

# **REQUEST FOR PROPOSAL**

## **ACTUARIAL VALUATION AND CONSULTING SERVICES**

**Closing Date: 28 August 2018**

**Time: 12h00 pm South African time**

There will be an optional briefing session to be held on Friday, 17 August 2018 at 10h00 am South African time. Logistics will be posted on the Fund's website.

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## **1 BACKGROUND**

### **1.1 INTRODUCTION**

The Eskom Pension and Provident Fund (EPPF) is a defined benefit fund with defined employer and employee contributions that provides retirement, withdrawal, death and disability benefits to members, pensioners and dependants with pensions paid from within the Fund.

The EPPF is registered as a privately administered pension fund in terms of the Pension Funds Act (1956) and it is approved as a pension fund in terms of the Income Tax Act (1962). Approximately one hundred and eight (108) people are employed by the Fund on a permanent basis and as at 30 June 2018 the Fund had approximately 46 453 active members and 35 946 pensioners and other beneficiaries, manages approximately R140.6 billion in assets across portfolios that are managed both internally and externally. The assets are managed across multiple asset classes with majority of the assets locally domiciled with about 28% implemented in global and African strategies.

### **1.2 REQUEST FOR PROPOSAL**

The EPPF herewith invite proposals from suitably qualified service providers to submit responses to this Request for Proposal (RFP) for Actuarial Consulting Services. Over and above the statutory requirement of a triennial actuarial valuation by the Pensions Funds Act, the Fund performs interim valuation on an annual basis. The Fund also requires other actuarial services on an adhoc and continuous basis.

### **1.3 PURPOSE**

The purpose of this RFP document is to provide broad details relevant to the actuarial valuation and services required and is not intended to provide a detailed overview of every action required.

## 2 RFP RESPONSE GUIDELINES

### 2.1 SCOPE OF WORK

The scope of work will include amongst others the following which are deemed not to be exhaustive:

- 2.1.1 The statutory triennial actuarial valuation and valuation report in accordance with the Pension Funds Act;
- 2.1.2 Submissions and adhering to regulatory requirements and responses thereto;
- 2.1.3 An annual interim valuation in accordance with the Funds' requirements;
- 2.1.4 The preparation of the annual report on recommended pension increase and annual pensioner bonus and the basis thereof;
- 2.1.5 Preparation of actuarial reports as required by the Pension Funds Act;
- 2.1.6 Actuarial inputs into rule amendments as and when required;
- 2.1.7 Quarterly review and recommendations of Fund monthly interest rates;
- 2.1.8 Attendance at the Board of Fund and Sub-Committee meetings, member and pensioner presentations as and when required;
- 2.1.9 Any other actuarial work as agreed upon with the Fund.

### 2.2 POINT OF CONTACT

This RFP is issued on an open tender notice format with a definite closing date and time. Respondents are required to submit their responses in expansive detail and in time to qualify for consideration of their responses.

During the open response time the central point for all enquiries relevant to the provision of background information and points of clarity relevant to this RFP will be directed to [ActuarialServices@eppf.co.za](mailto:ActuarialServices@eppf.co.za), **no telephonic or other means of enquiries will be entertained.** . In the interest of all parties concerned all queries must be submitted **in writing only, before Wednesday 22 August 2018 using the above dedicated email address.** Responses to queries or points of clarity will be published in the "Tenders" section of the Fund's website ([www.eppf.co.za](http://www.eppf.co.za)) **on Thursday 23 August 2018.**

### 2.3 RFP PROCESS AND SUBMISSION PROCEDURE

The Fund will review proposals at its discretion against a set of pre-defined criteria and will rate each proposal on its ability to satisfy the requirements stated in this RFP.

In the event that a preferred supplier is chosen such service provider will be formally notified. A formal agreement will be entered into between the Fund and the successful service provider detailing issues such as the scope of work and the terms of the contract and the contracting period.

Potential service providers are requested to be mindful of the time allowed for responses, the closing date and time, the delivery address for proposals and must note that late or incomplete submissions **will not be considered**.

The RFP must be submitted with the necessary supporting detail and must at least provide the information requested in this RFP.

The Fund reserves the right to consider any proposal in its entirety or partially, and may appoint more than one service provider or no service provider at all. The Fund's decision is final and no correspondence will be entered into.

#### **2.4 SUBMISSION DATE, TIME AND ADDRESS**

The closing date for submission of proposals at the delivery address indicated below is Tuesday, 28 August 2018, 12h00 pm South African time.

RFPs must be submitted in a sealed envelope and addressed to:

The Secretary of the Procurement Committee  
Actuarial Valuation and Consulting Services  
Eskom Pension and Provident Fund

The RFPs must be placed in the Fund's official Tender Box marked for Actuarial Valuation and Consulting Services that is placed in the reception area at:

**Isivuno House,  
EPPF Office Park,  
24 Georgian Crescent East,  
Bryanston East,  
2191.**

Respondents must ensure that whoever delivers the proposal to the Fund takes care to complete the RFP register at the reception desk.

The responses should be bound and packaged in such a way to ensure that the overall size of the submission/s does not exceed the size of an A4 Lever Arch file as this is the maximum size that can be accommodated by the tender box slots. Multiple packs may be submitted and should be clearly marked and numbered to ensure identification after the closing of the RFP.

The area where the tender box is situated is accessible on working days (Monday to Friday, excluding public holidays) any time from 08:00 to 16:45 and will be accessible until 12:00 pm on the tender closing day.

Proposals may not be faxed or e-mailed and proposals received by any other means other than being placed in the tender box at Isivuno House will not be considered and will be rendered invalid.

## 2.5 RFP PROCESS REQUIREMENTS

The following minimum requirements will be applied to the RFP process:

- i. Responses received after the closing date and time will be considered late and **will not** be accepted. If a response is considered late, it will be returned unopened to the return address of the relevant respondent identified on the response envelope.
- ii. In the absence of a clear return address on the envelope, any late response or any additional documentation/items will be destroyed by the Fund.
- iii. All responses must be submitted in full and complete on or before the closing date and time, refer to 2.6 for meaning of full and complete. The Fund will not allow additions and/or amendments to any response already submitted and will not accept additional documents or items in separate envelopes for their submissions after closing date and time.
- iv. Responses may be withdrawn in writing by a respondent prior to the closing date and time.

- v. All enquiries relevant to the RFP may only be submitted in writing to the indicated point of contact, refer to 2.2 above. Telephonic and/or verbal enquiries will not be entertained. Any party that tries to communicate with the Fund in any other means whatsoever except those specified in 2.2 above will be disqualified from the tender process.
- vi. During the course of this RFP process, respondents may acquire confidential information relating to the Fund's business, projects and/or customers. Respondents are required to keep this information strictly confidential at all times (even after the RFP process has been completed) and may not use or attempt to use or allow such information to be used for personal gain or the gain of any other person or institution. Where necessary the Fund may request service providers to sign a non-disclosure agreement.
- vii. Respondents may not disclose any such confidential information to any third party, but to the extent that such disclosure may be necessary for the submission of a formal proposal, must approach the Fund for prior approval to share any information with any third party. This does not apply to information which must, by law, be disclosed or becomes available to and known by the public due to no fault on the part of the respondents.
- viii. Respondents must comply with the highest ethical standards in order to promote mutual trust and an environment where business can be conducted with integrity, in a fair and reasonable manner. Any attempt to unduly influence the tender process will lead to disqualification.
- ix. Respondents must, on the official letterhead of the company submitting the response, declare that:
  - a. the information provided in all documentation is true and correct; and
  - b. the signatory of the tender document is duly authorised to do so by means of a special or general resolution of the company responding.
- x. Proposals submitted to the Fund shall remain valid for a minimum period of 90 days from the closing date.
- xi. Respondents will be held to their proposals submitted. The Fund reserves the right to negotiate the modification of a proposal with the successful respondent in whole or in part.

- xii. Agreements reached after such modifications with the successful respondent, or parts thereof, and accepted by the Fund will form part of the contract.
- xiii. Each proposal will be evaluated for general conformity to specifications and the demonstrated capabilities of respondents to execute the scope of work.
- xiv. Respondents must provide the resume's of all key professionals they propose for execution of the scope of work, with clearly defined fields of expertise, functions and responsibilities.
- xv. In general, respondents must indicate the experience and field/s of expertise of their companies and must specifically indicate previous work done in the retirement fund and financial services industry, and in particular Defined Benefit Fund experience including knowledge of the Pension Funds Act.
- xvi. Respondents are responsible for all costs incurred in responding to this RFP. The Fund will not be responsible for any costs whatsoever or howsoever arising.
- xvii. The Fund reserves the right to withdraw this RFP for any reason and at any time without incurring any cost or liability.
- xviii. The Fund reserves the right to withdraw, at any stage of this process, amend or cancel this RFP, reject or not accept any or all proposals, obtain any information from any lawful source regarding past business history and practices of the respondent, and to take any such information into consideration in the evaluation process.
- xix. The Fund does not have to explain acceptance or rejection of any specific service provider and the Fund's decision is final and binding, no correspondence will be entered into.

## **2.6 STRUCTURE OF RESPONSES**

All responses are required to be prepared as follows:

- 2.6.1 Proposals must be electronically generated and one printed original must be signed in permanent ink by the individual(s) legally authorised to bind the respondent in terms of 2.5 (ix) (b) above.
- 2.6.2 Legibility, clarity and completeness are essential.
- 2.6.3 The RFP response must contain the following:
- i. One (1) **clearly marked and signed** original RFP response document, fee schedule and supporting documents
  - ii. Eight (8) bound hard copies of the RFP response and supporting documents;
  - iii. 1 digital/electronic copy of the RFP response on a memory stick (no disks), and must be provided in Adobe Reader Portable Document Format (PDF) only, free of any viruses or malicious ware.
- 2.6.4 Responses must be prepared as simple as possible, providing a straightforward, concise description of the interested respondents and the capabilities available to satisfy the requirements of the RFP.
- 2.6.5 Failure to prepare responses in the manner specified above will result in the relevant response being **disqualified**.

## 2.7 EVALUATION CRITERIA

Respondents will be evaluated according to the extent to which they are able to fulfil the requirements of the Fund. Evaluation criteria will place particular emphasis on the following areas:

### 2.7.1 Track record

- a) Respondents must demonstrate their expertise and experience in actuarial valuation services, evidence of their capability and experience in providing similar services;
- b) Respondents must have expertise in providing actuarial services to Retirement Funds in particular Defined Benefit (DB) Funds, and appropriate proven experience in the financial services industry;
- c) Respondents must be well-established companies that have been in business for a minimum of three years and must be able to demonstrate their experience and expertise. Must provide supporting documentation to indicate the period of time they have been in operation and services they have provided;
- d) Respondents must provide evidence of membership to the Actuarial Society of South Africa as well as Financial Sector Conduct Authority (FSCA) approval/accreditation

to be a valuator for defined benefit pension fund of the person that will be signing off the valuation reports.

### 2.7.2 Fee structure

The fees and costs schedule must be complete and must indicate at least the following scenarios/options:

- Cost of annual actuarial valuation, pensioner increase, quarterly interest review calculation, meeting attendance allowance and pensioner bonus recommendation;
- Charge out hourly rate for each professional level;
- Annual escalation;
- Any other fees or costs to be borne by the Fund that may be applicable.

All fees quoted **must be inclusive of VAT**.

### 2.7.3 Empowerment / B-BBEE

The Fund is committed to advancing the objectives of B-BBEE and details of the service provider's B-BBEE credentials, supported by a copy of a rating certificate from a SANAS accredited rating institution, and where applicable, an affidavit in the prescribed format, with details of the relevant company profile must be provided. At the very least, specific reference must be made to:

- Ownership structure and shareholding;
- Board representation;
- Executive / Operational Management structure to be involved in the valuation and actuarial services;
- Demographic composition of the actuarial team;
- Secondary B-BBEE initiatives, such as procurement from B-BBEE suppliers and other initiatives.

These details must be clearly stated in the order requested and with the headings as above. The Fund views Broad-Based Black Economic Empowerment (B-BBEE) as a critical initiative for inclusive and sustainable economic growth and prosperity in South Africa. We actively seek to be a leader in transformation within our operating environment and to this end, we have put policies in place that favour the procurement of goods and services from black owned or empowered businesses.

#### **2.7.4 Company details and stability**

Please provide a response to each of the following questions:

- i. How long the business has been in operation?
- ii. What is the scope and nature of the business, paying particular attention to core activities and highlighting areas where it lacks or outsources expertise?
- iii. What is the company's registration numbers?
- iv. Provide details of the company structure and key professionals to be allocated directly as well as indirectly for the actuarial services.

#### **2.7.5 People and Experience**

- a) Respondents must demonstrate the structure of the team which will be dedicated for the services of the EPPF;
- b) Key individuals must have expertise in providing actuarial services to Retirement Funds in particular Defined Benefit (DB) Funds, and have appropriate proven experience and academic qualification in the financial services industry ;
- c) Each individuals' experience in the core team should be demonstrated in segments of roles and work performed and not aggregated in a blanket demonstration;
- d) Key individuals must provide evidence of membership to the Actuarial Society of South Africa or equivalent membership body as well as FSCA accreditations and/or approvals.

### **2.8 SUPPORTING DOCUMENTATION**

The respondents must include the following supporting documentation with their proposals:

- Resumes/profiles of the core team demonstrating experience and qualifications;
- Original certified copies of your CIPC company registration documents listing all members;
- Original and valid Tax Clearance Certificate indicating good standing with the South African Revenue Services (SARS), and/or your SARS pin whichever is applicable;
- A detailed statement of the company's B-BBEE credentials as required, supported by a rating certificate from a SANAS accredited rating agency, or where applicable, an affidavit in the prescribed format. In the case of a joint venture the above-mentioned documentation for all the entities involved;

- Recent audited annual financial statements. Group or any other entity's Annual Financial Statements will not be accepted;
- Proof of FSCA approvals for key individuals who will be signing-off reports;
- Proof of any valid insurance/professional indemnity arrangements in place;
- List of references of past and current similar clients.

## **2.9 DISQUALIFYING CRITERIA**

The Fund reserves the right to disqualify any bidder who does not have any requirements stipulated in 2.6, 2.7, 2.8 and any other specified disqualification requirement in this RFP and such disqualification may take place without prior notice to the offending bidder:

### 3 **TERMS OF BUSINESS**

#### 3.1 **Background**

The Fund wishes to appoint a suitably qualified service provider to perform actuarial valuation and consulting services for the Fund.

By submitting a response to the RFP sent out by the Fund, a respondent automatically undertakes to be bound by and agrees to the conditions set out in this entire document. Respondents that do not consider themselves bound by the provisions of this entire document should not respond to the RFP, as submission of a response pre-supposes consent to the terms of this agreement.

#### 3.2 ***Terms of Business***

The Fund hereby sets out the Terms of Business and the respondent hereby accepts the conditions that will apply to the work to be done by the service provider appointed in terms of the RFP detailed in this agreement.

These Terms of Business will form part of the basis of agreement between the Fund and the successful service provider.

An additional agreement detailing the services to be rendered will be entered into. These Terms of Business will establish the basis of such an agreement to provide the services as outlined in the RFP, and will serve to explain the conditions under which the appointment of the preferred service provider is made.

#### 3.3 ***The services to be provided***

##### **The services**

The service provider will provide the services described in the RFP, and in the timeline(s) to be set out in the agreement. The services described in the RFP are not an exhaustive list of all services to be performed by the successful respondent.

Where the agreement refers to services to be performed this means that the service provider will provide the Fund with the services and will be responsible for the management and control of the services and the quality of any deliverables listed in or referred to in the agreement.

### 3.4 ***The service provider's staff***

Where individual members of the service provider's staff (including partners and directors) are named in the agreement the service provider will make every reasonable effort to ensure that the named individual(s) are available to support its work for the Fund stated in the agreement.

Where the service provider considers changes in its named staff necessary or appropriate, for reason of, inter alia, resignation, relocation, training or illness, the service provider may make the changes after giving the Fund reasonable notice and will provide the Fund with details of replacement staff.

### 3.5 ***Contract management***

Both parties may designate a contact person that will be responsible for managing all issues relating to the performance of the agreement.

### 3.6 ***Deliverables***

#### **Preparation and delivery**

The Fund will incorporate the deliverables listed or referred to in the RFP into the agreement to be signed with the preferred service provider.

### 3.7 ***Fees and payment***

#### **Payment of services**

The service provider shall furnish the Fund with an invoice accompanied by a copy of a delivery note, which the Fund agrees to pay subject to fulfilment of stipulated obligations as set out in the agreement.

All invoices will be payable within thirty days from date of receipt thereof.

### 3.8 ***TERM, SUSPENSION AND TERMINATION***

#### **Duration of contract**

The agreement will apply from the Commencement Date stated, or where no Commencement Date is specified, from the date of signature of the agreement by both parties. The agreement will continue until all the services and deliverables have been provided as agreed unless it is terminated earlier in accordance with the terms set out below.

### **Termination of the contract**

Unless stated otherwise in the agreement, the contract may be terminated by either party at any time by giving the other party no less than 30 days written notice.

Where the Contract is terminated in this way the Fund will pay the service provider for all services rendered and completed up to the date of termination.

### **Termination for breach of contract**

The agreement may be terminated by either party by written notice with immediate effect if the other commits a material breach of any term of the services agreement that is not remedied within 14 days of dispatch of a written request to remedy same, where such breach is capable of being remedied.

It shall be considered to be a material breach of the services agreement in the event that:

- a warranty in the agreement becomes untrue;
- for any reason the actuary cannot discharge any of his functions as set out in the agreement and the PFA;
- non-compliance with the PFA
- the FSCA does not confirm your appointment as the Fund's actuary;
- the FSCA removes the actuary as a the Fund's valuator;
- failure to submit the valuation on time; and,
- the actuary ceases to be a member of the Actuarial Society of South Africa.

This is not a closed list, anything that goes to the root of the contract, whether express or implied, shall constitute a material breach.

### **Termination for insolvency**

The agreement may be terminated by either party by written notice in the event that the other party is unable to pay its debts or has been placed under administration, judicial manager, liquidator or similar person or officer appointed or compromises generally with its creditors or ceases for any other reason to carry on business or in the reasonable opinion of the other party any of these events appears likely.

## **3.9 Confidentiality and conflicts of interests**

By signing the agreement, each party is under a professional obligation not to disclose to a third party any information confidential to the other party. Similarly, reports by the service

provider are for the use of the Fund alone and may not be disclosed to third parties without the Fund's prior written consent.

Notwithstanding 3.9 above, either party will be entitled to disclose confidential information of the other to a third party to the extent required by law or where the said information is already known to the public due to no fault on the other party, provided that in the former case (and without breaching any legal requirement), **where reasonably practicable not less than five business days' notice in writing is first given to the other party.**

### 3.10 Liability

The service provider shall use reasonable skills and care expected from an expert in its industry in the provision and delivery of the services and the deliverables in terms of the agreement.

The service provider shall accept liability to pay compensation for damages and losses suffered by the Fund arising as a direct result of breach of contract, misconduct, dishonesty/fraud or negligence (including gross negligence) on its part or third parties acting on behalf of the service provider in respect of services provided in connection with, or arising out of the agreement (or any variation or addition thereto).

### 3.11 General

#### **Force majeure**

Neither of the parties to the agreement shall be liable to the other for any delay or failure to fulfil obligations caused by circumstances beyond its reasonable control.

#### **Assignment**

Neither of the parties to the agreement may cede, assign, delegate, transfer, encumber, charge nor otherwise seek to deal in any of its rights or obligations under the agreement without the prior written consent of the other party.

#### **Notices**

Notices must be served either personally, sent by prepaid registered post or faxed to the address of the other party given in the agreement or to any other address as the parties may have notified during the period of the agreement. Any notice sent by registered post will be deemed to have been delivered 10 days after sending. Any notice sent by fax or served personally will be deemed to have been delivered on the first working day following its dispatch.

## **Amendment**

Any amendment or consensual variation, cancellation or termination of the agreement, or any of its terms, will not be effective unless agreed in writing and signed by both parties.

## **Survival**

The confidentiality clause in the agreement shall survive the termination or expiry of the agreement and shall continue to bind the parties to the agreement.

## **Electronic communications**

During the provision of the services, the Fund may from time to time communicate electronically. However, as the service provider is aware, the electronic transmission of information cannot be guaranteed to be secure or error-free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

Accordingly, whilst the Fund carries out commercially reasonable procedures to check for the most commonly known viruses and to check the integrity of data, it remains the service provider's responsibility to carry out a virus check on any documents before launching them, whether to be sent or to be received on disk or otherwise. Therefore and notwithstanding any collateral contract, warranty or representation, the Fund will have no liability to the service provider on any basis, whether in contract, delict (including negligence) or otherwise, in respect of any error or omission arising from or in connection with the electronic communication of information to or from the service provider and the service provider's reliance on such information and including (but not limited to) the acts or omissions of the relevant service providers.

If the communication relates to a matter of significance on which the service provider wishes to rely and is concerned about the possible effects of electronic transmission, the service provider should request a hard copy of such transmission from the Fund.

## **Validity of contract provisions**

If any provision of the agreement is held to be invalid, in whole or in part, such provision shall be deemed not to form part of the agreement and will not affect the enforceability of the remainder of the agreement.

## **Conflict**

In the event of any conflict between the agreement and any other document that forms part of the agreement, the provisions of the agreement shall prevail except where amended by

specific reference to the relevant Clause of the Terms of Business. In the event and only to the extent of any conflict between the agreement and any referenced or attached document other than the Terms of Business, the agreement will take precedence.

**Applicability**

The agreement shall apply to work undertaken in relation to the service provider, its holding company or any of its subsidiary, associated or related companies, agents or sub-contractors providing services in terms of the agreement.

**Dispute resolution and governing law**

Should any dispute arise between the Fund and the service provider, both parties will attempt to resolve the dispute in good faith through senior-level negotiations. If the dispute is not resolved through negotiation or mediation within a reasonable time both parties agree that it shall be finally resolved in accordance with the rules of the Arbitration Foundation of South Africa by an arbitrator or arbitrators appointed by the Foundation and agreed upon by both parties. The arbitration clause does not prohibit a party from seeking relief in a dispute where urgency can be proved, and where, as a result, application can be made for an urgent interdict, urgent declaratory order or other urgent relief to any court of competent jurisdiction, on condition that such urgent relief is only of an interim nature pending the determination of the dispute by the arbitrator. The parties submit in this regard, to the non-exclusive jurisdiction of the Gauteng Local Division, Johannesburg.

The Terms of Business and the agreement shall be subject to South African law.

**3.12 Acceptance**

By signature of this document, the service provider agrees to be bound by the terms of business contained herein.

Signed                    in                    acceptance                    on                    behalf                    of  
.....being duly authorized thereto.

Signed at.....on this.....day of.....2018

Name & Surname.....

Designation.....

Signature.....