

SERVICE LEVEL AGREEMENT (SLA)

Management of Ferrous Scrap Sales Contract

Between

Transnet SOC Ltd ("Transnet")

and

[Successful Tenderer] ("Purchaser/Contractor")

Contract Title

FOR THE SALE OF FERROUS SCRAP METAL TO SCRAP DEALERS/RECYCLERS, PRIMARY STEEL PRODUCERS/SMELTERS AND FOUNDRIES TO BE CONSUMED IN SOUTH AFRICA "AS AND WHEN REQUIRED" FOR A PERIOD OF FIVE (5) YEARS

Effective Date

[Insert Date]

Contract Duration

[Insert Duration]

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1. PURPOSE

The purpose of this SLA is to define the service standards, performance requirements, responsibilities, reporting obligations, and key performance indicators (KPIs) applicable to the collection, purchase, loading, transportation, processing, and recycling of ferrous scrap sold by Transnet.

2. OBJECTIVES

The objectives are to:

- Ensure timely removal of scrap from Transnet premises.
- Maintain safe and environmentally compliant operations.
- Ensure transparency in weighing and payment processes.
- Prevent theft.
- Promote recycling and environmentally sustainable disposal.

3. SCOPE OF SERVICES

The Purchaser shall:

3.1 Scrap Collection

- Collect ferrous scrap from designated Transnet sites.
- Provide labour, equipment, vehicles and supervision required for loading and transportation.
- Separate material categories where required.
- Remove scrap within agreed timelines.
- Share all collection documents per load with Transnet on daily basis
- Keep stock of reclaimable separated
- All collected scrap components must be spoiled/damaged

3.2 Transportation

- Ensure loads are covered and secured.
- Comply with all applicable road traffic legislation.
- Tracking device for transport
- Live recording of loaded scrapping material during transportation

3.3 Weighing

- Weigh all scrap on certified, calibrated weighbridges.
- Allow Transnet representatives access to verify weighing activities.
- Supply weighbridge tickets for every load removed.

3.4 Processing

- Process scrap in accordance with environmental regulations.
- Recycle or reuse material responsibly.
- Separate reclaimable identified by Transnet
- Record & share reclaimable separated

4. SERVICE LEVEL REQUIREMENTS

4.1 Scrap Removal Turnaround Time

Requirement	Standard
Collection after notice issued	Timeline agreed on the works order
Emergency collection request	As agreed by both parties
Loading commencement	As agreed by both parties
Site clearance after collection	As agreed by both parties

Performance Target

90% compliance.

4.2 Stockpile Management

Requirement	Standard
Maximum scrap accumulation period	30 days
Maximum stockpile height	As approved by site regulations
Site housekeeping compliance	100%

Performance Target

100% compliance.

4.3 Vehicle Management

Requirement	Standard
Roadworthy vehicles	100%
Valid SA licence	100%
GPS tracking available	100%
Driver inductions completed	100%
Video footage of weighing empty and loaded truck	100%

Note: Drivers must be South Africans.

4.4 Communication timelines on

- Respond to email: Turn Around Time = 48 hours
- Respond to calls: TAT = 24 hours
- Respond to texts messages: TAT = 24 hours
- Performance target = 95%

5. PAYMENT MANAGEMENT

5.1 Payment Terms (subject to OD's agreed payment method)

The Purchaser shall:

- Pay the offered contract price per metric tonne to relevant OD.
- Make payment prior to release of material or as stipulated in the Contract.
- Submit proof of payment before collection.

5.2 Revenue Assurance

All payments shall:

- Be traceable through banking records.
- Reference load numbers and site origin.
- Match verified weighing records.

Performance Target

100% payment compliance.

6. WEIGHBRIDGE CONTROL

Transnet and Purchaser shall ensure:

- Weighbridges have valid calibration certificates that must be renewed every 2 years.
- Weighbridge tickets are generated for every transaction.
- Gross, tare, and net weights are recorded.
- Weighbridge collection documents is shared with Transnet timeously

Performance Standards

KPI	Target
Calibration validity	100%
Availability of weight tickets	100%
Weight disputes resolved	Within 5 working days

7. HEALTH, SAFETY AND ENVIRONMENT (HSE)

7.1 Safety Requirements

The Purchaser shall:

- Comply with Occupational Health and Safety legislation.
- Conduct Task Based Risk Assessments.
- Provide PPE to all workers.
- Ensure only trained personnel enter operational areas.

7.1.1 Mandatory PPE according to OSH Act.

7.2 Environmental Requirements

The Purchaser shall:

- Prevent pollution incidents.
- Remove all generated waste.
- Contain oil leaks and spills.
- Comply with environmental permits and legislation.

Performance Targets

KPI	Target
Fatalities	Zero
Lost Time Injuries	Zero
Environmental incidents	Zero
Reportable spills	Zero

8. SECURITY AND LOSS CONTROL

The Purchaser shall:

- Ensure all vehicles are screened at security checkpoints.
- Provide driver identification records.
- Prevent unauthorised access.
- Cooperate with investigations.
- Provide own security when needed for their equipment
- Report the case of theft to the police and Transnet within 24 hours.

Security Requirements

KPI	Target
Unauthorised removals	Zero
Security breaches	Zero
Compliance with access procedures	100%

9. REPORTING REQUIREMENTS

Monthly Performance Report

The Purchaser shall submit the following:

Operational Information

- Total tonnage removed.
- Site-specific tonnage.
- Number of collections completed.
- Outstanding collections.

Financial Information

- Value of scrap purchased.
- Payments made.
- Outstanding invoices.

Safety Information

- Incidents.
- Near misses.
- Corrective actions.

Environmental Information

- Spills.
- Environmental complaints.
- Corrective actions.

Due Date

Reports due by the 5th working day of each month.

10. KEY PERFORMANCE INDICATORS (KPIs)

KPI	Target	Weighting
Collection turnaround	95%	20%
Payment compliance	100%	20%
Safety compliance	100%	15%
Environmental compliance	100%	15%
Weighbridge compliance	100%	10%
Reporting compliance	100%	10%

Site housekeeping	100%	10%
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Overall Performance Rating

Performance	Rating
95-100%	Excellent
90-94%	Good
80-89%	Acceptable
Below 80%	Unsatisfactory

11. NON-PERFORMANCE MANAGEMENT

Level 1

- Written warning issued.
- Corrective Action Plan within 5 working days.

Level 2

- Repeat failure for two consecutive months.
- Transnet may terminate the works order and issue it to another contractor from another cluster.

Level 3

- Material breach.
- Contract review.

Level 4

- Contract termination.

Applicable breaches include but not limited to:

- Safety violations.
- Unauthorised scrap removal.
- Fraudulent weighing.
- Payment defaults.
- Environmental incidents.
- Theft; and
- Others

12. AUDIT AND INSPECTION RIGHTS

Transnet reserves the right to:

- Conduct site inspections.
- Audit weighing records.
- Verify recycling facilities.
- Audit financial transactions.
- Conduct unannounced inspections.

The Purchaser shall provide unrestricted access to records relevant to contract performance.

13. CONTRACT GOVERNANCE

Operational Meetings

- Site ops meetings is: Weekly (TFR Regional Manager and Contractor Regional Manager)
- Executive review meeting: Monthly or every 2 months
- Contract review meeting: Quarterly or Bi-annually

Meeting	Frequency
Site Operations Meeting	Monthly/weekly/bi-weekly (depend on ODs arrangement)
Contract Review Meeting	Quarterly
Executive Review Meeting	Bi-annually

Participants

Transnet

- Contract Manager
- Regional/National Manager
- Category Specialist (Group)
- Site Representative
- Security Representative
- Finance Manager

Purchaser

- Contract Manager
- Operations Manager
- HSE Representative

14. TRANSFORMATION AND LOCAL DEVELOPMENT (OPTIONAL)

Where applicable, the Purchaser shall report on:

- Local supplier spend.
- SMME participation.
- Employment created.
- Skills development initiatives.
- BBBEE compliance status.

15. SERVICE CREDITS AND PENALTIES

Breach	Penalty
Failure to collect within SLA	1% of monthly contract value per occurrence
Late reporting	R5,000 per occurrence
Uncalibrated weighbridge use	Immediate suspension
Safety breach	Immediate stop work instruction
Environmental breach	Cost recovery plus penalty
Payment default	Interest plus suspension of collections