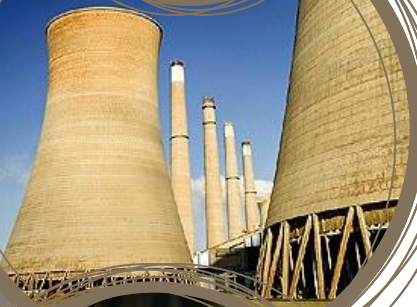


Eskom Requirements regarding any Importation



If the tenderer is importing goods/services :

- The exchange rates to be used for the tender must be the exchange rate as published on the South African Reserve Bank website (www.resbank.co.za) on the date that the tender was advertised.
- Foreign Currency and Foreign currency amounts must be clearly indicated on the pricing schedule provided in the tender.
- Exchange Rate variation/adjustment **cannot** be part of any CPA formula
- The tenderer is to confirm with Eskom **BEFORE** tender close whether the foreign currency to be used by them is acceptable to Eskom
- Any Bonds and/or Guarantees must be through Eskom Treasury approved institutions

For the payment of the import Goods/Services, tenderers are required to select one of the following Eskom payment methods:

➤ Payment Method 1A

Eskom makes a payment in foreign currency directly overseas to a nominated foreign beneficiary.

Proof of importation will be required.

➤ Payment Method 1B

Eskom will pay a local supplier in foreign currency into a local CFC (Customer Foreign Currency) bank account.

However:

- Eskom will require documentary evidence of the approval application made to the Reserve Bank and the official response from the Reserve Bank. (response from Reserve Bank must be on a SARB on SARB's letterhead. NO copy and paste).
- The commercial (overseas) invoice and a local tax invoice required to be submitted at time of payment request. The foreign currency amounts on both invoices must be the same. **Eskom will not pay profit in foreign currency.**
- **The tenderer must be the direct importer.**
- **Eskom requires proof of importation**

➤ Payment Method 2

- This is a ZAR based payment linked to an exchange rate movement.
- Eskom will hedge the exposure and payment to the supplier will be done at the spot rate of exchange at which Eskom sells the forward cover in the market.
- Tenderers will have to provide a letter of stating that they will not take out forward cover.
- Tenderers are required to apply for approval to use this payment method via the Procurement Practitioner **PRIOR** to tender close. If approval is not sought prior to tender close, Eskom will then apply Payment Method 1A.
- **Proof of importation will be required.**
- **The tenderer must be the direct importer**

- Fixed ZAR contract
 - Fixed in terms of exchange rate movement..
 - Eskom will allow the tenderer to hedge the exchange rate movement by means of forward cover. **(This means that the supplier takes the foreign currency and/or exchange rate risk for the full exposure of the contract)**

However:

- Eskom will require that a simultaneous exercise is done to ensure that the exchange rates for the tenderer's forward cover is market related.
- Proof of importation will be required.

- **Important Notice:**
- If the contracting party sources from a local supplier, then the pricing to Eskom must be in ZAR
- If the contracting party sources from a local supplier, where the local supplier is the importer, the pricing to Eskom must be in ZAR – with no link to any foreign currency or exchange rate movement.

