

SCHEDULE 1

FOR THE NATIONAL SUPPLY OF AND DELIVERY OF BRIDGE AND CHECK CURVE COMPOSITE SLEEPERS TO TRANSNET FREIGHT RAIL (TFR)-ON "AS AND WHEN REQUIRED" BASIS FOR A PERIOD OF THREE (3) YEARS

With reference to the Master Agreement, Reference Number HOAC-HO-40794 [the Agreement] between Transnet SOC Ltd operating as Transnet Freight Rail [TFR] and [Supplier] pursuant to which the Service Provider has agreed to the Services for and on behalf of TFR subject to such Agreement, the defined terms in the Master Agreement will, unless otherwise indicated, have the same meaning in this Schedule 1.

In consideration of the mutual covenant and agreements contained in the Agreement and in this Schedule 1, it is agreed as follows:

1 DESCRIPTION OF THE SERVICES

1.1 The scope of the Services to be rendered are described more fully in the Annexures referred to below:

- ☐ Annexure C (Scope of Work) and Section 4/Annexure A Pricing Schedule of the RFP

2 DELIVERABLES AND COMPLETION DATE

The Deliverables, due for completion by and governed by this Schedule 1, include:

3 PRICES AND SPECIFICATIONS

The revised prices are based on baseline prices to be submitted by the Supplier and are quoted exclusive of VAT. The price(s) offered are for the national supply and delivery of bridge and check curve composite sleepers to Transnet Freight Rail on an as and when required basis for a period of three (3) years ("Goods") which will be agreed by the parties and appended as Section 4/Annexure A Pricing Schedule and will be subjected to the following conditions.

- All price adjustments will be subject to review and written agreement in accordance with the terms of clause 15 (*Price adjustments*) of the Master Agreement and clause 4 below.
- Revised prices shall be submitted by the supplier annually throughout the duration of the contract.
- All Tax Invoice are payable in South African Rands.
- Prices quoted are on a delivered basis to named South African destination.

4 PRICE REVIEW(S)

4.1 Any Price adjustments will be subject to the price adjustment factors agreed upon.

- 4.2 All pricing calculations and a case for a price adjustment will be made on a sound and independently provable basis and will be subject to the terms of clause 15 (*Price Adjustments*) of the Master Agreement.
- 4.3 Prices will be reviewed annually on the anniversary date of the contract.
- 4.4 The under-mentioned proposed pricing structure, together with other factors prevailing at the date of review will provide guidelines for the Price reviews in terms of this clause 4 as per below formula

Cost Components	% Weighting	Indices
Description of cost		
Rubber	35%	
Fiberglass	28%	
Recycled Plastic	19%	
Glass reinforced Fibres	16%	
Polyethylene and Bitumen	2%	
Total	100%	

5 PERFORMANCE MEASUREMENT

- 5.1 Contract meetings shall be established, where the supplier shall be represented, to review and discuss the progress of the contract and address any contractual issues.
- 5.2 The performance evaluation frequency will be quarterly and will be recorded on the minutes.
- 5.3 Should it be found that the performance by the Supplier is unsatisfactory, Transnet reserves the right to impose 10% penalties of the contract value or withhold payments due for other works until performance levels on the outstanding works has been remedied to the satisfactory level as determined by Transnet.

6 REPRESENTATIVE'S

TFR	
Designation	Operation Contract Manager
Operating Division	TFR
Address	
Cell Phone	
Email	

Service Provider	
Designation	
Address	
Cell Phone	
Telephone	
Email	

7 ACCEPTANCE CRITERIA FOR DELIVERABLES

- 4.1 TFR's Representative or his/her nominated delegate will sign off the authorisation approval for Deliverables as detailed above.

8 FEES AND DISBURSEMENTS

- 8.1 The Service Provider hereby agrees to perform the service for the term of the agreement as per the Pricing Schedule
- 8.2 Payment terms are subject to clause 14 [*Invoice and Payment*] of the Agreement hereto.

6. BUSINESS CONTINUITY PLAN

- 6.1 The Service Provider hereby agrees that it will ensure that it has adequate business continuity measures in place to avoid a disruption and mitigate risk to this Agreement in the event of an unforeseen incident.
- 6.2 In the event of an incident taking place which invokes TFR's Business Continuity Plan, the Service Provider will implement its measures referred to in clause 6.1 above.
- 6.3 Implementation of the Service Provider's Business Continuity measures will be more fully described in the SLA and monitored accordingly.

7. PENALTIES

- 7.1 TFR shall be entitled to impose/levy penalties upon the Service Provider in the event that the Service Provider does not comply with the quality standards and requirements stipulated in this Agreement. TFR shall be entitled to deduct such penalties from the monthly amount due to the Service Provider by TFR. The Service Provider agrees to the imposition of such penalties and authorises TFR to apply set-off as is contemplated in this clause 7.1.

- 7.2 Notwithstanding the provision of this penalty clause, TFR shall not: -

- 7.2.1 be precluded from exercising its right to terminate the Agreement; and/or
- 7.2.2 be stopped from claiming damages from the Service provider, should damages be suffered by TFR or any third party (who claims from TFR) as a result of any conduct or failure on the part of the Service provider or any of its employees arising out of a breach by the Service Provider of this Agreement; and/or

7.2.3 be in anyway prevented from exercising any or all of its rights in terms of the agreement.

7.3 Notwithstanding any other provision of this Agreement, the total penalty deduction shall be limited to a maximum of 10% (ten percent) of the contract value which may become payable to TFR by Service Provider.

7.4 Any penalty imposed in terms of this clause 7 shall be set-off against the invoiced (vatable) amount (as declared in the Service Provider's Tax Invoice) to which the penalty has attached, and the VAT payable by TFR to the Service Provider shall be calculated on the invoiced amount, less the service-related penalty imposed.

8. COMPLIANCE TO LABOUR AND ENVIRONMENTAL LAWS

8.1 The Service Provider shall comply with the following requirements from TFR with regard to labour and environmental laws:

8.1.1 The Service Provider shall not permit any persons who are or who appear to be under the influence of intoxicating substances to enter or remain at the workplace.

8.1.2 No person at the workplace shall, be under the influence of, have in his or her possession or partake or offer any other person intoxicating substances.

8.1.3 In the case where a Service Provider's employee is taking medication, the Service Provider shall only allow such person to perform duties at the workplace if the side effects of such medication do not constitute a threat to the health and safety of the person concerned or any other persons at such workplace.

8.2. In the Event that the Service Provider fails to comply with all applicable environmental legislation, the Service Provider shall be liable for and bear all costs of making good any damage or harm caused by it to any person, area within the Terminal, public road, path or street, private or third-party property, environment including but not limited to fauna and flora. The Service Provider indemnifies TFR in respect of any damage or harm caused by the Service Provider

9. CONTINUOUS IMPROVEMENT

9.1 The Service Provider shall immediately advise TFR of any decision taken to discontinue or in any way change the provision of any services stipulated in this Agreement.

9.2 The Parties will jointly and continually investigate and search for opportunities to improve on specifications, technology, procedures and management of the services supplied in order to reduce TFR's overall costs.

9.3 The representative(s) of the Service Provider as well as the TFR Contracts Manager and other identified TFR Staff shall conduct regular meetings. Such meetings will be scheduled by the TFR Contracts Manager where, amongst others, the following aspects shall be addressed:

- 9.3.1 Problem solving and generating of savings ideas for implementation to reduce the total cost of the provision of this service as well as other services relating thereto.
- 9.3.2 considering and/or developing of savings ideas for implementation and specific reports submitted by either Party on aspects related to the operation, application, and management of the services as provided for in this Agreement.
- 9.3.3 Discussion of all current aspects relating to the Agreement between the Parties. To this end the Parties in general undertake to take all steps to enhance the relationship between the Parties.
- 9.3.4 Identification of cost saving and efficiency improvement opportunities, maintenance applications and operational practices.
- 9.3.6 Development of initiative proposals.
- 9.3.7 Obtaining buy-in from all users/stakeholders.
- 9.3.8 Implementation of cost savings initiatives / action plans.
- 9.3.9 Continuous measuring and benchmarking.
- 9.3.10 Quantification of savings (impact and cost).
- 9.3.11 Correction of deviations; and
- 9.3.12 Discussion of demand tendencies and fluctuations.
- 9.3 The meeting shall be coordinated by TFR and TFR shall keep proper minutes of the proceedings.
- 9.4 In the event of any disagreement between the Parties, the matter shall be dealt with in terms of the dispute resolution mechanisms as provided for in the Master Agreement.
- 9.5 The meeting type and frequency will be as follows:
 - 9.5.1 Quarterly meetings (and extended members where needed) with a set agenda to address continuous improvement issues as indicated herein.
- 9.6 Monthly technical / operations meetings at TFR's facilities or as scheduled by the operation manager, between the representatives from each Party.
- 9.7 The Parties agree that in the event that specifications/Service/Price needs to be amended due to the outcomes of the above-mentioned program or for any other reason, a formal amendment to the Agreement will be reduced to writing to formalise such changes.

Thus, signed by the Parties on the following dates and at the following places:

SIGNED for and on behalf of:	SIGNED for and on behalf of: Transnet SOC Ltd operating as Transnet Freight Rail
Signature	Signature
Name:	Name:
Position:	Position:
Date:	Date:
Place:	Place: