

### **Annexure K: Financial Guarantee Commitment Declaration**

#### **Purpose of the Financial Guarantee Commitment Declaration**

The purpose of the Financial Guarantee Commitment Declaration is to prove that the company responding has financial capacity to execute the contract. The reason for this is to safeguard Transnet SOC Ltd against companies being awarded a tender and then failing to execute because of a lack of financial resources. The responding bidder must show capacity to deliver a sustainable service.

The Service Provider shall be required to provide Transnet with a Financial Guarantee to present to Transnet on or before the Effective Date, for approval by Transnet, securing performance by the Service Provider of its obligations in this Agreement ("Financial Guarantee"). The Financial Guarantee, shall be held by a reputable financial institution acceptable to Transnet with a long term national credit rating, such as Moody's Investors Service Limited ("Moody's"); Standard & Poor's Rating Services ("Standard and Poor's"); or Fitch Ratings Limited ("Fitch") or any successor to their respective ratings business or any other ratings agency approved by Transnet, of at least A- in the case of Fitch and Standard and Poor, and A3 in the case of and Moody's ("Minimum Credit Rating"). The Financial Guarantee shall be made in favour of Transnet for the Service Provider's obligations in terms of this Agreement, subject to the following:

This Financial Guarantee shall represent **50 % (fifty percent)** of the full value of the Fees and charges payable under the Agreement in accordance with form and standard acceptable to Transnet, for the duration of the Term; and shall remain in full force and effect for such duration (including any renewal hereof)

#### **Financial Guarantee Commitment Declaration**

We \_\_\_\_\_ (the bidding company) declare and commit on receiving the letter of award/Letter of Intent will within 10 working days seek a Financial Guarantee Commitment from a financial institution.

#### **Sign off**

SIGNED at \_\_\_\_\_ on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_

#### **Witnesses**

1. Name \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

2. Name \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_