

**ADDENDUM 1**

**TO THE**

**TRANSNET PREFERENTIAL PROCUREMENT  
POLICY (TPPP)**

**(that was Approved on 14 April 2023)**

**Policy No:**

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**1. AMENDMENTS TO THE TRANSNET PREFERENTIAL PROCUREMENT POLICY (TPPP)**

The Transnet Board of Directors amends the Transnet Preferential Procurement Policy as follows:

**1.1 *Ad* Clause 5: POLICY STATEMENT**

By amending clause 5.7.14 to read as follows:

5.7.14. Therefore, for all tenders above R5m - preference points may be allocated to either one (1) or multiple specific goals, from any of the 2 categories of designated groups, with either equal proportion or a choice to allocating higher weighting to identified goals that will amount to 10 points for 90/10 or 20 points for 80/20. If more than 1 specific goals are selected, one of the specific goals must always be B-BBEE Contributor level 1 and/or 2 in all transactions regardless of the value.

By adding clause 5.7.19 as follows:

5.7.19. In relation to procurement directed at operations for delivery to Transnet customers (procurement for revenue generation), the following regime shall be applied:

5.7.19.1. the most appropriate specific goal/s should be selected for each transaction taking

account efficiency and that there would be instances where a transaction involves only one (1) bidder [e.g. an Original Equipment Manufacturer (OEM)] or a limited number of bidders.

- 5.7.19.2. as a minimum, the B-BBEE contributor level should be selected as a specific goal. When more than specific goal is applied, the B-BBEE contributor level must be one of the specific goals.
- 5.7.19.3. notwithstanding the requirements of clause 5.7.19.1 and 5.7.19.2, Transnet may enter into other transformational and localisation arrangements with the supplier or service provider outside of the framework of preferential procurement. This would be for purposes of attaining Transnet transformation and localisation objectives as envisaged in the Enterprise Supplier Development and Localisation (ESDL) strategy and the Enterprise Supplier Development (ESD) Policy and must be considered as part of the development of the sourcing strategy .
- 5.7.19.4. some examples of these arrangements should be the negotiation of contractual terms with OEM as follows:
  - 5.7.19.4.1 where applicable, to localize some of the components or products that form part of the prospective long-term contract;
  - 5.7.19.4.2 technology and skills transfer and development for companies within the South African borders in order to build or increase local capability and capacity leading to potential OEM accreditation.
  - 5.7.19.4.3 any other transformation and localization objectives.

## **2. WHOLE DOA FRAMEWORK**

- 2.1 As a result of the amendment contained in this addendum and adding of a new clause 5.7.19, the Policy numbering changes. The old clause 5.7.19 becomes clause 5.7.20 and the rest of clauses that follow also change sequentially.
- 2.2 All Clauses, together with Annexures, other than those referred to in this Addendum shall remain unchanged and in full force and effect as amended herein.

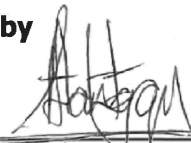
**Recommended by**



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**Michelle Phillips**  
**Group Chief Executive**  
**Date: 12/09/24**

**Approved by**



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**Mr Andile Sangqu**  
**Chairperson**  
**Transnet Board of Directors**  
**Date: 30 September 2024**