

## Bonds & surety cover

### Main features

Protects you, the employer, against a contractor's non-performance. A surety bond is a promise to be liable for the default, or failure, of another.

- Capacity of up to ZAR 500 million.
- AA+ credit rating.

### Suited to your needs

We offer the following bonds and guarantees:

#### Bid or tender bonds

- Issued by the surety to the project owner as part of the bidding process.
- Serves as a guarantee that a successful bidder will fulfil their contractual obligations and secure the necessary surety bonds.

#### Performance bonds

- Written guarantee issued by a third-party guarantor (typically a bank or insurance company) to the principal (client or customer) on behalf of the contractor upon winning a bid.
- Ensures payment of a predefined amount if the contractor fails to fulfil the contract.
- Typically cover 10 - 12.5% of the contract price and replace bid bonds once the contract is awarded.

#### Retention bonds

- Type of performance bond that protects the customer after project completion.
- Guarantees that the contractor will rectify any structural or other defects identified immediately after completion, even if full payment has already been made.

#### Advance payment bonds

- Portion of the contractually agreed sum paid upfront for goods or services.
- The remaining balance is invoiced and payable upon delivery. In accrual accounting, advance payments are classified as prepaid expenses.

#### Materials off-site guarantee

- An advance payment provided by the employer to the contractor for purchasing materials specific to the contract. This ensures:
  - Fixed pricing of goods.
  - Timely manufacturing and supply to meet contract requirements.
- The materials are held off-site until needed for the project.

#### Customs bonds

- Guarantees the payment of customs fees, including duties, penalties, and other charges assessed by customs authorities.
- Ensures compliance with trade regulations and proper payment of all required fees.

#### Retail fuel guarantees

- Required by the Fuel Company to allow retailers to trade using a debit order payment system (ACB) instead of cash transactions.
- This adds several days' deposits to the bank account, improving the retailer's cash flow.
- Serves as an alternative to a traditional bank guarantee, which typically requires 100% security in cash or assets.

#### Commercial fuel guarantees

- Required by the Fuel Company to enable commercial customers to purchase fuel and lubricants on credit.
- This guarantee is exclusively available to major fuel industry players.