



**BID NO: KGFT - RFP 2023/04**

**REQUEST FOR PROPOSALS:**

**ESTABLISHMENT OF A PANEL OF SUITABLY QUALIFIED SERVICE PROVIDERS TO PROVIDE DUE DILIGENCE SERVICES FOR KZN GROWTH FUND TRUST FOR 3 YEARS**

**CLOSING DATE: 15 SEPTEMBER 2023**

**CLOSING TIME: 11:00AM**

**Issued by:**

KZN Growth Fund Trust  
28<sup>th</sup> Floor, 303 Dr Pixley KaSeme Street  
Durban  
4001

**Procurement Enquires:**

Supply Chain Management Unit  
Email: [accounts@kzngf.co.za](mailto:accounts@kzngf.co.za)  
Sijabulile Ntshangase  
Tel: 031 372 3720

**Name of Bidder: .....**

**REQUEST FOR PROPOSAL**

**KZN GROWTH FUND TRUST, 28<sup>TH</sup> Floor, Dr Pixley KaSeme Street, Durban, 4001** (Hereinafter referred to as ("KGFT"))

**BID NUMBER: KGFT RFP 2021/06**

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**CLOSING DATE: 15 SEPTEMBER 2023**

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**TIME: 11:00 AM**

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**DESCRIPTION: ESTABLISHMENT OF A PANEL OF SERVICE PROVIDERS TO PROVIDE DUE DILIGENCE SERVICES FOR KZN GROWTH FUND TRUST FOR 3 YEARS**

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**COMPULSORY BRIEFING:**

**Yes**

**No**

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## C.1 TENDER NOTICE AND INVITATION TO TENDER

KZN Growth Fund Trust seeks to appoint service providers with extensive experience to be included onto the Due Diligence Panel for 3 Years

The documents are available on e-Tenders and KGFT Website.

**A compulsory Briefing Session will be held as per the below:**

**Date: 24 August 2023**

**Time: 11:00 am**

**Method: Online via Teams**

**Meeting ID: 394 005 242 638**

**Password: Pj5nJL**

### **Submission:**

The proposals shall be submitted in sealed envelopes delivered at KZN Growth Fund Trust 28<sup>th</sup> Floor, 303 Dr Pixley KaSeme Street, Durban, 4001 and should be deposited in the box located at the reception. The closing time for receipt of tenders is **15 September 2023 @11h00 am.**

Telegraphic, telephonic, telex, facsimile, e-mail and late tenders will not be accepted. It is important to note that all bids lodged will be examined to determine compliance with the bidding requirements and conditions. Bids with obvious deviation from the requirements, will be eliminated.

Technical and administrative queries relating to these documents may be addressed in writing only quoting the Bid No. for attention: Supply Chain Management Unit by email to [scm@kzngf.co.za](mailto:scm@kzngf.co.za)

Tenders may only be submitted on the original tender documentation that is issued by KGFT written in black ink.

**KGFT does not bind itself to accept the lowest or any bid and consider any bid for appointment.**

**KGFT does not guarantee that being in the panel that your services will be utilized.**

## PART A - INVITATION TO BID

<b>YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF KZN GROWTH FUND TRUST</b>					
BID NUMBER:	KGFT-RFP 2023/04	CLOSING DATE:	15 September 2023	CLOSING TIME:	11H00 am
DESCRIPTION	ESTABLISHMENT OF A PANEL OF SERVICE PROVIDERS TO PROVIDE DUE DILIGENCE SERVICES FOR KZN GROWTH FUND TRUST FOR 3 YEARS				
<b>BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT :</b>					
<b>KZN Growth Fund Trust</b>					
<b>28<sup>th</sup> Floor, 303 Dr Pixley KaSeme Street</b>					
<b>Durban</b>					
<b>BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO</b>			<b>TECHNICAL ENQUIRIES MAY BE DIRECTED TO:</b>		
CONTACT PERSON	Sijabulile Ntshangase		CONTACT PERSON	Xolani Nhlapo	
TELEPHONE NUMBER	031 372 3720		TELEPHONE NUMBER	031 372 3720	
E-MAIL ADDRESS	accounts@kzngf.co.za		E-MAIL ADDRESS	accounts@kzngf.co.za	
<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
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE	TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT	[TICK APPLICABLE BOX] <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES &amp; QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]</b>					
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]	
<b>QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS</b>					
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. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
- 1.2. **ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED-(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.**
- 1.3. 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.
- 1.4. **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 SHOULD ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
- 2.5 IN BIDS WHERE 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 OR THE REPRESENTATIVE .....

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

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

DATE: .....

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**All bidders must furnish the following particulars and include it in their submission (returnable documents)**

Name of bidder:

.....

Trading name:

.....

Company registration number :

-----

VAT registration number

.....

Workman's compensation number

-----

Tax Clearance Certificate /CSD Report submitted

.....

Postal address:

.....

Street address:

.....

Telephone number:

Code

Number

.....

.....

Cellular number:

.....

Facsimile number:

Code

Number

.....

.....

e-Mail address:

.....

**In case of a joint venture, full details on joint venture members:**

Entity name	VAT registration number	Tax Clearance Certificate submitted	YES / NO
.....	.....	.....	.....
Entity name	VAT registration number	Tax Clearance Certificate submitted	YES / NO
.....	.....	.....	.....
Entity name	VAT registration number	Tax Clearance Certificate submitted	YES / NO
.....	.....	.....	.....

**Name of contracting entity in case of a consortium/joint venture**

Entity name: .....

Postal address: .....

Street address: .....

**Contact details of responsible person who will act on behalf of the entity/consortium/joint venture for this bid**

Name and Surname .....

Telephone number: Code ..... Number .....

Cellular number: .....

Facsimile number: Code ..... Number .....

e-Mail address: .....

Contact details of alternative responsible person who will act on behalf of the person above should he/she not be available



Name and Surname

.....

Telephone number:

Code

Number

.....

.....

Cellular number:

.....

Facsimile number:

Code

Number

.....

.....

e-Mail address:

.....

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**Confirmation**

Are you the accredited representative in South Africa for the services offered by you: YES / NO

**Declaration**

I/We have examined the information provided in this bid documents and offer to undertake the work prescribed in accordance with the requirements as set out in the bid document. The prices quoted in this bid are valid for the stipulated period. I/We confirm the availability of the proposed team members. We confirm that this bid will remain binding upon us and may be accepted by you at any time before the expiry date.

Are you duly authorised to commit the bidder:

YES / NO

**SIGNATURE:** .....of person authorised to sign the tender)

## **C.2 INTRODUCTION AND TERMS OF REFERENCE**

KZN Growth Fund Trust (KGFT) was set up in 2008 as an initiative of the KZN Government's Department of Economic Development, Tourism and Environmental Affairs (EDTEA) to administer a unique public private partnership that would unlock funding gaps in transitions that would create jobs, enable and promote BBEE participation in business and growth in the economy.

### **Mission**

To provide competitive and innovative financing solutions through the management of public, and private equity funds that propel socioeconomic growth for a better future.

### **Mandate**

To support sustainable growth by financing private sector projects that drive economic success, stimulate job creation, promote broad based black economic empowerment (B-BBEE) and reduce inequality.

### **Values**

Respect, accountability, integrity, serving and enterprising.

### **Procurement Philosophy**

It is the policy of KGFT, when purchasing goods and obtaining services, to follow a course of optimum value and efficiency by adopting best purchasing practices in supply chain management, ensuring that open and fair competition has prevailed, with due regard being given to the importance of:

- a) The promotion, development and support of businesses from disadvantaged communities (small, medium, micro enterprises, as well as established businesses within those communities) in terms of its B-BBEE Policy.
- b) The promotion of national and regional local service providers and agents before considering overseas service providers; and;
- c) The development, promotion and support for the moral values that underpin the above, in terms of the Fund's Business Ethics and Guidelines which requires that all commercial conduct be based on ethical and moral values and sound business practice. This value system governs all commercial behaviour within the Fund.

The quality, price and service that we provide our customers can only be as good as what we receive from our service providers. We strive for continuous improvement in our critical business areas and seek to establish relationships with service providers that are equally passionate in their quest for better quality, price and service.

## 1. PURPOSE

The purpose of this Request for Proposal (RFP) is to invite qualifying service providers to submit proposals to the Kwa-Zulu Natal Growth Fund, detailing their service offering in relation to due diligence services.

The Kwa-Zulu Natal Growth Fund (KGFT) is looking to established panel of service providers to conduct due diligences on its behalf, on potential investments.

## 2. SCOPE OF WORK

Suitably qualified and experienced service providers are invited to make proposals to the KGFT on their ability to provide Due Diligence Services, in pursuit of the KGFT's investment decisions. In the conduct of its due diligences, the KGFT follows a risk based approach, in that each potential investment has a risk profile that is significantly different from the next and that the approach should be tailored to fit the characteristics of the relevant investment opportunity. It is the expectation of the KGFT that as a minimum, each of the conducted due diligences must cover the following focus areas:

- Institutional Module
- Management Module
- Human Resources Module
- Social Economic Impact Analysis
- Marketing And Sales Module
- Technical Module
- Financial Module
- Legal And Regulatory Module
- Occupational, Health And Safety
- Environmental Social and Governance Module
- Information Technology Module

**The service provider must be able to demonstrate experience all of the above modules. Lesser than that will not be considered to be in the Panel. A detailed description of the modules is attached as Annexure A on page 48.**

The KGFT offers funding, investment, and support in the following sectors:

- Agriculture and Agricultural Processing
- Manufacturing
- Tourism

- Water and Sanitation
- Health Infrastructure
- Power and Energy
- Transport and Logistics
- Telecommunications
- Education
- Mining and Mineral Beneficiation

The envisaged Due Diligence services may be required for projects/ which may be exposed to any of the above and any other sectors. Service Providers must indicate which sectors they have competencies in, in their company profile.

## **2. REQUESTED INFORMATION FOR ASSESSMENT**

To enable the KGFT's Supply Chain Management (SCM) function to conduct a thoroughly adequate assessment of each bidding entity's ability to meet the minimum requirements as proposed herein, the following list of information is requested in as detailed a format as practicable:

2.1 A detailed bid proposal, encompassing the following information as a minimum:

- a. Company profile encompassing;
  - i. Service offering;
  - ii. Value added services;
  - iii. Evidence of the bidder's presence in the KZN Province;
  - iv. Evidence of the bidder's experience in similar services;
- b. Evidence of registration on the National Central Supplier Database;
- c. Standard Bid Documents (SBD) 1 and 4
- d. Valid tax clearance certificate, including tax compliance status pin;
- e. Four (04) written letters of reference for similar work conducted

### C.3 CONDITIONS OF BID AND CONTRACT

	Conditions	Confirmation			
		Yes	No	Noted	If no, indicate deviation
<b>1.</b>	<b>GUIDELINE ON COMPLETION</b>				
1.1	Bidders must indicate compliance or non-compliance on a paragraph-by-paragraph basis. Indicate compliance with the relevant bid requirements by marking the YES box and non-compliance by marking the NO box. If the contents of the paragraph only need to be noted, please mark the NOTED box. The bidder must clearly state if a deviation from these requirements are offered and the reason therefore. If an explanatory note is provided, the paragraph reference must be attached as an appendix to the bid submission. Bids not completed in the manner prescribed may be considered incomplete and rejected.				
<b>2.</b>	<b>KGFT SERVICE LEVEL AGREEMENT</b>				
2.1	The KGFT Service Level Agreement (SLA) will be the only contract signed by both parties and will form the basis of this contract. KGFT's terms and conditions will not be negotiated.				
<b>3.</b>	<b>ADDITIONAL INFORMATION REQUIREMENTS</b>				
3.1	During evaluation of the bids, additional information may be requested in writing from bidders. Replies to such request must be submitted, within 5 (five) working days or as otherwise indicated. Failure to comply, may lead to the bid being disregarded.				
<b>4.</b>	<b>CONFIDENTIALITY</b>				
4.1	The bid and all information in connection therewith shall be held in strict confidence by bidders and usage of such information shall be limited to the preparation of the bid.				
4.2	All bidders are bound by a confidentially agreement preventing the unauthorised disclosure of any information regarding KGFT or of its activities to any other organisation or individual. The bidders may not disclose any information, documentation or products to other clients without written approval of the accounting authority or the delegate.				

5.	<b>INTELLECTUAL PROPERTY, INVENTIONS AND COPYRIGHT</b>	Yes	No	Noted	If no, indicate deviation
5.1	Copyright of all documentation relating to this assignment belongs to KGFT. The successful bidders may not disclose any information, documentation or products to other clients without the written approval of the accounting authority or the delegate.				
5.2	All the intellectual property rights arising from the execution of this Agreement shall vest in KGFT and the service provider undertakes to honour such intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.				
5.3	In the event that the service provider would like to use any information or data generated in terms of the Services, the prior written permission must be obtained from KGFT.				
5.4	KGFT shall own all materials produced by the service provider during the course of, or as part of the Services including without limitation, deliverables, computer programmes (source code and object code), programming aids and tools, documentation, reports, data, designs, concepts, know-how and other information whether capable of being copyrighted or not ("IP") which IP KGFT shall be entitled to freely cede and assign to parties nominated by KGFT				
<b>6</b>	<b>PAYMENTS</b>				
6.1	KGFT will pay the service provider for the actual services rendered in line with the SLA.				
6.2	The service provider shall from time to time during the duration of the contract, invoice KGFT for the services rendered. No payment will be made to the service provider unless an invoice complying with section 20 of VAT Act No 89 of 1991 has been submitted to KGFT.				
6.3	Payment shall be made into the bidder's bank account or per cheque payment normally 30 days after receipt of an acceptable, valid invoice. (Banking details must be submitted as soon as this bid is awarded).				
<b>7</b>	<b>NON-COMPLIANCE WITH DELIVERY TERMS</b>				
7.1	As soon as it becomes known to the service provider that he will not be able to deliver the goods/services within the delivery period and/or against the quoted price and/or as				

	specified, KGFT must be given immediate written notice to this effect. KGFT reserves the right to implement remedies as provided for in the SLA.				
<b>8</b>	<b>WARRANTIES</b>	<b>Yes</b>	<b>No</b>	<b>Noted</b>	<b>If no, indicate deviation</b>
8.1	The service provider warranties that: It is able to conclude this Agreement to the satisfaction of KGFT.				
8.2	Although the service provider will be entitled to provide services to persons other than KGFT, the service provider shall not without the prior written consent of KGFT, be involved in any manner whatsoever, directly or indirectly, in any business or venture which competes or conflicts with the obligations of the contractor to provide the Services.				
<b>9.</b>	<b>PARTIES NOT AFFECTED BY WAIVER OR BREACHES</b>				
9.1	The waiver (whether express or implied) by any Party of any breach of the terms or conditions of this Agreement by the other Party shall not prejudice any remedy of the waiving party in respect of any continuing or other breach of the terms and conditions hereof				
9.2	No favour, delay, relaxation or indulgence on the part of any Party in exercising any power or right conferred on such Party in terms of this Agreement shall operate as a waiver of such power or right nor shall any single or partial exercise of any such power or right under this Agreement.				
<b>10</b>	<b>SUBMITTING BIDS</b>				
10.1	All bid documents must be <u>originals</u> , <u>sealed</u> and <u>hand delivered</u> through Supply Chain Management (SCM) as per 10.2 below				
10.2	All bid documents must be delivered to: KZN Growth Fund Trust 28 <sup>th</sup> Floor, 303 Dr Pixley Street, Durban,4001 <b>At reception in the Bid box</b> <b>Closing date: 15 September 2023 at 11:00pm</b>				

11	<b>LATE BIDS</b>	Yes	No	Noted	If no, indicate deviation
11.1	Late submissions will not be accepted. A submission will be considered late if it arrived one second after 12:00 or any time thereafter. Bidders are therefore strongly advised to ensure that bids be dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.				
<b>13.</b>	<b>FORMAT OF BIDS</b>				
13.1	Bidders must complete all the necessary bid documents and undertakings required in this bid document. Bidders are advised that their proposal should be concise, written in plain English and simply presented.				
13.2	Bidders are to set out their proposal in the following format:				
13.2.1	Part 1: Invitation to Bid & Introduction				
13.2.2	Part 2: RFP Summary and Details & Official Briefing Session Certificate of attendance				
13.2.3	Part 3: Compliance to Special Conditions of Bid and Noting of Evaluation Criteria				
13.2.4	Part 4: National Treasury CSD report				
13.2.5	Part 5: Bidders Disclosure and Certificate of Authority to Sign a Bid				
13.2.6	Part 6: BBEE				
13.2.7	Part 7: Technical/Functionality Proposal				
13.2.8	Part 8: Deviations from Request for Bid				
13.2.9	Part 9: Procurement Timelines				
13.2.10	Part 10: Terms of Reference				
13.2.11	Part 11: Annexures				
<b>14.1</b>	<b>PART 1: INVITATION TO BID (FORM C1)</b>				
<b>14.2</b>	<b>PART 2: RFP SUMMARY AND DETAILS &amp; OFFICIAL BRIEFING SESSION CERTIFICATE OF ATTENDANCE</b>				
	N/A				



14.3	<b>PART 3: COMPLIANCE TO SPECIAL CONDITIONS OF BID AND NOTING OF EVALUATION CRITERIA (FORM C3)</b>	Yes	No	Noted	If no, indicate deviation
	Bidders must complete C3. Indicating compliance/non-compliance or noted. In case of non-compliance details and referencing to the specific paragraph is required.				
14.4	<b>PART 4: SARS TAX STATUS (FORM C8)</b>				
	The bidder must be compliance with SARS and such information will be verified with Central Supplier Database (CSD). In case of a joint venture, or where sub-contractors are utilised, each joint venture member <b>and/or sub-contractor</b> (individual) <b>must</b> be in compliance with SARS and the information will be verified on Central Supplier Database (CSD).				
14.5	<b><u>PART 5: (FORM C4 AND C9)</u></b> Certificate of Authority to Sign a Bid Bidders Disclosure				
14.5.1	Bidders must complete and submit the Declaration forms. A bidder must complete the relevant part of the document and it must indicate who is delegated to communicate or deal with KGFT. Any other irrelevant sections to the tendering entity must be marked 'N/A'.				
14.5.2	Bidders must 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)				
14.5.3	For a consortium or joint venture:  A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a <b>legal entity</b> , provided that the entity submits their B-BBEE status level certificate.  A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an <b>unincorporated entity</b> , 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.				

<b>14.6</b>	<b>PART 6: JOINT VENTURE/CONSORTIUM AGREEMENT (FORM C4)</b>	<b>Yes</b>	<b>No</b>	<b>Noted</b>	<b>If no, indicate deviation</b>
14.6.1	A copy of the joint venture/consortium agreement must be included.				
<b>14.7</b>	<b>PART 7: TECHNICAL PROPOSAL/FUNCTIONALITY PROPOSAL (FORM C7)</b>				
14.7.1	The bidder must provide letters of reference on the client letterhead including contact details, for the previous, current or ongoing projects of similar nature. This will be verified by KGF.				
<b>14.8</b>	<b>PART 8: DEVIATIONS FROM REQUEST FOR BID (FORM C11)</b>				
14.8.1	Please indicate deviations or modifications to this Request for Bid on form <b>C11</b>				
14.8.2	If no deviations are required, please mark the form "Nil" and sign				
<b>14.9</b>	<b>PART 9: PROCUREMENT TIMELINES (FORM C6)</b>	<b>Yes</b>	<b>No</b>	<b>Noted</b>	<b>If no, indicate deviation</b>
14.9.1	This part of a bid documents informs bidders when the bid process is expected to be finalised. It may not necessarily be followed.				
14.9.2	Terms of reference (TOR) are the requirements by KGFT. When a proposal is submitted, a bidder must be certain that TOR are understood and has the capacity to offer a specified service.				
<b>14.10</b>	<b>PART 10: ANNEXURES</b>				
14.10.1	Bidder must insert all their additional annexures in part 11. This can include professional registrations, insurances etc.				
<b>14.11</b>	<b>VAT</b>				
14.11.1	KGFT is a VAT Vendor. Prices quoted must include VAT (where applicable).				
14.11.2	KGFT reserves the right to request the preferred bidder to register for VAT if the award is anticipated to be in excess of R1m for 12 consecutive months as the VAT Act requires.				

15	<b>PRESENTATIONS</b>	Yes	No	Noted	If no, indicate deviation
15.1	KGFT reserves the right to invite bidders for presentations before the award of the bid.				
15.2	Presentation may affect the points awarded for functionality.				
<b>16</b>	<b>NEGOTIATION</b>				
16.1	KGFT has the right to enter into negotiation with a prospective contractor regarding any terms and conditions, including price(s), of a proposed contract.				
16.2	KGFT shall not be obliged to accept the lowest or any financial offer or proposal. Furthermore, KGFT reserve the right not to award the tender to highest ranking bidder in terms of PPPFA.				
16.3	All bidders will be informed whether they have been successful or not. A contract will only be deemed to be concluded when reduced to writing in a contract form signed by the designated responsible person of both parties.				
<b>17</b>	<b>DOMICILIUM</b>				
17.1	The parties hereto choose <i>domicilium citandi et executandi</i> for all purposes of and in connection with the final contract as follows:				
	KZN Growth Fund Trust 28 <sup>th</sup> Floor, Dr Pixley KaSeme Street Durban 4001				
<b>18</b>	<b>COST OF BID PREPARATION</b>				
18.1	Bidders shall prepare and submit a bid at their own expense.				
<b>19</b>	<b>BID VALIDITY PERIOD</b>				
19.1	Bid will be valid for a period of 120 days				
19.2	The bidder will hold the tender offer(s) valid for acceptance by the employer at any time during the validity period stated in the tender data after the closing time stated in the tender data.				

19.3	If requested by the employer, the bidder will consider extending the validity period stated in the tender data for an agreed additional period.				
<b>20</b>	<b>ISSUE ADDENDA</b>	<b>Yes</b>	<b>No</b>	<b>Noted</b>	<b>If no, indicate deviation</b>
20.1	If necessary, KGFT may issue addenda that may amend or amplify the tender documents to each tenderer during the period from the date that tender documents are available until seven days before the tender closing time stated in the Tender Data. If, as a result a tenderer applies for an extension to the closing time stated in the Tender Data, the Employer may grant such extension and, shall then notify those tendering entities appearing on the attendance list				
20.2	Tenderers must sign the attendance list in the name of the tendering entity. Addenda will be issued to and tenders will be received only from those tendering entities appearing on the attendance list				
20.3	Tenderers are obliged to acknowledge, in writing, receipt of addenda to the tender documents, which the employer may issue.				
<b>21</b>	<b>SUBMITTING OF FRAUDULENT DOCUMENTS</b>				
21.1	KGFT will 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.				
21.2	KGFT will list bidders/ directors in the list of restricted suppliers and they will not conduct any business with an organ of state.				

#### C.4 CERTIFICATE OF AUTHORITY TO SIGN A BID

Indicate the status of the tenderer by ticking the appropriate box hereunder. The tenderer must complete the certificate set out below for the relevant category.

(I) COMPANY	(II) CLOSE CORPORATION	(III) PARTNERSHIP	(IV) SOLE PROPRIETOR	(V) JOINT VENTURES	(VI) CO- OPERATIVES	(VII) CONSORTIUM

##### i. CERTIFICATE FOR COMPANY

I, ....., chairperson of the Board of Directors of ....., hereby confirm that by resolution of the Board (copy attached) taken on ..... 20....., Mr/Ms ....., acting in the capacity of ....., was authorised to sign all documents in connection with this tender and any contract resulting from it on behalf of the company.

**Chairman:** .....

**As Witnesses:** .....

**Date:** .....

**ii. CERTIFICATE FOR CLOSE CORPORATION**

We, the undersigned, being the key members in the business trading as.....

..... Hereby authorise Mr/Ms..... acting in the capacity of ....., to sign all documents in connection with the tender for

Contract No: ..... and any contract resulting from it on our behalf.

NAME	ADDRESS	SIGNATURE	DATE

**Note: This certificate is to be completed and signed by all of the key members upon whom rests the direction of the affairs of the Close Corporation as a whole.**

**iii. CERTIFICATE FOR PARTNERSHIP**

We, the undersigned, being the key partners in the business trading as, .....

..... hereby authorize Mr/Ms. ....

acting in the capacity of ....., to sign all documents in connection with the tender for Contract No ..... and any contract resulting from it on our behalf.

NAME	ADDRESS	SIGNATURE	DATE

**Note: This certificate is to be completed and signed by all of the key partners upon whom rests the direction of the affairs of the Partnership as a whole.**

**iv. CERTIFICATE FOR SOLE PROPRIETOR**

I, ....., hereby confirm that I am the sole owner of the business trading as.....

**Signature of Sole owner:** .....

As Witnesses:

1.....

2.....

Date: .....

**v. CERTIFICATE OF AUTHORITY FOR JOINT VENTURES**

This Returnable Schedule is to be completed by **EACH member** of a joint venture submitting a tender.

We, the undersigned, are submitting this tender offer in Joint Venture and hereby authorise Mr/Ms....., authorised signatory of the Company.....acting in the capacity of lead JV partner, to sign all documents in connection with the tender offer and any contract resulting from it on our behalf as a joint venture.

**NAME OF JV ORGANIZATION**.....

**ADDRESS:** .....

.....

.....

**DULY AUTHORISED SIGNATORY NAME** .....

**DESIGNATION:** .....

**SIGNATURE** .....

**DATE:**.....

vi. **CERTIFICATE OF AUTHORITY TO SIGN CO-OPERATIVE**

A certified copy of the Constitution of the co-operative must be included with the bid, together with the resolution by its members authoring a member or other official of the co-operative to sign the bid documents on their behalf.

By resolution of members at a meeting on ..... 20..... at .....

Mr/Ms....., whose signature appears below, has been authorised to sign all documents in connection with this bid on behalf of (Name of co-operative).....

**SIGNATURE OF AUTHORISED REPRESENTATIVE/SIGNATORY:.....**

**IN HIS/HER CAPACITY AS: .....**

**DATE: ..... SIGNED ON BEHALF OF CO-OPERATIVE: .....**

**NAME IN BLOCK LETTERS: .....**

**WITNESSES:**

1. ....

vii. **CERTIFICATE OF AUTHORITY FOR CONSORTIUM**

If a bidder is a consortium, a certified copy of the resolution/agreement passed/reached signed by the duly authorized representatives of concerned enterprises, authorizing the representatives who sign this bid to do so, as well as to sign any contract resulting from this bid and any other documents and correspondence in connection with this bid and/or contract on behalf of the consortium must be submitted with this bid, before the closing time and date of the bid.

**AUTHORITY TO SIGN ON BEHALF OF THE CONSORTIUM**

By resolution/agreement passed/reached by the consortium on.....20.....,

Mr/Mrs..... and Mr/Mrs..... (whose signatures appears below) has been duly authorised to sign all documents in connection with this bid on behalf of:

(Name of Consortium) .....

**IN HIS/HER CAPACITY AS: ..... SIGNATURE: .....**

**DATE: .....**



## C.5 PROCUREMENT TIMELINES

PROCUREMENT TIMELINE	DATE	TIME
RFP Release Date	18 August 2023	10:00am
Compulsory Briefing Session date	24 August 2023	11:00am
Written questions of clarification – closing date	11 September 2023	16:00pm
Written response to all clarifications	12 September 2023	16:00pm
Service Provider Proposals Due	15 September 2023	12:00pm
Completion of Bid Evaluations	20 October 2023	16:00pm
Anticipated letter of Award	01 November 2023	16:00pm
Anticipated Commencement Date	15 November 2023	09:00am

**\*Indicative dates**

## C.6 EVALUATION PROCESS & CRITERIA

This phase consists of Mandatory and Non-Mandatory administrative compliance evaluation of all proposals.

1.	<b>EVALUATION PROCESS</b>				
1.1	<b><u>STAGE ONE: ADMINISTRATION COMPLIANCE</u></b>				
1.1.1	<p>All bids duly lodged will be examined to determine compliance with bidding requirements and conditions. Bids with obvious deviations from the requirements/conditions, will be eliminated from further adjudication.</p> <p><b>Mandatory</b></p> <p>Bids will only be compliant if bidder has submitted the documents detailed on page 12 under 2.1</p> <p><b>Failure to complete and/or provide any mandatory information as requested above will result in the submission being deemed non-responsive.</b></p>				
1.2	<b><u>STAGE TWO: FUNCTIONALITY REQUIREMENTS</u></b>				
1.2.1	Responsive bids will be evaluated according to the criteria, weightings and threshold scores as indicated below.				
1.3	<b>ADJUDICATION OF BID</b>				
1.3.1	The Bid Adjudication Committee will consider the recommendations and make the final award.				
1.3.2	The bid shall be awarded at the sole and absolute discretion of KGFT. KGFT hereby represents that it is not obliged to award this bid to any bidder. KGFT is entitled to <b>retract</b> this bid at any time as from the date of issue. KGFT is not obliged to award this bid to the bidder that quotes the lowest.				
1.3.3	A bidder shall be disqualified from bidding if any attempt is made either directly to solicit and/or canvass any information from any employee or agent of KGFT regarding this bid from the date the offer is submitted until the date of award of the bid.				

1.4	<b>Awarding of contract</b>				
1.4.1	KGFT reserves the right to award this bid in full or part				

## C.7 FUNCTIONALITY REQUIREMENTS

With regards to Functionality Requirements, being stage 2 of the evaluation process, the following criteria and the associated weightings will be applicable:

ELEMENT	WEIGHT	SCORE
<p><b>BIDDER'S EXPERIENCE</b></p> <p>Bidders must demonstrate experience in having provided work of a similar nature, by means of a portfolio made up of <b>at least 5 (Five)</b> similar projects that have recently been completed or are currently in progress:</p> <p><b>The portfolio of evidence for each relevant project should detail the following as a minimum:</b></p> <ol style="list-style-type: none"> <li>I. Client name;</li> <li>II. Scope of work;</li> <li>III. Transaction nature;</li> <li>IV. Transaction size; and</li> <li>V. Project Duration</li> </ol> <p>5 (Five) points are allocated per similar project listed.</p>	<b>25</b>	
<p><b>CLIENT REFERENCE LETTERS</b></p> <p><b>Minimum of Four</b> contactable written references for which similar work was performed *Reference letters needs to be relevant to the scope of this work and must include details below:</p> <ol style="list-style-type: none"> <li>1. Type of work conducted;</li> <li>2. Date of engagement; and</li> <li>3. Duration of the engagement.</li> </ol> <p>Letters must be on the relevant company letterhead, dated and signed and not older than 4 years.</p> <p>* 5 points to be allocated per contactable reference submitted which is in line with requirements above</p>	<b>20</b>	
<p><b>QUALIFICATIONS, PROFESSIONAL AFFILIATIONS AND EXPERIENCE</b></p> <p>Team's qualifications, accreditation and affiliations (<b>must</b> incl. CVs as well as relevant proof of qualification accreditation, affiliations from the relevant Professional Bodies/Council).</p> <p>Bidders must demonstrate that the proposed lead professional team to be allocated to this project, is adequately experienced in having carried out work of a similar nature (<b>evidence of this experience to be submitted in tabular form</b>):</p>	<b>45</b>	

<p>Team <b>must</b> be made up of at <b>least two</b> Investment Professional, one ESG and a Legal professional / firm.</p> <p>Scoring for the proposed lead professional team's experience is to be allocated as follows:</p> <ol style="list-style-type: none"> <li>1. less than or up to 30% professionally qualified team and average experience of team ranges between 1 and 5 years – (10)</li> <li>2. Between 31% to 60% professionally qualified team and average experience of team ranges between 6 and 10 years (30)</li> <li>3. More than 61% professionally qualified team and average experience of team is more than 10 years - (45)</li> </ol> <p><b>This will be evaluated using head count of the team members registered with recognized professional affiliations as a percentage of total team to be assigned to the project.</b></p> <p><b>*The team's experience shall be determined using a simple average whereby the aggregate experience of the team members in years, is divided by the size of the team.</b></p> <p><b><u>Team qualification must be attached as part of the submission (lack of submission of proof of qualification / accreditation will lead to zero scoring)</u></b></p>		
<p><b>METHODOLOGY AND APPROACH</b></p> <p>The Service Provider shall provide a technical proposal, in which it set-out in detail, its overall technical approach and methodology in conducting a due diligence.</p> <ol style="list-style-type: none"> <li>1. The technical proposal evidences an understanding of the process of undertaking a due diligence – (5)</li> <li>2. The technical proposal evidences an understanding of the outcomes of the due diligence process and the expected deliverables – (3)</li> <li>3. The technical proposal makes mention of value added services available – (2)</li> </ol>	<p><b>10</b></p>	
<p><b>TOTAL</b></p>	<p><b>100</b></p>	

Bidders who obtain at least 70 points in stage 2 (Functionality) will qualify to be added to the panel.

**Note: Failure to obtain the minimum of 70% of the maximum score on functionality will result in disqualification from further evaluation.**

## C.8 TAX CLEARANCE REQUIREMENTS

It is a condition of a bid that the taxes of the successful bidder **must** be in order, or that satisfactory arrangements have been made with South African Revenue Service (SARS) to meet the bidder's tax obligations.

1. the bidder must be in good standing with SARS and such information will be verified through Central Supplier Database (CSD)
2. In bids where Joint Ventures/Sub-Suppliers/Partners are involved, each party must submit a separate valid Tax Clearance Certificate for their organization.
3. Applications for the Tax Clearance Certificates may also be made via eFiling. In order to use this provision, taxpayers will need to register with SARS as eFilers through the website [www.sars.gov.za](http://www.sars.gov.za)

**C.9 BIDDER’S DISCLOSURE**

**1. PURPOSE OF THE FORM**

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. In line with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Tender Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

**2. BIDDER’S DECLARATION**

2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest<sup>1</sup> in the enterprise,

employed by the state? **YES/NO**

2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

Full Name	Identity Number	Name of State institution

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<sup>1</sup> the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.


2.2 Do you, or any person connected with the bidder, have a relationship with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....  
 .....

2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract? **YES/NO**

2.3.1 If so, furnish particulars:

.....  
 .....

**3 DECLARATION**

I, the undersigned, (name)..... in submitting the accompanying bid, do hereby make the following statements that I certify to be true and complete in every respect:

3.1 I have read and I understand the contents of this disclosure;

3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;

- 3.3 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>2</sup> will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 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.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.
- 3.6 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.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 1, 2 and 3 ABOVE IS CORRECT. I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....	.....
Signature	Date
.....	.....
Position	Name of bidder

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<sup>2</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.



**C.10 DEVIATIONS FROM THE REQUEST FOR PROPOSAL**

Should the bidder desire to make any departures from, or modifications to this Request for Proposal or to qualify its bid in any way, it shall clearly set out its proposals hereunder or alternatively state them in a covering letter attached to its bid and referred to hereunder, failing which the bidder shall be deemed to be unqualified and conform exactly with the requirements of this Request for Proposal.

If no departures or modifications are desired, the Schedule hereunder is to be marked "NIL" and signed by the bidder.

Unless otherwise specified specifically and stipulated in writing, the Contract constitutes the sole memorial of the Contract between the parties and any terms and conditions forming part of the bidder's Bid or other documentation shall not form part of the Contract and shall be of no force or effect.

PAGE NUMBER	CLAUSE NUMBER	DEVIATION

\_\_\_\_\_  
**SIGNATURE OF BIDDER**

\_\_\_\_\_  
**DATE**

### C.11 BID SUMMARY AND DETAILS

We the undersigned submit this bid in accordance with the conditions contained in the referenced RFP document and attach the documents required:

No.	Description in detail	Documents Attached
A. Commercial Documents		(Yes/ No/ N.A.)
1.	Deviations from Request for Proposal	
2.	Covering letter	
3.	Entire Bid Document	
4.	CC or Company Registration Documents or copy of ID if sole propriety	
5.	In good standing with SARS and such information will be verified through Central Supply Database (CSD);	
6.	BBBEE Certificate/Affidavit	
7.	Declaration of Interest and Declaration of past SCM Practices	
8.	Joint Venture Agreement where applicable	
9	Attendance of Compulsory Site Briefing Certificate form	
B. Technical Documents		
10	Proposal :Detailing Company Profile and award letters	
11	Contactable reference letters where the bidder has rendered similar service	
12	Capacity of the bidder – CV's and qualifications of resources	
13	Management of conflict of interest (Policy or Procedure)	
15	Confirmation of Office locations – Please provide address details	
16	Price Proposal (Annexure D) <b>NB: if you include your pricing proposal in Email One Technical proposal, this will result in automatic disqualification.</b>	

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

## C.12 GENERAL CONDITIONS OF CONTRACT

### 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 official in the procurement process or in contract execution.
- 1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government 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 official written order issued for the supply of goods or 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 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 Government Tender Bulletin. The Government Tender Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from [www.treasury.gov.za](http://www.treasury.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 so 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 security**

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:
  - 7.4 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
  - 7.5 a cashier's or certified cheque
- 7.6 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 are 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 authority 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 and 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 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 fulfillment 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 contracts 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 supplier's 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 a local authority.
- 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 a 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.
- 23.3 Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.
- 23.4 If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the intended penalty as not objected against and may impose it on the supplier.
- 23.5 Any restriction imposed on any person by the Accounting Officer / Authority will, at the discretion of the Accounting Officer / Authority, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Accounting Officer / Authority actively associated.
- 23.6 If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:
- i. the name and address of the supplier and / or person restricted by the purchaser;
  - ii. the date of commencement of the restriction
  - iii. the period of restriction; and
  - iv. the reasons for the restriction.
- 23.7 These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.
- 23.8 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

## **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.

## **28. Limitation of liability**

28.1 Except in cases of criminal negligence or willful misconduct, and in the case of infringement pursuant to Clause 6;

- i. 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; and
- ii. 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 the Department 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.

### **33. National Industrial Participation (NIP) Programme**

33.1 The NIP Programme administered by the Department of Trade and Industry shall be applicable to all contracts that are subject to the NIP obligation.

### **34. Prohibition of Restrictive practices**

34.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder (s) is / are or a contractor(s) was / were involved in collusive bidding (or bid rigging).

34.2 If a bidder(s) or contractor(s), based on reasonable grounds or evidence obtained by the purchaser, has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in the Competition Act No. 89 of 1998.

## **C.13 SPECIAL CONDITIONS OF CONTRACT**

This bid is subject to the Preferential Procurement Policy Framework Act and the Preferential Procurement Regulations, 2022; the General Conditions of Contract (GCC) and the following applicable other Special Conditions of Contract.

### **1. CONTRACT PERIOD**

1.1 The contract duration will be for 36 months (3 years)

### **2. CONTRACT VALIDITY**

2.1 The offers must remain valid for a period of 120 days from the closing date of the submission of bids.

2.2 Validity is counted in working days from the closing date of the submission of bids.

A.	Institutional Module	<p><b><u>Business Background and Institutional Information</u></b></p> <ol style="list-style-type: none"> <li>1. Obtain a summary of the history of the business covering: <ul style="list-style-type: none"> <li>• Date of incorporation;</li> <li>• Evolution of the business since incorporation;</li> <li>• Major milestones in the evolution of the business such as changes in ownership/ shareholding, details of mergers and acquisitions, disposals of key business units, changes in capital structures i.e. rights issues, share buy-backs etc. if available</li> </ul> </li> <li>2. Obtain written confirmations that the company is newly incorporated and that it has never traded;</li> <li>3. Obtain the MOI (or other constitutional documents), including certificates of incorporation, change of name, amendments to MOI;</li> <li>4. Obtain details of registered officers or principal places of business in each jurisdiction in which the group companies operate.</li> <li>5. File copies of latest company secretarial documentation such as ordinary and special resolutions, appointment and removal of directors, share transfer forms etc.</li> <li>6. Review the Share register / Register of members noting: <ul style="list-style-type: none"> <li>• Equity transfers from incorporation to date;</li> <li>• nominee holdings;</li> <li>• list of shareholders, including management</li> </ul> </li> <li>7. Review registers of charges/directors' interests noting: <ul style="list-style-type: none"> <li>• Particulars of any other businesses in which shareholders or management are interested in any significant transactions with related businesses.</li> </ul> </li> <li>8. Obtain delegations of authority / approvals framework of the company detailing the powers of management, the Board and the shareholders.</li> <li>9. Obtain and review key company policies, including ESG and Risk management policies etc.</li> <li>10. Review the Minutes of Board meetings and meetings of shareholders for the previous year years, noting /evaluating: <ul style="list-style-type: none"> <li>• whether material decisions/resolutions have been minuted;</li> <li>• Major borrowing decisions approved by the Board/shareholders;</li> <li>• Key staff appointments having been approved by the Board;</li> <li>• Approvals of compensation structures including share options and bonus schemes;</li> </ul> </li> </ol>
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- That rights issues and other changes to the capital structure of the business were considered by Board and shareholders;
- That changes to the constitutional documents of the company were duly considered and approved;
- Changes to delegations of authority framework have been duly approved;
- Appointment and removal of auditors and bankers have been duly approved;
- That details of related party's transactions were documented.

11. Obtain the Names and addresses of:

- Company secretary;
- Auditors;
- Bankers;
- Attorneys; and
- Other advisors.

12. Obtain Supplementary information

- Certified ID copies of all relevant parties in the transaction – ito FICA requirements as per KGF FICA Policy requirements;
- Income Tax & Vat registration;
- UIF registration;
- RSC registration;
- PAYE, SDL registration;
- Proof of residence of all relevant parties in the transaction - ito FICA requirements as per the KGF FICA Policy requirements.

13. Obtain a borrowing facilities structure and:

- Analyse the role players
- Identify associated risks
- Review the adequacy and appropriateness of security package.
- Establish the impact of additional role players being added to the borrowing structure within of 5 years of the proposed project phase

14. Obtain the project's construction structure and analyse the role players, and identify associated risks

15. Obtain the project's operations structure and:

- Analyse the role players
- Identify associated risks
- Analyse the role players ability to manage the project at its full scale

**Corporate ownership**

1. Please provide evidence of how much of this company does the CEO and the other company executives own? (copies of share certificates)
2. How much of this company does each member of the management team own? If applicable, please provide evidence (copies of share certificates)
3. Please provide evidence of how much of the company do external / non-executive directors own? (copies of share certificates)
4. Verify the equity contribution by shareholders to date.
5. Do any individuals outside the company own a large percentage of the company? What is their role in the company? If applicable, please provide evidence (copies of share certificates)
6. Review possible ways of bringing in the community or workers in the shareholding structure.
7. Does the company or any of its officers own 10 percent or more of the equity in any company either than the one investigated here? If so, please provide details.

#### **Objectives and Strategy**

1. Obtain the strategic plan of the business including an overview of the business and the industry in which it operates.
2. Review key value drivers in the strategic plan of the business.
3. Obtain details of
  - the group structure covering legal entities within the group;
  - shareholding structure of group and group companies;
  - organizational structure covering major divisions within the group
4. Document the significant trends and dynamics prevalent in the industry.
5. Document and evaluate the critical success factors of the business in relation to the industry in which it operates
6. Review the SWOT analysis of the business as documented in the strategic plan.

#### **Governance Structures and Decision Making**

1. Obtain a chart of the governance structures within the company i.e., Manco, Exco, Board, Board Sub committees etc
2. Obtain charters / terms of reference of the various governance structures;
3. Obtain the composition of the various structures as well as resumes of the relevant committee members noting experience of the various members;
4. What changes have there been in the Manco, Exco, Board, Board sub committees etc.
5. Understand the frequency of meetings of the various structures;

6. Who exercises the principal authority? Is this specified in the company constitutional document.
  7. Who are the members of the board of directors? What is their background and qualifications? What compensation do they receive? What actual or potential stock ownership positions do they have?
  8. Who are the invitees on the board of directors' meetings? if any. What role do they play in the company? What is the frequency of the invitations?
  9. What is the relationship between management and the board of directors?
  10. What is the management's attitude regarding the function of the board and the investors?
  11. What other outside interests influence management's decision making?
  12. What are the individual duties, responsibilities, and authorities of each member of the management group? Who defines these? Do written job descriptions exist? If yes please provide copies.
  13. Are successful and proven management personnel available to carry out plans, or does everything depend on one or two key persons? What happens if a key employee is not available for an extended period? Is there a succession plan in place, if yes, please provide a copy.
  14. Is there a compensation plan being administered to attract and retain top quality personnel (retention policy, if yes please provide a copy)? Are salary levels competitive with industry norms?
  15. Does the company have "Keyman" Life insurance and disability insurance on any of its officers?
  16. Does the company have a pension plan, profit sharing plan, insurance plan, stock bonus plan, deferred compensation plan, or severance plan? If such a policy exists, please provide a copy.
- Growth Strategy**
1. Potential project/ growth strategies in place and the stage of negotiations
  2. Any potential or current JV or strategic alliances.
  3. Any potential Capex in the next 12 months or during the KGFT's investment period being planned, in addition to the one being financed?

**B. Management and Human Resources**

- Management as a Team**
1. Provide an organization chart and job description indicating proposed management areas of responsibility.
  2. Are there any loans to and from management or key shareholders?
  3. Does the company have the right to repurchase shares held by employees if they leave or are fired? For how long does this right continue? Can the company repurchase shares at cost?
  4. What are the proposed salary levels of management?

5. Will key employees sign non-competent agreements?
6. Is there presently any litigation or any potential liability resulting from management's previous relationships with another company?
7. How often will performance by members of the management team be reviewed? By whom?
8. What policies will be put in place for training of successors or the process of obtaining new staff to succeed the present executives.
9. Review the reasonability of high-level approach to succession planning in the company.
10. Are suitable replacements readily available?
11. What experience does the proposed management team have in this industry?

**Management & Employees**

1. Analyse the staff compliment according to race, gender, and geographical representation across hierarchical levels especially at management level.
2. Evaluate performance evaluation criteria and bonus compensation/ incentive.
3. Provide copies of any employment agreements, non-compete agreements, or agreements with respect to the purchase of shares owned by management.
4. Provide detailed resumes (including experience, salary and promotions history, and academic qualifications) and business and personal references of each key members of management and each department head.
5. Provide details of management share ownership.
6. Evaluate any union labour agreements.
  - How many employees are unionized?
  - Name of the union? Relevant union in the industry, bargaining counsel
  - When does the present contract expire?
  - Have there been any strikes in the past?
  - How are grievances handled?
  - What is the general status of union relationships?
  - Who is the union leader?
  - Obtain details of committees and minutes of their meetings
7. Summarize the names, ages, titles, education, experience, and professional biographies of the senior management team.
8. What decision making committees are available in the Company? And what are the responsibilities of each?
9. Determine whether any significant defections from management are imminent and assess their effect on competitiveness.
10. Review educational material to be distributed to employees in compliance with Health and Safety Act legislation.
11. Assess the adequacy of the labour supply for each business unit/division.

12. Obtain details of working hours/shifts.
13. How often are wages reviewed?
14. How are hiring and firing decisions made?
15. How are employees trained? What is the cost? How long does it take? What training facilities are available?
16. Does the company have any training manuals?
17. Describe the selection and training procedure for new supervisors. Who does the training?
18. Are the wage rates for the company high, low or average in relation to the industry? Area? How does the company know this?
19. Does the company have a formal procedure for reporting employee absences, reprimands, promotions, transfers etc. to personnel?

**Management Characteristics**

1. What experience does the management team have in this industry?
2. Have any of the officers, directors, or major stockholders been involved in legal proceedings? Criminal proceedings? If yes, please provide details.
3. Has any officer, director, member of the management group, or the company, (including subsidiaries and /or affiliates) ever filed a petition under the bankruptcy code or state receivership, or made any assignments for the benefit of creditors? If so, please provide details.
4. Has any officer, director, member of management group or the company (including subsidiary and/or affiliates ever been indicted or convicted of any crime other than a minor traffic offence? if so, please provide details.
5. Are there any actions, lawsuits, proceedings pending or threats against the company or any officers or directors? If so, please provide details.
6. Does the company have a management contracts? If so, please share details on the terms of such contract, performance measures, fees, tenure amongst others and a copy of the management contract.
7. Have there been any changes to the management team?
8. Do any affiliated transactions exist between the company and any of the officers, directors, or their relatives other than in their capacity as an officer or director? If so, please provide details.

**Proposed Employee Benefits**

1. Determine the proposed type of pension benefit plan.
2. What is the proposed Company contribution percentage? What is the level of employee participation?
3. Review management, employment, incentive, deferred compensation, and bonus agreements.

**Documents to obtain**

1. Obtain management organization chart.
2. Obtain details of management share ownership.
3. Obtain detailed resumes (including past experience, salary and promotions history, and academic qualifications) and business and personal references of each key members of management and each department head.
4. Obtain copies of any employment agreements, non-competence agreements, or agreements with respect to the purchase of shares owned by management.
5. Obtain copies of any incentive compensation plan.
6. Obtain at least 5 business and 3 personal references for each key member of management. Business references should correspond to most recent job, as indicated in resume.

Obtain a complete list of the total compensation to the officers of the company including salary, commissions, bonuses, fees, prerequisites, loans, advances, autos, club fee, pension, profit sharing, and other. What does each person cost the company?

**Labour of the Industry**

1. Is the supply of skilled labour adequate for this industry?
2. Are the pay rates in this industry competitive with those of other industries?
3. Will the company be part of an industry bargaining council?
4. Will the company recognise labour force structures? If yes, have the recent wage negotiations been accounted for in the projections?
5. Have there been any new labour contracts or renewals in this industry? What were the results of the settlement and negotiations?
6. To what degree is the industry unionized? And how will this affect the company?
7. What is the best labour practice regarding unionisation and how influential is the union in the industry?

**C. Marketing & Sales Module**

**Industry & Market Overview**

8. How is the market segmented?
9. What are the regulatory matters in the industry both locally and in the export market?
10. What are the key drivers of demand for the product?
11. What are the factors affecting growth and profitability?
12. Review government and trade reports and trade literature regarding the market segments of the business.
13. Analyse competitors and the competitive environment in the industry
14. Analyse industry reports for unanticipated trends or developments.

15. Assess the comparative strengths and a weakness of competitors in terms of the dominant competitive factors in the industry (e.g., price, product, performance, etc.)

### **Customers**

16. Document the nature of customer base to understand if there is concentration risk, elasticity of demand and any other customer linked risk and possible mitigating controls.
17. Review commercial viability of the proposed strategy to attract and grow customer base.
18. Who are the customers? What industry groups are they drawn from? What are the overall trends of this consumer?
19. What is the procedure for making a buying decision?
20. How long does the purchase decision process take?
21. What do you believe to be the key variables in the buying decision? price, service, product features, reputation of selling company, credit terms, delivery speed and method, or relationship with salesman?
22. What is the degree of brand/supplier loyalty among customers currently in the market? How is it measured or determined?
23. What methods are used to lock customers in?
24. What would be required to persuade the user of the product to switch?
25. What alternatives does the customer have? Are there substitutes for this product?
26. What factors affect the customers' need for this product? What would cause an increase in the need? What would cause a decrease in the need?
27. Does the company have any contracts or special arrangements with the major customers, including consignments? If so, describe.
28. Assessment of the major customers' ability to take up the projected volumes
29. What do you project to be the influence of overall business conditions relating to demand for the company's products? What is the importance of disposable income, population growth, and other broad economic trends to the company's business?
30. Does the company operate on the basis of long-term contracts with the clients?
31. Obtain and verify customer offtake agreements

### **Customer Credit**

32. Will the company offer its product on credit terms? If so, who will establish the credit limits for customers?
33. Describe the credit approval process.
34. Does the company have any special credit arrangements with customers? If so, describe.
35. What role does the marketing department have in the account collection process?
36. What are the normal terms of sales?

**Documentation to be obtained related to the market.**

37. Obtain any copies of any marketing studies, newspaper articles, magazine articles etc., describing overall dimensions and configuration of markets and the customer.
38. Please provide a market penetration strategy that will be employed by the company.

**Marketing and Distribution**

39. Analyse each significant contract regarding contingencies, extent of warranties and other service obligations, rights of cancellation, etc.
40. Evaluate the company's overall marketing strategy. What are the overall objectives in the marketing area? What are the top three objectives?
41. How are the objectives to be implemented? What are the details of the strategy?
42. Evaluate the effectiveness of marketing personnel.
43. Are there any new products or services to be developed and if there are any then estimate the cost of introduction?

**Product/Service Analysis**

44. Please describe the product offered by the company to its customers, give a complete physical and functional description of the product (What does the product do for its users? How does it work? What need does the product fill for its user? Is the need real, created, or imagined?)
45. Conduct benchmarking exercise on product/service quality to industry standards requirement
46. Does the product have any proprietary features?
47. Is the product or any aspect of it patented? When does each patent expire? How important is the patent to the success of the business?
48. What other services/ product goes with the main product offered?
49. What new products or services are planned for the company and what are the dates when they will be available to sell?

**Pricing**

50. How is the product and or service priced? What does the business consider before making a pricing change? Who establishes the prices for each product or service offering? What is the rationale for the present pricing structure? Describe the process the company follows in establishing its prices.
51. What are expected future price trends? Why? This includes the reasonability of the forecasted prices.
52. What are the key drivers of the metal commodity price?



53. Understanding of precious and non-ferrous metal pricing and the impact of economic factors on the price.
54. Will engineering and other features of this product or service make it more competitive as these trends develop?
55. Who is authorized to sell product or service at a price that differs from the approved price list?
56. How often are prices reviewed?
57. Review of premiums charged to customers over and above the market prices.
58. Which product or service offering is projected to be the most profitable to the company?
59. Benchmarking of the profitability levels.
60. Is there a relationship between the profitability of each product or service and the incentives for sales personnel?
61. How do pricing policies and structure compare with those of the competition?
62. What is the industry's ability to meet current and future product demand?
63. Does management believe cost increases could be passed on? Why?
64. Is the company sensitive to industry price changes?
65. Is there a price leader in the market currently? Which company? Please describe the circumstances.

#### **Competitive Environment and Industry structure**

66. What is the number of companies in the industry by size and category, national and international?
67. To what degree is the industry concentrated in one or a few companies?
68. What is the trend of business failures or successes? Are there a lot of failures? What are the causes of these failures?
69. How is the industry structured in terms of geographical location, product lines, channels of distribution, pricing policies, degrees of integration and the type of customers?
70. What are the barriers to entry by new companies into this industry?
71. What factors will affect growth in the future? Analyse each of the following.
  - a. What are the demographic changes? If applicable.
  - b. What are the general economic trends?
  - c. How will disposable income affect the industry?
  - d. How will interest rates affect the industry?
  - e. How will the composition of the industry change with respect to new business or failing businesses?

- f. How will the market size change?
- g. How will the market share change for each of the companies?
- h. What technological innovations are apt to spur growth?
- i. What product design changes will enhance productivity and perhaps spur growth?
- j. What economies of scale in the industry are likely to affect growth?
- k. What pricing differentials will occur, and what products will be priced differently?
- l. How will advertising and other forms of market development affect growth?
- m. What factors from government affect the industry?
- n. How will government regulations affect the industry?
- o. How will government fiscal policy in general affect this industry?
- p. How will consumer buying power change and affect this industry?
- q. What environmental considerations could change the growth patterns of this industry?

#### **Government Regulation of the Industry**

To what extent is the company regulated by the government?

- 72. What regulatory agencies are responsible for regulating this industry?
- 73. Is there a trend toward more government regulation in this industry?
- 74. Are there any unique reporting requirements by this industry to government agencies?

#### **Patents, Trademarks, Copyrights, and other Intellectual Properties**

- 75. Are any patents, trademarks, and copyrights important to the company's line of business?
- 76. To what degree do the patents, trademarks and copyrights determine which company in the industry will succeed?
- 77. Are there any household names in this industry?

#### **Industry Associations and Trademarks**

- 78. Is the company a member of any trade or industry association? If so, list the name, address, phone number and association manager.
- 79. Is the company represented at any trade shows? If so, please list.
- 80. Is the company represented at any conventions? If so, please list.

#### **Documentation of the Industry**

- 81. Provide current periodicals, news clippings, trade association clippings and company prepared documents.

82. Provide government data and publication and census studies that provide background information on the industry and the competition.

**Competition**

83. What is the level of price competition between players?

84. What is the threat of substitute/ alternative product providers?

85. What is the possible reaction from competitors on Company's strategic and expansion plans?

86. What is the scope for consolidation / exit in the industry?

87. Who are the major competitors at present, both locally and internationally?

88. Please provide a comparative detail of the competitors' products and services

89. What is the financial strength of the present competition?

90. What is the basis of competition in the industry i.e. is it technology/know-how, price, location, relationships, strength of branding, established /closed feeding?

91. Are there market entrants expected in the market in the near future?

92. What are the present and expected future competitive shares of market?

93. What is the relative ease of entry into the field? What are the capital and other requirements for entry? What is the importance of intangibles such as lead time, goodwill, patents etc? What are the barriers to entry in this industry?

94. How does the company compare with competition in each of the present market share, marketing capability, financial resources, financial management, R & D capability, product quality, overall management strength and other strategic advantages?

95. Construct a chart indicating the degree of competitiveness with each significant competition on a 1 to 3 scale where 1 = superior, 2 = competitive, 3 = below average or nor competitive.

96. Compare the company's product or service offering with that of the competition, stressing uniqueness of this company's product.

97. Compare the company's price points against the competition's price points.

98. What is the strategy for other companies in the industry?

99. To what extent will trade practices and cooperation among businesses change the industry?

100. What barriers to entry might change in order to increase competition?

101. What key factors of success may change and allow the competition to get ahead?

102. What impact would change in government policy and legislation have on the industry?

**Documentation to be obtained.**

103. Provide a list of the company's competition with names, addresses and telephone numbers.
104. Provide product literature on the competitors.
105. Provide literature on the competition.

**D. Technical Analysis Module**

**Technical module**

1. Review copies of official documents, indicating the size of the land, spatial zoning/ zoning confirmation
2. Determine the adequacy of the size of the proposed site for the intended development and use.
3. Provide details on the availability of the following: electricity, gas, water and, road infrastructure.
4. Determine the required electricity, gas, water, and road infrastructure and comment on the adequacy of the proposed upgrades in relation to this.
5. Provide Geotech studies and EIA approvals on the proposed site, if available.
6. Provide a copy of the bill of quantities in relation to the renovations and upgrades as determined by a quantity surveyor, inclusive of bulk services if they are to be financed through the project and contingencies.
7. Provide a list of required equipment and indicative quotes/agreements from suppliers.
8. Provide, as listed below, the professional services appointed to participate in the project. Including, but not limited to the construction contractor, surveyors, architecture, required engineers etc.
  - a) Business profiles
  - b) Related experience and where applicable CIDB grading
  - c) BEE ratings,
  - d) key contact person.
  - e) Professional insurance/indemnity
  - f) Signed or proposed contracts for the services, contracts must outline undertakings and responsibilities, fees, and payment structure.
9. Provide profiles of other envisaged suppliers of the project that may not be South African companies highlighting their affiliation to international governance bodies/ structures.

10. Provide a detailed description of the required equipment, its capacity in relation to the proposed operations on the site, standard maintenance and availability of after sales support by the supplier.
11. Review whether expats are required for any imported equipment. If so, review the requirements for expats to be given permits to be in the country and expected timelines.
12. Provide approval of building plans by the municipalities, if there will be construction of new structures.
13. Provide any other Municipal or government agency approvals related to the site.
14. Provide a detailed analysis of the suitability of the infrastructure and capacity thereof, as intended for the company's operations.
15. Evaluate the company's potential expansion plans and provide a detailed description of the required equipment, infrastructure improvements and its capacity in relation to the proposed operations on the site
16. Review the appropriateness of the product or service quality management system.
17. How will the company manage product quality.
18. Please provide a detailed overview of the proposed business operations and processes, including:
  - a. Provide a high-level layout of the facility.
  - b. Please provide approved building plans of the existing and intended infrastructure
  - c. Please outline the service offering in detail, highlighting operational safety and quality assurance measures
  - d. Please detail the service certification process

**Subcontract Work**

1. Is any work subcontracted to others?
2. What is the nature and amount of work sub-contracted to outside firms?
3. What are the reasons for this policy?
4. What are the risks to the company from failure of sub-contractors?
5. What is the scope for further sub-contracting?
6. Is there a second and third source for this subcontracting work?
7. Are any critical parts obtained from a single subcontractor?
8. Is the subcontractor a stockholder of this company?

E.	Financial Module	<p><b><u>Documentation</u></b></p> <ol style="list-style-type: none"> <li>1. Obtain or assemble a complete description of the company's present capitalization</li> <li>2. List equity repurchase agreements such as puts, calls, and rights of first refusal.</li> <li>3. List all banks and other financial institutions with whom the company maintains a borrowing relationship by name, location, type of credit, maximum size, terms of commitment, interest rate, collateral, and other significant terms.</li> <li>4. Obtain and review all loan agreements and indentures.</li> <li>5. Describe financial covenants and attach latest compliance computations and auditor's/officer's certification.</li> <li>6. Shareholder agreement.</li> </ol> <p><b><u>Analysis of Financial Operations</u></b></p> <p><b><u>Accounting Policies</u></b></p> <ol style="list-style-type: none"> <li>1. Are any accounting policies unique to the company's industry?</li> <li>2. What are the accounting policies that differ from industry practice, represent alternative methods where other preferable methods exist, or are excessively conservative or aggressive?</li> <li>3. Are there any proposed accounting pronouncements or government regulations that may have a significant impact on the company?</li> <li>4. Obtain detailed analysis of differences (quantifying effect of restatement) between "local GAAP" and IFRS in the event that the company has not adopted IFRS.</li> </ol> <p><b><u>Accounting Methods and Costing Practices.</u></b></p> <ol style="list-style-type: none"> <li>1. What accounting practices will the company use with respect to the recognition of revenue and expense?</li> <li>2. Will there be any deferred costs or other intangible assets on the company's balance sheet? Over what period are these amortised?</li> <li>3. What depreciation method will be used for fixed assets? will this method be used consistently? What is the rationale for any difference in methods, if any?</li> </ol> <p><b><u>Energy Intensiveness</u></b></p> <ol style="list-style-type: none"> <li>1. What percentage of operating costs is accounted for by energy purchases?</li> <li>2. What is the outlook for energy supplies in areas where the company operates?</li> <li>3. What ability does the company have to pass increased costs on to its customers without losing its market share?</li> <li>4. What are the alternative sources of energy the company can use and how does the alternative sources compare in terms of costs?</li> </ol>
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### **Impact of inflation**

1. How does the company manage each of the following to ensure that current inflation is taken into account:
  - Sales price increases to pass through the increased costs?
  - Fixed assets: financing methods, major replacement or expansion needs, appropriation procedures and increasing /
  - Fuel costs on older, less efficient facilities?
  - Energy costs increases.
  - Labour costs including competitiveness of wages, influence on unions,
  - Pension-funding assumptions?
  - Insurance coverage

### **Tax Planning**

#### **Income Taxes**

1. In general, what are the applicable federal, state and local income, property, excise and other taxes paid by the company?
2. What examinations have been conducted by tax authorities?
3. Describe any special industry tax considerations such as depletion allowances, special credits or deductions, etc.
4. Examine any special allowances being claimed.
5. Enquire as to additional domestic tax liability if accumulated foreign profits are remitted.
6. Obtain a schedule of tax bases of assets especially in the event of a buy-out
7. Consider other tax issues where applicable: foreign subsidiaries, transfer pricing, secondary tax on companies (tax specialists should be involved in this review where required).

#### **Tax Planning and Preparation**

1. Is the company's tax planning adequate?
2. Has the company taken advantage of all potential tax savings?
3. Are aggressive interpretations adequately reserved for?
4. Has the company provided for the effect of any expected future legislation?

#### **Assets**

1. Determine the extent of the proposed asset base for the company (fixed and financial, current, and noncurrent), current and additional assets that may be acquired in the future.
2. Determine the adequacy of the proposed asset base.
3. Obtain any maintenance agreements on company buildings and equipment.

### **Property, Plant & Equipment**

1. Obtain the signed offer to purchase on tangible and intangible assets and review the terms of sale.
2. Identify the sellers and investigate any conflict of interest of seller with purchaser. If any provide details of impact on the transaction
3. Obtain the valuation report and analyse listed caveats, and provide a report on materiality and recommendations
4. Obtain list of all proposed real properties, leased or owned, with description of use.

### **Intangible Assets**

1. Obtain a list of all product names from the Company. If any.
2. Ensure all product names have been duly registered as trademarks of the Company.
3. Obtain a list of all patents, trademarks, copyrights and trade names so as to order searches.
4. Determine the status of such patents, trademarks, copyrights and trade names.
5. Determine if there are any disputes or infringement claims regarding any of the foregoing or any intellectual property claims of other persons.
6. Obtain a list of proprietary processes controlled by the Company.
7. Review contracts granting or receiving licenses for intellectual property rights.
8. Review contracts granting rights to future products developed by the Company.

### **Liabilities**

1. Determine the list, quantum of proposed liabilities (current and noncurrent) Review the current accounts payable listing.
2. Investigate any potential warranty, environmental, legal, and regulatory non-compliance issues.

### **Equity**

1. Obtain a shareholder list that notes the number of shares held and any special voting rights.
2. Review all Board resolutions authorizing the issuance of shares to ensure that all shares are validly issued.
3. Review all documents affecting ownership, voting or rights to acquire the Company's shares for required disclosure and significance to the purchase transactions, such as warrants, options, security holder agreements, registration rights agreements, shareholder rights, or poison pill plans.
4. Determine if any share option or purchase plans exist for officers or employees of the Company.
5. Compare the Company's share option or purchase plans with those of competitors (if obtainable) to assess the Company's ability to obtain and retain skilled employees.



### **Financial management**

1. Who is responsible for this section? Who are the people that will operate the financial side of business? Assess the competence of the CFO and financial management team through engagements with the team.
2. What financial reports are/ will be provided to the CEO and top management?
3. Describe how the financial and management reporting system works. Are performance reports prepared for all major areas of accountability? Do these reports relate actual performances to plans and budgets? Is adequate information provided to manage effectively and make informed judgements?
4. Describe treasury management function and procedures including management of foreign exchange and interest rate risks; use of future markets and investment policy.
5. Describe procedures for reporting, controlling, and forecasting working capital levels and cash flows.
6. Consider the nature of accounting records and the nature of management information, budgets, management accounts interim accounts, etc. and equipment used to maintain including the general reliability and efficiency of the accounting function
7. What operating manuals of accounting procedures are in place? What are the reporting guidelines in operation?
8. Obtain a general outline of any costing system in use and the integration with financial accounts
9. Ascertain the adequacy of internal controls, segregation of duties, input controls, physical security and system development and modification controls.

### **Budgeting and Controls**

1. What are the company's proposed budgeting procedures? How often will the budgets be assembled? Will they be modified on interim basis?
2. How will budget figures be derived? Will there be supporting schedules prepared? What will be the lowest unit component of the budget?
3. Will the company utilize a "top-down" budgeting process wherein goals are established by management? If not, how will corporate objectives integrated with the budgeting process?
4. What kind of variance analysis will the company use? How will this help to improve its budgeting process?
5. How will overall coordination between budgeted goals and operations be achieved?
6. How often will performance relative to the budget be measured?
7. Who will be held responsible for deviations from budget?
8. Will the budgeting system monitor the accuracy of forecasts? Will there be explanations of major variations?

### **Cash Management**

1. How many bank accounts will the company have?
2. Describe the envisaged cash management process. What procedures will the company utilize to minimize the transfer time for collected cash balances?
3. Who is authorized (cheque signatories) to make payments of company funds and what amounts are they authorized to disburse?
4. What procedures are utilized to ensure proper adherence to disbursement limits and authorization procedures?
5. What is the minimum amount of cash which the company needs to maintain for transaction purposes? How is this amount determined?
6. How much will be maintained in short-term securities? How will these amounts and maturities of these marketable securities be determined?
7. Describe the company's proposed working capital policy and provisions.

### **Receivables Management – Credit and Collection Policy and Procedures**

1. How is revenue collected by the business from its clients?
2. What percentage of the company's sales are projected to be on a credit basis? If any.
3. What are the normal credit terms?
4. What is the discount policy?
5. What credit information and credit analysis does the company use to determine the eligibility and amount of credit for individual customers?
6. How are credit extension procedures coordinated with sales activities?
7. How frequent is customer credit information updated?
8. How will delinquent accounts be identified and monitored? How often will accounts receivable ageing schedules be prepared?
9. What collection procedures will the company employ?

### **Investment Management**

1. What capital budgeting procedures does the company employ?
2. Who makes the order decision for equipment and machinery?
3. What is the minimum acceptable investment return on capital items?
4. To what extent is leasing utilized?

### **Debt Management**

1. Who is the company's lead bank? How many banks does it have relationships with?

2. What assets are pledged as collateral against the liabilities?
3. Is there any “off-balance-sheet” financing and if so, obtain a summary of terms and restrictions.
4. Describe any current or pending commitments and contingencies

#### **Profitability on the projections**

1. Provide a comprehensive list of all proposed revenue sources;
2. Determine the drivers of each of the identified revenue source;
3. What pricing methodology will be followed by the company in pricing its product and service offering;
4. Will the company independently set its own prices or will it be a price taker?
5. What is direct expense as a percentage of revenue?
6. Are the proposed operating expenses reasonable and complete, for a business of this nature?
7. Review the projected working capital requirements.

#### **Taxes**

- Request copies of all applicable tax registration documents.
- To provide advice on the tax effect regarding the assets acquisition structure (Tax leak and other Tax implications);
- What allowances and income tax incentives exist in the tax legislation to provide relief to this business
- What are the VAT implications on the acquisition of the property and is VAT input claimable, based on the nature of this business?

#### **Insurance & Risk Management**

- Does the Company have an overall risk mitigation plan that it will update regularly?
- Review all existing and proposed corporate insurance, using a schedule from the Company’s insurance agency. If there is material pending litigation, determine the extent of insurance coverage and obtain insurance Company confirmation.
- Are increased premiums anticipated as a result of unfavourable trends or the need for increased coverage?
- What is the sum of the proposed insurance premiums?
- To what extent will the Company self-insure its activities? Will there be uninsured risks that the Company will be aware of, but ignore?
- Review various types of insurance including key-man policies, asset covers, third party liabilities and construction-based insurances during the development stage of the project
- Will the company enter a bespoke contract or a standard form contract?

- If a standard form contract is entered into, what type of standard form contract will be entered into?
- What are the estimated replacement costs of assets held?
- Is there an adequate contingency provided for in the project cost for unforeseen costs and general cost escalations?

### **Financial Projections**

*Whilst the company's financial model will be provided to the elected service provider, the service provider will be required to build their own independent financial model which analyses the commercial viability of the project.*

### **Basic Assumptions**

1. How are the projections and the assumptions put together? Are they realistic? Assumptions on which they are based and details of any inconsistencies in these assumptions
2. Is there a model for this kind of growth in this industry, or are we being pioneers here?

### **Projected Financial Statement Analysis**

1. What is the basis for the projected sales?
2. Investigate the revenue generated by competitors in the region and compare these to the proposed revenue projections
3. Review the order book and contracts against forecast sales
4. What is the basis for the projected annual revenue increase? Is it feasible?
5. Are the assumptions concerning sales growth (volume and price), gross margins, working capital requirements, operating expenses, capex, operating expenditures, financing requirements and terms reasonably based on, trends, industry and overall business expectations?
6. Identify and describe any items that may not be recorded at fair market value:
  - Long-Term receivables
  - Plant, property and equipment
  - Inventory
  - Intangible assets, patents, copyrights, computer software
  - Distribution agreements, customer lists, licenses
  - Pension obligations and assets
  - Customer lists, licenses, franchises, air rights, easements
7. Identify potential future earnings adjustments:
  - a) Significant business risks and opportunities which might affect the projections
  - b) Identification of synergy benefits arising from the proposed transaction.
  - c) Outline any contingencies included in the forecasts or projections.
  - d) Expected changes in material and other costs

<p>e) Incremental depreciation and amortization charges resulting from expected asset / liability revaluation</p> <p>f) Different tax provision due ownership structure</p> <p>g) Cost savings from elimination of different facilities, overhead and synergy</p> <p>h) Identification of non-recurring material items affecting projected cash flows</p> <p>8. What are the anticipated industry changes / trends in accounting principles and effect upon present and future operations?</p> <p>9. Consider adequacy of working capital in light of projected activity levels, of bank facilities and availability of other external finances.</p> <p>10. Consider the adequacy of capital expenditure in light of projected activity levels.</p> <p><b>Sensitivity analysis</b></p> <p>1. What effect does variation in key assumptions underlying financial projections have on income statement, cash flow and projected balance sheet?</p> <p>2. What are realistic best case and worst-case projections?</p> <p>3. Was a computer model used for this analysis?</p> <p>4. Sensitivity analysis could include- effect of changes in selling prices, currency fluctuations, changes in raw material prices and other input costs.</p>
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<p><b>F.</b></p>	<p><b>Legal Module</b></p> <p><b>General</b></p> <p>1. Review the regulatory environment including all applicable legislation affecting the company.</p> <p>2. Review the MOI including:</p> <ul style="list-style-type: none"> <li>• objects (restrictions);</li> <li>• borrowings powers;</li> <li>• rights of members and debenture holders (any pre-emptive rights);</li> <li>• special provisions regarding directors.</li> </ul> <p>3. Confirm that acquiring company has:</p> <ul style="list-style-type: none"> <li>• the necessary authorised share capital (if a share issue is involved);</li> <li>• adequate funds (if cash consideration is involved);</li> <li>• the necessary borrowing powers;</li> <li>• memorandum which enables it to make the proposed investment;</li> <li>• no restrictive obligations; and</li> <li>• exchange control approvals.</li> </ul> <p>4. Obtain the articles of incorporation and bylaws. Review for the existence of pre-emptive rights, rights of first refusal, registration rights, or any other rights related to the issuance or registration of securities.</p>
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5. Review the bylaws for any unusual provisions affecting shareholder rights or restrictions on ownership, transfer or voting of shares.
6. Obtain certificates of good standing for the Company.
7. Please supply, in relation to each group company, copies or details of:
  - any agreement, arrangement or obligation which was entered into otherwise than by way of bargain at arm's length;
  - any agreement or arrangement whereby any group company is a member of a joint venture, consortium, partnership or incorporated or unincorporated '-', association (other than bona fide trade associations);
  - all agreements relating to the acquisition or disposal of shares in any group company, its business or major assets since incorporation of the group company;
  - all agreements or arrangements which will be (or are capable of being) terminated or varied upon change of control of any group company;
  - any licenses, approvals or consents necessary for each group company to carry on its business,
  - any agreement or arrangement (whether written or unwritten or intended to be legally enforceable or not) restricting the trading activities of any group company, including the prices or conditions under which any goods of the group company are to be sold or to be acquired, or any services are rendered or acquired by the group company;
  - any agency, management or distribution agreement or arrangement entered into by any group company, whether written or oral. Examine inter-group charges;
  - any standard terms and conditions of sale of business of any group company;
  - all other material or long term or non-routine onerous or unusual agreements, arrangements or obligations;
  - any power of attorney given by any group company;
  - material supply agreement between group companies or with former group companies;
  - obtain and review copies of agreements with principal contractors;
  - Shareholders agreements
  - Material sale contracts
8. What contracts and agreements are outstanding which require further examination? Examine the minute book as guide in this connection; and
9. If some of the existing contracts were not renewed, what would be the effect on the company's trading?
10. Review details of any intellectual property rights owned or used by any group company and copies of all licensing, distribution or royalty agreements relating to any intellectual property rights.

11. List of insurance policies taken out by or for the benefit of each group company and receipts for the last premiums on all insurance policies. Are there any claims outstanding?
12. Review all contracts that are important to operations. Also review any contracts with shareholders or officers. Look for the following provisions:
  - Default or termination provisions
  - Restrictions on Company action
  - Consent requirements
  - Termination provisions in employment contracts
  - Ownership of technology
  - Cancellation provisions in major supply and customer contracts
  - Unusual warranties or the absence of protective provisions
13. Obtain copies of all asset leases, and review for term, early payment, and bargain purchase clauses.
14. Obtain copies of all lease agreements, and review for term and renewal provisions.
15. Review all related party transactions, proposed management agreements.
16. Review the terms of any outbound or inbound royalty agreements.
17. Was any Company software (either used internally or resold) obtained from another Company? If so, what are the terms under which the code is licensed? Are there any associated royalty payments?
18. Review all pending and threatened legal proceedings to which the Company or any of its subsidiaries is a party. Describe principal parties, allegations, and relief sought. This includes any governmental or environmental proceedings. Obtain copies of existing consent decrees or significant settlement agreements relating to the Company or its subsidiaries.
19. Review the auditors' letter to management concerning internal accounting controls and procedures, as well as any management responses.
20. In respect of all material contracts, review for assignability, enforceability, breaches, and escalation clauses.
21. Obtain copies of all:
  - Property zoning certificate and obtain satisfaction that it is appropriate;
  - Detailed bills of quantities as prepared by the appointed Quantity Surveyor
  - Obtain approved building plans;
  - license agreements and ancillary documents;
  - government licenses and permits;
  - secrecy or non-competition agreements;
  - membership agreements;
  - powers of attorney and agency agreements;
  - Throughput agreements;
  - Supplier agreements;

- Sale and Purchase of Property agreements;

22. Review all proposed contracts, MOIs or negotiation
23. Investigate if there are no outstanding legal proceedings involving the target property
24. Copies of all planning and environmental licenses, consents, permits, approvals, authorisations, certificates, specifications, qualifications, applications, registrations, notifications, "Permits" and any correspondence in connection with their renewal relative to each group company.

#### **Intellectual Property**

1. Review all current patent, trademark, service mark, trade name, and copyright agreements, and note renewal dates.
2. Obtain an itemization of all pending patent applications.
3. Determine annual patent renewal costs.
4. Obtain copies of all licenses of intellectual property in which the Company is the licensor or licensee.
5. List all lawsuits pertaining to intellectual property in which the organization is a party.

#### **Litigation and Arbitration**

1. Details of Government or other regulatory requirements for the industry.
2. Details of any litigation or other disputes (including, industrial tribunal actions) which any group company or its employees is or may become involved, together with details or copies of statement of claims made, opinions from counselor others or settlement figures and estimated legal costs.
3. Similar information relating to any arbitration or quasi-judicial proceedings or hearings.
4. Details in relation to each group company of all actual or threatened inspections, investigations, proceedings, or litigation asserting adverse environmental, health or safety conditions or pollution damage from releases of any toxic, dangerous, hazardous or other substance or article prescribed or restricted under any environmental or health or safety laws or handling of materials or violation of permits or law together with copies of related documents and correspondence.

#### **Regulatory compliance**

6. Determine if there are or were any enforcement or disciplinary actions or any ongoing investigations or suggestions of violations involving the Company.
7. Review any correspondence during the past five years with the Environmental authorities
8. Review any required regulatory compliance and verify that necessary licenses and permits have been maintained, as well as ongoing reports.
9. Obtain copies of any open charges of discrimination, complaints, or related litigation, or any such cases that have been closed within the past five years.



<p><b>G.</b></p>	<p><b>Environmental, Social and Governance (ESG) Module</b></p>	<p><b><u>Environmental Aspects</u></b></p> <ol style="list-style-type: none"> <li>1. Does the company have an Environmental Management policy in place?</li> <li>2. Did the company undertake an environmental impact assessment?</li> <li>3. Please provide a copy of the environmental management programme (EMP) for the construction and operation the facility.</li> <li>4. Have the relevant subdivisions been approved for rezoning? Please provide zoning certificate</li> <li>5. Have the SDP and building plans been approved by the municipality? Please provide approval as well as proposed floor plan.</li> <li>6. Does the company have a waste management plan in place?</li> <li>7. What type of waste streams will the facility produce and how each will be managed (e.g., solid domestic, hazardous, wastewater)?</li> <li>8. What quantity of domestic wastewater (effluent) is produced by the business monthly?</li> <li>9. What is the estimated size of the proposed onsite effluent tanks?</li> <li>10. How will the effluent be discharged once tank is full?</li> <li>11. Has the company secured access to bulk services? Please provide service agreements from the service provides and Municipality.</li> <li>12. Are there any environmental appeals lodged against the company?</li> <li>13. Are there signs of contamination of land from past activities on site (agricultural &amp; industrial)?</li> <li>14. Has the company received fines or penalties relating to environmental issues within the last 5 years?</li> <li>15. Is the company a significant greenhouse gas producer?</li> </ol> <p><b><u>Social Aspects</u></b></p> <p><b><u>Community and stakeholder Engagements</u></b></p> <ol style="list-style-type: none"> <li>1. Kindly indicate the company strategy to manage local Communities and other company stakeholders such as       <ul style="list-style-type: none"> <li>○ 1. Public Participation Process</li> <li>○ 2. Managing community Expectation</li> </ul> </li> <li>2. Strategy to address Community Health and safety</li> <li>3. Has the company established/ identified any CSI/SED projects to support?</li> </ol> <p><b><u>Basic Conditions of employment</u></b></p> <ol style="list-style-type: none"> <li>1. Does the company have the following policies in place? If yes, please provide copies.       <ul style="list-style-type: none"> <li>○ HR policy.</li> <li>○ Occupational Health and Safety policy.</li> <li>○ Training and Development policy.</li> </ul> </li> <li>2. Kindly state what is the minimum and average salaries and wage of employees at the company. Are wages at or around the level of the minimum wages? Are salaries market related?</li> </ol>
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3. Do all employees have signed employee contracts? If yes, please provide a sample of one or two (where possible) for each level of occupation.
4. Does the company offer benefits to staff i.e., leave, pension fund, performance bonus, overtime, medical aid, employee incentive schemes, etc?
5. Are staff free to join unions of their choice?
6. Does the company have the following committees in place?
7. Employment Equity or Transformation committee?
8. Has the company had an industrial action taking place in the last 5 years? Where there any retrenchments due to industrial actions?
9. Does the company have policies in place that protect the human rights principles and ensure that they are adhered to:
  - No Child Labour
  - Anti-Discrimination
  - Access and protection of people with Disability.
  - HIV /AIDS policy.
  - Forced labour practice.
  - Sexual harassment policy
  - Support and respect for protection of other Human rights principles.
  - Gender, race, sexuality, religion, political opinion, etc.

#### **Governance Aspects**

1. Does the company have a Board of Directors? If yes, please provide a charter.
2. Does the Board composition follow good practice e.g., separation of Chairman and CEO, independent directors? If yes, please provide evidence.
3. Are there any potential issues/ pending investigations/ inquiries/ commissions with any of the key individuals linked to the company in relation to.
  - Their source of wealth?
  - Their previous business activities or practices?
 If yes, please provide details.
4. Are any of the key individuals linked to the company the subject of local or international investigation in relation to economic crime?
5. Does the company have a code of business ethics / conduct that is endorsed by the CEO/Chairman and Board?
6. Does the company conduct performance evaluation for the Directors? How often are these evaluations done? Who conducts them?
7. Does the company keep and monitor a risk register, if yes, please provide
8. Does the company have a risk management strategy in place?
9. Does the company have the following Risk Management policies in place?
  - Political donation

		<ul style="list-style-type: none"> <li>○ Anti-competitive Practice</li> <li>○ Delegation of Authority</li> <li>○ Anti-corruption</li> <li>○ Gift policy.</li> </ul> <p>10. Does the company have a Succession planning policy? If not, how is succession planning managed in the company?</p> <p>11. Does the company have a policy to disclose materiality issues to the shareholders?</p>
<p><b>H.</b></p>	<p><b>Information &amp; Technology</b></p>	<p><b>Information Technology</b></p> <ol style="list-style-type: none"> <li>1. Why accounting system will be employed by the business in its financial reporting framework?</li> <li>2. What systems use third-party software, and which ones use custom-built solutions?</li> <li>3. Are the third-party systems under maintenance contracts, and are the most recent versions installed?</li> <li>4. Are user computers monitored for unauthorized software installations?</li> <li>5. Are software copies secured and only released with proper authorization?</li> <li>6. Are there adequate backup systems in place with offsite storage, both for the corporate-level databases and for individual computers?</li> <li>7. What is the proposed level of security required for access to the Company's servers?</li> </ol> <p><b><u>Internet</u></b></p> <p>Will the website usage statistics be tracked? If so, how will it be used for management decisions?</p>