

**Transnet Capital Projects
Contractor Industrial/Employee Relations
Requirements**

1. PURPOSE

The purpose of this Tender Return Schedule is to ensure that the Contractors understand:

- 1.1 Transnet Capital Projects ("TCP") Industrial/Employee Relations requirements so as to ensure that Industrial/Employee Relations ("IR/ER") are managed effectively on sites.
- 1.2 TCP IR/ER policies and procedures are adhered to.

2. PRINCIPLES

- 2.1. ER/IR policies and procedures of Transnet are to be adopted by all contractors on Transnet site to ensure that the following principles are enshrined:
 - 2.1.1 Compliance with all applicable legislation that governs labour relations in the Republic of South Africa.
 - 2.1.2 Compliance with all applicable industrial agreements and relevant Sectorial Determination.
 - 2.1.3 Compliance with local labour agreements that are negotiated between contractor employer associations and organised labour.
 - 2.1.4 Compliance with the notion of fair labour practices as developed by the judgements and rulings of the CCMA, Labour Courts and the Labour Appeal Court in the Republic of South Africa.
 - 2.1.5 Fair and equitable terms and conditions of employment that are, as far as possible and practicable, uniform and standardised across the project, through the mechanism of individual project labour agreement.
 - 2.1.6 Compliance with all project procedures, rules and regulations that are prescribed, introduced or implemented by Transnet's duly authorised representatives.

3. APPLICABILITY

- 3.1 The provisions of this Industrial/Employee Relations Tender Requirements shall be applicable to all Main Contractors and Subcontractors.
- 3.2 It is acknowledged by TCP that the Contractor has its own established Industrial/Employee Relations policies, procedures, and systems and that various industrial relation systems and statutory instruments are already in effect which differ between various industries, contractors and labour unions involved.
- 3.3 Neither this document nor the actions of the TCP diminishes the responsibilities

of the Contractor to implement and comply with its own industrial relations, in compliance with the required legislations and collective agreements.

- 3.4 Where any aspects of the employment relationship is not governed by the IR Plan, or aspects of those conditions require amendment to meet the needs of the Project, then the revised standard is evolved in consultation between the Contractor and the Project IR Practitioner.

4. EMPLOYEES CODE OF CONDUCT

- 4.1 All the Contractor's employees on the Project shall sign a Code of Conduct on behaviour. The purpose of this code is to ensure Contractor employees' good behaviour whilst on the Project, protects Transnet reputation as a good corporate citizen.
- 4.2 Contractors are to ensure that the requirements of the code are included on all employment contracts to the Project.

5. VALIDITY OF COLLECTIVE BARGAINING SYSTEMS & STATUTORY INSTRUMENTS

In order to promote a high standard of Industrial/Employee Relations Management and to ensure a consistent, uniform approach, the Contractor/Subcontractor shall recognise all various legislations and agreements signed with organised labour in their relevant industry.

6. AUDIT

- 6.1 Transnet, at its own discretion, may, at any stage of the Project, conduct an audit of the IR Policies, procedures and practices of the Contractor or any of its Sub-contractors, or any other issues impacting on the IR of the Contractor and/or the Site in order to establish whether acceptable standards are being maintained. The Contractor and or Sub-contractor shall give full cooperation and shall provide all information required to conduct the audits.

7. TCP INDUSTRIAL RELATIONS REQUIREMENTS PACK:

7.1 POLICIES

- 7.1.1 Recruitment policy (secondment, local community & expatriates)
- 7.1.2 Accommodation and transport policy
- 7.1.3 Sexual harassment policy
- 7.1.4 Induction policy
- 7.1.5 Training policy
- 7.1.6 Substance abuse policy
- 7.1.7 Remuneration policy (payslip)
- 7.1.8 Retention skill policy
- 7.1.9 Travel allowance and reimbursement policy

- 7.1.10 Accommodation policy
- 7.1.10 BBBEE policy

7.2 PROCEDURES

- 7.2.1 Grievance procedure
- 7.2.2 Disciplinary code and procedure
- 7.2.3 Mobilisation and demobilisation procedures
- 7.2.4 Health & safety medical testing procedure
- 7.2.4 Strike handling plan
- 7.2.5 Dispute resolution procedure

8. BARGAINING COUNCILS

- 8.1 The contractor shall provide the proof of membership (certificate), if Contractor belongs to a Bargaining Council.

9. CONTRACTOR IR CONSULTANT

- 9.1 The Contractor shall appoint a full-time Competent Site IR Consultant, approved by Transnet with at least relevant qualifications/ 5 years minimum experience to manage and co-ordinate their industrial relations activities and to assist in speedy resolution of dispute that may arise on site and to ensure that labour harmony prevails.
- 9.2 Should the Contractor's IR be deficient, Transnet reserves the right to ask for further appointments of full time IR professionals.

10. RECRUITMENT OF LABOUR TO THE PROJECT

- 10.1. No employee shall attend Site Induction Programme or commences work on the project without the required approval of the Transnet ER/IR Practitioner.
- 10.2. No employee shall receive project induction and badging until the Contractor has submitted proof to the Project IR Practitioner that the Contractor's employee has signed a Contract of Employment and received induction from the contractor in regard to the conditions of service and benefits whilst on the Project.
- 10.3 Semi & Unskilled Labour
 - 10.3.1. The Contractor/Subcontractor shall employ local semi & unskilled labour and ensures that such local labour is skilled to perform the required tasks. Local labour is defined as "those persons residing permanently within the Local Municipality or part thereof, or within a 100km radius of the Project Site.

- 10.3.2. Due regard is to be given to regional and sectorial employment equity

targets.

10.4 Skilled Labour

10.4.1. The Contractor/Subcontractor shall only utilise seconded labour for the purposes of providing core skills to the Project in circumstances where the required skills are not available in local vicinity of the site.

10.5 Expatriate Employees

10.5.1. The Contractor/Subcontractor shall only utilise expatriate labour for the purposes of providing core skills to the Project in circumstances where the required skills are not available in South Africa.

10.5.2 No expatriate labour shall be employed on Site without the necessary work permit being issued.

The Contractor provides, at the time of the Project, a labour histogram indicating the numbers of expatriate, core (skilled) and locally employed employees. The histogram is revised on a regular basis to accurately reflect the Contractor' needs and submitted to the Project IR Practitioner.

11. INDUCTION

11.1 The Contractor/Subcontractor shall conduct site induction at its own expense covering the following aspects 2 weeks before commencement of any work on site:

- 11.1.1.1 General site procedure
- 11.1.1.2 Sectorial determinations and collective agreements
- 11.1.1.3 Grievance procedure
- 11.1.1.4 Dispute resolution procedure
- 11.1.1.5 Demobilisation procedure
- 11.1.1.6 Disciplinary code and procedure
- 11.1.1.7 Training policy
- 11.1.1.8 Accommodation and transport policy
- 11.1.1.9 Substance abuse policy
- 11.1.1.10 Communication structure
- 11.1.1.11 Pre-medical examination
- 11.1.1.12 Reading and understanding salary advice

11.2 Contractor/Subcontractor Site Industrial Relation Consultant shall submit mobilisation report to TCP IR/ER within 48 hours prior to commencement of work on site.

11.3 Attendance at this induction is compulsory for all Contractors' employees and all employees attend these induction programmes before being permitted to work on Site.

11.4 No employee of the Contractor is permitted to commence work on Site unless in

possession of a valid Site Access card issued by the Contractor following an induction.

12. MOBILISATION

12.1 The Contractor shall submit a mobilization form on Contractor's letterhead with the following:

- 12.1.1 Name and Surname of Employee,
- 12.1.2 ID and Company Number of the Employee,
- 12.1.3 Mobilization Date,
- 12.1.4 Applicable rate of pay,
- 12.1.5 Occupation and job grade of Employee,
- 12.1.6 Contact Details of Employee,
- 12.1.7 Person Employee is reporting to, and
- 12.1.8 Demobilization date, etc.

12.2 Should the Employees not be demobilized as indicated on the mobilization forms, the contractor shall submit on monthly basis to the Project IR Practitioner a list indicating names of employees, demobilization dates, revised date and reasons for the extension of the demobilization dates.

13. STRIKE HANDLING PLAN

13.1 The Contractor/Subcontractor shall ensure that its employees understand relevant LRA provisions (section 64) which focus on industrial action processes.

13.2 The Contractor/Subcontractor shall ensure that the strike contingency handling plan is updated and communicated to all relevant parties.

13.3 No negotiations and/or related feedback by employees shall occur on TCP premises.

13.4 The Contractor/Subcontractor shall compensate TCP for any costs incurred to provide additional security to deal with the Contractor/Subcontractor employees during the labour unrest.

13.5 In the event of the Contractor becoming aware of the potential IR incident/labour union dispute or upon the occurrence of such an incident/dispute, the Contractor immediately reports the details thereof verbally to the Project IR Practitioner, followed by a written daily comprehensive report at 08.30am detailing the industrial action events of the previous day. The Daily Comprehensive Report must provide at least the following information:

- 13.5.1 Industrial incident report,
- 13.5.2 Attendance register,
- 13.5.3 Productivity / progress to schedule reports,

- 13.5.4 Operational contingency plan,
- 13.5.5 Site security report,
- 13.5.6 Industrial action intelligence gathered

- 13.6 The management of the Contractor is required to hold daily industrial action meetings with personnel identified by Transnet to discuss the industrial action, settlement of the industrial action, security issues and the impact on delivery under the contract.
- 13.7 The Contractor submits, irrespective of the occurrence of incidents/disputes or not, a Weekly IR Report, by 9.00am each Monday, to the Project IR Practitioner and via the Project Director's Document Control Office.
- 13.8 Contractor/Subcontractor management delegates will participate in the daily industrial action teleconference as arranged/communicated by TCP ER/IR.

14. LABOUR HARMONY

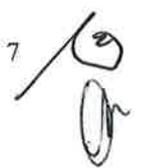
The Contractor/Subcontractor shall encourage labour harmony in the workplace through fair and transparent labour relations practices with employees, employee representatives and organised labour representatives.

16. REMUNERATION POLICY & PAYROLL PROCEDURES

- 16.1 The Contractor/Subcontractor shall comply with best practices of payment and administration of wages by implementing a proper payroll system that is in line with labour law requirements such as deductions of Employees Income Tax, Unemployment Insurance Fund, Workman's Compensation and/or any other statutory deductions from the employees. Standard wage rates shall be adhered to as per relevant sectorial determination.
- 16.2 The Contractor/Subcontractor shall resolve pay queries expeditiously, in terms of its Human Resources procedures.
- 16.3 The Contractor/Subcontractor shall ensure that employees understand the salary advices.

17. SKILLS DEVELOPMENT

- 17.1 The contractor shall submit monthly report to TCP IR/ER on the skills development programmes.
- 17.2 The Project Manager/HR shall evaluate the Contractor's IR submissions and monitors the skills development programmes.
- 17.3 The Contractor/Subcontractor has a responsibility to ensure that skills transfer initiatives and development programmes are implemented.
- 17.4 The Contractor/Subcontractor shall aid and facilitate this process by implementing



on-the-job training initiatives in order to assist in the transfer of skills to local employees.

17.5 The contractor shall submit to TCP programme indicating retention of skills.

18. SOCIO-ECONOMIC CONTRIBUTION TO LOCAL COMMUNITY

18.1 Socio-economic contribution to the closest local community that will leave a legacy after the project i.e.

18.1.1 Education,

18.1.2 Health,

18.1.3 Security,

18.1.4 Infrastructure,

18.1.5 Above to be for the betterment of the local community's daily lives

19. FACILITIES

Facilities such as toilets, change facilities (for both females and males) and smoke areas, etc. are to be provided to employees as guided by legislation.

20. SUBSTANCE ABUSE

20.1 The Contractor/Subcontractor shall ensure that substance abuse management processes are aligned to relevant legislation.

21. COMMUNICATION AND CO-ORDINATING STRUCTURES

TCP requires that certain communication structures and forums be established, for the purpose of ensuring a uniform approach to IR/ER issues and a free flow of information amongst all relevant parties.

21.1 Weekly IR Practitioners' Meeting (WIRPM)

21.1.1 The WIRPM consists of the Contractor IR Manager, under the chairmanship of the Project IR Practitioner,

21.1.2 The Project IR Practitioner arranges for and distributes minutes to the Contractor,

21.1.3 Only Contractor IR Manager attends the meeting and distributes minutes to their sub-contractors.

22. Project IR Coordinating Committee (PIRCC)

22.1 The PIRCC consists of the Project Manager/Employer Site Management, Security Manager, Contractor Site Manager and Contractor IR Manager, under the chairmanship of the Project IR Practitioner,

22.2 The PIRCC meets at least once a month, or more often if circumstances so warrant. Attendance by the Contractor Site Manager at these meetings is a contractual obligation,

22.3 The Project IR Practitioner arranges for minutes to be taken of each meeting, which are circulated to all Contractors,

- 22.4 The PIRCC will consider IR circumstances of a strategic nature on the Project and in the light thereof:
- 22.4.1 Discuss existing or potential IR problems and possible solutions,
 - 22.4.2 Exchange ideas and, where necessary, make recommendations to the Project Manager for action on IR Plan issues,
 - 22.4.3 Participate in any forum established by the Project Manager to promote sound IR on the Project,
 - 22.4.4 Ensure that all members of the Committee are adequately informed in a timely manner on all IR aspects of the Project.
 - 22.4.5 The Contractor represents its interests and those of its sub-contractors at the PIRCC.

22.2 Contractor Employee In-house Communication Forum (CCF)

- 22.2.1 The Contractor establishes an in-house Communications Forum (Employee Representative body) in respect of its establishment and takes the necessary steps to ensure that this forum remains effective and functional.
- 22.2.2 The Project IR Practitioner or his delegate is entitled to attend meetings of the Communications Forum as an observer,
- 22.2.3 Copies of the minutes of the meeting of the Communications Forum are sent to the Project IR Practitioner for follow ups and records purposes.
- 22.2.4 The Contractor shall that ensures, to the satisfaction of the Project IR Practitioner, that proceedings at this forum are properly communicated to their workforce.
- 22.2.5 CCF meets at least once twice a month, or more often if circumstances so warrant.

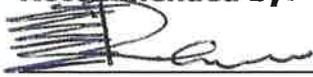
23. REPORTING

23.1 Weekly IR Report

The Contractor submits, by 09.00am each Monday, Weekly IR Report for the week to the Project IR Practitioner and to the Project Director's Document Control Office, showing the number of people per day on Site associated with its Contractor, employed by the Contractor and its Sub-contractors on Site. Information relating to the Contractor's Service Providers and visitors to Site are also included in the report.

Industrial Relations requirements, the LRA, BCEA or any statutory regulations, the Main Contractor will be served with a notice of non-compliance. The breach must be rectified within a reasonable period and failure to do so will result in the Main Contractor being in breach of its contract.

Recommended by:

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Oupa Radise

GM: TCP Human Resource and Comms

Date.....19/6/2014

Approved by:

A handwritten signature in black ink, appearing to read "Charl Moller", written over a horizontal line.

Charl Moller

GE: Transnet Capital Project

Date.....2014.08.18.