITH DRAFT SUPPLY AGREEMENT

NAME OF ENTITY:

I/We _____

do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising the Draft Supply Agreement as received on [insert date] from Transnet SOC Ltd for the carrying out of the proposed supply for which I/we submitted my/our response.

I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any Terms and Conditions of Contract or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

I/We confirm having been advised that a signed copy of this Schedule can be submitted in lieu of the entire Section 9 (Draft Supply Agreement) as confirmation in terms of the Returnable Schedule.

SIGNED at _____ on this _____ day of _____ 2012

SIGNATURE OF WITNESS

SIGNATURE OF RESPONDENT

"PREVIEW COPY ONLY"

Note:
The Draft Supply Agreement is not included but will be issued during the tender process in subsequent parts of the RFP

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 10 : RFP DECLARATION FORM

NAME OF ENTITY: _____

We _____ do hereby certify that:

1. Transnet has supplied and we have received appropriate responses to any/all questions [as applicable] which were submitted by ourselves for bid clarification purposes;
2. we have received all information we deemed necessary for the completion of this Request for Proposal [RFP];
3. at no stage have we received additional information relating to the subject matter of this RFP from Transnet sources, other than information formally received from the designated Transnet contact(s) as nominated in the RFP documents;
4. we are satisfied, insofar as our entity is concerned, that the processes and procedures adopted by Transnet in issuing this RFP and the requirements requested from bidders in responding to this RFP have been conducted in a fair and transparent manner; and
5. furthermore, we declare that a family, business and/or social relationship **exists / does not exist** [delete as applicable] between an owner / member / director / partner / shareholder of our entity and an employee or board member of the Transnet Group.

If such a relationship exists, Respondent is to complete the following section:

FULL NAME OF OWNER/MEMBER/DIRECTOR/
PARTNER/SHAREHOLDER:

ADDRESS:

Indicate nature of relationship with Transnet:

[Failure to furnish complete and accurate information in this regard may lead to the disqualification of a response and may preclude a Respondent from doing future business with Transnet]

6. We declare, to the extent that we are aware or become aware of any relationship between ourselves and Transnet [other than any existing and appropriate business relationship with Transnet] which could unfairly advantage our entity in the forthcoming adjudication process, we shall notify Transnet immediately in writing of such circumstances.
7. We accept that any dispute pertaining to this bid will be resolved by an independent third-party appointed by Transnet. This process must first be exhausted before judicial review of a decision is sought. *[Refer "Important Notice to Respondents" overleaf].*
8. We further accept that Transnet reserves the right to reverse an award of business or decision based on the recommendations of the third-party without having to follow a formal court process to have such award or decision set aside.

SIGNED at _____ on this ____ day of _____ 2012

For and on behalf of _____ duly authorised hereto	AS WITNESS:
Name:	Name:
Position:	Position:
Signature:	Signature:
Date:	
Place:	

IMPORTANT NOTICE TO RESPONDENTS

Transnet will refer any material complaint received from an unsuccessful bidder to an independent third-party for review, whose decision will be final. Such independent third-party may be a retired judge, senior counsel or other suitably qualified person.

A complaint from an unsuccessful bidder must be submitted to Transnet within 10 (ten) days of receipt of a notice from Transnet, informing the bidder that his or her bid was unsuccessful.

The complaint must be sent to the Group Chief Financial Officer at the address below and contain full details setting out the nature and grounds for the complaint.

Group Chief Financial Officer

Transnet SOC Ltd

150 Commissioner Street

Johannesburg

Carlton Centre, 44th Floor

All Respondents should note that a complaint must be made in good faith. If a complaint is made in bad faith, Transnet reserves the right to place such a bidder on its List of Excluded Bidders.

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 11 : BREACH OF LAW

NAME OF ENTITY: _____

I/We _____

do hereby certify that *I/we **have/have not been*** found guilty during the preceding 5 [five] years of a serious breach of law, including but not limited to a breach of the Competition Act, 89 of 1998, by a court of law, tribunal or other administrative body. The type of breach that the Respondent is required to disclose excludes relatively minor offences or misdemeanours, e.g. traffic offences.

Where found guilty of such a serious breach, please disclose:

NATURE OF BREACH:

DATE OF BREACH: _____

Furthermore, I/we acknowledge that Transnet SOC Ltd reserves the right to exclude any Respondent from the bidding process, should that person or entity have been found guilty of a serious breach of law, tribunal or regulatory obligation.

SIGNED at _____ on this _____ day of _____ 20__

SIGNATURE OF WITNESS

SIGNATURE OF RESPONDENT

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 13 : SUPPLIER CODE OF CONDUCT

Transnet aims to achieve the best value for money when buying or selling goods and obtaining services. This however must be done in an open and fair manner that supports and drives a competitive economy. Underpinning our process are several acts and policies that any supplier dealing with Transnet must understand and support. These are:

- Transnet Supply Chain Management Policy;
- Section 217 of the Constitution - the five pillars of Public PSCM [Procurement and Supply Chain Management]: fair, equitable, transparent, competitive and cost effective;
- The Public Finance Management Act [**PFMA**];
- The Broad Based Black Economic Empowerment Act [**B-BBEE**]; and
- The Prevention and Combating of Corrupt Activities Act.

This Code of Conduct has been included in this RFP to formally apprise prospective Transnet Suppliers of Transnet's expectations regarding behaviour and conduct of its Suppliers.

Prohibition of Bribes, Kickbacks, Unlawful Payments, and Other Corrupt Practices

Transnet is in the process of transforming itself into a self-sustaining State Owned Company [SOC], actively competing in the logistics industry. Our aim is to become a world class, profitable, logistics organisation. As such, our transformation is focused on adopting a performance culture and to adopt behaviours that will enable this transformation.

1. *Transnet will not participate in corrupt practices and therefore expects its Suppliers to act in a similar manner.*

- Transnet and its employees will follow the laws of this country and keep accurate business records that reflect actual transactions with and payments to our Suppliers.
- Employees must not accept or request money or anything of value, directly or indirectly, to:
 - illegally influence their judgement or conduct or to ensure the desired outcome of a sourcing activity;
 - win or retain business or to influence any act or decision of any decision stakeholders

- involved in sourcing decisions; or
 - gain an improper advantage.
 - There may be times when a Supplier is confronted with fraudulent or corrupt behaviour of Transnet employees. We expect our Suppliers to use our "Tip-offs Anonymous" Hot line to report these acts [0800 003 056].
2. *Transnet is firmly committed to the ideals of free and competitive enterprise.*
- Suppliers are expected to comply with all applicable laws and regulations including laws pertaining to fair competition and bid rigging. Transnet does not engage with non-value adding agents or representatives solely for the purpose of increasing B-BBEE spend [fronting].
3. *Transnet's relationship with Suppliers requires us to clearly define requirements, exchange information and share mutual benefits.*
- Generally, Suppliers have their own business standards and regulations. Although Transnet cannot control the actions of our Suppliers, we will not tolerate any illegal activities. These include, but are not limited to:
 - misrepresentation of their product [e.g. origin of manufacture, specifications, intellectual property rights];
 - collusion;
 - failure to disclose accurate information required during the sourcing activity [e.g. ownership, financial situation, B-BBEE status];
 - corrupt activities listed above; and
 - harassment, intimidation or other aggressive actions towards Transnet employees.
 - Suppliers must be evaluated and approved before any materials, components, products or services are purchased from them. Rigorous due diligence is conducted and the Supplier is expected to participate in an honest and straight forward manner.
 - Suppliers must record and report facts accurately, honestly and objectively. Financial records must be accurate in all material respects.

Conflicts of Interest

A conflict of interest arises when personal interests or activities influence [or appear to influence] the ability to act in the best interests of Transnet.

- Doing business with family members
- Having a financial interest in another company in our industry

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 14: CERTIFICATE OF ATTENDANCE OF BRIEFING SESSION

It is hereby certified that –

1. _____

2. _____

Representative(s) of _____ *[name of entity]*

attended the briefing session in respect of the proposed Goods to be supplied in terms of this RFP on
_____ 2012

TRANSNET'S REPRESENTATIVE

RESPONDENT'S REPRESENTATIVE

DATE _____

DATE _____

"PREVIEW COPY ONLY"

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 15: CERTIFICATE OF ACQUAINTANCE WITH SPECIFICATIONS AND DRAWINGS

NAME OF ENTITY: _____

I/We _____
do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising this
Specifications and Drawings for the carrying out of the proposed supply for which I/we submitted my/our
response.

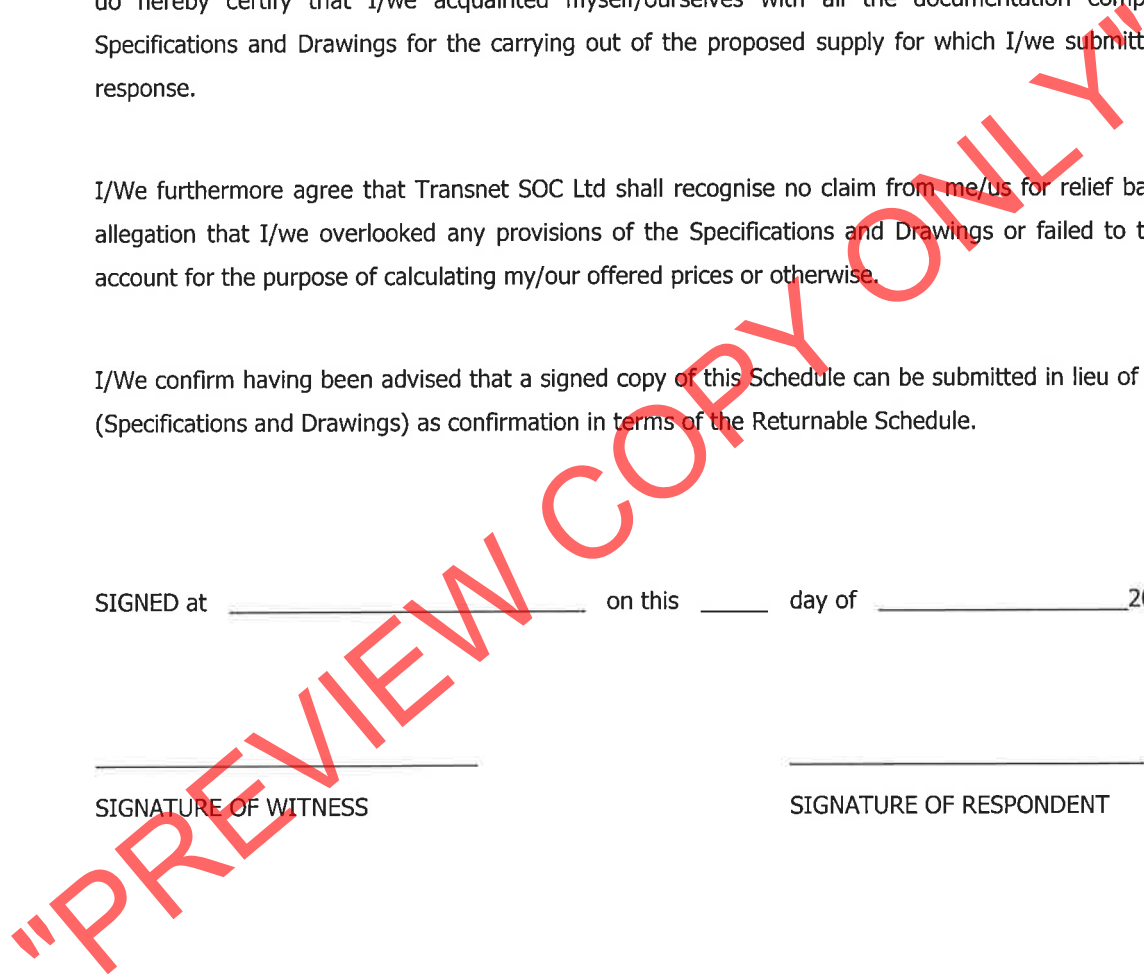
I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an
allegation that I/we overlooked any provisions of the Specifications and Drawings or failed to take it into
account for the purpose of calculating my/our offered prices or otherwise.

I/We confirm having been advised that a signed copy of this Schedule can be submitted in lieu of Section 15
(Specifications and Drawings) as confirmation in terms of the Returnable Schedule.

SIGNED at _____ on this _____ day of _____ 2012

SIGNATURE OF WITNESS

SIGNATURE OF RESPONDENT



**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 16: NON-DISCLOSURE AGREEMENT [NDA]

Complete and sign the Non-Disclosure Agreement appended hereto as Annexure H

"PREVIEW COPY ONLY"

Respondent's Signature

Date & Company Stamp

**RFP FOR THE SUPPLY OF
599 NEW DUAL VOLTAGE ELECTRIC LOCOMOTIVES FOR THE GENERAL FREIGHT
BUSINESS (GFB)**

Section 17: SUPPLIER DEVELOPMENT INITIATIVES

1.1. Aim and Objectives

Historically in South Africa there has been a lack of investment in infrastructure, skills and capability development and an inequality in the income distribution and wealth of a significant portion of the population. There have been a number of Government initiatives developed to address these challenges. In particular, the New Growth Path [NGP] developed in 2010 aligns and builds on previous policies to ensure the achievement of Government's development objectives for South Africa. Transnet fully endorses and supports Government's New Growth Path policy.

The key focuses of the NGP include:

- increasing employment intensity of the economy
- addressing competitiveness
- balancing spatial development of rural areas and poorer provinces
- reducing the carbon intensity of the economy
- creating opportunities in improving regional and global cooperation
- enabling transformation that benefits a wider range of social actors in society e.g. workers, rural communities, youth and women

Transnet, as a State Owned Company [SOC], plays an important role to ensure these objectives are achieved. Therefore, the purchasing of goods and services needs to be aligned to Government's objectives for developing and transforming the local supply base. Transnet's mission is to transform its supplier base by engaging in targeted supplier development initiatives to support localisation and industrialisation whilst providing meaningful opportunities for Black¹ South Africans with a particular emphasis on:

- Youth [16 to 35 year olds]
- Black women
- People with disabilities
- Small businesses
- Rural integration

1.2. Supplier Development [SD]

To facilitate the implementation of Supplier Development initiatives, Transnet has adapted an existing framework from the Department of Public Enterprises [DPE]. This framework allows for a basic set of

¹ "Black" means South African Blacks, Coloureds and Indians, as defined in the B-BBEE Act, 53 of 2003

principles to be applied to appropriately targeted SD initiatives. Supplier development initiatives aim to build local suppliers who are competitive through building capability and capacity. Hence the framework has been termed the Increased Competitiveness, Capability and Capacity Supplier Development Classification Matrix [**IC³ Matrix**]. Currently there are four quadrants of SD initiatives which Transnet considers according to the IC³ Matrix. This RFP has been identified as *programmatic*, involving high commercial leverage and high value.

Accordingly, Transnet requests all Respondents to submit a **Supplier Development Bid Document** demonstrating their commitment and support for the New Growth Path Policy and how an appointment in terms of this RFP would assist in achieving the NGP objectives.

- a. For a detailed understanding of the IC³ Matrix, the respective SD initiatives and their objectives, please refer to the "Guidelines for the Completion of a Supplier Development Bid Document" appended hereto as Annexure B
- b. The following Supplier Development [**SD**] focus areas have been identified , namely:

Category	Description
Industrialisation	Industrial capability building that focuses on globally leading capabilities developed within South Africa
Capability and Capacity Building in South Africa	Industrial capability building that focuses on value-added activities of the South African industry through manufacturing or service-related activities
Transfer of Technology and Intellectual Property Rights [IPR]	Transfer technology, IPR and methodology to small businesses
New Skills development	Skills transfer & skills education which will occur as a result of the award of contract
Job Creation/Preservation	Number of jobs created or preserved resulting from the award of contract
Small Business Promotion	Encouragement for growth and the expansion of emerging local firms, through procurement and support mechanisms
Rural Integration and Regional Development	Incorporation of the use of rural labour and regional businesses which will contribute to NGP objectives

- c. The **Supplier Development Bid Document** is to be submitted as a separate document, developed in line with in Annexure B [Supplier Development Value Summary] appended hereto. The Supplier Development Bid Document is a detailed narrative document explaining the Respondent's Bid value as summarised in Annexure G. There is no prescribed format for this document. This SD Bid Document will represent a binding commitment on the part of the successful Respondent. The SD Bid Document should outline the type of activities you intend to embark upon should you be awarded the contract. This Bid Document should also provide an overview of what you intend to achieve, when, and the mechanisms whereby you will achieve those objectives.

Notes for completion of SD Bid Document:

- (i) Respondents are urged to pay careful attention to the compilation of the SD Bid Document, including Annexure G [Supplier Development Value Summary]. .

- (ii) Respondents are required to address each of the aspects under the detailed SD Description as a minimum for submission. This is not an exhaustive list however, and Respondents must not be limited to these choices when compiling each section.
- (iii) Please provide detailed calculations to illustrate how your estimated Rand values provided in Annexure G have been derived.
- (iv) Respondents are required to provide an electronic copy [CD] of the completed Annexure G as part of the SD Bid Document submission.

1.3. Additional contractual requirements

Should a contract be awarded through this RFP process, the successful Respondent(s) [hereinafter referred to as **the Supplier**] will be contractually committed, *inter alia*, to the following conditions:

- a. The Supplier will be required to submit this SD Plan to Transnet in writing within 65 (sixty five) days after signature of a Letter of Intent [LOI], where after both parties must reach an agreement [signed by both parties] within 45 (forty five) days. This SD Plan represents additional detail in relation to the SD Bid Document providing an explicit breakdown of the nature, extent, timelines and monetary value of the SD commitments which the Supplier proposes to undertake and deliver during the term of the contract. Specific milestones, timelines and targets will be recorded to ensure that the SD Plan is in line with Transnet's SD objectives and that implementation thereof is completed within the term of the contract.
- b. The SD Plan may require certain additions or updates to the initial SD Bid Document in order to ensure that Transnet is satisfied that development objectives will be met.
- c. The Supplier will need to ensure that the relevant mechanisms and procedures are in place to allow for access to information to measure and verify the Supplier's compliance with its stated SD commitments.
- d. The Supplier will be required to provide:
 - (i) monthly status updates to Transnet for each SD initiative. [Detailed requirements will be provided by Transnet];
 - (ii) quarterly status reports for Transnet and the DPE. [Detailed reporting requirements will be provided by Transnet]; and
 - (iii) a final Supplier Development report, to be submitted to Transnet prior to the expiry date of the contract, detailing delivery, implementation and completion of all SD components plus auditable confirmation of the Rand value contribution associated with each such SD commitment.
- e. All information provided by the Supplier in order to measure its progress against its stated targets will be auditable.
- f. The Supplier will be required to submit this SD Plan to Transnet in writing, within 65 day (sixty five) days after signature of a Letter of Intent [LOI], where after both parties must reach an agreement [signed by both parties] within 45 (forty five) days. Transnet will reserve the right to reduce or increase the number of days in which the Supplier must submit its SD Plan if it is deemed reasonable.
- g. The contract will be conditional on agreement being reached by the parties on the SD Plan submitted by the Supplier. Therefore failure to submit or thereafter to agree to the SD Plan within the stipulated timelines will result in the non-award of such a contract or termination thereof.

- h. Failure to adhere to the milestones and targets defined in an SD Plan may result in the invocation of financial penalties, to be determined at Transnet's discretion as indicated in the contract, as well as providing Transnet cause to terminate the contract in certain cases where material milestones are not being achieved.

1.4. Supplier Development Documentation

Your **SD Bid Document** including Annexure G, to be submitted as part of your RFP Proposal, will represent a binding commitment on the part of the successful Respondent.

Attached herewith is the following documentation:

- **SD Guideline Document – Annexure B**

This document must be used as a guideline to complete the SD Bid Document.

- **SD Value Summary – Annexure G**

This template must be completed as part of the bid which will represent a binding financial commitment on the part of the successful Respondent.

"PREVIEW COPY ONLY"