

1. SPECIFIC GOALS AS PER TPPP

- 1.1 Where Transnet has allocated preferential procurement points for Specific Goals in terms of the TPPP and wherein a service provider received points for Specific Goals as part of the tender evaluations through the preferential procurement point system, the successful implementation of the agreed upon Specific Goals over the duration of the contract is a material and enforceable obligation. This requirement forms an integral part of the contract and aligns with Transnet's B-BBEE and Localisation statutory and policy objectives.
- 1.2 The parties therefore agree that the following Specific Goals shall be achieved over the duration of the contract:
- 1.2.1 Promotion of Specific Designated Groups:
- Promotion of B-BBEE Levels
 - Promotion of Entities that 30% percent black women owned
 - Promotion of entities that are 50% black youth owned
 - Promotion of entities that are owned by black people living with disabilities
 - Promotion of entities owned by black people living in rural areas
 - Promotion of South African entities
 - Promotion of EMEs and QSE that 50% black owned
 - Promotion of entities that are 51% black owned.
- 1.2.2 For purposes of service providers having received points through the preferential procurement point system on Specific goals: The service provider is required to provide proof of having maintained or improved their status as per the Specific Goals scored for the tender over the duration of the contract.
- 1.2.3 Promotion of supplier development through subcontracting:
- a) For purposes of service providers having received points through the preferential procurement point system on Specific goals for subcontracting: the service provider is required to subcontract 30% of the contract to South African companies which are HDIs, entities with a specified minimum B-BBEE level and black owned EMEs and QSE.
 - b) The Service Provider shall submit a detailed subcontracting plan within days of contract commencement, including:
 - List of subcontractors
 - Scope of work allocated
 - Contract values and timelines
- 1.2.4 Creation of new jobs and labor intensification:
- a) For purposes of service providers having received points through the preferential procurement point system on Specific Goals for Job creation: the service provider is required to provide portfolio evidence for the number of jobs created over the duration of the contract– ID copies, Pay-slips and Contracts
- 1.2.5 Local Content and Local Production
- 1.2.6 NIPP

2 CONDITIONS OF CONTRACT AS PER DIRECTIVE 02/2025

- 2.1 Transnet has identified opportunities of economic transformation and empowerment for this project as indicated in Clause 4 of the RFP Document, Tender number Therefore, Transnet will incorporate a contractual obligation to service provider to execute the identified transformation objective as a condition of contract.
- 2.2 It is a contractual obligation for the service provider to contract on and implement the following transformation initiatives as determined and outlined in the RFP document:
- 2.2.1 Subcontracting:
- The Service Provider is required to sub-contract a minimum of 30% of the total value of the contract to South African companies that are:
- B-BBEE Level 1 and 2
 - 51% Black Owned EME's and QSE's
- The Service Provider shall submit a detailed subcontracting plan within days of contract commencement, including:
- List of subcontractors
 - Scope of work allocated
 - Contract values and timelines
- 2.2.1 Industrialisation
- The service provider is required to localise a % of their contract value.
- 2.2.2 Local capability and capacity building
- The service provider is required to undertake initiatives for capability and capacity building targeted at local owned companies in the related sector'
- 2.2.3 Job creation and preservation
- The service provider is required to allocate a minimum of 10% percent the contract value to the advancement of designated groups through job opportunities
 - Provide a job creation or preservation plan.
- 2.2.4 Technology transfer
- The service provider is required to undertake technology transfer initiatives for improvement of local owned companies' operations
- 2.2.5 Skills development
- The service provider to allocate a minimum of 5% for skills development initiatives targeted at previously disadvantaged individuals
 - Black youth from public education institutions (FET Colleges, Universities and Universities of Technology)
 - Transfer of skills to local black owned SMMs in the sector

2.2.6 Enterprise and Supplier Development

- The services provide is required to put in place Enterprise and Supplier Development initiatives aimed at the development of black owned companies that are EMEs and QSEs

2.2.7 Local Economic Development (Local to site development)

2.3 **REPORTING**

2.3.1 The service provider is required to provide an implementation plan on the agreed upon specific goals/conditions of contract with clear targets and milestones

2.3.2 Report on a monthly/quarterly basis or as and when required by Transnet over the contract period.

2.3.3 Provide the required Portfolio of Evidence on a quarterly basis or as and when required by Transnet.

2.3.4 Transnet reserves the right to conduct site visits/audit to verify the information submitted for reporting.

2.4 **NON-COMPLIANCE**

2.4.1 Non-compliance with the requirements of the implementation of the specific goals, conditions of the contract, agreed deliverables, milestones, performance targets, reporting obligations, implementation timelines, or submission of adequate supporting Portfolio of Evidence, shall be recorded and formally communicated to the Service Provider for corrective action.

2.4.2 The Service Provider shall be required to implement appropriate corrective measures within the timeframes specified by Transnet and provide evidence that the identified non-compliance has been satisfactorily addressed.

2.5 **PENALTIES**

2.5.1 Failure to deliver on the implementation of the above agreed-upon Specific Goals and Conditions of Contract shall constitute a material breach of the contract.

2.5.2 Not limiting other remedies, Transnet may impose the following penalties:

- A financial penalty equivalent to 10% of the contract value.
- A financial penalty equivalent to the shortfall value between the subcontracting target and the actual achieved.
- Withhold payments equivalent to the value of the specific goals/conditions of contract initiatives not until compliance is achieved
- Contract termination