

ESKOM SHIPMENT POLICIES AND PROCEDURES

For all shipments transported by road, rail, barge, air-freight or sea-freight

Rev 8-12/07/2011

1. Qualifying Sea Vessels and Sea Vessel Age Limitation
 - 1.1 The Employer-procured Marine Insurance Policy (herein “the Marine Policy”) extends only to subject matter carried by mechanically self propelled vessels of steel construction which are classed in accordance with the requirements of the Institute Classification Clause as per the Marine Policy, provided such vessels are:
 - 1.1.1 not Bulk Carriers, Combination Carriers nor Mineral Oil Tankers (as per the Marine Policy) exceeding **50,000** Gross Register Tonnage (GRT), over **15** years of age;
 - 1.1.2 not over **25** years of age.
 - 1.2 Subject matter carried by mechanically self propelled vessels not falling within the scope of the above are (to the extent covered by the Marine Policy) subject to additional premium and must accordingly be notified promptly to the Employer so that additional rates and conditions under the Marine Policy can be agreed. Subject matter so carried will accordingly only be covered by the Marine Policy if, and only to the extent:
 - 1.2.1 the resultant additional insurance premium (if any) is agreed; and
 - 1.2.2 either the Employer or the Contractor (as applicable) accepts liability for such additional premium in writing; and
 - 1.2.3 In no case shall the Employers Marine Insurance Policy cover loss, damage or expense where the subject matter insured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an International Ship Merchants (ISM) Code Document of Compliance.
 - 1.3 The Contractor will abide by any additional insurance warranties and conditions in this regard.
 - 1.4 The Contractor shall, absent such written agreement, be solely responsible for and shall separately insure cargoes and/or interests carried by non Classified Vessels.

2. Shipment Survey Warranty for Break-Bulk Cargo

The Contractor shall submit a completed Shipment Notification Form (in the form attached hereto) to the Employer for all Break-Bulk cargo where any one or more of the following apply:

- 2.1.1 the shipment value is US\$ 5,000,000 or greater;
- 2.1.2 the individual item value is US\$ 4,000,000 or greater;
- 2.1.3 the weight of the item is 75mt or greater;
- 2.1.4 the size of the item is greater than a 40 foot container in any direction and the value of the item is greater than US\$ 250,000; or
- 2.1.5 the cargo is carried on deck.

The Contractor shall submit the required Shipment Notification Form not less than 3 weeks (but preferably not less than 4 weeks) prior to shipment. In the absence of such Survey, the insurance coverage under the Marine Policy could, at the discretion of insurers, be restricted (at the risk of the Contractor).

For the purpose hereof, "Break-Bulk Cargo" means general goods, plant, materials, commodities or wares which are customarily shipped in boxed, bagged, crated or unitized form, held in the vessel's general holding areas, and handled by the piece, unit or in separate lots. Without limiting the generality of the foregoing definition of Break-Bulk Cargo, the term shall include road motor vehicles and other odd-size cargo, but shall not include containerized cargo or bulk cargo. This definition is, however, inserted for convenience only and if there is a conflict between this definition and the definition of "Break-Bulk Cargo" under the Marine Policy, the definition under the Marine Policy shall prevail.

3. Insufficiency or Unsuitability of Packaging and/or Packing

The Contractor/Supplier is to be held fully responsible for ensuring the adequacy of the preparing, framing, packaging, packing (including stowage into a container) and lashing of the goods, plant, materials, commodities or wares being transported. The Employer's Insurers are not prepared to dictate the exact terms and conditions relating to the adequacy of this packaging and packing and this implies the Contractor/Supplier is obliged to apply the 'fair and reasonable and experience test' to conclusively show and prove that their preparation, packaging and packing of the subject matter shipped was adequate and of a substantially robust standard to ensure the safe passage and delivery of the goods; all designed and fitted (internally and externally) with due consideration to the known and expected hazards along the transit route and pathway/s.

4. Storage

The marine insurance cover will cover goods being kept in store for up to 90 days during the ordinary course of transit. However, if the original intention is indeed to store the goods for a longer period, then the marine insurance expires at the time of safe delivery to the 'long-term' store.

Deliberate "long term" storage for goods, being stored for longer than 90 days, will be covered under:

- the Contractor's All Risks/Floater programme of insurance if goods are already designated for installation within a specific contract/project; or
- the Assets All Risks programme of insurance if the goods are being stored for general purposes (eg. spare parts) and have not been designated to a specific contract/project.

5. Conveyance/Storage Limits and Deductibles

5.1 Under the Marine Insurance Policy:

LIMIT OF INDEMNITY:

Unless otherwise declared to and accepted by Insurers prior to attachment or prior to loss, accident or arrival:

- R1,500,000,000.00 (One Billion Five Hundred Million Rand) any one vessel, aircraft or conveyance.
- R3,000,000,000.00 (Three Billion Rand) any one location as per the Institute Location Clause.

DEDUCTIBLES:

Unless otherwise agreed and declared in contract:

: If the shipment is related to a works contract covered within the Eskom Annual Contractor's All Risks (CAR) insurance policy the deductible is as follows:

10% of loss, minimum R100,000.00 and maximum R500,000.00 each and every loss

: If the shipment is related to a works contract covered within the Eskom 'Floater' Contractor's All Risks (CAR) insurance policy the deductible is as follows

: 10% of loss, minimum R100,000.00 and maximum R1,000,000.00 each and every loss

: If the shipment is related to a Distribution works contract covered within the Eskom Distribution Annual Contractor's All Risks (CAR) insurance policy the deductible is as follows

: 10% of loss, minimum R100,000.00 and maximum R250,000.00 each and every loss

: For all other contracts:
R100,000.00 each and every loss.

5.2 Under the Contractor's All Risks/Floater Policy:

LIMIT OF INDEMNITY: For goods in transit (not part of a Marine shipment):

- R100,000,000.00 (One Hundred Million Rand) per conveyance, and
- R100,000,000.00 (One Hundred Million Rand) for goods **stored** at any one off-site location, whether at an Eskom off-works-site warehouse or lay-down area or at the Manufacturer's premises but only within South African territorial limits.

Should your terms of contract require higher limits of conveyance or storage, please contact Eskom Insurance Management Services representatives (refer below).

DEDUCTIBLES:

Unless otherwise agreed and declared in contract:

- R100,000.00 (One Hundred Thousand Rand) each and every loss (any one incident) for Eskom Distribution Projects/Contracts.
- R500,000.00 (Five Hundred Thousand Rand) each and every loss (any one incident) for Projects/Contracts insured under the Eskom Annual

- Contractor's All Risks Policy;
- R1,000,000.00 (One Million Rand) each and every loss (any one incident) for Projects/Contracts insured under the Eskom Floater Policy Programme.

5.3 Under the Assets All Risks Policy:

LIMIT OF INDEMNITY: For goods in transit (not part of a Marine shipment):

- R200,000,000.00 (Two Hundred Million Rand) per conveyance, and
- R1,200,000,000.00 (One Billion Two Hundred Million Rand) any one location but only within South African territorial limits.

Should your terms of contract require higher limits of conveyance or storage, please contact Eskom Insurance Management Services representatives (refer below).

DEDUCTIBLES:

Unless otherwise agreed and declared in contract:

- R15,000,000.00 (Fifteen Million Rand) each and every loss (any one incident) for Eskom Generation Division goods,
- R7,500,000.00 (Seven Million Five Hundred Thousand Rand) each and every loss (any one incident) for Eskom Transmission Division goods,
- R1,000,000.00 (One Million Rand) each and every loss (any one incident) for Eskom Distribution Division goods.

6. Notifications

Marine Shipping Surveys and all other notifications to be given to the Employer under these Shipping Policies & Procedures shall be submitted to the Eskom Shipping Division at eskomshipping@eskom.co.za and Eskom Insurance Management Services (EIMS) at Marineinsurance@eskom.co.za. You may also include the following members together with the two email addresses in this paragraph:

Contact Person	Contact Number	E-mail address
Mr Wiseman Khoza	+27(0)11 800 6286	Wiseman.Khoza@eskom.co.za
Ms Dheven Besetty	+27(0)11 800 2714	Dheven.Bisetty@eskom.co.za

Please specifically notify Eskom Shipping Division and Eskom Insurance Management Services (EIMS) as per the above contact details for all shipments on board:

- passenger vessels transporting more than 12 passengers; and
- Oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 giga tone (gt) or more; and
- Ro Ro (Roll on Roll off) passenger ferries

Only a written acknowledgement of a shipment notification or of a Marine Shipping Survey, as the case may be, shall constitute proper receipt thereof under the Contract. Marine Shipping Surveys and all other notifications addressed to the Employer under these Shipping Policies & Procedures shall also be copied to the Engineer.

The Employer shall appoint all surveyors for the loading and off loading of break bulk

cargo required to be surveyed under the Survey Warranty Clause as per no. 2 above and the Supplier will not be required to appoint a surveyor. If the Supplier chooses to appoint a surveyor the survey costs will be for the Suppliers account and will not be charged back to the Employer.

Project Managers must circulate the following documents to the Eskom Shipping Division as well as the Eskom Insurance Management Services Division on the email addresses mentioned above:

- Dimensions of equipment;
- Method statement;
- Lashing diagrams;
- Drawings of the equipment
- Stowage Plans
- Cargo Manifest
- Packing List
- Recommended Transport drawings
- Contact details for the Technician doing the Megger tests
- Name and contact details for Transport Company
- Confirmation that the Transport Company has reviewed the dimensions of the equipment to be carried and their trailers are suitable to carry them prior to the vessels arrival.

7. These Shipping Policies & Procedures reflect the Employer's procedures to deal with additional premium or other risk issues in connection with the Marine Policy but shall not be construed or interpreted so as to extend or modify the terms of the Marine Policy itself. The Contractor shall be liable for any additional premium or other cost incurred by the Employer under the Marine Policy by reason of the Contractor's failure to comply with these Shipping Policies & Procedures.



Eskom Shipment Policies and Procedures

Shipment Notification Form

	Question	Details	Comments
1.	Description of cargo:		
2.	Value of the cargo:		
3.	Packaging of the cargo and method of lifting / securing:		
4.	Weight / dimensions of cargo and number of units:		
5.	Indicate if any part of cargo is second hand:		
6.	Indicate if cargo containerized or Break-Bulk		
7.	Contract reference (Eskom assigned Contract number):		
8.	Suppliers unique/running number		
9.	Eskom Project Managers name and contact details		
10.	Contract Project Managers name and contact details		
11.	Designated Point(s) of survey (warehouse, factory or storage facility, as applicable. Address, telephone, telefax and e-mail details to be specified):		
12.	Contact person at designated point(s) of survey (address, telephone (mobile and land line), telefax and e-mail details to be specified):		
13.	Anticipated date cargo will leave designated point(s) of survey:		
14.	Shipping Route and method of shipment (road / rail / barge / ocean):		
15.	Date & port of departure:		
16.	Estimated date and port of discharge:		
17.	Name of vessels or IMO number:		
18.	Age and particulars of vessel:		
19.	Identity of carriers' P&I Club and extent of cover:		
20.	Specify INCO terms if NOT 'ex-works':		
21.	Details of shipping agent (operator of vessel) (address, telephone (mobile and land line), telefax and e-mail details of contact person to be specified):		
22.	Cargo forwarding / clearing agent (address, telephone (mobile and land line), telefax and e-mail details of contact person to be specified):		
23.	Approximate duration of transit:		
24.	Final destination's name and address inland in South Africa i.e. power station/sub station/storage area or warehouse/suppliers premises		