

**Government Employees  
Pension Fund  
(GEPF)**

**Request for proposal (RFP) to render  
Master Custody Services**

**To**

**GEPF**

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# 1. TERMS OF REFERENCE

## Introduction

The Government Employees Pension Fund (GEPF) is Africa's largest pension fund with 1 273 125 active members and 450 322 pensioners and beneficiaries.

Our core business, which is governed by the Government Employees Pension (GEP) Law (1996), is to manage and administer pensions and other benefits for government employees in South Africa. Accordingly, we work to give members and pensioners peace of mind about their financial security after retirement. This is done by making sure that all funds in our safekeeping are responsibly invested and accounted for, and that benefits are paid out efficiently, accurately and on time.

The administration of benefits is managed by the Government Pensions Administration Agency (GPAA) and is governed by a formal agreement. The Public Investment Corporation (PIC) is our main investment manager, investing across a range of equity, bond, money market and property portfolios. Other investment managers manage a portion of the equities portfolio and some of the other asset classes. An investment mandate governs our relationship with the PIC and the other investment managers.

- **Functional Overview of Supporting Asset Management Activities**

As at 31 March 2018, the GEPF had R1,8 trillion in assets under management and are the single largest investor on the Johannesburg Stock Exchange (JSE) and the largest Pension Fund in Africa. We also have significant holdings in government bonds and invest in equities and bonds in various geographic locations such as Africa, North America, South America, Europe, Asia and other Emerging Markets. The allocation to various asset classes is provided in the table below:

<b>Asset Class</b>	<b>Allocation (%)</b>	<b>Benchmark</b>
<b>Local equities</b>	<b>51.6</b>	<b>SWIX (adjusted)</b>
<b>Local bonds</b>	<b>32.42</b>	<b>ALBI</b>
<b>Local property</b>	<b>5.23</b>	<b>SAPY</b>
<b>Local cash</b>	<b>2.37</b>	<b>STEFI</b>
<b>Africa</b>	<b>1.73</b>	<b>FTSE Africa (excluding SA)</b>
<b>International Equity</b>	<b>4.75</b>	<b>MSCI All Country</b>
<b>International Bonds</b>	<b>1.06</b>	<b>JP Morgan Global Bond Index</b>

The asset classes above include our exposure to unlisted assets. In the unlisted portfolios, the Fund has exposure to various types of collateral such as put options, contingent repurchase obligations and collar instruments.

All of the Fund's assets are currently held in custody with approximately 90% invested in segregated mandates. The Fund is invested in approximately 40 pooled funds. 85% of the assets are managed by the Public Investment Corporation (PIC), our largest asset manager, while the rest of the assets are managed by external asset managers appointed by the GEPF through PIC or on a direct basis. Total asset managers appointed by the Fund are approximately 55. The Fund has approximately 45 bank accounts and 40 custody accounts.

- **Current State Operating Model Overview**

The GEPF is serviced by a master custodian providing core custody and other value added services detailed in this proposal. The operating model entails reporting of investment transaction by all appointed investment managers to the master custodian. The master custodian is responsible for settling trades; reconciling transactions; recording and reporting of all the Fund's assets.

- **Objective of this Request for Proposal**

The objective of this Request for Proposal (RFP) is to invite parties, in good tax standing, to submit proposals for consideration to be appointed to provide master custody services to the Fund for a period of ten (10) years. The GEPF seeks to appoint a single legal contracting entity with which it can contract for the provision of all required master custody services. Joint ventures/ sub-contracting of functions within the requirements of this RFP is permissible. Please refer to paragraph 1.6.4 of the Special Conditions of Contract for more information.

In an ideal custody model, an independent master custodian is responsible for custody, settlements, accounting, and financial reporting for all of a fund's assets. Furthermore, the master custodian is also able to provide investment performance and risk reporting, and compliance monitoring functions for all of the fund's assets at a competitive cost due to the reduced operational effort arising from lack of the need for data transfer and reconciliation with a third-party service provider. The GEPF seeks to appoint such an ideal master custodian who will be able to provide all the functions described above. The master custodian should be global with international and local presence.

The Terms of Reference set out below are intended to define the purpose, scope of work and deliverables of the required service for which the appointment of a service provider is required.

The successful custodian(s) will differentiate itself by demonstrating its excellence in the following areas:

- **Strategic commitment** – evidence of a strategic commitment to the custody industry and a willingness to work with GEPF on a long-term partnership basis.
- **Global Presence** – is present in all the markets where GEPF invests.
- **Service quality** – the consistent delivery of high-quality core custody services and value-added services with effective use of Service Level Agreements and Key Performance Indicators.
- **Reporting / Technology** – flexible and user-friendly web-based technology platform that is fully integrated with the core custody, accounting and performance/risk platform and available 24 hours a day, 7 days a week; as well as support in training and access to a support desk. Ability to provide online real-time access and reporting for custody, accounting, compliance, performance/risk for each investment manager and on a consolidated basis.
- **Client services** – a relationship manager who oversees GEPF supported by a client service manager and senior staff. The relationship team should possess the required level of custody specific and industry expertise and domain knowledge in the respective functional area e.g. including value added services: Unlisted assets administration, investment accounting, performance and compliance reporting.
- **Support for all asset types** – the successful Custodian must be able to support reconciled and consistent accounting and performance/risk reporting for all investments including administration of unlisted investments – direct private equity and debt investments as well as investments in private equity and private debt funds. The custodian should be willing to learn and support GEPF as it invests in new instruments or in new markets.
- **Value for money** – clear, timely and accurate invoicing driven by transparent and competitive fee schedules.

### **General Service Requirements**

The successful service provider will provide, at a minimum, custody and master record keeping services for GEPF in the functional areas listed below.

## **Safekeeping**

The custodian will be responsible for safekeeping of assets, appropriate segregation of assets and segregation of accounts as well as the efficient and timely transfer of information to and from GEPF and institutional asset managers through standard market platforms. The custodian must have adequate backup systems in place, active business continuity plan that is routinely tested and demonstrate this through an annual independent review (ISAE 3402 or similar reviews). The custodian shall not assign/pledge or otherwise encumber or dispose of any investment assets except in acting under the direction of GEPF or its duly authorized asset managers. The custodian shall not place any type of liens on securities held in safekeeping.

## **Settlement**

The custodian shall be responsible for prompt and timely settlement of all transactions, in addition to affirming all trades, executed by GEPF and its institutional asset managers, within the respective markets in accordance with market practices. Also, the custodian shall provide timely information to GEPF and investment managers on all global market openings and issues related to each market that will facilitate timely trade settlement. The custodian shall designate a settlement staff member to be responsible for servicing GEPF's account. Additionally, contractual settlement shall be provided in all developed markets and any other market except where the custodian has provided GEPF with a list of countries where contractual settlement is not available, as may be updated from time-to-time.

## **Cash Management**

The custodian shall provide daily cash flow projections and other cash management reports as requested by GEPF and as modified from time-to-time as circumstances warrant. The custodian is expected to reconcile daily cash balances for all accounts and provide accurate balances to support GEPF's and institutional asset manager's investment activity. The custodian shall provide automated daily cash sweeps, by accounts, as directed by GEPF, in addition to providing short term investment options on foreign currency balances. Additionally, the custodian shall designate a cash staff member to be responsible for servicing GEPF. Custodian should open and manage all bank accounts in the name of the GEPF.

## **Corporate Actions & Income Processing**

The custodian shall provide corporate event notifications, including comprehensive details of the issue, including rates, entitlements and the action required. These communications shall be sent through an online portal within twenty-four hours of the event occurrence. The custodian shall collect and process income from held assets and to the extent possible, provisionally credit income on contractual payment date in respective currencies.

## **Asset Pricing and Valuation**

GEPF will require Service Providers to perform valuation services. Therefore, the master custodian shall:

- Accept a valuation service providers which is recommended by GEPF (at a minimum, one of the recognised valuation service providers);
- Have an ability to value (or receive valuation inputs) for all security types and inform GEPF about any securities with limited valuation information.
- Perform data validation checks and pre-screen issues before confirming the value (e.g. tolerance check, non-null prices, clean bid levels, stale price check and so on);
- Pricing source to be used as per GEPF specified service provider pricing hierarchy detailing primary, secondary, tertiary sources for the asset sector.
- Process GEPF's submitted price challenges to service providers in timely manner and report back to GEPF on service provider responses;
- Support GEPF's internal and external auditor questions relating to valuation for reporting, as the accounting book of record.

## **Accounting and Reporting**

The custodian shall have a wholly integrated and fully automated multi-currency accounting system, and will have the flexibility to provide audited and unaudited daily and monthly accounting data, valuation, returns, reporting, and annual financials on all portfolios to be made available promptly after the end of the applicable accounting period. The custodian shall be equipped to perform accounting in accordance with International Financial Reporting

Standards (IFRSs) and the GEPF's adopted Regulatory Reporting Requirements for South African Pension funds as issued by the Financial Sector Conduct Authority (FSCA) on a trade date basis, following GEPF's fiscal year of April 1 through March 31. The custodian shall provide audited/quality controlled financial data by no later than 5 business day. Finally, the custodian shall designate an accounting professional to be responsible for servicing the GEPF's account.

### **Performance Measurement and Risk Analytics**

The custodian shall provide monthly audited/ quality controlled performance reports based on accounting data within an integrated Accounting/Performance system, which has been reconciled, and delivered within the agreed upon reporting deadlines. The returns shall be calculated on a gross and net of fee basis and the reporting format is based on GEPF's specifications. The custodian shall provide a comprehensive library of domestic and global indices for benchmarking and for building customized or blended benchmarks. The custodian shall calculate and present performance in compliance with GIPS/AMIR standards; and have the ability to calculate aggregates of portfolios as specified by GEPF. The custodian shall make all performance and analytical information available on-line for GEPF queries, in addition to providing access to run customized reports. Finally, the custodian shall designate a performance staff member to be responsible for servicing GEPF's account.

### **Accounting and Performance/Risk Measurement for Unlisted Investments**

The custodian shall be able to provide a solution to record, reconcile and report on all unlisted investments that include direct and fund investments in private equity and debt portfolios as well as investment properties. For all direct deals the custodian should verify all expenses following adequate due diligence based on supporting documentation and terms of the agreement. For all fund investments the custodian should breakdown NAV's in detail – capital contributed, appreciation, income, withdrawal etc as well as capital committed. From Performance reporting standpoint, the custodian should be able to provide aggregated and disaggregated IRR according to portfolio fund, investment strategy, industry, geography, manager, or vintage year on a quarterly and annual basis. The custodian shall support retrospective changes to Private Equity/Investment properties market values, actual returns and benchmark returns.

### **Compliance**

The custodian shall monitor compliance with investment guidelines through an automated solution that has online reporting capabilities which shall be availed to GEPF. The custodian shall provide post-trade, pre-settlement compliance monitoring and reporting. The custodian's compliance application is expected to allow screening at the security, country or origin, or currency level; and compliance guidelines need to be applied to transaction details as well as position details. Exception notification shall be performed electronically and/or on-line, which GEPF is enabled to report at defined intervals. Post-trade mandate compliance should be provided on a daily basis.

### **Securities Lending**

The custodian shall provide securities lending services for eligible securities, for the purpose of generating optimal incremental income with minimal market and credit risk. The Custodian must provide the GEPF with automatic indemnity protection against borrower default and against failed transactions due to security lending, and must have proper procedures for notifying GEPF and asset managers in the event of failed transactions.

### **Technology/Systems Requirements/System Interface**

The custodian shall provide electronic access/integrated data feeds to trade data to the GEPF, consultants, investment managers, transition managers, and any other third party approved in advance by GEPF. The custodian shall provide on-line, real time access to data held in its records to GEPF. Complete histories of investment activity of all GEPF holdings shall be maintained throughout the term of the custodial relationship. The custodian shall inform GEPF of any other online services provided by themselves outside the initial Scope of Services. The custodian shall provide adequate protection against unauthorized access to GEPF records under its control. Additionally, the custodian shall provide business critical reports by alternate means (e.g. facsimile transmission or e-mail) upon request, or store business critical reports for future transmission when normal business processes have been restored.

The custodian shall provide a technical point of contact for management of custodian relationship and associated services. The custodian shall provide training to GEPF staff during the initial conversion process and at any time when substantial changes have been made.

### **Personnel, Meetings, Client Conferences, and Notices**

The Custodian shall:

- Have a dedicated Relationship and Client Service Manager assigned to GEPF's account, who are available to meet with GEPF's staff, at dates and times determined by GEPF to discuss services related to GEPF;
- Report performance against the SLA on a quarterly basis;
- Attend monthly operational meetings with other GEPF service providers;
- Implement a relationship management protocol which assures the appropriate escalation of issues and special projects within the context of GEPF relationship;
- Provide GEPF prior written notice of:
  - any changes in the key service personnel assigned by the Custodian to provide services under the Global Custody Agreement;
  - any substantive changes in the way the Custodian performs its duties hereunder generally;
  - any substantive changes in the way its internal audit staff evaluates all controls, systems and risk associated with custody services;
  - any substantive changes to electronic access to information by GEPF.
- In the event of any of the changes referenced above, GEPF shall have the right to enter into discussions with the Custodian to determine the effect of the change on the services to be provided by the Custodian pursuant to the Global Custody Agreement and whether it is in the best interest of GEPF to continue under the Global Custody Agreement considering the change.

### **Custodial Relationship / Transition/ Tax Services**

The custodian shall provide signature ready foreign market opening documents that are specific to GEPF's unique nature as required by each market in which GEPF has active trading account. The custodian shall maintain market documentation requirements on an on-going basis to maintain accounts in the respective markets; and notify and assist GEPF with those requirements. The Custodian shall provide technical expertise and assistance to GEPF including ways in which the custodian's resources, products, and information can be used to maximize efficiency of its assets under management. The custodian shall make periodic onsite visits. The custodian shall perform all procedures necessary to convert from the current custodian's system to the new custodian's system of record. Finally, the custodian shall facilitate a smooth transition for all investments identified by GEPF. The custodian shall be responsible for reclaiming all withholding taxes on a timely basis.

### **Scope of work**

The scope of work the service provider is expected to cover includes but is not limited to the following:

#### **Core Custody**

- Safekeeping of securities
- Cash sweeping
- Maintaining of multi-currency securities & fund accounts
- Settling of securities traded in domestic and foreign markets
- Collecting dividends, interest & principal due
- Attending to corporate actions and fails and audit trail for votes lodged
- Reporting of daily transactions

- Executing borrowing and lending activities
- Tax management
- Performing cash projection and management activities (ensuring cash transactions are accounted for and managed properly)
- Funding (not a treasury function for the fund's administration but the facilitation of deals that the investment managers want to execute)
- Banking facilities
- Master custody
- All master custody related services
- Reporting failed trades
- Portfolio valuation

#### Additional Services

- Investment accounting of the portfolios
- Investment performance of the mandates under different measures like TWR, IRR etc., including mandate/asset class contributions and attribution
- Risk reporting under different measures including sensitivity analysis
- Compliance reporting
- Securities lending

Collateral management

Detailed reporting requirements are contained in **Annexure A**.



# ANNEXURE A

## Requirement Matrix

### Core Custody Services

#### A. Organization, Experience and Resources

1. List in a matrix all products that can be handled in all areas (i.e. custody services, investment accounting services, performance measurement services, compliance, services, risk management services, cash sweep, FX and securities lending).
2. What is the value, assets and number of clients for which custody is provided as of June 30, 2019? Provide names and assets values of your 5 largest clients as well as 5 Pension Fund clients. Provide the information by:
  - a) Country / Region
  - b) Type of Clients
  - c) Number of Investment Securities
  - d) Market Value
3. List all litigation during the last 5 years related to the services you provide.
4. Provide an organizational chart of your entire firm, including where the custody business fits in. Show approximate revenues and profits for the custody business and other major segments of the company.
5. Provide information on the capital expenditure in the custody business in the last three years.
6. Outline the strategic importance of custody to your business and your commitment to the continued provision of custody services. Give a brief history of your custodial business. Outline when it started, how assets have grown, acquisitions and other relevant information. What are your competitive advantages?
7. Comment on your organization's credit quality and overall financial strength. Provide your most recent Standard & Poor's, Moody's and Fitch ratings. Provide your Tier 1 capital ratio levels for the past three years.
8. Identify and describe the major risk factors that you manage in a custody relationship. Describe how you manage these risks.
9. Describe how often you conduct an internal and external audit of your securities operations. What level of management review is applied to reports resulting from audits and reviews? What level of effort is required to implement changes to correct deficiencies noted? Provide a recent example of this process.
10. Identify the internal and external entities that audit, regulate, and/or review your services. For each entity identified, provide the following:
  - a) A brief description of their audit plan
  - b) Frequency of audits and reviews
  - c) Reports produced and provided to management
  - d) Required responses of the Business Unit

## **B. Client Services**

1. Provide an organizational chart of your firm, showing where the relationship management service sits within your organization, pertaining to the provision of the custody service. Provide the CV of the head of services of the relationship management team.
2. What is the size of the custody service team, and what is the number of people who have left and joined the team over the last three years?
3. Describe the key performance indicators and measurement standards that you will use to report your performance. How often will report cards be issued and how often will you conduct formal review meetings with us?
4. Describe the key elements of your relationship management strategy to ensure client satisfaction.
5. Confirm the hours of operation for the customer service/relationship management team as well as time zones where applicable.
6. Which of your account locations will be responsible for providing us with custody and related services?
7. Describe the hierarchy of your client service team that would be responsible for our account including the names, roles, experiences and also the position of our relationship manager, back-up and other relevant account officers.
8. Disclose the number and type of accounts that our relationship manager and back-up is currently servicing.
9. Name and provide CV's, and time spent with the custodian for the officers we could contact on day-to-day queries concerning a) custody and settlement, b) investment accounting reports, c) performance reports, d) risk reports, e) compliance reports, f) reconciliation issues and g) communication issues.
10. Describe your internal quality and client service standards of the services you provide, specifically your procedures for problem resolution in terms of a) mode of communication of any query, b) standards to assess severity by type of problem c) maximum time of response after the query is received, c) expected time for resolution of the problem in accordance to its severity and d) escalation procedures.
11. Describe your standard arrangements for a) portfolio review b) seminars c) training and d) research.
12. Do you have of program for keeping clients fully educated and providing a forum for new ideas and needs?

## **C. Custodian**

1. Provide examples of how your institution offers best in class services in the global capital markets?
2. How are you able to drive innovation and regulatory change in the market place;
3. Confirm that you will hold, or direct its agents or its sub-custodians to hold, for the account of GEPF all securities and other noncash property other than securities which are held by the Service Provider, its agents or sub-custodians, in a clearing Bank which acts as a securities depository or in another book-entry system for the central handling of securities collectively referred to herein as "Securities System."
4. List the depositories, local agents, and sub-custodian banks used for the asset classes and markets listed in page 4 - List of Asset Types and Contract Types Traded. Describe your relationship with each depository, local agent and sub-custodian bank. For example: as a fully-owned subsidiary, a local branch, a contractual relationship, etc.
5. Describe your sub-custodian network coverage and capabilities. What is each sub-custodian's market share? How long has each one been affiliated with you?

6. Describe your process in managing the sub-custodian network in terms of selection, oversight, problem resolution and termination. How often do you review their performance and visit their offices?
7. Describe what considerations you would take in adding a new market and the average time to operationalize in a new market.
8. Confirm you can account for international portfolios with complex derivatives and high volumes? Confirm that set up will be done for segregated mandates so that security level details are reported similar to the security level breakdown provided for domestic portfolios, including the ability to aggregate with the domestic portfolio at security level.
9. List how many new sub-custodians and markets were added in the last five years?

#### **D. Cash and Securities Processing, Settlement and Custody Services**

1. Describe key elements of your operations risk management policy approach (include definition, periodic review policy, day-to-day management, monitoring of sub-custodians, quantitative measures, etc).
2. Provide a list of the percentage of buy fails and the percentage of sell fails by product and indicate the average total time for resolution of "Don't Knows".
3. Describe your daylight and overnight overdraft policies and limits and include overdraft rates, overdraft reporting, overdraft alerts (process for informing clients) collateral requirements and allowance for future compensating balances.
4. Describe the alternatives and deadlines for each alternative for same day investment and your interest policy for un-invested funds.
5. Describe your contractual settlement policy and include communication of cash receipt/payment status, charges or charge-backs that could result from cash credits and any other relevant items. List the markets in which you offer contractual settlements. Indicate whether you credit your client's account for income earned from failed trades.
6. Describe your cash and securities reconciliation process between the records of clients, Custodian Bank, sub-Custodian Banks and depositories. Include frequency of reconciliations and standards for resolution. Do you provide Clients of status reports on non-reconciliatory items? Please describe.
7. Provide a table of trade receipt deadlines necessary to ensure settlement occurs on settlement date. The table must have the following columns in the listed order: country, security type, standard settlement period (i.e., T=S, T+1, T+3, etc.), reporting deadline in Central African Time (i.e., T+x by 5:00PM) and type of communication necessary between Investment Manager and sub-custodian (i.e., none, electronic through SWIFT, etc.).
8. Describe your policy for accepting trade instructions after your deadline.
9. Describe the process of trade instruction receipt by your Custodian Bank and subsequent transmittal to depositories or sub-custodians. We are especially interested in your straight through processing capabilities, any manual intervention necessary, time lag from receipt of instruction to entry into your custody system and your sub-custodians' systems, processing and time necessary to revise trade instructions, and any other relevant information. List the security numbering systems (i.e., CUSIP, SEDOL, ISIN, Common Code, etc.) utilized by your custody system.
10. Describe the controls you have in place to ensure trades are properly processed and executed in line with client instructions and within market deadlines.
11. Describe the regulatory environment and specific laws and protections which would apply to the assets you custody on behalf of your clients in the event of bankruptcy or other events that may adversely affect the Custodian Bank. (e.g. rules and laws governing segregation of client and custodian assets.)
12. Describe your procedures for resolving compensation claims quantify the number, amount and average time period for resolution as well as settlement of compensation claims during the past year.

13. Describe your trade confirmation procedures and controls.
14. Describe your controls to ensure clients receive corporate action information.
15. Confirm your understanding that the Pension Fund is a juristic entity that operates internationally that is immune from certain forms of taxation.
16. Describe your process to reconcile tax reclaims expected and tax reclaims received, resolve discrepancies, and report to client taking into account that the client is an official institution.
17. Confirm that the Service Provider has the ability to accept client designated pricing hierarchy by asset classes as well as allowing client to override price for a single security. If so describe your capabilities; otherwise, explain how you would meet these requirements.
18. Confirm that you have procedures in place to ensure reasonable pricing, for example you must be able to flag and investigate unusual/significant price changes and stale prices (with aging) per client defined thresholds. If so, describe your capabilities; otherwise, explain how you would meet these requirements.
19. Confirm that you have procedures in place to handle and respond to client/investment manager's price challenges when they do not agree with the assigned prices. Specify the turnaround time.
20. Confirm that you have the capability to value various OTC derivatives. Describe your process for pricing OTC derivatives and the quality assurance process.
21. Describe your methodology to price securities that are not available from pricing services.
22. Describe all controls (including analytics) used to ensure accuracy and completeness of prices. Provide a Chart of the pricing sources, and the time when your prices are taken by currency and instrument type. Do you have the flexibility to price the securities at the same time as our index provider prices our benchmark?
23. Confirm you can provide at least a month end report (daily preferred) comparing primary pricing service provider with secondary pricing sources for analytical purposes. If so, please describe your capabilities; otherwise, please explain how you would meet this requirement.
24. Confirm that you can provide security historical prices for analytical purposes. If so, describe your capabilities; otherwise, explain how you would meet this requirement.

## **Additional Services**

### **E. Accounting Services**

1. Describe your accounting system and its integration with other systems; on-line, real-time updates; automated generation of journal entries. If the systems are not fully integrated, describe any plans to integrate them.
2. Describe the controls (frequency of performance and type) used to ensure the custody system and the investment accounting system are reconciled and "in sync". (i.e. cash accounts, security positions, non-cash items, etc.)
3. Describe the controls (frequency of performance and type) used to ensure the investment accounting system and your on-line reporting system are reconciled and synchronized.
4. Indicate whether your investment accounting system is multi-currency and whether your system can support the following foreign currency requirements:
  - a) Ability to accommodate different currencies for settlement, maturity and interest (e.g., dual currency instruments).
  - b) Ability to report in the currency of transaction and in a single base currency equivalent.

- c) Ability to use foreign exchange rates daily from external sources. Please confirm if you can source INET (for South African domiciled assets) closing rates at the end of business day (5:00 pm SA time) or rate provided by the client.
- d) Ability to translate income and expense items to the base currency equivalents using daily exchange rates and balance sheet items using period end rates.
5. Describe the interest accrual policies that your investment accounting system supports (i.e. first day not last, last day not first) and ability to value bonds on a T+3 basis.
6. List the various day count conventions that your accounting system will support on calculating and reporting the interest accrual. Describe at what time these calculations are done for non-business days (weekends and public holidays).
7. List the various orders of sale that your investment accounting system will support (i.e. FIFO, highest cost, lowest cost, average cost, etc.) Can you accommodate custom inventory methods that we could require?
8. List all accounting policies that can be accommodated by your accounting system (e.g. Straight line/Effective interest rate for amortizations, Trade date/ Settlement date accounting, etc) and link to instruments supported by your system.
9. List which reporting standards can be accommodated (i.e. International, US, UK, etc).
10. Describe how your investment accounting system processes corrections (i.e., reversal, adjustment, etc.).
11. Describe your ability to support the accounting for FVPL, FVOCI and Amortized Cost portfolios as prescribed in the Regulatory Reporting Requirements
12. Describe your period-end general ledger close process and whether it can be completed within five business days of the period end.
13. List the interfaces between your investment accounting system and pricing service providers currently used by you for clients.
14. Indicate the percentage of clients for which you process margin accounts for futures trading at a separate Clearing Broker.
15. Are you able to validate fees (management and performance) of asset managers to ensure these have been calculated in accordance with the Investment Management Agreement
16. Describe your procedures for setting up and settling margin accounts in different currencies as well as single currency margin accounts for multi-currency futures transactions and segregating and tracking collateral.

## **F. Portfolio Analytics**

### **I. Portfolio Analytics: Performance Measurement Services**

1. What is the typical staff to client ratio? What is the average number of years of professional performance measurement and analytics experience? How many will be assigned to the System's account?
2. Describe your performance measurement system(s) and what procedures you perform to prove the accuracy of the data. Indicate whether the system is internal or if you use an outside service provider's service. If you use outside service provider(s), please list them.
3. Do you have a separate accounting and performance system? If so, indicate whether your investment accounting system is integrated or interfaced with your performance measurement application and describe how your accounting system is reconciled to your performance system and what reports you provide to explain any unreconciled differences. Also indicate the frequency of reconciliation. How is it validated?
4. What procedures exist to verify the accuracy of rates of return? Describe your procedure to verify returns with investment managers? What percentage of the returns that you calculate is verified with investment managers?

5. Does your performance system have the base-currency concept? Is it able to report returns by currency? What is the periodicity of your performance calculations (daily, monthly)?
6. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, convertibles with currency features, venture capital, limited partnerships, and unlisted properties, where applicable.
7. Indicate whether your performance measurement methodology conforms to the CFA Institute's Global Investment Performance Standards (GIPS).
8. Describe the methodology used to compute rates of return. Does your system have the capability to report returns both gross and net of investment management fees?
9. Discuss your performance measurement capabilities in the private equity and unlisted properties areas. What systems do you use to calculate internal rate of returns for private equity portfolios?
10. Describe at what levels returns are available and describe the aggregation methodology.
11. Indicate how your performance measurement system processes corrections and the length of time required to make back-dated corrections for portfolios and benchmarks. Can you re-run the benchmark process for past dates? Highlight any differences between this correction process and that used for the accounting system.
12. Can performance data remain unchanged when "effective date" postings are made to the accounting records? Can performance data be changed if accounting data remains unchanged?
13. Are you willing and/or able to backload data?
14. Confirm that you have access to all indices as described in the scope of work section, their source and the manner and timing in which you receive them. For which indices do you have security level detail?
15. Does your firm have the capacity to calculate overall portfolio performance relative to benchmark? If so, please describe the methodology and describe any performance attribution service(s) you offer.
16. What performance measurement and analytics data are available on-line? Can raw data be downloaded? (Raw data would include portfolio aggregate statistics as well as security specific characteristics, such as rate of return, risk, P/E ratios, dividends, yields, and other analytic items.) How much historical data is available on-line, and for what periods? Confirm that raw data can be downloaded into Excel via Excel formulas? Note any exceptions.
17. Confirm that the performance reports can be customized to meet the client's needs? Provide an example of customization and note any exceptions.
18. Provide a separate book with samples of all the reports you provide for clients. This should include performance measurement, attribution analysis, manager style analysis etc.
19. Describe the performance attribution service(s) you offer including their respective methodology.

## **II. Portfolio Analytics: Compliance Services**

1. Describe if your Investment Guideline compliance procedure can control the following restrictions examples in both relative to benchmark and absolute terms:
  - Maximum allocations to eligible asset classes/sectors a) as a percentage of the total value of the portfolio and b) as a rand value.
  - Maximum allocation per issuer at each rating category a) as a percentage of the total value of the portfolio and b) as a rand value.
  - Modified duration limits
  - Tracking error limits
  - Credit limits
  - Liquidity limits

- Derivative positions

Please confirm that you can handle all of the compliance testing described above?

2. Describe the functionality (if any) of your post-trade and back-end compliance application including method of entering and changing compliance rules, categories of compliance restrictions supported, timeliness of flagging compliance breaches, methods of notification of compliance breaches, classification e.g. active and passive, period the breach has been outstanding, integration with your custody system, tools for managing the follow-up of violations or warnings, mandatory and regular etc.
3. Please confirm the capability to support trade-day compliance for all asset types traded on behalf of GEPF, and that the platform will facilitate requests to create, modify, and classify compliance rules and display the results of key pre-trade and post-trade compliance metrics? Are you able to provide functionality to actively create alerts when limits are breached and suggest solutions to compliance issues?
4. What types of reports do you generate to assist clients in monitoring various investments?
5. Can clients specify test criteria when evaluating the compliance system?
6. Do you prepare and file disclosure requirements with regulatory agencies on behalf of your clients
7. Can custom lists of accounts, issuers, or securities be created?
8. How frequently is compliance checked – daily, monthly?
9. Can your compliance system evaluate compliance at an account level?
10. Describe the exception management process of your compliance system.

### **III. Portfolio Analytics: Risk Management**

1. Do you have the capacity to calculate overall portfolio potential tracking error or any other alternative risk measure relative to benchmark? If so, please describe methodology.
2. Do you have the capacity to calculate contribution to potential overall tracking error relative to benchmark due to different risk factors? If so, please describe methodology.
3. Describe the different types of absolute risk measures that you are able to calculate for the portfolio and the benchmark e.g. VaR, Key rate duration, Modified duration, Tracking error, Sharpe, Information ratio, etc.
4. Confirm you are able to meet our risk reporting with respect to:
  - a. Risk Management: Analytic data (such as interest rate risk, credit risk, scenario analysis/stress testing, etc.), duration and tracking error, VAR.
  - b. Reconciliation of own systems: Accounting with Performance, Accounting with Custody, Custody with Compliance, Accounting/Performance with Risk Management.
  - c. Reconciliations with Investment Managers: Cash, NAV, net income and performance returns, and security holdings reconciliation.
5. Describe the process for users to create customized reports.

### **G. Securities Lending**

1. Describe the main sources of return of your overnight securities lending programs that you maintain with your clients during the last three years.
2. In the case of overnight security lending programs, give examples of the strategies/guidelines use for investing the collateral?
3. Describe your risk management and compliance procedures applied to your securities lending programs including:
  - Details on how borrowers are selected,

- Frequency of review of credit worthiness,
  - Setting limits and whether or not clients can select or eliminate borrowers,
  - Whether clients can establish their own limits to a particular borrower,
  - Controls against excess risk/loss,
  - Mark to market frequency,
  - Collateral requirements.
4. Describe your capability to manage international and domestic securities lending programs by country.
  5. Describe aspects of your securities lending program that may distinguish you from your competitors?
  6. Provide copies of the standard reports you send to your clients detailing securities lending activity.
  7. Describe the way in which security lending operations are accounted in your end of the month investment accounting reports.
  8. What procedures do you have in place to ensure that securities on loan are returned on a timely basis to meet trade settlement requirements?
  9. What level of indemnification are you prepared to provide for failed trades?
  10. What are the collateral investment options? How do you manage the default risk in the collateral pools?
  11. How do you allocate lending opportunities among your clients?
  12. Do you support third party securities lending? Please describe the process to facilitate the operations.
  13. What is the typical client fee-sharing arrangement for domestic and international securities? What factors influence the determination of the fee-sharing arrangement? When are securities lending income credited to clients?
  14. Are you able, and if so, to what extent, to tailor your securities lending program to accommodate specific requirements of the client?
  15. Would our use of your securities lending service change our deadlines for trade notification and trade modifications? If so, please list the new cut-off times by security type.
  16. Have you made any changes to your Security Lending program, process, and controls, following the financial crisis? If so, please describe these changes.

#### **H. Unlisted Asset Administration**

1. Do you support (accounting and reporting) for Unlisted Asset: including Private Equity (Funds and Direct Investments) and Investment properties/ Unlisted Property, Private/ Unlisted Debt businesses?
2. Briefly describe your accounting process for Unlisted Assets, for both Fund and Direct investments. What is your account set-up process for Unlisted Assets investments?
3. The valuation of Unlisted Assets investments is key to the GEPF. Please describe in full detail all valuation methodology that your clients (past and present) utilize and highlight any limitations. Can you breakdown NAV's in detail – capital contributed, appreciation, income and expenses, withdrawals, etc.?
4. Can you provide access to valuation and historic performance data (since inception)? Can this data be easily aggregated and disaggregated according to portfolio, fund, investment strategy, industry, geography, manager, or vintage year on a quarterly and annual basis?
5. Provide us with a listing of your clients who have investments in Unlisted Assets. Give the following information:



- Type of client: Buy side (fund sponsors), or sell side (general partners)
  - Geographic Location. Specify one of the following: Africa, North America, South America Europe, Asia and other Emerging Markets
  - Type of services provided to the client (including: administration, performance reporting, risk analytics, accounting, etc.)
6. Do you have a separate team dedicated to Unlisted Assets (Fund and Direct investments) accounting and reporting? If so, please provide names, qualifications and experience of the individuals that you anticipate will be involved in servicing our account. Provide their bios.
  7. Describe your performance measurement and analytical capabilities for Unlisted Assets?
  8. What types of products are currently available to clients? Describe the level of detail for analysis that the products allow. Indicate which products are available through 3rd party service providers and/ or platforms being used. Please provide sample reports to document your answers.
  9. Do you have the system or expertise to calculate performance of Unlisted Assets investments based on IRR, MOIC, PME and other metrics? Can your system integrate with a third-party service provider (for performance monitoring) and what processes and systems are required for such integration?
  10. Does your system support retroactive changes to Unlisted Assets market values, actual returns and benchmark returns?
  11. Confirm that you would be able to provide sophisticated investment accounting services for private loans with amortization schedules, in a system and with functionality to generate supporting schedules at year end for auditors. Describe the process and the capabilities (system, staff etc.) to interpret complex loan agreements and navigate the confidentiality restrictions.
  12. Does your system allow you to recalculate any aggregates containing these investments, the total Fund actual returns and the benchmarks for the periods affected by the retroactive changes to Unlisted Assets performance? Are the current cumulative performance of the Fund and the cumulative benchmark changed to reflect the retroactive changes to prior periods for Unlisted Assets asset classes?

## Reporting

Provide a matrix and a copy of (a) all standard fixed income and derivatives reports available to clients (b) the timing of those reports and (c) the delivery format of such reports. As a minimum, the types of reports expected in your matrix classified per asset manager on a **monthly** basis, and available 5 business day after month end are:

1. The portfolio detail with a complete list of all investments classified per asset category detailing the unit holding, book value, fair value, unrealized gains and losses.
2. All the transactions done for the month per instrument, asset class and portfolio including all purchases, sales and failed trades. It should include consideration and transaction expenses and any profit or loss generated.
3. A summary of income received classified per asset category detailing opening accrued income, income earned for the period, income received and closing accrued income.
4. A summary detailing the various expenses incurred in making investments.
5. A summary of outstanding receivables on sales and outstanding payables on purchases per asset category detailing contract date, settlement date, unsettled units and outstanding amounts.
6. A cash report detailing all the cash receipts and payments.

7. A consolidated cash flow statement for all cash flows relating to investments which summarizes the cash flow movement per investment manager. The cash flow statement should clearly indicate the cash inflow/outflow from net investment income and the cash inflow/outflow from proceeds of/ additions to investments. All non-cash movements should be reconciled and reported separately.
8. A summary of all transaction costs incurred on financial instruments valued at fair value through profit and loss.
9. A consolidated trial balance summarizing all the transactions for the period classified into assets, liabilities, income and expenses detailing the opening balance, movement and closing balance. The consolidated trial balance has to be supported by the trial balances from all the individual asset managers.
10. A complete list of all bank accounts (current & call accounts), accompanied by:
  - Monthly bank reconciliations (supported by original bank statements)
11. Updated contracts/ contractual information for all unlisted investments. Documentation required per category of unlisted investments:
  - Loans & Advances: Amortization schedules from inception to current (in excel & pdf format)
  - Unlisted funds: The total consolidated commitment for all unlisted funds, the drawn down amount and the undrawn amount should be reported and supported by draw down schedules per fund of funds from inception to date; and
  - Delisted investments: Book cost, current status & valuation.
12. A list of all unlisted investments (per category) with the following detail:
  - Opening balance
  - Movement (including explanation and detailed breakdown of movement)
  - Closing balance; and
  - A list of all additions to unlisted investments specifying the nature of the investment. The list should be supported by signed contracts/ available contractual information. For all loans and advances, securities must be disclosed. Reasons for unsecured loans & advances should be provided.
13. A list of all bank accounts opened and closed during the reporting period. This list should be supported by original letters from the bank specifying the account name, account number and when account was opened/ closed.
14. A list of all external management fees incurred supported by management fee invoices.
  - Calculation of the management and performance fees per asset manager in line with assets under management.
  - Reporting classified per asset class, sector, country and portfolio for the unlisted investments.
  - A report detailing the exchange rates used to the reporting currency.
  - Exception reports of the differences between the master custodian and the asset managers per reconciliation performed.
  - Investment property reconciliation showing:
    - Opening balance
    - Additions
    - Capital expenditure
    - Disposals
    - Fair value adjustments

- Lease income accrual
- A summary of all foreign exchange transactions which details the nature of the transaction, the exchange rate used for each transaction and the resulting foreign exchange gain/loss realized per transaction. The realized and unrealized part of the foreign exchange gain/loss should be reported as separate line items. Per GEPF policy, all exchange rates should be converted using the INET closing price at the end of business day. Where INET does not provide the necessary pricing information, GEPF will prescribe an alternative.
- On the trading of derivatives, the following information is required:
  - Counterparty information
  - Mark to market value
  - Portfolio value
  - Underlying holdings
- Calculation of asset class allocation against benchmark, performance against mandated benchmarks, attribution, contribution and risk calculations for at least 80 portfolios including composites This includes performing performance calculations for listed and unlisted investments such as Investment properties, private equity and infrastructure The calculation will be equal but not limited to:
  - Performance (portfolio level)
    - Total Weighted Return
    - Money Weighted Return
    - Internal Rate of Return
    - Gross/Net returns
    - Different flavours of net and gross
  - Contribution
    - Security level contribution and returns
  - Attribution
    - Asset Class allocation
    - Regional allocation
    - Mandate selection
    - Manager selection
  - Risk calculations:
    - Value at Risk
    - Tracking Error
    - Sharpe Ratio
    - Beta
- Describe your reporting capabilities in the ESG area for listed and unlisted investments.

Please confirm that you can provide the following information in electronic and/or printed format on a **quarterly** basis required 5 business days after quarter end:

- Detailed list of all investments per category disclosing all information required as per GEPF's annual financial statements.
- Money market instruments with original maturities of three months or less as at end of the quarter.
- Any information required to update the notes to the annual financial statements, including levelling and derivative notionals.
- IFRS 7 disclosure:
  - Sensitivity analysis with the impact on profit or loss and equity due to changes in market indicators
  - Maturity profile on investments
  - Credit ratings and maximum credit exposure concentration; and
  - An indication of the maximum credit risk exposed to
- The recording of unlisted loans and advances at amortized cost detailing and any impairments as per the external appraisers.
- A list of companies (listed and unlisted) where GEPF holds 20% or more shares.

Please confirm you are able to perform the consolidation of all reporting prior to reporting to the GEPF.

## **Technology**

1. Describe the technology that underlies (a) custody services, (b) investment accounting services, (c) performance measurement services, (d) compliance/risk management services and (e) securities lending.
2. Indicate the number of clients currently utilizing an interface to your custody system and the nature of the interface for each of the systems listed.
3. How do you work with clients in systems development? How are clients' requests prioritized for implementation?
4. Indicate what delivery formats trades can be received by you from our Investment managers.
5. Provide a list of external trading systems (such as Bloomberg, Trade Web, Reuters) for which you already have customized trade capture processes.
6. Indicate which networks you use for trade communications and settlements, e.g. S.T.R.A.I.T., S.W.I.F.T., Fedwire, Euroclear, Cedel, etc. Please indicate any specific message type requirements.
7. What is the lag time between trade execution, availability of online transaction data to the client and the posting of the transactions to your accounting system
8. Indicate the percentage of total custody clients that are sending trades to your custody system electronically and list the mechanisms used.
9. Indicate the number of clients currently utilizing an interface to your investment accounting system and the nature of the interface for each of the systems listed.
10. Detail how reporting data is deliverable to clients (e.g. internet portal, e-mail, FTP, hard copies, etc). Do you have an on-line reporting capability? Please describe functionality of reporting and timing of available reports.
11. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).

12. Describe the functionality of and system requirements of any on-line inquiry tool(s). Specify if any software is required to be installed on the client side. If yes, please provide details of the software and corresponding cost.
13. List any hardware that may be required to be installed by the client for connectivity to the custodian.
14. Describe your current major system enhancements for custody, investment accounting, performance measurement, compliance/risk management systems and securities lending, ESG and include expected completion date and details.
15. Describe your process for prioritizing projects and allocating resources.
16. Discuss scheduled downtime. What are the processes relating to scheduled downtime, for example: client notification, parallel servers, period of time system unavailable per occurrence, etc? How much scheduled downtime has the system experienced in each of the past two years? How much unscheduled downtime has the system experienced in each of the past two years? What were the primary causes and how were the problems corrected?
17. How much has your organization dedicated to custody-related hardware and software enhancements/upgrades during each of the past two years in dollar terms and as a percentage of total custody operating expenses?
18. Describe your business continuity plans.
19. Describe your process for real-time file back-up and off-site storage for data and software, including back-up locations. If you transmit or store client data at any time within your computing environments, including data back-ups, please identify the locations where data reside or traverse, and whether client data are or are not encrypted both at rest and in transit.
20. Describe your emergency management/business continuation plan. In your description, please identify alternative operating sites and the maximum time required to resume business operations. Please provide the date of the last testing and a summary of results or lessons learned.
21. Do you currently carry cybersecurity insurance? If yes, provide an overview of the coverage.
22. Does you conduct periodic risk assessments to identify cybersecurity threats, vulnerabilities and potential business consequences?
23. Is the data encrypted when stored? Is the data encrypted when in transit? Who controls the encryption keys and who has access to these keys? What type of connection will be used to pass data (https site, sftp. etc.)? Who has access to our data and how is this access provisioned?

## **Project Implementation**

1. Provide a documented, step-by-step process, including timeline, for converting a new client.
2. Describe the overall methodology and approach proposed for the project implementation, and their accompanying acceptance testing procedures, including an estimated timeline of events.
3. Describe the on-site and remote transition teams and their responsibilities during the parallel period.
4. Describe the organization and qualifications of the implementation team that will be assigned to us, in particular the officer that will be responsible for the implementation effort, including details of the Custodian Bank's implementation team's organization and relevant qualifications.
5. Will this conversion team continue to service our account after implementation?
6. Describe any training plan in detail for our staff. Provide a training schedule for each application that the above staff will need to be able to implement the account and the number staff you expect to train.
7. Describe the technical support services and facilities that will be provided by the Custodian Bank – include e-mail, dedicated telephone lines, on-site and internet assistance, and the associated standards of service.

8. Describe how you handle the problem tracking, management and escalation processes and corresponding procedures and standards of service during the implementation period (by problem type/severity, as appropriate).
9. What are the typical problems a client should expect to encounter during a conversion and how might they be minimized?
10. What is your recommended conversion plan and how long do you anticipate the conversion will take? Are there any special requirements you will need from the plan sponsor when converting accounts? Please specify.
11. Describe how unsettled transactions are handled in the conversion process.
12. Describe the audit process on the audit of take on balance.

### **Asset protection**

1. Confirm that (a) all respective Clients assets will be segregated from the custodian's and other clients' assets, (b) securities with sub-custodians, and clearing systems, will be held in an account which holds securities of the custodian for its customers only, (c) securities deposited by the custodian with a sub-custodian, or local clearing system, will be subject to instructions of the custodian only.
2. What are your procedures to exercise due care to assure that all GEPF's assets are held in safekeeping, properly segregated and positions are adequately maintained for accounting purposes, including daily reconciliations between depositories or sub-custodians and the custodian's inventory records as well as regular reconciliations of accounting records and inventory records?
3. Describe insurance policies applicable to the entity (ies) which will provide services to the Clients. Indicate (i) the type of insurance (please distinguish between the financial institution/blanket bond policy (BIP) and the bank professional services liability (BPL) or other errors and omissions or third-party policies), (ii) the amounts of coverage (per claim and in aggregate) and (iii) name of the insurance company.
4. Confirm that securities are held by you in such a manner that they are not subject to the claim of creditors of your bank, your sub-custodians or other agents. If so, describe your capabilities; otherwise, please explain how you would meet this requirement.
5. Indemnification of the Clients. Please describe the indemnification you are prepared to provide to the Clients for losses and damages to their assets under your custody. Please include also indemnification information with respect to damages caused by sub-custodians and clearing systems you selected. Provide details of the indemnity coverage.
6. Confirm that there are no circumstances where you would seek any form of security interest over client cash. If they exist, please specify the circumstances.
7. Standard of care. Describe the standard of care in detail (a contract clause) you expect to apply to your performing services for the Clients.
8. Will you take responsibility for the loss of any client cash held or being processed by you, your sub-custodians and their agents including?
  - you as custodian, your branches and subsidiaries
  - your third-party sub-custodians
  - third party agents with which you directly contract
  - central securities depositories
9. Where the client suffers a loss for which you are liable, please confirm that you will compensate the client for all the direct, but not consequential, costs linked to rectifying the situation and making the client whole. If so, please describe your capabilities; otherwise, please explain how you would meet this requirement.
10. Confirm that you will accept the client's ability to quantify the loss based on the value of the property in question as of the time of the loss or the time of discovery of the loss.

11. Waiver of security interest. Confirm that you are prepared to waive security interest (lien) over a Client's assets in situations where such restriction would be unacceptable to the Client (e.g., would be in violation of local law or of negative covenants in the country's borrowing programs). Indicate the type of lien you are referring to in your response (continuing as opposed to transactional etc.).
12. Confirm that you will not require a charge, pledge or lien on any of the client's assets (cash or securities). If these are required, state the events they are required to satisfy.
13. Describe the process and reviews undertaken to confirm that market or legal changes in the securities markets in which you provide custody services do not adversely impact the clear ownership rights of you clients over their security assets.
14. Describe how the legal capacity to make binding decisions on its rights, duties and obligations is handled and delegated within your organization.
15. Describe your monitoring mechanisms of various country repatriation regulations.

**Proof of concept may be required for system interface**

## 2. Evaluation Criteria

Value: 1=Very poor 2=Poor 3=Average 4=Above Average 5=Excellent

Phase 1	<b>Administrative Compliance (Completion of SBD documents, Pricing/Technical proposal, attendance of the briefing session, tax clearance/Pin or CSD registration report)</b>	
Phase 2	<b>Functionality</b>	<b>100</b>
	<b>Core Custody</b>	<b>20</b>
	A. Organization, Experience and Resources	5
	B. Client Services	5
	C. Custodian	5
	D. Cash and Securities Processing, Settlement and Custody Service	5
	<b>Additional Services</b>	<b>35</b>
	E. Accounting Services	10
	F. Portfolio Analytics	10
	I. Performance Measurement Services	
	II. Compliance Services	
	G. Securities Lending	5
	H. Unlisted investment Administration	10
	<b>Reporting</b>	<b>20</b>
	I. Accounting	10
	J. Performance	10
	<b>Technology</b>	<b>15</b>
<b>Project Implementation</b>	<b>10</b>	
<b>NB Minimum qualification of 70%</b>		
Phase 3	<b>Due Diligence</b>	<b>100</b>
	<b>NB Minimum qualification of 70%</b>	
Phase 4	<b>Price (Second Phase)</b>	<b>70</b>
	<b>BBBEEE status level</b>	<b>30</b>
	<b>Total</b>	<b>100</b>

### 1.1. Enquiries

Enquiries must be submitted by and responses will be sent to all bidders by the close of business day.

#### Technical enquiries and General enquiries:

Mr William Ramoroka  
 SCM Manager  
 E-mail: [william.ramoroka@gpaa.gov.za](mailto:william.ramoroka@gpaa.gov.za)



### 3. GUIDE TO RESPONSES

The tender documentation must address and/ or contain the following information in the following order:

1. Demonstrable experience of the prospective service provider in undertaking of similar master custody services with a minimum of seven to ten (7 - 10) years.
  - The master custodian should be global with international and local presence
2. General approach planned methodology and proposed project plan towards the undertaking of master custody services.
  - Methodology and project plan should speak to the services required (proposed team and project structure)
  - Migration phase – from existing custodian to master custodian
  - Implementation phase
  - Timelines
3. Delivery of master custody services
  - Sample reports (as per Annexure A)
  - Proposed Service Level Agreement (SLA)
  - Demonstrate ability to interface with client systems
  - Demonstrate ability to provide custodial services and value added services (as per scope of work)
4. Team structure and qualifications of team members
  - CV's of proposed team(s) – key resources within implementation team and client services
5. List of contactable references (minimum of 5 clients where similar services were provided)
6. Due Diligence assessment  
During Due Diligence assessment, the following will be required:
  - Presentations
  - Systems and process walkthrough – simulation of offering from source document to consolidated reporting (based on sample data which we will provide)
  - Risk and Compliance checklist (questionnaire)
  - Reference checks
7. Costing structure. (Refer to SBD3.1)

**Annexure B**

**(GEPF)**

**SCM**

***Standard Bid Document***

**PART A**  
**INVITATION TO BID**

<b>YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE GOVERNMENT PENSION ADMINISTRATION AGENCY (GPAA)</b>					
BID NUMBER	<b>GEPF 01/2020</b>	CLOSING DATE	<b>17 February 2020</b>	CLOSING TIME	<b>12:00</b>
DESCRIPTION	<b>RENDER MASTER CUSTODIAN SERVICES FOR THE PERIOD OF FIVE YEARS.</b>				
<b>BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT (STREET ADDRESS)</b>					
<b>34 HAMILTON STREET</b>					
<b>ARCADIA</b>					
<b>PRETORIA</b>					
<b>BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO</b>			<b>TECHNICAL ENQUIRIES MAY BE DIRECTED TO</b>		
CONTACT PERSON	<b>WILLIAM RAMOROKA</b>		CONTACT PERSON		
TELEPHONE NUMBER	<b>N/A</b>		TELEPHONE NUMBER		
FACSIMILE NUMBER	<b>N/A</b>		FACSIMILE NUMBER		
E-MAIL ADDRESS	<b>William.ramoroka@gpaa.gov.za</b>		E-MAIL ADDRESS		
<b>SUPPLIER INFORMATION</b>					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN	<b>OR</b>	CENTRAL SUPPLIER DATABASE No	MAAA	
BBBEE STATUS LEVEL VERIFICATION CERTIFICATE	TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No		BBBEE STATUS LEVEL SWORN AFFIDAVIT	[TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No	

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**A BBBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES & QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR BBBEE]**

ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES ENCLOSE PROOF]	ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES, ANSWER THE QUESTIONNAIRE BELOW ]
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**QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS**

IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE ENTITY HAVE A BRANCH IN THE RSA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**IF THE ANSWER IS “NO” TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 BELOW.**

## PART B

### TERMS AND CONDITIONS FOR BIDDING

#### 1. BID SUBMISSION

- 1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS.
- 1.2. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
- 1.3. **ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED (NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.**
- 1.4. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
- 1.5. **THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).**

#### 2. TAX COMPLIANCE REQUIREMENTS

- 2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
- 2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
- 2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.
- 2.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
- 2.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
- 2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.
- 2.7 NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."

**NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.**

SIGNATURE OF BIDDER: .....

CAPACITY UNDER WHICH THIS BID IS SIGNED: .....

(Proof of authority must be submitted e.g. company resolution)

DATE: .....

**SBD3.1**

**PRICING SCHEDULE – FIRM PRICES**

NOTE: ONLY FIRM PRICES WILL BE ACCEPTED. NON-FIRM PRICES (INCLUDING PRICES SUBJECT TO RATES OF EXCHANGE VARIATIONS) WILL NOT BE CONSIDERED

IN CASES WHERE DIFFERENT DELIVERY POINTS INFLUENCE THE PRICING, A SEPARATE PRICING SCHEDULE MUST BE SUBMITTED FOR EACH DELIVERY POINT

Name of bidder.....	Bid number: GEPF 01/2020
Closing Time 12:00	

OFFER TO BE VALID FOR **120** DAYS FROM THE CLOSING DATE OF BID.

#	Service	Rate per service				
		Year 1	Year 2	Year 3	Year 4	Year 5
1	Core Custody including <ul style="list-style-type: none"> <li>• Safekeeping</li> <li>• Trade Instruction and Settlement</li> </ul>					
2	Core custody - Other Services <ul style="list-style-type: none"> <li>• proxy,</li> <li>• FX,</li> <li>• wires,</li> <li>• manual transactions,</li> <li>• tax reclaims,</li> <li>• class actions and</li> <li>• out of pocket expenses</li> <li>• other charges</li> </ul>					
3	Derivative: <ul style="list-style-type: none"> <li>• OTC</li> <li>• Listed</li> </ul>					
4	Investment Accounting & Reporting					
5	Compliance					
6	Securities Lending					
7	FX Spread on standing instructions					

8	Unlisted assets administration					
9	Total Annual Price (sum of items 1-8)					

Further details of the proposed fee structure can be attached over and above the information given in the above table.

**All prices must be in ZAR currency including VAT.**

The following assumption on exchange rates can be used for illustrative purposes only:

ZAR/USD = R15  
ZAR/GBP = R19  
ZAR/EUR = R16

Required by:

GPAA

At:

34 Hamilton Street  
Arcadia  
Pretoria

**DECLARATION OF INTEREST**

1. Any legal person, including persons employed by the state<sup>1</sup>, or persons having a kinship with persons employed by the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid (includes a price quotation, advertised competitive bid, limited bid or proposal). In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the state, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority where-

- the bidder is employed by the state; and/or
- the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

2. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

2.1 Full Name of bidder or his or her representative: .....

2.2 Identity Number: .....

2.3 Position occupied in the Company (director, trustee, shareholder<sup>2</sup>): .....

2.4 Company Registration Number: .....

2.5 Tax Reference Number: .....

2.6 VAT Registration Number: .....

2.6.1 The names of all directors / trustees / shareholders / members, their individual identity numbers, tax reference numbers and, if applicable, employee / persal numbers must be indicated in paragraph 3 below.

<sup>1</sup>“State” means –

- (a) any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (b) any municipality or municipal entity;
- (c) provincial legislature;
- (d) national Assembly or the national Council of provinces; or
- (e) Parliament.



<sup>2</sup>"Shareholder" means a person who owns shares in the company and is actively involved in the management of the enterprise or business and exercises control over the enterprise.

2.7 Are you or any person connected with the bidder presently employed by the state? **YES / NO**

2.7.1 If so, furnish the following particulars:

Name of person / director / trustee / shareholder/ member: .....

Name of state institution at which you or the person connected to the bidder is employed :

.....

Position occupied in the state institution: .....

Any other particulars:

.....  
.....  
.....

2.7.2 If you are presently employed by the state, did you obtain the appropriate authority to undertake remunerative work outside employment in the public sector? **YES / NO**

2.7.2.1 If yes, did you attach proof of such authority to the bid document? **YES / NO**

(Note: Failure to submit proof of such authority, where applicable, may result in the disqualification of the bid.

2.7.2.2 If no, furnish reasons for non-submission of such proof:

.....  
.....  
.....

2.8 Did you or your spouse, or any of the company's directors / trustees / shareholders / members or their spouses conduct business with the state in the previous twelve months? **YES / NO**

2.8.1 If so, furnish particulars:

.....  
.....  
.....

2.9 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid? **YES / NO**

2.9.1 If so, furnish particulars.

.....  
.....  
.....

2.10 Are you, or any person connected with the bidder, **YES/NO**  
 aware of any relationship (family, friend, other) between  
 any other bidder and any person employed by the state  
 who may be involved with the evaluation and or adjudication  
 of this bid?

2.10.1 If so, furnish particulars.  
 .....  
 .....  
 .....

2.11 Do you or any of the directors / trustees / shareholders / members **YES/NO**  
 of the company have any interest in any other related companies  
 whether or not they are bidding for this contract?

2.11.1 If so, furnish particulars:  
 .....  
 .....  
 .....

**3. Full details of directors / trustees / members / shareholders.**

<b>Full Name</b>	<b>Identity Number</b>	<b>Personal Reference Number</b>	<b>Tax State Number / Number</b>	<b>Employee / Peral Number</b>

**4 DECLARATION**

I, THE UNDERSIGNED (NAME).....

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of bidder

## PREFERENCE POINTS CLAIM FORM

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

**NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE**

### 1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

- the 70/30 system for all requirements irrespective of Rand value (all applicable taxes included); and

1.2 The value of this bid is estimated to exceed/not exceed R1 000 000 (all applicable taxes included) and therefore the.....system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

- (a) Price; and
- (b) B-BBEE Status Level of Contribution.

1.3.1 The maximum points for this bid are allocated as follows:

	POINTS
<b>1.3.1.1 PRICE</b>	...70.....
<b>1.3.1.2 B-BBEE STATUS LEVEL OF CONTRIBUTION</b>	...30.....
<b>Total points for Price and B-BBEE must not exceed</b>	<b>100</b>

1.4 Failure on the part of a bidder to fill in and/or to sign this form and submit a B-BBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

1.5. The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

**2. DEFINITIONS**

- 2.1 “**all applicable taxes**” includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;
- 2.2 “**B-BBEE**” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- 2.3 “**B-BBEE status level of contributor**” means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- 2.4 “**bid**” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;
- 2.5 “**Broad-Based Black Economic Empowerment Act**” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.6 “**comparative price**” means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration;
- 2.7 “**consortium or joint venture**” means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;
- 2.8 “**contract**” means the agreement that results from the acceptance of a bid by an organ of state;
- 2.9 “**EME**” means any enterprise with an annual total revenue of R5 million or less.
- 2.10 “**Firm price**” means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- 2.11 “**functionality**” means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;
- 2.12 “**non-firm prices**” means all prices other than “firm” prices;
- 2.13 “**person**” includes a juristic person;
- 2.14 “**rand value**” means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;
- 2.15 “**sub-contract**” means the primary contractor’s assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;
- 2.16 “**total revenue**” bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;
- 2.17 “**trust**” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and
- 2.18 “**trustee**” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

**3. ADJUDICATION USING A POINT SYSTEM**

- 3.1 The bidder obtaining the highest number of total points will be awarded the contract.
- 3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts;
- 3.3 Points scored must be rounded off to the nearest 2 decimal places.
- 3.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.
- 3.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.
- 3.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

**4. POINTS AWARDED FOR PRICE**

**4.1 THE 70/30 PREFERENCE POINT SYSTEMS**

A maximum of 70 points is allocated for price on the following basis:

**70/30**

$$P_s = 70 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P<sub>s</sub> = Points scored for comparative price of bid under consideration

P<sub>t</sub> = Comparative price of bid under consideration

P<sub>min</sub> = Comparative price of lowest acceptable bid

**5. Points awarded for B-BBEE Status Level of Contribution**

- 5.1 Preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (70/30 system)</b>
1	30
2	26
3	22
4	18
5	14
6	10
7	6
8	3
Non-compliant contributor	0

- 5.2 Bidders who qualify as EMEs in terms of the B-BBEE Act must submit a certificate issued by an Accounting Officer as contemplated in the CCA or a Verification Agency accredited by SANAS or a Registered Auditor. Registered auditors do not need to meet the prerequisite for IRBA’s approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates.
- 5.3 Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.
- 5.4 A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.
- 5.6 Tertiary institutions and public entities will be required to submit their B-BBEE status level certificates in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.
- 5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- 5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

**6. BID DECLARATION**

- 6.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

**7. B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1**

7.1 B-BBEE Status Level of Contribution: ..... = .....(maximum 30 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the CCA).

**8 SUB-CONTRACTING**

8.1 Will any portion of the contract be sub-contracted? YES / NO (delete which is not applicable)

8.1.1 If yes, indicate:

(i) what percentage of the contract will be subcontracted?

.....%

(ii) the name of the sub-contractor?

.....

(iii) the B-BBEE status level of the sub-contractor?

.....

(iv) whether the sub-contractor is an EME? YES / NO (delete which is not applicable)

**9 DECLARATION WITH REGARD TO COMPANY/FIRM**

9.1 Name of company/firm: .....

9.2 VAT registration number :.....

9.3 Company registration number .....

:

9.4 TYPE OF COMPANY/ FIRM

- Partnership/Joint Venture / Consortium
- One person business/sole propriety
- Close corporation
- Company
- (Pty) Limited

[TICK APPLICABLE BOX]

9.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES

.....  
.....  
.....  
.....

9.6 COMPANY CLASSIFICATION

- Manufacturer
- Supplier
- Professional service provider
- Other service providers, e.g. transporter, etc.

[TICK APPLICABLE BOX]



9.7 Total number of years the company/firm has been in business?  
.....

9.8 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct;
- (ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form.
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- (iv) If the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –
  - (a) disqualify the person from the bidding process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person’s conduct;
  - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
  - (d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the audi alteram partem (hear the other side) rule has been applied; and
  - (e) forward the matter for criminal prosecution

**WITNESSES:**

1. ....

..... <b>SIGNATURE(S) OF BIDDER(S)</b>
---

2. ....

DATE:..... ADDRESS: .....

.....

**DECLARATION OF BIDDER’S PAST SUPPLY CHAIN MANAGEMENT PRACTICES**

1. This Standard Bidding Document must form part of all bids invited.
2. It serves as a declaration to be used by institutions in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.
3. The bid of any bidder may be disregarded if that bidder, or any of its directors have:
  - a. abused the institution’s supply chain management system;
  - b. committed fraud or any other improper conduct in relation to such system; or
  - c. Failed to perform on any previous contract.
4. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

Item	Question	Yes	No
4.1	Is the bidder or any of its directors listed on the National Treasury’s database as companies or persons prohibited from doing business with the public sector? (Companies or persons who are listed on this database were informed in writing of this restriction by the National Treasury after the <i>audi alteram partem</i> rule was applied).	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.1.1	If so, furnish particulars:		
4.2	Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)? <b>To access this Register enter the National Treasury’s website, <a href="http://www.treasury.gov.za">www.treasury.gov.za</a>, click on the icon “Register for Tender Defaulters” or submit your written request for a hard copy of the Register to facsimile number (012) 3265445.</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	Was the bidder or any of its directors convicted by a court of law (including a court outside of the Republic of South Africa) for fraud or corruption during the past five years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.3.1	If so, furnish particulars:		
4.4	Was any contract between the bidder and any organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		

**CERTIFICATION**

I, THE UNDERSIGNED (FULL NAME)..... CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS TRUE AND CORRECT.

I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

**DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES**

- 5. This Standard Bidding Document must form part of all bids invited.
- 6. It serves as a declaration to be used by institutions in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.
- 7. The bid of any bidder may be disregarded if that bidder, or any of its directors have:
  - d. abused the institution's supply chain management system;
  - e. committed fraud or any other improper conduct in relation to such system; or
  - f. Failed to perform on any previous contract.
- 8. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

Item	Question	Yes	No
4.1	Is the bidder or any of its directors listed on the National Treasury's database as companies or persons prohibited from doing business with the public sector? (Companies or persons who are listed on this database were informed in writing of this restriction by the National Treasury after the <i>audi alteram partem</i> rule was applied).	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.1.1	If so, furnish particulars:		
4.2	Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)? <b>To access this Register enter the National Treasury's website, <a href="http://www.treasury.gov.za">www.treasury.gov.za</a>, click on the icon "Register for Tender Defaulters" or submit your written request for a hard copy of the Register to facsimile number (012) 3265445.</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	Was the bidder or any of its directors convicted by a court of law (including a court outside of the Republic of South Africa) for fraud or corruption during the past five years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.3.1	If so, furnish particulars:		
4.4	Was any contract between the bidder and any organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		

**CERTIFICATION**

I, THE UNDERSIGNED (FULL NAME)..... CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS TRUE AND CORRECT.

I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

**CERTIFICATE OF INDEPENDENT BID DETERMINATION**

- 1 This Standard Bidding Document (SBD) must form part of all bids<sup>1</sup> invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).<sup>2</sup> Collusive bidding is a *per se* prohibition meaning that it cannot be justified under any grounds.
- 3 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorizes accounting officers and accounting authorities to:
  - a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.
  - b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.
- 4 This SBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination (SBD 9) must be completed and submitted with the bid:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

**CERTIFICATE OF INDEPENDENT BID DETERMINATION**

I, the undersigned, in submitting the accompanying bid:

\_\_\_\_\_  
(Bid Number and Description)

in response to the invitation for the bid made by:

\_\_\_\_\_  
(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: \_\_\_\_\_ that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder

6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
  - (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (c) methods, factors or formulas used to calculate prices;
  - (d) the intention or decision to submit or not to submit, a bid;
  - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
  - (f) bidding with the intention not to win the bid.
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

<sup>3</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

SBD 9

10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

**Annexure B**

**(GEPF)**

**SCM**

***Special Conditions of Contract***



**Special Conditions of Contract**

**General Notes**

The purpose of this Special Conditions of Contract (SCC) is to:

- (i) Draw special attention to certain special conditions applicable to Bids, Contracts, Agreements and Orders of the Government Employee Pension Fund (GEPF); and
- (ii) To ensure that all bidders are familiar with the special provisions, requirements and conditions that will be applicable in the undertaking of the project and which will form part of the contract documentation and of which due cognisance must be taken in the bidding process.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

The General Conditions of Contract (GCC) also forms part of all bidding documents and must be read in conjunction with this Special Conditions of Contract.

Whenever there is a conflict between the GCC and the SCC, the provisions in the SCC shall prevail.

**1.1. Bid Submission**

- 1.1.1. Bidders will be permitted to submit bids by:  
**Hand: 34 Hamilton Street, Arcadia, Pretoria**
- 1.1.2. Compulsory briefing session will take place on: **24 January 2020 at 10:00**
- 1.1.3. Closing Date: **17 February 2020**
- 1.1.4. Closing time: **12:00 pm.**

**1.2. Validity of Bids**

- 1.2.1. Bidders are required to submit bids valid for 240 days.

**1.3. Two-stage Bidding**

- 1.3.1. For this bid, a two-stage bidding procedure will be used, under which first un-priced technical proposals on the basis of a conceptual design or performance specifications are invited. The price proposal will only be considered after the technical proposal has been confirmed as being competent and compliant.
- 1.3.2. Suppliers are requested to submit their proposal in separate envelopes, with the technical proposal separated from the price proposal.

- 1.3.3. A minimum number of **six (6)** copies of the technical proposal are required as well as **six (6)** copies of the pricing proposal in a separate envelope.
- 1.3.4. Failure to comply to the above indicated provision may lead to a proposal being disqualified.
- 1.3.5. Only suppliers who meet the minimum of **70%** on functionality will be considered for the next stage of evaluation.
- 1.3.6. Government Employees Pension Fund (GEPF) will conduct a due diligence assessment on bidders who manage to score minimum 70% on functionality. Only suppliers who meet the minimum of 70% on due diligence assessment will be considered for the second stage of evaluation.
- 1.3.7. GEPF reserves the right to confirm compliance to regulatory requirements.
- 1.3.8. The GEPF reserves the right to invoke clause 2.3.3 under section 2.3 of its SCM policy on Preferential Procurement Strategy, which reads as follows:  
  
“Where specialised consulting services are procured, the GEPF reserves the right to make an award on the strength of the technical competence / functionality of the bids submitted and not purely on price and Broad-Based Black Economic Empowerment (BBBEE) level as per the two stage bidding process. If this clause is invoked, it should be made clear from the onset and the service provider will define rates / fees to be charged upfront and if necessary, these will be negotiated with the service provider to ensure the pricing proposal is linked to market rates. Employees should obtain approval from the PO / Board of Trustees, depending on the approval levels, prior to employing this type of appointment method.”
- 1.3.9. The appointment of the successful bidder will be for a period of five (5) years subject to review based on performance.
- 1.3.10. **The successful bidder, including partners where necessary, will be required to obtain an ISAE3402 report within 6 months of appointment if they do not have one already. This report will need to be made available to GEPF annually.**

#### **1.4. Late Bids**

- 1.4.1 Bids received after the time stipulated will not be considered. Late bids will be posted back to the bidder un-opened.

#### **1.5. Clarification or Alterations of Bids**

- 1.5.1 Bidders will not be requested or permitted to alter their bids after the deadline for receipt of bids.
- 1.5.2 Requests for clarification needed to evaluate bids and the bidder's responses should be made in writing.

**1.6. Completeness of Documentation (Administrative compliance)**

1.6.1. It will be ascertained whether bids:

- a. Include original tax clearance certificates
- b. All standard bidding documents have been properly completed and signed off:
  - SBD1, SBD3.1, SBD4, SBD6.1, SBD8 and SBD9
- c. Company registration documents
- d. Project Plan
- e. Sample reports
- f. Proposed SLA
- g. CV's of proposed team(s)
- h. List of contactable references (minimum 5 clients where similar services were provided)

1.6.2. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it will not be considered further.

1.6.3. The bidder will not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

1.6.4. **Note:**

"A single legal contracting entity" means one contracting entity with whom the GEPF will have a relationship for the period of the contract. Where the contracting entity opts to form partnerships for the provisioning of certain services within this contract, the following will be required from the partner(s) where necessary:

- External assurance on systems (ISAE3402 requirement). The successful bidder, including partners where necessary, will be required to have an ISAE3402 report within 6 months of appointment if they do not have one already.
- A list of partners/ sub-contractors should be supplied as well as proof of compliance with all relevant requirements.

**1.7. Rejection of all Bids**

GEPF reserves the right to reject of all bids if and when deemed necessary. This is justified when there is lack of effective competition, or bids are not substantially responsive.

**1.8. Associations between Consultants**

1.8.1. Consultants are encouraged to associate with each other to complement their empowerment credentials and their respective areas of expertise, or for other reasons. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. The association may take the form of a joint venture or a sub consultancy.

1.8.2. Consultants who do form a joint venture will agree on their terms and conditions and inform the GEPF of the details of such a joint venture for approval.

**Annexure C**

**(GEPF)**

**SCM**

***General Conditions of Contract***

**GEPF PROCUREMENT: GENERAL CONDITIONS OF CONTRACT**

The purpose of this Annexure is to:

- i. Draw special attention to certain general conditions applicable to GEPF bids, contracts and orders; and
- ii. To ensure that clients be familiar with regard to the rights and obligations of all parties involved in doing business with GEPF.

- In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.
- The General Conditions of Contract will form part of all bid documents and may not be amended.
- Special Conditions of Contract (SCC) relevant to a specific bid should be compiled separately for every bid if applicable and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC shall prevail.

**TABLE OF CLAUSES**

- 1. Definitions
- 2. Application
- 3. General
- 4. Standards
- 5. Use of contract documents and information; inspection
- 6. Patent rights
- 7. Performance security
- 8. Inspections, tests and analysis
- 9. Packing
- 10. Delivery and documents
- 11. Insurance
- 12. Transportation
- 13. Incidental services
- 14. Spare parts
- 15. Warranty
- 16. Payment
- 17. Prices
- 18. Contract amendments
- 19. Assignment
- 20. Subcontracts
- 21. Delays in the supplier's performance
- 22. Penalties
- 23. Termination for default
- 24. Dumping and countervailing duties
- 25. Force Majeure
- 26. Termination for insolvency
- 27. Settlement of disputes
- 28. Limitation of liability
- 29. Governing language
- 30. Applicable law
- 31. Notices
- 32. Taxes and duties

## 1. DEFINITIONS

The following terms shall be interpreted as indicated:

- 1.1. **“Closing time”** means the date and hour specified in the bidding documents for the receipt of bids.
- 1.2. **“Contract”** means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- 1.3. **“Contract price”** means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.
- 1.4. **“Corrupt practice”** means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public employee in the procurement process or in contract execution.
- 1.5. **“Countervailing duties”** are imposed in cases where an enterprise abroad is subsidized by its GEPP and encouraged to market its products internationally.
- 1.6. **“Country of origin”** means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.
- 1.7. **“Day”** means calendar day.
- 1.8. **“Delivery”** means delivery in compliance of the conditions of the contract or order.
- 1.9. **“Delivery ex stock”** means immediate delivery directly from stock actually on hand.
- 1.10. **“Delivery into consignees store or to his site”** means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.
- 1.11. **“Dumping”** occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.
- 1.12. **“Force majeure”** means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.
- 1.13. **“Fraudulent practice”** means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.
- 1.14. **“GCC”** means the General Conditions of Contract.
- 1.15. **“Goods”** means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract
- 1.16. **“Imported content”** means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

- 1.17. **“Local content”** means that portion of the bidding price which is not included in the imported content provided that local manufacture does take place.
- 1.18. **“Manufacture”** means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 1.19. **“Order”** means an employee written order issued for the supply of goods for works or the rendering of a service.
- 1.20. **“Project site,”** where applicable, means the place indicated in bidding documents.
- 1.21. **“Purchaser”** means the organization purchasing the goods.
- 1.22. **“Republic”** means the Republic of South Africa.
- 1.23. **“SCC”** means the Special Conditions of Contract.
- 1.24. **“Services”** means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.
- 1.25. **“Written”** or **“in writing”** means handwritten in ink or any form of 96 electronic or mechanical writing.

## 2. APPLICATION

- 2.1. These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2. Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.
- 2.3. Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

## 3. GENERAL

- 3.1. Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.
- 3.2. With certain exceptions, invitations to bid are only published in the State Tender Bulletin. The State Tender Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from [www.employee.gov.za](http://www.employee.gov.za).

## 4. STANDARDS

- 4.1. The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.

## 5. USE OF CONTRACT DOCUMENTS AND INFORMATION; INSPECTION

- 5.1. The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.
- 5.2. The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.
- 5.3. Any document, other than the contract itself mentioned in GCC clause 5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.
- 5.4. The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

## 6. PATENT RIGHTS

- 6.1. The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

## 7. PERFORMANCE

- 7.1. Within thirty (30) days of receipt of the notification of contract award, the successful bidder shall furnish to the purchaser the performance **security** of the amount specified in SCC.
- 7.2. The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.
- 7.3. The performance security shall be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms:
  - 7.3.1. a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or
  - 7.3.2. a cashier's or certified cheque
- 7.4. The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified in SCC.

## 8. INSPECTIONS, TESTS AND ANALYSES

- 8.1. All pre-bidding testing will be for the account of the bidder.
- 8.2. If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or an organization acting on behalf of the Department.
- 8.3. If there is no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing Energy Board concerned.



- 8.4. If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.
- 8.5. Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.
- 8.6. Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.
- 8.7. Any contract supplies may on or after delivery be inspected, tested or analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.
- 8.8. The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 23 of GCC.

## **9. PACKING**

- 9.1. The supplier shall provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size and weights shall take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.
- 9.2. The packing, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, specified in SCC, and in any subsequent instructions ordered by the purchaser.

## **10. DELIVERY OF DOCUMENTS**

- 10.1. Delivery of the goods shall be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in SCC.
- 10.2. Documents to be submitted by the supplier are specified in SCC.

## **11. INSURANCE**

- 11.1. The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

## **12. TRANSPORTATION**

- 12.1. Should a price other than an all-inclusive delivered price be required, this shall be specified in the SCC.

**13. INCIDENTAL SERVICES**

- 13.1. The supplier may be required to provide any or all of the following services, including additional services, if any, specified in SCC:
- a. performance or supervision of on-site assembly and/or commissioning of the supplied goods;
  - b. furnishing of tools required for assembly and/or maintenance of the supplied goods;
  - c. furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
  - d. performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and
  - e. training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.
- 13.2. Prices charged by the supplier for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the supplier for similar services.

**14. SPARE PARTS**

- 14.1. As specified in SCC, the supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:
- a. such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and
  - b. in the event of termination of production of the spare parts:
    - i. Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
    - ii. Following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

**15. WARRANTY**

- 15.1. The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.
- 15.2. This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in SCC.
- 15.3. The purchaser shall promptly notify the supplier in writing of any claims arising under this warranty.
- 15.4. Upon receipt of such notice, the supplier shall, within the period specified in SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.
- 15.5. Upon receipt of such notice, the supplier shall, within the period specified in SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.
- 15.6. If the supplier, having been notified, fails to remedy the defect(s) within the period specified in SCC, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

**16. PAYMENT**

- 16.1. The method and conditions of payment to be made to the supplier under this contract shall be specified in SCC.
- 16.2. The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.
- 16.3. Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.
- 16.4. Payment will be made in Rand unless otherwise stipulated in SCC.

**17. PRICES**

- 17.1. Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized in SCC or in the purchaser's request for bid validity extension, as the case may be.

**18. CONTRACT AMENDMENTS**

- 18.1. No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned.

**19. ASSIGNMENT**

- 19.1. The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

**20. SUBCONTRACTS**

- 20.1. The supplier shall notify the purchaser in writing of all subcontracts awarded under this contract if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.

**21. DELAYS IN THE SUPPLIERS PERFORMANCE**

- 21.1. Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.
- 21.2. If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.
- 21.3. No provision in a contract shall be deemed to prohibit the obtaining of supplies or services from a national department, provincial department, or local authorities.

- 21.4. The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the supplies are required, or the supplier's services are not readily available.
- 21.5. Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.
- 21.6. Upon any delay beyond the delivery period in the case of supplies contract, the purchaser shall, without cancelling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

## **22. PENALTIES**

- 22.1. Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

## **23. TERMINATION FOR DEFAULT**

- 23.1. The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:
- a.if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
  - b.if the Supplier fails to perform any other obligation(s) under the contract; or
  - c.if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.
- 23.2. In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.

## **24. ANTI-DUMPING AND COUNTERVAILING DUTIES AND RIGHTS**

- 24.1. When, after the date of bid, provisional payments are required, or antidumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor in regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

## 25. FORCE MAJEURE

- 25.1. Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.
- 25.2. If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

## 26. TERMINATION FOR INSOLVENCY

- 26.1. The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

## 27. SETTLEMENT OF DISPUTES

- 27.1. If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
- 27.2. If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.
- 27.3. Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.
- 27.4. Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.
- 27.5. Notwithstanding any reference to mediation and/or court proceedings herein,  
a.the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and  
b.the purchaser shall pay the supplier any monies due the supplier.
- 27.6. Except in cases of criminal negligence or wilful misconduct, and in the case of infringement pursuant to Clause 6.

## 28. LIMITATION OF LIABILITY

- 28.1. The supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser.
- 28.2. The aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

**29. GOVERNING LANGUAGE**

- 29.1. The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.

**30. APPLICABLE LAW**

- 30.1. The contract shall be interpreted in accordance with South African laws, unless otherwise specified in SCC.

**31. NOTICES**

- 31.1. Every written acceptance of a bid shall be posted to the supplier concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice.
- 31.2. The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.

**32. TAXES AND DUTIES**

- 32.1. A foreign supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.
- 32.2. A local supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.
- 32.3. No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid, GEPF must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Services.