



## Bonds and Surety

With a capacity of **ZAR 500 million**  
**Level 2 BBBEE** Rating and 'Value Adding Supplier'  
**AA+** credit rating  
**ISO9001/2008** accredited across the entire business

Credit Guarantee offers the following bonds/guarantees:

### BID/TENDER BONDS

A bid bond is issued as part of a bidding process by the surety to the project owner, to guarantee that the winning bidder will undertake the contract under the terms at which they bid. The cash deposit is subject to full or partial forfeiture, if the winning contractor fails to either execute the contract or provide the required performance and/or payment bonds. The bid bond assures and guarantees that should the bidder be successful, the bidder will execute the contract and provide the required surety bonds.

### PERFORMANCE BONDS

A written guarantee from a third party guarantor (usually a bank or an insurance company) submitted to a principal (client or customer) by a contractor on winning the bid. A performance bond ensures payment of a sum of money (not exceeding a stated maximum) in case the contractor fails in the full performance of the contract. Performance bonds usually cover 10 - 12.5% of the contract price and replace the bid bonds on awarding of the contract.

### RETENTION BONDS

A type of performance bond that protects the customer after a job or project is complete. It guarantees that the contractor will carry out all necessary work to correct structural and/or other defects discovered immediately after the completion of the contract, even if full payment has been made to the contractor.

### ADVANCE PAYMENT BONDS

An advance payment or simply an advance is part of a contractually due sum that is paid upfront for goods or services, while the balance included in the invoice will only follow after the delivery. It is called a prepaid expense in accrual accounting.

### MATERIALS OFF SITE GUARANTEE

The Employer is providing the contractor with an advance payment to purchase materials specific to the contract.

This is done to:

- Fix the price of the goods; and
- To secure the manufacturing/supply of the goods in time for when the contract requires it.

The materials will thus be held "off-site" until the contract requires it.

### CUSTOMS BONDS

A bond issued to guarantee the payment of customs fees. A bond is not designed or intended to protect the importer. The purpose of a bond is to guarantee that all customs duties, penalties and other charges assessed by customs will be properly paid and that all trade procedures will be followed.