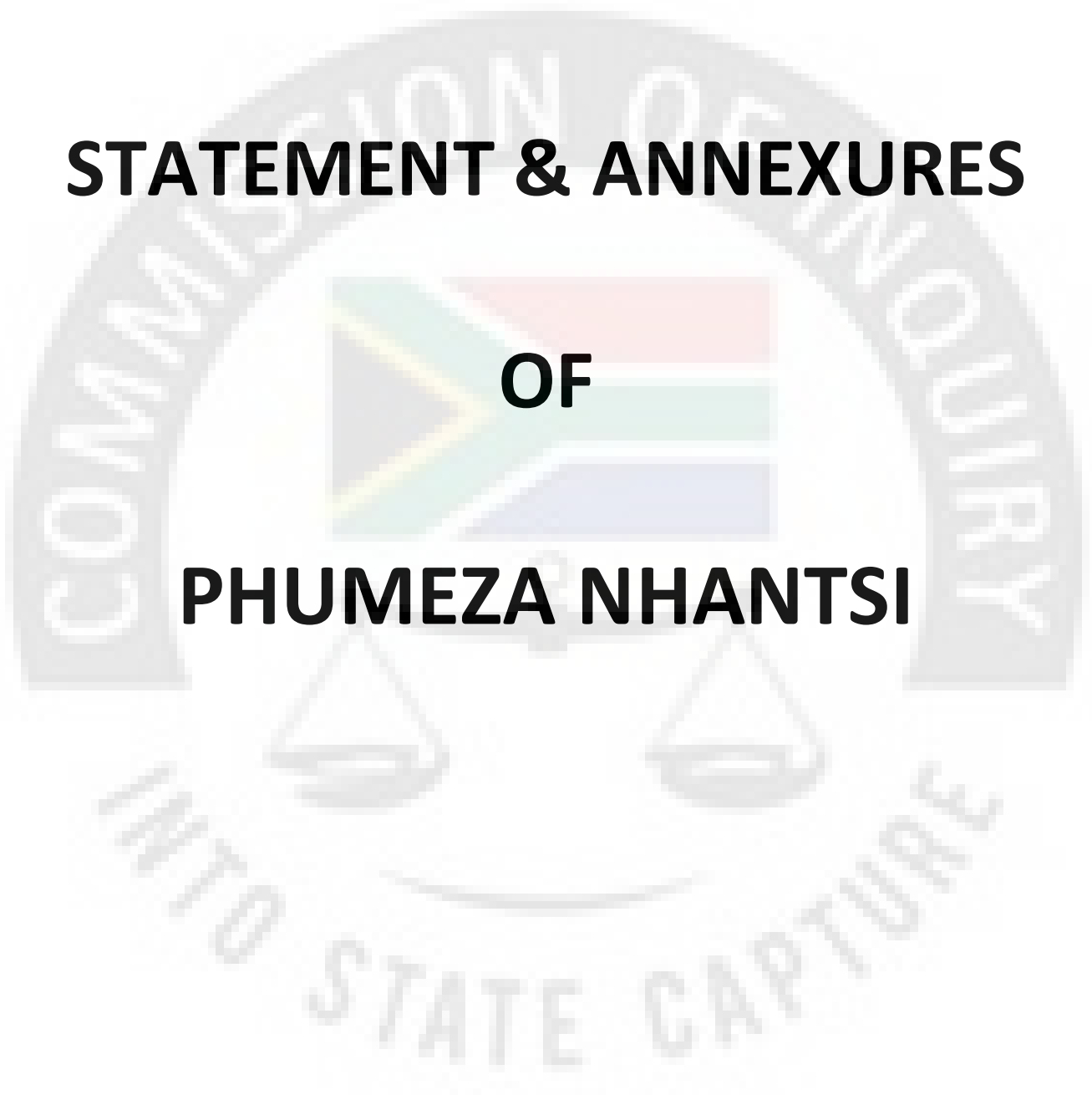


EXHIBIT DD 2

STATEMENT & ANNEXURES

OF

PHUMEZA NHANTSI





**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

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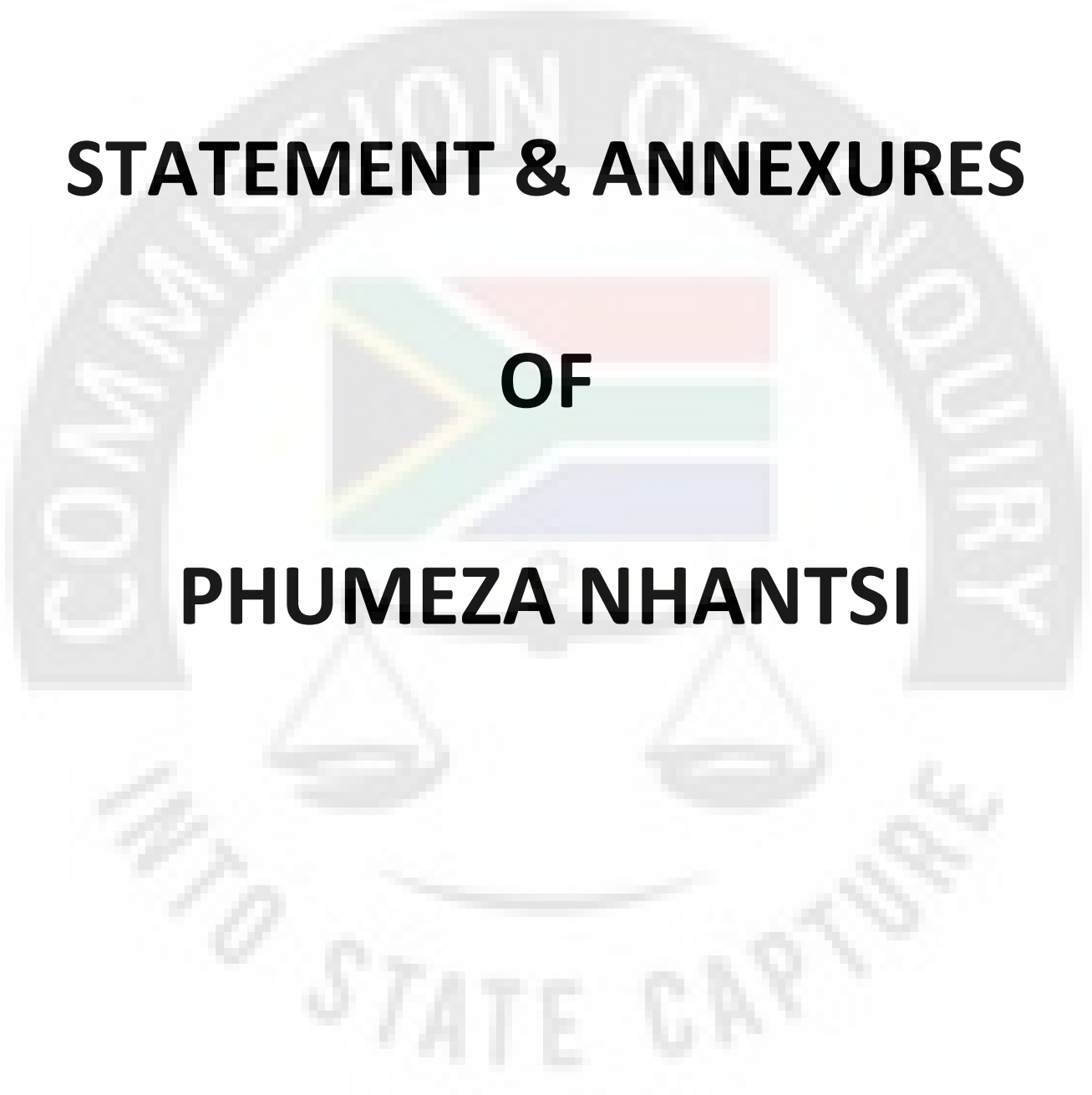
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I, the undersigned,

PHUMEZA NHANTSI

do hereby state:

1. I am an adult female of full legal capacity, was the Chief Financial Officer of South African Airways (Pty) Ltd. I was previously employed by SizweNtsalubaGobodo "SNG" as an Audit Director. I am a Chartered Accountant by profession, having obtained my B.Comm degree and B.Comm Honours and am admitted as such as a Chartered Accountant with the South African Institute of Chartered Accountants.
2. I intend to respond to the Rule 3.3 and the numbering will be as stipulated in the rule for your ease of reference:

4.1 YOU IRREGULARLY SOUGHT TO FACILITATE THE APPOINTMENT OF THE FREE STATE DEVELOPMENT CORPORATION TO SOURCE FUNDS FOR SAA

- 3 Firstly I would like to make it known that, the quest for funding had been conducted way before I joined SAA. Through the board resolutions I had picked up that the board demanded to be involved in the whole process including the RFP. At this point the finance and treasury team had ran a process wherein Seacrest was the preferred bidder, joining venture with Grissag.
- 4 Towards the end of 2015 I was called in by the CEO of SNG Mr Victor Sekese and asked me if I would consider moving to a corporate space. He told me that he had received a request from one of the SAA board members to send them cvs, and he was considering sending cvs including mine. As much as I was happy at SNG, given the

projects that I had embarked on I still wanted to explore the corporate world. Few days later after my talk with the CEO I was asked to sign a secondment agreement between SNG and SAA, I then moved to SAA on the 27 November 2015 as a secondment interim CFO, meaning I was still an employee of SNG as my salary was paid from SNG and SAA paid SNG what was agreed upon on the secondment Agreement.

- 5 The same day I joined SAA I had a meeting with the Acting CEO Mr Musa Zwane and the company secretary Ms Ruth Kibuuka. They discussed the burning issues with me, and on top of the agenda was "Funding, liquidity risks and loans that were about to mature were on top of the agenda items. During this meeting they mentioned that there was a board meeting scheduled for the 3rd December 2015, and the Company Secretary promised to compile a board pack for me too so I can browse through it before the board meeting took place, and indeed the board pack was brought in my office the same day.
- 6 On the 1 December 2015, I received a call from Mr Sherperd Moyo the CFO of FDC, congratulating me for the move and asking me if SAA was still in need of funding. I did articles and worked with Mr Sherperd Moyo at SNG, he left SNG as a Senior Manager and I was the audit partner. This is the fact that I declared to the Acting CEO and the Board of SAA. When he called me on the 1 December 2015 four days after I joined SAA I didn't see anything untoward, as we had since been in contact, so I had no doubt that he had heard from our circle of friends that I had just recently moved to SAA, and the funding and liquidity information has been on the public knowledge all this time, I didn't question him about the details he had about the transaction. The main question I asked Mr Moyo was "where will FDC get the money as it is well known that they obtain money from government? I also asked if the funding of this magnitude is under their mandate, he then confirmed that the FDC Act mandates them. I then requested him to reduce what we had discussed over the phone to writing and send a letter, hence the letter was referenced my name.
- 7 The funding and liquidity transaction had to follow the SCM process, although based on the email exchange between one of the board members Ms Yakhe Kwinana and my predecessor Mr Wolf Meyer it was expressed that this kind of transaction never had to follow a procurement process as it was a strategic transaction, however, the board was

hellbent in demanding that the procurement process should be followed, and the RFP should be circulated to the board before sending out. See **ANNEXURE A**

- 8 The call I had with Mr Moyo was discussed with the Acting CEO. On the 2 December Mr Moyo sent me a letter repeating the details we discussed over the phone the previous day, I then printed the letter and took it to the Acting CEO. After going through the letter we agreed that it will be circulated to the board members during the meeting the following day.
- 9 During the board meeting on the 3rd December 2015, there were a lot of items that were part of the agenda, and the funding and the liquidity issue was one of them wherein Ms Stimple was requesting on her submission the board to appoint Seacrest to provide the funding to the amount of R15 billion. See **ANNEXURE B**.
- 10 The company secretary circulated the letter from FDC to the board members and when this matter was discussed, the letter was also discussed. I had noticed that the board had raised many concerns on the Seacrest proposal, some of them being: that the rate was high 5.8%, the feedback from legal on the due diligence conducted from Seacrest left so much to be desired, there was a lot of critical outstanding information that Seacrest was not forthcoming with including showing the proof of funds. Yet Ms Stimple was pushing for this transaction to be awarded to Seacrest regardless of all the red flags that were pointed out, stating the liquidity risks that the company will suffer should the request not be approved by the board. I was in no position to support her as my team member at that time as she had compiled the submission before my time, and we had not yet met before the board meeting. After a long discussion between the three board members, they all agreed to decline the request to appoint Seacrest and declined the consortium of banks as the funds were not sufficient to consolidate the debt.
- 11 On the same meeting the board decided to mandate the Acting CEO and myself to urgently take necessary steps to negotiate, conclude and execute the transaction with FDC. See **ANNEXURE C**
- 12 One thing I noticed after they went through the letter was that all three board members were confident that FDC is better than the private funders since it was a government owned entity and that it would be more lenient to SAA should it failed to pay timeously.

- 13 After the extracts of the meeting were circulated, I called a meeting between myself and Mr Lester Peter (the then Acting Chief Procurement Office) and Mr Silas Matsaudza (the then Commodity manager) from Global Supply Chain, to get guidance from a procurement process point of view since I was still just less than week at SAA. I updated them about what was discussed in the board meeting and what the board resolved. They confirmed that they had already received the feedback from the company secretary, and I asked them a way forward that will be in line with the SCM policy when implementing the board resolution. They advised that the same RFP and term sheet that were sent to other initial potential funders could be sent to FDC in line with the SAA SCM Policy. Mr Matsaudza went back to his office to fetch the SCM policy version September 2011 and showed us that there is a provision that would allow us to implement the board resolution without having to start from scratch, given then sense of urgency that was expressed by the board during the meeting. Indeed when we read through chapter 14.4 of the SAA SCM Policy 2011, "Alternative offers" we concluded there was a way. Subclause 14.4.1 stipulates that *"regardless of whether the bidder submits an offer conforming strictly to specification, alternative offers may be considered and accepted provided that the other bidders are not prejudiced"*.
- 14 After I was confident that we could implement the board resolution and still adhere to the process, I then called the treasury team consisting of Mr Michael Klein and Ms Cynthia Stimple (whom I noted was not happy with the board decision, and kept on having outburst during the meeting about how bad a decision the board took, when I asked her if she could justify the gaps picked by the board, for instance: the high rate and outcome of the Seacrest due diligent, she couldn't justify or gave us comfort that what the board had raised as critical concerns could be managed). I updated them on the advice by GSM, Mr Kleyn asked if he could have a copy of the said section, which I gave to him from a hardcopy I got from Mr Matsaudza, for him to make a copy. Indeed after that Mr Kleyn sent an email with an RFP after Cynthia had asked for the contact details of the contact from FDC. See **ANNEXURE D**
- 15 Whilst I was going through FDC term sheet I noticed that they also had a joint venture with Grissag, which confirmed what Mr Moyo had stated on his letter that they were in a

process of forming a joint venture with a foreign investor, however, what baffled me the most was the fact that the same Grissag had previously formed a joint venture with the Seacrest that Ms Stimple was pushing for appointment by the board, and also the fact that in Mr Moyo's letter they were already mentioning joining ventures with a certain foreign investor and ultimately such investor was Grissag. (the question in my head at that time was, who was behind Grissag? Who keeps on updating Grissag?) How did Mr Moyo know about Grissag, did he have someone feeding him information and I was just used as a vehicle since he knew me personally? Although I didn't know much at that time, as I was still new at SAA, something inside told me that there are bigger forces behind this whole transaction that I was not aware of: the timing of the call from Mr Moyo, the joint venture with Grissag that was also formed with Seacrest before I joined SAA.

16 I must confess that at the time I joined SAA, I was not politically clued up, I only relied on my professional knowledge, experience and skills and did everything by the book which is why during the call between Moyo and myself it didn't ring a bell when he mentioned Grissag and the fact that the Chairperson of FDC was the sister to Mr Ace Magashule who was the Premier of Free State at the time (although I must admit that at that time I was confused why he was telling me all that information, I later learned that he was name dropping).

17 After all the above whilst we were still waiting for responses from FDC through a due diligence questionnaire, I received a call from Mr Moyo stating that their chairperson had received a letter from Minister of Finance that they should stop attempting providing any kind of funding to SAA, as it was not within their mandate as he had assured us.

18 I discussed the said call with the Acting CEO and agreed to request a teleconference with the board members through the company secretary in order to update them of the news from FDC and that we were back to Square one. There was no longer a potential funder and the loans to the value of R7.3 billion were about to mature in June 2016.

19 After updating the board about the call from Mr Moyo regarding the letter from the Minister of Finance, they instructed us to extend the scope to the same company that was appointed as Transaction Advisor, which they already knew it was BNP Capital. The instruction was recorded as a board resolution. See **ANNEXURE E**

CONCLUSION 4.1

- 20 My view now is that, after going through the disciplinary hearing, CCMA processes, and questions from Zondo Commission representatives, it is apparent that from the time my former employer SizweNtsalubaGobodo was requested for my cv, and I was seconded to SAA as an interim CFO, the main purpose was to use me as a vehicle to facilitate this whole transaction on behalf of the board. It is also clear that from the FDC side as I now recall the discussions I had with Mr Moyo that they (the board of SAA and FDC) planned all this. I was the only one in the dark, all the parties that intended to gain from this transaction knew that I was not politically informed nor have I ever been involved in any scandalous transaction before, they knew that I will be focussing on ensuring the process is followed unaware that this was all a bigger scheme. I confirm that I Phumeza Nhantsi was not part to any plan to defraud SAA, I was just doing my job to the best of my ability. I therefore vehemently state categorically that I did not mislead the board nor any of my team members as Ms Stimple suggests in her affidavit, in fact I was in the dark as she was, following the process and working closely with the Global Supply Chain team. She is fully aware that I was focusing more at the end result which was to ensure that SAA obtains the funding.

4.2 YOU FACILITATED THE APPOINTMENT OF BNP (PTY) LTD AS A TRANSACTION ADVISOR TO SAA IN CIRCUMSTANCES WHERE THIS SERVICES HAD ALREADY BEEN PROVIDED BY SAA'S OWN TREASURY

- 21 I confirm that contrary to what Ms Stimple claims that I facilitated the appointment of BNP Capital, this was an instruction from the board, and this transaction fell within the DOA of the board, therefore there is no way that I could have facilitated the appointment of BNP Capital on my own as a Transaction Advisor even if I tried. This decision was made by the board on the 3 December 2015 which was the same meeting that they had supported the letter from FDC. The reason the board gave us was that, there is no skill and expertise

at Treasury since the experienced Group Treasurer Mr Phetolo had just resigned in the same year, Ms Stimple only started acting just less than eight month ago. A fact she deliberately omitted from her affidavit and painted a picture that she had been the Group Treasurer all this time. The other reason the board had listed as their justification for sourcing a Transaction Advisor was that the amount was within their DOA therefore they needed assurance from an external independent source. The third reason was that I was still new at SAA as I had just started on the 27 November 2015, as a result I didn't have institutional knowledge.

- 22 Although, Adv.Naseer Cassim during my disciplinary hearing was surprised that I didn't conduct the functions of the Transactional Advisor myself being a Chartered Accountant, as if by virtue of being a CA I automatically had to conduct these function instead of focusing on the fact that the procurement process was followed to the end. If I had conducted all this myself, I have no doubt that the same Adv Cassim would've accused me of being reckless and negligent in conducting my duties. To me he seemed as a person who already had a mandate to get rid of me as he didn't want to listen to my side of the story, instead he took what Ms Stimple testimony as the gospel truth, since she had positioned herself as a victim to the media and to him.

Based on the instruction and the recommendation of the board I compiled a submission dated January 2016. See **ANNEXURE F**

- 23 Then the board on their meeting held on the 16 January 2016 resolved under item 14.11 that the board approves the request for the appointment of a transaction advisor to advise regarding the R15 billion debt consolidation restructuring exercise. See **ANNEXURE G**
- I did not foresee anything untoward when I implemented the board's instruction, because based on the historical information my predecessor used to also take instructions from the board and submit a motivation afterwards. This is shown in the email between the Chairperson and Mr Meyer and Ms Yakhe Kwinana and Mr Meyer. See **ANNEXURE H**
- Unfortunately, unknowingly to myself when I joined SAA I had inherited a bitter team member (Ms Stimple) whom saw me as her enemy that took her favorite boss's job. She couldn't help but automatically assume that I was doing everything on my own without any instruction or recommendation from the board as it was the case with her boss or according to her I was working with the board in all this. In her mind she couldn't fathom

the fact that I was in the same position as Mr Meyer when it comes to the board's undue pressure. Any reasonable or fair person in Ms Stimple's position would have seen fit to sit with me, knowing the kind of board we were dealing with, warn or caution me. But she just jumped the gun and assumed that since I came through one of the board members I may have been part of the scheme happening, she really believed that I was an agent used by the board, and that was far from the truth. I was also facing the same challenges that were faced by her previous boss.

4.3 YOU WERE INVOLVED IN THE IRREGULAR AND UNLAWFUL APPOINTMENT OF BNP CAPITAL TO SOURCE THE FUNDS FOR SAA

- 24 The Chairperson during the teleconference that we had organized to give the board and update on the FDC, instructed and recommended that we approach the same service provider that was appointed as a Transaction Advisor to source the funding for SAA. When the Chairperson made this recommendation she was already aware that the service provider was BNP Capital Pty Ltd. She then instructed the Company Secretary to reduce their recommendation to writing and send a written board resolution of the extension of scope. See **ANNEXURE I**
- 25 I then compiled a submission for the confinement and extension of scope to BNP after receiving the board resolution from the Company Secretary. See **ANNEXURE J**
- The Chairperson stressed that it was not business as usual therefore, this should be treated as urgent as possible. She also mentioned that the Minister of Finance had given her deadline to get the funding, this is indeed confirmed by the letter received from the Minister on the 5 May 2016. See **ANNEXURE K**
- The pressure from the Minister was also one of the reasons why the matter was treated urgently.
- 26 To further prove the other reason this transaction was treated urgent, the same Ms Stimple who convinced Adv Cassim, and now the Zondo Commission that this transaction was not urgent wrote a submission to the board on the 27 November 2015 titled "Funding Requirement approval of the R15 billion loan facility" wherein she was requesting the

board to approve the secured term loan for a period of 10 years offered by Seacrest investment 115 (relook **ANNEXURE B** above), a company that didn't even have an office but renting a chair from a small law firm "Lockett's Prokureurs Attorneys situated at 40 3rd avenue, Nigel 1490. This information is surprising for a person who acted as if she was the most ethical person with over the top integrity to demand that the board approves the appointment of Seacrest which was clear that the company was in dodgy dealings. Ms Stimple didn't care that the same Seacrest Investment 115, did not get a positive feedback when a due diligence was conducted by internal and external legal. See **ANNEXURE L**.

27 It is worthy to mention that Seacrest Investment 115 had joined ventures with Grissag. Ms Stimple mentioned during one of our meetings that Grissag was charging 4% rate yet Seacrest was charging SAA 5.8% an extra 1.8% which amounted to a whopping R270 million. The question is, did Ms Stimple stood to benefit from all this? Was this the reason why she was so bitter towards me? Could it be that she blamed me for circulating the FDC letter to the board, and she thinks the reason the board declined her unreasonable costly proposal was because of me? We will never know, if no digging is done on the Seacrest Investment 115.

28 It is my view that Ms Stimple misled the board through that submission, she had put a blind eye on all the gaps and red flags that were clearly there.

In the same submission Ms Stimple listed LIQUIDITY RISKS SAA would suffer should the if board fail to approve her request. In addition to the risks, she also highlighted that failure to secure bridging finance by 30 November 2015 would lead to the following catastrophic events:

- SAA would run out of available cash from 30 November 2015 as she had broken it down to the board in her annexure to the submission, and that operations would automatically cease due to the fact that SAA will not be able to meet its operational obligations.
- failing to pay creditors will trigger default covenants in SAA various loans and lease agreements as well as other cross default covenants and plunge SAA and the shareholder into a serious debt crisis (this is listed in Annexure B).

- 29 So when Ms Stimple painted a picture that the emergency procurement was not necessary when we followed a confinement process in accordance with the SCM policy and based on the approval by the board, it left me wondering if the above risks and reasons she fed to the board was to convince them to approve Seacrest were legit at all. If she would suddenly feel that the same transaction she was running was no longer urgent or in the best interest of the company. The question is, what was at play when Ms Stimple came up with the list to prove how urgent it was for the board to approve the appointment of Seacrest Investment 115?
- 30 It therefore comes as a surprise that I am accused of poor planning and the assumption created by Ms Stimple is that the emergency was not justifiable and that it was a manmade emergency.
- 31 Mr Michael Klein who was reporting to Cynthia was also aware of the pressure faced by SAA as he had to facilitate a bridging finance to be able to pay certain suppliers. His frustration is shown through his email dated 14 December where he was complaining that the external lawyers were taking longer to review. See **ANNEXURE M**
- What I also noticed out of the BNP Capital was that again Grissag was a joint venture and this was for the third time they were in the picture.
- Based on the said resolution by the board to extend the scope and confine the tender to BNP Capital, Global Supply Chain compiled a submission to the Bid Adjudication Committee (BAC) for confinement and award contract for the sourcing of funds for SAA. See **ANNEXURE N**.
- The SCM policy Stipulates as follows on emergency purchases under 11.13 "SAA *shall use limited bidding only in the following exceptional circumstances:*
- *In cases of where it becomes impossible or impractical to follow the standard procurement process".*
 - *"In cases of emergency which are defined as serious, unexpected and potentially dangerous circumstances requiring immediate rectification such as a threat or interruption in SAA's ability to execute its mandate"*
- 32 The GSM team confirmed that this transaction fell within the emergency as provided by the SCM policy because it was not business as usual, it was urgent that SAA obtains

funding. Without the funding to settle the loans that were maturing was going to also interrupt SAA's ability to execute its mandate

- 33 GSM through Adv Lester gave me a confinement form before submitting to BAC, and when I asked why should I be the one to sign, he stated that because the board had already approved then the CFO should sign, and it will be going to BAC just for noting since BAC is below the board in terms of DOA. The BAC indeed noted the submission and referred it back to the board and recorded conditions. See **ANNEXURE O**

CONCLUSION 4.3

- 34 Firstly I would like to request the Zondo Commission since they are in a process of rooting out corruption and exposing State Capture in the SA, to please relook at the Seacrest Investment proposal and cross check who they are and who stood to benefit.
- 35 Ms Stimple is a bully that has all these years at SAA used to getting her way, I cannot stress enough how many times she had burst into my office unannounced threatening me and telling me that I was not supposed to be here they had many people who were eyeing this position, that I got the position because of affirmative action. She would just throw a tantrum out of the blue after coming to my office unannounced and say " you know the board was wrong for not approving Seacrest?" I kept on reminding her that I had just started and I didn't have the whole background therefore I couldn't support her submission during the board meeting. And I expressed my shock to her of the fact that she had let Seacrest add the mark up of 1.8% on the 4% offered by Grissag.
- 36 She would storm out of the office swearing and mumbling something, and I one day called her back and reminded her that I was still her boss therefore she has no right to keep on budging into my office to blame me for something that happened before my time. This is when she stopped coming to my office and she would send me emails and messages and I had since decided to be a bit tough when I deal with her because of her bullying tactics, otherwise she was going to walk all over me.

- 37 Her bullying tactics are proven by her writeup to the board when she lambasted at the board for telling her boss Mr Meyer to cancel the RFP. See **ANNEXURE P**

**4.4 YOU MOTIVATED FOR THE PAYMENT OF CANCELLATION FEE TO BNP
CAPITAL OF JUST UNDER R50 mil IN CIRCUMSTANCES WHERE IT WAS NOT
DUE**

- 38 I further confirm that as I peruse through all the documentation from the beginning of this transaction, it is now clear that this whole cancellation fee was cooked from as high as the Chairperson of the board.
- 39 Adv. Cassim accused me of being dishonest and misleading the board for submitting a motivation to the board to approve the cancellation fee. If Adv Cassim had given me an opportunity to state my side of the story, he would have learned that what I did was actually in line with the SCM policy and the National Treasury Practice notes.
- 40 The main reason I submitted the motivation to the board for their approval was because, the amount that was unilaterally included by BNP Capital as a cancellation fee after receiving a letter of award was an additional amount to the whole transaction, therefore it was not treated separately from other fees. The fact that what BNP Capital was including as a cancellation fee was never part of the initial discussions or part of the bid or award. Therefore the cancellation fee was an addition to the amount for this transaction that was already within the board DOA. The fee for sourcing the fund was R256 million, Transaction Advisor was R2.8 million and the cancellation fee after a miraculous reduction was R49.9 million and the whole amount with BNP Capital was R316.8 million, that was within the board DOA. Adv Cassim simply assumed that the cancellation fee should be treated separately therefore it should have ended with the CEO. What he was not aware of is the fact that I was merely ensuring that the board takes full responsibility and accountability for their dirty games especially the Chairperson, as I had since realized what was at play. Adv Cassim was falling for the act staged by the Chairperson, it was clear that she had instructed BNP Capital through Mr Mngadi to reduce their initial cancellation fee to just below R50million so it would be approved by the CEO. Immediately when I joined SAA the Chairperson of the Board gave me Mr Mngadi's

numbers and told me that he is his advisor and also if I have any questions in the submissions that I was busy with for SWAP deal I should contact him, he was also given my number by the Chairperson of the Board because he contacted me.

41 What was really at play was that the Chairperson of the board was working with background team that she was using to push her agenda.

After I received a letter from a Mr Mahlangu from BNP Capital that was containing a cancellation fee which was never discussed with us. See **ANNEXURE Q**. I responded to him through a letter on the 2 June 2016 (see **Annexure R**) informing him that I will only be able to confirm if the cancellation fee which was at the time R128 million (before the sudden reduction) after the board approval, and that I attach the term sheet mainly for purposes of discussion subject to board approval. I assume that Mr Mahlangu informed her of the contents of my letter, and in return the Chairperson called Mr Zwane asking him how much was his DOA, Mr Zwane responded that it was up to R50mil. Which I firmly believe that the miraculous reduction on the cancellation fee was to ensure that it is under the CEO not the board, so the Chairperson was shifting the board's responsibility to myself and the Acting CE and it shows she was smart about it, because everyone is falling for it, blaming us instead of her. The Chairperson like Adv Cassim assumed that the cancellation fee would be separated from the full transaction amount.

42 The reason I believe that there were discussions behind my back was because after receiving a letter from Mr Mahlangu I took some time to respond as I was still shocked with the inclusion of the cancellation fee. I then received a WhatsApp message from Mr Masotsha Mngadi, whom I was introduced to by the Chairperson as her advisor and gave me his numbers. Mr Mngadi pressured and forcefully told me to respond to the letter about the cancellation fee. See **ANNEXURE S**.

43 I then sent the letter to Mr Mahlangu telling him that the term sheet will only be finalized after the board approval, this definitely annoyed the Chairperson and his team, because Mr Mngadi again sent me a WhatsApp telling me that my letter meant nothing if I still need to get an approval from the board for cancellation fee. See **ANNEXURE T**

44 I should put it on record that my letter was sent to Mr Daniel Mahlangu, how Mr Mngadi got hold of it, I don't know, but this proved once again that they (Mahlangu, Chairperson and Mngadi) were discussing the whole transaction behind my back.

Mr Mngadi went as far as asking me why did I link the cancellation fee and the term sheet, and told me that the chairperson was expecting my call. See **ANNEXURE U**

On the 3 June 2016 again Mr Mngadi upon realizing that I was not changing my move about waiting for board approval, he sent another WhatsApp pressurizing me. See **ANNEXURE V**.

I responded to his WhatsApp that I will not go ahead without the board and legal approval. See **ANNEXURE W**.

- 45 This is the time when I expressed my frustration to Ms Yakhe Kwinana that this was not what I signed up for, and she advised me that if I feel compromised I must run with both feet, because this is how the Chairperson operates.
- 46 On the 8 June 2016, I was shocked to receive a letter from Mr Mahlangu reiterating what was discussed during a meeting between National Treasury, SAA and the banks. I had only updated the board, so it was clear that the Chairperson was updating Mr Mahlangu of each and every detail. See **ANNEXURE X**.
- 47 On the 8 June this time Mr Mngadi wrote an email to me using his gmail account, copied the Acting CEO and the Chairperson still pressurizing me on the term sheet that I had written "Subject to board approval". See **ANNEXURE Y**
- 48 I am sure Masotsha told the Chairperson I was not cooperating and the Chairperson instructed him to copy her this time when he wrote to me. Actually after the email from Mr Mngadi the Chairperson called me and asked why was I acting as if it was business as usual, she added that she was under pressure from the Minister of Finance to meet the deadline.
- 49 Regardless of the pressure I was receiving from both the Chairperson and Mr Mngadi I still submitted the submission to the board for approval of cancellation fee. I had discussed my concerns about the cancellation fee with the other two board members Ms Yakhe Kwinana and Dr Tambi, in return they voted against the cancellation fee. This proves that I had done everything in my power to protect the company. Mr Mngadi sent a WhatsApp again asking if there was a problem with the board? Because the chairperson had signed but other board members had not. See **ANNEXURE Z**.

- 50 BNP Capital misled the Global supply Chain team when they had submitted the FSB license omitting to declare that they had issues with the FSB that needed to be resolved. The FSB license was one of the critical criteria of the tender, and there was no way of telling from the GSM team that there were issues with FSB, it was the responsibility of BNP Capital to update SAA about their status with FSB, but they deliberately omitted this information because the intention was to defraud SAA working with Chairperson who was supposed to protect the company.
- 51 Our internal legal heard a rumor from someone working at one of the big law firms that BNP Capital got suspended by FSB on the 26 April. There was no way of knowing this on my side without BNP communicating this to us. Indeed a letter from Webber Wentzel acting on behalf of OUTA was sent to our Acting CEO demanding that the contract not be concluded with BNP Capital and any intention to pay them any money should be put to a stop. During this time we were not planning to pay anything to BNP Capital. After hearing of this, I called FSB myself and asked if BNP Capital was in good standing, that is when I received a letter that shows BNP Capital was suspended in April already but they failed to disclose this information. I confirm that my team and I were also misled by BNP Capital.
- 52 After this, we wrote a letter terminating the award to BNP Capital. The same day we received a call from the Chairperson asking why are we cancelling? BNP Capital will sue SAA. Indeed Mr Zwane received a call from Mr Zola Majavu saying he was acting on behalf of BNP Capital. But we never received the documents suing SAA from him

CONCLUSION 4.4

- 53 I confirm that I had no hand nor involvement in any wrongdoing against SAA during the processing of this transaction. In my capacity as an interim CFO I did everything in my power to ensure that the process was followed, not knowing that there were bigger forces surrounding the whole transaction. As much as I had my suspicions I had no power to cancel the whole transaction without a tangible evidence.

**4.5 YOU SUSPENDED MS STIMPLE IN ORDER TO SEEK TO COVER UP THE
IRREGULARITY IN THE APPOINTMENT OF BNP CAPITAL**

- 54 The suspension of Ms Stimple had nothing to do with the appointment of BNP Capital transaction other than her unlawfully removing the confidential information from GSM, which she later leaked to the media through OUTA. Ms Stimple knows this as well, she didn't continue with her CCMA case because she knew she was at the wrong side of the law, instead she settled with the company. She is deliberately mixing up these issues because she had positioned herself as a victim and fails to take full accountability of her action.
- 55 In her affidavit She was trying to paint a picture that she was an expert in that position when she was not, Mr Phetolo Ramosebudi was the Group Treasurer up to 2015 at SAA, and when he resigned, Ms Stimple was made to act by Mr Wolf Meyer whom confirmed her to a permanent position on the day he resigned from SAA, rewarding her for her unwavering loyalty, which is proven by the letter she wrote to the board. I confirm that the suspension of Ms Stimple was based mainly on her wrongdoing, therefore I didn't act unfairly in suspending her, she was also afforded her right to appeal at CCMA. In fact she is admitting her wrongdoing in her affidavit that she removed confidential information from the Global Supply Chain department. If she believes that she was unfairly suspended, there is CCMA and the labour Court to appeal the decision of the company, why did she decide to settle instead of pursuing the right route? That on its own speaks volumes

**4.6 YOU BEHAVED DISHONESTLY AND IN BREACH OF YOUR DUTIES AS
CHARTERED ACCOUNTANT IN YOUR FACILITATION OF THE APPOINTMENT OF
BNP CAPITAL AS SERVICE PROVIDER TO SAA.**

- 56 I confirm that the appointment of BNP Capital as already explained above, was merely an implementation of the board resolution. I did not act dishonestly, I have stated in detail the reasons under points 4.2 and 4.3.

57 The board took the decision to appoint the Transaction Advisor on their meeting held 3 December 2015, and I was only three days in my position as an interim CFO at SAA. The Global Supply Chain team followed the procurement process following the board resolution, and they recommended for the appointment of BNP Capital as they had met the tender requirement at the time. The board upon establishing that the FDC was no longer able to assist with the funding, through the Chairperson instructed and recommended that we extend the scope to the same service provider that was appointed as Transaction Advisor. This transaction fell within the board Delegation of Authority, therefore they had all the powers to instruct the executive relying on the revised SCM policy which was drafted by Adv Lester Peter to accommodate the board. Under 3.3.1 SAA Board of Directors stipulated as follows:

"The Board as the Accounting Authority is the ultimate custodian of SAA Group' procurement and in accordance with the DOA, it is responsible amongst other for the approval of the contents of this SCM policy, including ensuring compliance with its provision.

Board has in line with the spirit and purports of the RSA's company laws, the authority to exercise all of the powers and perform any functions of SAA Group, including but not limited to the power s to:

Procure directly certain Works as and when it is deemed in the interest of SAA Group or will be impracticable to follow the normal Procurement process contained in this Document and/or as part of discharging their fiduciary and ethical duties at SAA Group".

The above provision had afforded the board all the power, and I had no power to prevent them from intentional pushing their own Agenda.

58 I therefore confirm that Contrary to the findings of Adv Cassim and Ms Stimple's affidavit, I had acted to the best of my ability to protect the interest of the SAA, I had fully exercised my duties in ensuring that all that was recommended by the board still followed a thorough process. My view is if I had been aware of the intention of the board and that I joined SAA aware that I was being used as an agent to deliver whatever the Chairperson needed, then I would understand why I was being accused of being dishonesty, instead, if you go through all the above there is full proof that I was also a victim in all this, being used as a vehicle to push the Chairperson's Agenda. That is confirmed by all the WhatsApp

messages from Mr Mngadi. I admit that I may have been naive to believe that the board was acting in the best interest of the company, but by the look of this it shows that they were serving their own interest, especially the Chairperson. It is sad that my career is in jeopardy all because the board that is mandated to protect the organization was the one pushing their own personal interest, and this is now clear that they had started cooking this during the time Mr Meyer was still a CFO and long before I joined SAA. I believe that the Zondo Commission and the Labour Court are the only platforms that could assist me clear my name and go back to do what I do best as a Chartered Accountant, only this time I will no longer be naive, I will treat every transaction with an eye of a hawk.

59 I firmly confirm that there was no intention on my side to defraud or put SAA in jeopardy, I had believed at the time I was working on this transaction that all was in order. I was as surprised as everyone else that there was possibly fraud being committed behind my back. I therefore wish to table my evidence and I will apply for one of the options afforded to me to cross examine Ms Stimple, and hopefully eventually clear my name.

60 The fact that we pushed and terminated the letter of award even when the Chairperson was threatening us that BNP Capital would sue us, and even after Mr Zola Majavu called us, proves that I was innocent and honest in all this, I was just unknown to myself being used as a vehicle, and now I am used as a scapegoat and the guilty people who intentionally wronged the company are free and sitting at their homes with nothing to defend.

61 I believe that if Adv Cassim had afforded me an opportunity to state my side of the story as I am stating now, he would have understood and seen that I was hoodwinked in all this, instead he was eager to fire me, that during the proceedings he called my lawyers outside and those of the company and told them that he was going to fire me and give the CEO a written warning. I don't know what changed his mind to also recommend for the dismissal of the CEO. To me all this looked pre-empted.

62 In his finding Adv Cassim suggested that I was rewarded with a permanent position by the board because of how I had ran this transaction, without affording me a chance to explain how I was appointed. He is not aware that I was not appointed by the board that

was there during the BNP Capital, that the other two board members had resigned, and SAA had a new board appointed by Minister Pravin Gordan, the only board member that remained was Ms Dudu Myeni. A fair and competitive recruitment was ran and I competed fairly with other candidates through a headhunter. A proposal to appoint me was supported by all the non-executive board members, only one that was against my appointment was Ms Dudu Myeni, whom wrote to the board giving them a negative feedback about me. (See attached a letter from Ms Myeni to the board) **Annexure Z1**. I was then appointed at SAA as a permanent CFO by a new board, so it is untrue and malicious that I was being rewarded.

63 Adv Cassim in his findings further recommended that I should be reported to SAICA/IRBA the regulators as he believed that I had breached my ethical values as a chartered accountant. I have worked as a Chartered Accountant since 2007, and in my previous employments, the clients that I was responsible for included Denel Aviation, Denel Aerostructures, Afrocentric investment limited, Eskom and my work ethic has been impeccable.

64 It must be borne in mind that sourcing of funds was a priority for SAA. Loans to the value of R7,3 billion were maturing in June 2016. In terms of fees normally paid to companies that in sourcing the funds, I had requested my previous employer to confirm the going rates in the market. The difference between my request and that of Ms Stimple was that she was asking on a hypothetical point of view and I was focusing on a factual point of view. Mzuyanda Fonya a Senior Manager in the corporate finance dept confirmed that the range is 2-3% **Annexure Z3**

65 Ms Stimple on the other hand instead of giving the banks all the information needed when one requires a quote, she had asked certain individuals from the banks for hypothetical quotes. In the process she had never informed the bankers that the money was needed urgently and at ZAR currency and such was a critical information which influenced the pricing. On the 6th of May when Cynthia said she had a gut feel that the 1.5% rate is high, I then requested her to do a research and revert back to me, so she didn't just do that research, I had instructed her to do it as we couldn't rely on her gut feel. She was aware that funding is needed urgently but she went on leave for a week and at that time we were working tirelessly to ensure that we avert the default. She came back and forwarded me

the hypothetical emails on the 20th of May. By that time a submission to the Board was already made. Her hypothetical quotes needed some further work to be done to make them quotes.

CONCLUSION

66 Beginning of February 2017, the very same matter of BNP Capital was reported to Public Protector to investigate and her investigation concluded that there was no wrongdoing in terms of process in this transaction and in the Public Protector's offices they advised that they are closing the matter as it was sufficiently dealt with. **AnnexureZ2** If I could turn back the clock of time, I would wish I never went to SAA and meet people like Ms Myeni in my life who ruined my name and my reputation in the process of them pushing the agenda to enrich herself

67 Below are the instructions that I received from Ms Myeni to implement which I never implement, which are making me to believe are the reasons why she included me in her hit list:

Interactions with Ms Myeni about the vetting results of Ms Lindsay Olitzki and appointment of procurement specialist

68 At the end of one of the Board meetings in year 2016, Ms Myeni told me about a certain guy who was desperately looking for a job after losing. She further told me that things were not looking good between this guys and his wife. Ms Myeni claimed that she didnt know the guy from a bar of soap, instead it was the guy whom approached her saying when he was praying God showed him Ms Myeni's face and that she is the one who will help him out of the problems he was facing (of course I didnt believe the story). Ms Myeni then requested that I help and appoint the guy within the procurement department(it was becoming clear now that she needed to place the guy in procurement to be her eyes and ears).She expected my team and I to appoint the guy as a

procurement specialist, she highlighted that Procurement department was in shambles. There were various vacant positions within the procurement department at that time. Shortly after our talk, I received a call from the same guy, he sent me his cv and I passed it to Mr Peter who was an Acting Chief Procurement Officer. Ms Myeni also spoke to Mr Peter about the same guy, because when I gave him the cv he never questioned me about him. An interview was set between Acting CPO and Human Resources staff, I was not part of the interview. Mr Peter gave me a feedback after the interview and stated that the guy had failed the interview because he didnt even know the basic principles of procurement. I gave the same feedback to Ms Myeni and she instructed me to fly down to Durban the following day. Ms Myeni consistently put me under pressure to appoint this person over the phone and also sent WhatsApp messages asking about the progress etc. The following day I flew down to Durban and met Ms Myeni at Isibaya Casino. The following points are what was discussed:

Feedback on appointment of procurement specialist

- 69 When I gave her feedback on the results of the interview, she asked how can a person with an LLB fail a mere interview and my response was that anyone can fail interviews including Chartered Accountants. She then asked if that meant I would not implement the instructions or resolutions from the Board. I asked back if the appointment of the guy was a board resolution. I could see that she was unhappy with my response, I quickly suggested that I will go back to the office and sit with the procurement team, browse through all other vacant position in procurement and see if we cannot fit the guy in a lower position. I never gave this feedback to the procurement team nor did I implement what I had promised Ms Myeni.

Vetting results of Ms Lindsay Olitzki that were performed by State Security Agency (SSA)

- 70 Ms Myeni told me that the SSA people are still in progress with vetting for top security clearance certificate but they are done with some people, she added that one of my

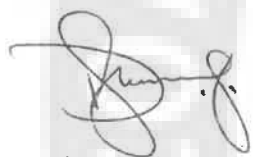
staff members failed the vetting due to dual citizenship. She didnt show me the results, only told me who it was. She stressed that the finance department is a very sensitive area therefore I cannot afford to have someone who has failed the security clearance. She suggested that in the following day I should have an off-site meeting with Ms Lindsay and first update her about the vetting results and secondly give her two options either to dismiss her or she can choose an alternative department to work in within SAA Group. I discussed this matter with the Acting CEO the following day, raising my concerns about Ms Myeni's instructions that it may lead to SAA facing labour disputes, especially when the employees are able to prove that the SSA process was never part of their employment contract when they were appointed by SAA. We then agreed that we will discuss this item in the next EXCO meeting and the company needs to compile or derive a policy that will address this and the policy. I didnt arrange any meeting with Lindsay. Ms Myeni called me the same day and asked how the meeting went between Lindsay and I, I gave her the update and she was not happy with it.

Whistle Blower

71 Mrs. Yakhe Kwinana will be in a right position to address this, as she was the one who informed us about how Ms Myeni always go to the internet cafe disguised as another person and send damning whistleblowing report about anyone she wanted out of her way. After the whistleblowing report she would pressurize Siyakhula Vilakazi the Internal Chief Audit and Risk officer to investigate those implicated in the report, or instruct him to appoint one of the firms e.g. E&Y or ENS to investigate whomever was mentioned in the report. After all the investigation she would push for those people to be suspended and dismissed. There was also an article in 2017 about this that was published by Mail and Guardian wherein Mrs Kwinana related this story of Sunnyside internet café. Other than that I don't have any proof about Ms Myeni's writing of whistleblower emails, but I know there damning reports that would appear out of the blue.

Dr Masimba Dahwa

72 Shortly after I joined SAA, I learned that there was Supplier Development workshops that was initiated by Ms Myeni and Ms Kwinana. They would meet black owned suppliers and educate them about the processes that is followed when the tender is ran. During one of these workshops Ms Myeni and Mrs. Kwinana apparently promised the local suppliers that they will participate on the 30% set aside with these other big suppliers and multinational suppliers. This was later reduced to writing as a board resolution. The board through the company secretary gave Dr Dahwa a list of resolutions to implement being: 30% set aside, Swissport contract etc. Dr Dahwa didnt implement any of these instructions, and the board instructed the legal department to appoint a law firm to run with the disciplinary against Dr Dahwa. BKS law firm was appointed, and I as a direct line manager furnished him with a letter of notice to suspend, and eventually got suspended. A Disciplinary process started, and I was called in as a witness, therefore it was not true that I played an HR role. The disciplinary outcome was sent to me because I was his direct boss.



Yours faithfully
Phumeza Nhantsi



A

4/23/2019

Personal Portal

Re: ARC Round Robin - Funding Requirement

Yakhe Kwinana <yakhe@kwinana.co.za>
08/07/2015 at 18:40:06

From: Yakhe Kwinana <yakhe@kwinana.co.za>
Sent: 08/07/2015 at 18:40:06
To: Wolf Meyer <WolfMeyer@fysaa.com>, Tony Dixon (tonydixon@telkomsa.net) <tonydixon@telkomsa.net>, JohnT@nepad.org, Yakhe Kwinana <yakhekwinana@gmail.com>
Cc: Nico Bezuidenhout <NicoBezuidenhout@fysaa.com>, Sivuyile Maso <SivuyileMaso@fysaa.com>, Ruth Kibuuka <RuthKibuuka@fysaa.com>, Corrie Engelbrecht <CorrieEngelbrecht@fysaa.com>, Cynthia Stimpel <CynthiaStimpel@fysaa.com>

Dear Wolf

This email serves to emphasise that you should follow proper processes and therefore request that you cancel the tender. You are confirming on this email that this did not even go to FRSC.
How did you determine which funders to approach and if you close it to selected funders, how are other new entrants expected to participate in SAA?
It is also disturbing that a tender of this magnitude can go out without the knowledge of the Audit Committee members and the Board. One wonders what else go without our knowledge, that we, as the oversight body, are expected to know.

Thank you

Yakhe Kwinana

Sent from my Samsung device

----- Original message -----

From: Wolf Meyer <WolfMeyer@fysaa.com>
Date: 08/07/2015 11:24 (GMT+02:00)
To: Yakhe Kwinana <yakhe@kwinana.co.za>, "Tony Dixon (tonydixon@telkomsa.net)" <tonydixon@telkomsa.net>, JohnT@nepad.org, Yakhe Kwinana <yakhekwinana@gmail.com>
Cc: Nico Bezuidenhout <NicoBezuidenhout@fysaa.com>, Sivuyile Maso <SivuyileMaso@fysaa.com>, Ruth Kibuuka <RuthKibuuka@fysaa.com>, Corrie Engelbrecht <CorrieEngelbrecht@fysaa.com>, Cynthia Stimpel <CynthiaStimpel@fysaa.com>
Subject: FW: ARC Round Robin - Funding Requirement

Dear Yakhe

Please refer to my responses in red below.

I trust that you will find my responses in order. Please do not hesitate to call me should you require further information or clarity.

Best regards





To:	THE BOARD OF DIRECTORS OF SOUTH AFRICAN AIRWAYS (SAA BOARD)
From:	GROUP TREASURER
Date:	27 November 2015

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity position and requirements until March 2016.
2. Provide an update on SAA's funding activities to date.
3. Request the Board of Directors (SAA Board) to approve the following:
 - 3.1 To approve the secured term loan facility for an amount not exceeding R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.
 - 3.2 To approve as an alternative finance, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers as the next alternatives to finance the additional funding requirement for the FY2015/16.
4. Request the SAA Board to adopt a resolution authorising the following persons:
 - Acting Chief Financial Officer, or
 - Lindsay Olitzki, HOD: Financial Accounting; and
 - Musa Zwane, Acting CEO

to:

 - a) Appoint the successful bidder(s) as recommended in paragraph 3 above;
 - b) Conclude, execute and sign, on behalf of SAA, the Term Loan Agreement for an amount not exceeding R15 billion with Seacrest Investments 115 (Pty) Limited.
 - c) On behalf of SAA and in terms of the Term Loan Agreement mentioned in (b) above, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

BACKGROUND**A. FUNDING RFP APPROVAL**

5. On 26 August 2015 the Board resolved to:

- a) note SAA's cash and liquidity position till March 2016 and the risks related thereto.
- b) approve the recommendation to adopt a resolution authorising the following persons:

- Wolf Meyer, Chief Financial Officer, or
- Lindsay Olitzki, HOD: Financial Accounting.
- Thuli Mpshe, Acting CEO; and
- The Board

to:

- d) issue a RFP for long term funding to Banking and Non-Banking Financial Institutions, as per Annexure D for the financing of a total amount of R15 billion in order to consolidate the current debt portfolio of the company;
 - e) include the Board as a whole and Acting CEO, together with the CFO and/or HOD Finance in the process of issuing the RFP, evaluating the proposals and appointing bidders;
 - f) ensure that the RFP takes into account secured and unsecured funding when going into the market; and
 - g) ensure the RFP is limited to the counterparties that responded to SAA in the February 2015 RFP (see attached Annexure D), as well as other institutions that can be recommended by the Board members and attendees.
6. The draft RFP and proposed list of potential bidders was approved by the Board on 18 September 2015 (Annexure D), however, the Board noted that members and attendees may be aware of institutions which may be able to assist and members and attendees are encouraged to recommend and to submit names of other potential bidders to management.
7. The Board noted that the management team would through the RFP process secure bridging finance of at least R1.0 billion in order to fund any shortfalls pending the conclusion of the required funding. A request for proposals for bridging finance of at least R1.0 billion was included in the RFP in order to fund any shortfalls pending the conclusion of the required funding.
8. The submissions from the potential Funders were evaluated in accordance with the criteria embedded in the RFP. From the RFP, there are certain critical criteria that a potential Funder needed to meet for its proposal to be considered by SAA. The critical criteria for the term loan facility were:
- a) Currency: ZAR funding is required.
 - b) Security: Secured or Unsecured funding is required.
 - c) Tenure: The facility must be for at least 5 years.
 - d) Instrument: No commercial paper or bonds would be considered.
 - e) Amount on offer. SAA required funding for an amount of up to R15 billion.

[Handwritten signature]
IP

9. The RFP was issued on 23 September with a closing date of 13 October 2015. Proposals for funding the R15 billion were received from the following bidders or potential funders:

Seacrest Investments
Kinfedl
Innovex
Hamershiag
Standard Chartered Bank
ABSA
Nedbank

B. LIQUIDITY RISKS

10. The following risk factors as reported on a continuous basis have been developing during the last quarter of FY2014/2015 and the first half of FY2015/16. The impact has, since, intensified:
- Lower than expected sales. Cash receipts from operations continue to be significantly below budget. Monthly off-shore operational receipts to date were approximately 20% lower than forecast.
 - The latest sales forecast from the Commercial Department reflects a drop in total sales of approximately 10% against the current budget for the remainder of the FY 2015/16. This equates to a further decline in cash of approximately R2.5 billion for the remainder of the financial year.
 - Restricted access to owned foreign currency in countries in which SAA operates. As a result of lower oil prices, countries such as Angola, Nigeria and Mozambique are experiencing increased pressure on their foreign currency reserves. This has led to an increase in restricted funds which cannot be repatriated and utilised by the airline as its "free" cash. An additional \$18.8 million is currently being restricted in Angola and Nigeria alone.
 - In Angola and Nigeria matters have recently deteriorated as the Central Bank also reduced the quantum of US Dollars for Auction. In addition, they are prioritising essential industries and the travel industry is not high on the priority list. They do not foresee an ease in this situation and have cautioned that clients should prepare for the worst before matters get better or ease up.
 - Political tension in the Middle East following the Arab Spring. A total of \$6 million is restricted in Egypt.
 - Although the Visa requirements (certified unabridged birth certificates) implemented for minors travelling to South Africa have been amended, it is widely expected that the negative effect will remain over the short term.
 - The potential amendment of the Airbus swap deal places an unforeseen additional unbudgeted short-term cash requirement of R1.6 billion on the company for PDP payments.
 - Poor domestic, regional and Eurozone GDP growth.
 - Continuous weakening of the ZAR/USD exchange rate.

[Signature]
IP

[Signature]
PN

11. The stability of SAA's liquidity position for FY2015/16 will depend on the successful financing of SAA's working capital requirement for the period. The very weak \$/R exchange rate and falling revenues continue to place strain on available cash balances and current indications are that free cash, without any intervention, excluding any pre-delivery payments to Airbus, will be very low by 30 November 2015.
12. Failure to secure bridging finance by 30 November 2015 will lead to the following catastrophic events:
- SAA will run out of available cash from 30 November 2015, as indicated in Annexure A and operations will immediately cease due to the fact that SAA will not be able to meet its operational obligations.
 - Failing to pay creditors will trigger default covenants in SAA's various loan and lease agreements as well as other cross default covenants and plunge SAA and the Shareholder into a serious debt crisis.
13. Should SAA find that it is reasonably unlikely that it will be able to pay its debts as and when they become due and payable within the immediate 6 months, this would mean that it is in financial distress, whereby timeous business rescue and other implications per the directives under the Companies Act would need to be actioned.
14. Failure to provide for adequate funding would result in the possibility of SAA "trading recklessly" should a default occur. This would entail that after the first default of SAA not being able to meet its obligations, and in the ensuing 6 months thereafter, would then result in SAA "trading recklessly".
15. The risks have been highlighted at the weekly NT/SAA meetings.

DISCUSSION

C. FUNDING PROPOSALS

16. A summary of all the proposals received by the closing date of 13 October 2015, inclusive of clarification of certain details, is included in Annexure B.
17. The CFST for the evaluation of the proposals comprises of the following members:

CFST MEMBER	DESIGNATION
Lindsay Olitzki	HOD: Financial Accounting
Cynthia Stimpel	Acting Group Treasurer
Joseph Makoro	Manager Enterprise Risk Management
Ephraim Lusenga	Legal Advisor
Michael Kleyn	HOD: Cash Management
Simphiwe Hlatshwayo	Dealer, Group Treasury

18. The table below summarises the responses from the various institutions. The responses were evaluated in accordance with the above critical criteria and of the 7 (seven), only 4 (four) proposals met the critical criteria.

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F P

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Institution	Term	Amount R'bn	Base rate	Margin bps	Total cost for year 1. R'm	Notes
Seacrest Investments	10 years	15.00	Fixed 5.80% p.a.	n/a	R740 million per R15bn.	Note 1
Kinfedi	20 years	21.00	3m Jibar	No firm quote	R1.730 billion per R15bn.	Note 2
Innovex	25 years	21.00 (USD equivalent)	Fixed - USD (2.5%p.a.)	n/a	n/a	Note 3
Hamershiag	10 years	15.00	3m Jibar	No firm quote	n/a	Note 4
Standard Chartered Bank	3 or 5 years	1.50	3m Jibar	200 and 235	n/a	Note 5
ABSA	5 years	1.30	3m Jibar	205	n/a	Note 6
Nedbank	5 or 7 years	1.50	3m Jibar	190 and 213	n/a	Note 7

Reference

Description

- Note 1** • The rate is fixed. 5 year capital repayment moratorium. Amortising repayment schedule from year 6. No other fees.
- Note 2** • Bidder did not meet the critical criteria. Bidder offering advisory services. No firm quotes provided. Funds still to be sourced following a funding project. R5 000 000 advisory fee payable on award as well as a further 5% commitment fee on the loan.
- Note 3** • Bidder did not meet the critical criteria. Funding linked to USD loan. SAA to bear the cost and risk of foreign exchange hedging. (indicative hedging cost is 6.61% p.a.)
- Note 4** • Bidder did not meet the critical criteria. The funding is linked to commercial paper, bonds and debentures.
- Note 5** • Bidder has offered R1.5bn for 3 years or 5 years. The 3 year offer does not meet the critical criteria. Only R1.5 billion offered in the 5 year tenure.
- Note 6** • Bidder has offered R1.3bn for a period of 5 years.
- Note 7** • Bidder has not offered any new money. Refinancing of existing R1.3 billion subordinated loan and short-term banking facility of R200 million.

19. The proposals from the four bidders or potential funders were thereafter evaluated for price to arrive at the preferred funder with lesser cost of funding to SAA. The pricing elements were drawn from the standard Term Sheet document which was supplied to all bidders or potential funders. The evaluation has been concluded with the presence of two National Treasury officials as observers. The evaluation outcome is included in Annexure C.
20. Of the proposals that met the critical criteria, only 1 (one), that of Standard Chartered Bank, offered a short-term bridge facility of R1 billion. However, the bridge facility is conditional on the term loan facility being accepted.
21. Seacrest Investments, a development and investment company, presented SAA with the following proposal:
- A secured term loan facility for R15 billion.
 - At a fixed interest rate of 5.8% p.a.
 - A capital repayment moratorium for the first five years with quarterly interest payments over the first five years;

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- d) Capital and interest repayments to be made over the second five year term.
 e) Upon awarding of the contract, SAA may utilise the facility as follows:

- An unsecured drawdown of R3 billion within 14 days from contract signing.
- A second drawdown of R4 billion within 3 months on presentation of a Government Guarantee of R3 billion.
- A final drawdown of R8 billion 3 months later on presentation of a further Government Guarantee of R3 billion.
- The balance of guarantees to be provided over the next 3 years.

22. It must be noted that final loan amount, terms and conditions will be negotiated after the awarding of the contract.

23. In terms of the consolidation of the current debt profile of the company, the proceeds would be applied as follows subject to the outcome of negotiations with current lenders:

- a) To reduce current short-term banking facilities of R1.3 billion currently at an average interest rate of 7.5% p.a. but attempt to retain the facilities as future short-term borrowing facilities;
- b) To repay the term loans of R3.0 billion - R1.5 billion each from Citibank and Standard Bank maturing on 30 June 2016 (Current rates are 7.4% and 7.67%);
- c) To negotiate the repayment of the R1.3 billion subordinated loan from Nedbank following their intension to convert it to a normal term facility at a higher interest rate.
- d) The current term loans of R4.7 billion with RMB (R1.5 billion), Investec (R1.5 billion) and ABSA (R1.7 billion), at average interest rates of 8.09% per annum, could also be repaid early. SAA would still realise substantial interest cost savings even after incurring early once-off re-payment penalties at an average of 1.5% of the value of the loans.
- e) The balance of R4.7 billion would fund SAA's working capital requirements well beyond June 2016 and enable the company to build up its currency holdings and thereby improving its natural hedge - current net currency exposure is circa \$340 million per annum. (This will reduce the company's overall currency risk as well as hedging costs).

D. GUARANTEES

A summary of the Going Concern guarantees and utilisation to date is listed in the table below:

Guarantee Awarded	Amount R'm	Utilisation R'm	Balance R'm
Subordinated Loan -- Nedbank	1 300	1 300	Nil
Going Concern Guarantee (Allocated to ATL, Sep '14)	1 600	545	
Working Capital Utilisation (Dec '14)		1 055	Nil
Going Concern Guarantee	5 006	1 500	
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Jul '14)		1 700	
Working Capital Utilisation (Dec '14)		295	11
Going Concern Guarantee	6 488	450	
Working Capital Utilisation (Dec '14)		1 500	
Working Capital Utilisation (Apr '15)		1 500	
Working Capital Utilisation (Jun '15)			3 038
TOTAL	14 394	11 345	3 049

Id *[Signature]*

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E. CONCLUSION

24. The secured facility offered by Seacrest emerged as the preferred option for SAA as it provides SAA with the following benefits:

- a) The proposed funding is at significantly lower cost than the other bidders;
- b) An Initial Government Guarantee of R3 Billion to be provided within three months from signing secures the total facility of R15 billion. The remaining balance of the company's going concern guarantees as reflected in the table above will be utilised for this purpose;
- c) An initial unsecured drawdown of R3 billion is available on awarding of the contract. This drawdown will fund the company's working capital requirement over the festive season when revenues are low. It will also allow SAA time to secure the R3 billion Government Guarantee to be provided within 3 months from signing;
- d) The final drawdown requires a guarantee of R3 billion which will be provided from guarantees which have been cancelled as a result of the early repayment of current long-term loans as discussed in paragraph 24;
- e) The company does not have to provide immediate guarantees for R15 billion to secure the facility. The guarantees will be provided over a period of 4 years;
- f) Seacrest is rated as a level 2 BEE contributor which would positively impact on SAA's BEE rating.
- g) Successfully consolidating and improving SAA's debt profile (short- and long-term);
- h) Significant reduction cost of funding. High cost short-term banking facilities and term loans can be re-paid which would yield substantial interest cost savings. Early conservative estimates are in the region of R180 million p.a.;
- i) Short-term facilities would still be available in the event of emergency funding required;
- j) By utilising cheaper Rand funding, the dependence on the repatriation of valuable surplus foreign currency from off-shore operations is significantly reduced. SAA will increase its off-shore foreign currency balances thereby substantially increasing its natural hedge against the further devaluation of the Rand; and
- k) Creating a grace period in paying back capital until SAA's estimated profit turnaround.

25. Before any bid is awarded, the necessary due diligence will be done on the preferred bidder.

F. FINANCIAL IMPLICATION

26. The cash position remains under pressure and SAA is experiencing increased risk to finance its working capital requirements, even on the back of Government Guarantees. The inability of the company to address the funding requirements by 30 November 2015 exposes the company to serious operational and financial risks.

G. PFMA IMPLICATION

- 27. In terms of Section 51(1)(b)(iii) of the PFMA, the Board as the Accounting Authority of SAA must take effective and appropriate steps to manage available working capital efficiently and economically.
- 28. As per the terms and conditions set by the Ministers of Finance and Public Enterprises governing the awarding of the Government Guarantee. Any utilisation of the guarantee has to be approved by the Minister of Finance.

H. APPROVAL PROCESS

29. The financing of the R15 billion on the back of SAA's Going Concern Government Guarantees must be approved by FRSC, EXCO, the Audit and Risk Committee, the Board of Directors and the Minister of Finance. The SAA FRSC approved the recommendations on 19 November 2015 and the SAA EXCO approved on 25 November 2015.

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I. RECOMMENDATION

It is recommended that the SAA Board:

30. Takes note of SAA's cash and liquidity position and requirements until March 2016.

31. Takes note of the update of SAA's funding activities to date.

32. Adopts a resolution to:

32.1 Approve the secured term loan facility for an amount not exceeding R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.

32.2 Approve as an alternative finance, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers as the next alternatives to finance the additional funding requirement for the FY2015/16.

33. Adopts a resolution authorising the following persons:

- Acting Chief Financial Officer, or
- Lindsay Oltzki, HOD: Financial Accounting; and
- Musa Zwane, Acting CEO

to:

- a) Appoint the successful bidder(s) as recommended in paragraph 32 above;
- b) Conclude, execute and sign, on behalf of SAA, the Term Loan Agreement for an amount not exceeding R15 billion with Seacrest Investments 115 (Pty) Limited;
- c) On behalf of SAA and in terms of the Term Loan Agreement mentioned in (b) above, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

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SIGNATURES:**1. Compiled by:**

HOD Cash Management
Michael Kleyn

Signature

2. Recommended by:

Group Treasurer
Cynthia Stimpel

Signature

3. Supported by:

HOD Financial Accounting
Lindsay Olitzki

Signature

4. Supported by the Acting CEO:

Acting CEO
Musa Zwane

Signature

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Annexure C

CFST Member: _____									
CRITICAL CRITERIA: Non Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:									
<input type="checkbox"/> Tenure – The proposed funding must be for a period of 5 years and more.		Seacrest Investments	Kinfedi	Innovex	Hamerslag	Stanchart	ABSA	NEDBANK	
<input type="checkbox"/> Funding Instrument No commercial paper or bond issuances would be considered under this RFP.		Y	Y	Y	Y	Y	Y	Y	
<input type="checkbox"/> Currency of the funding The specified currency must be in ZAR.		Y	N	Y	N	Y	Y	Y	
		Y	Y	N	Y	Y	Y	Y	
Phase 2 - FUNCTIONAL CRITERIA AND PRICING									
Service attributes									
<input type="checkbox"/> Default Interest (above the all in price)		2.00	Didn't meet criteria	Didn't meet criteria	Didn't meet criteria				
<input type="checkbox"/> Default Clause		Standard	TBC	TBC	TBC	4.00	2.00	2.00	
<input type="checkbox"/> Reference Rate		Fixed	TBC	Fixed USD	Standard 3 month JIBAR	Standard 3 month JIBAR	Standard 3 month JIBAR	Standard 3 month JIBAR	
Pricing									
<input type="checkbox"/> Amount offered.		R15bn	R21bn	\$1.62bn	R15bn	R1.5bn	R1.3bn	R1.5bn	
<input type="checkbox"/> Base Rate (Reference Rate) (% p.a.)		5.30	6.50	2.50	6.50	6.50	6.50	6.50	
<input type="checkbox"/> Margin		-	-	-	TBC	2.35	2.05	1.90	
<input type="checkbox"/> Arrangement Fees or Commissions (%)		-	5.00	-	2.00	-	-	-	
<input type="checkbox"/> Up Front Fees (Advisory, underwriting, etc.)		-	R5 000 000	-	5.25	-	-	0.23	
<input type="checkbox"/> Cost of Security (Government Guarantee)		0.30	0.30	0.30	0.30	0.30	0.30	0.30	
<input type="checkbox"/> Cost of Cover (Hedging p.a.)		-	-	6.6082	-	-	-	-	
Total Cost in ZAR per annum (based on a loan of R15bn)		R740 mil	R1 730 mil	n/a	n/a	n/a	n/a	n/a	

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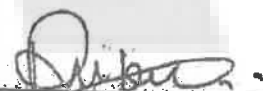
EXCERPT FROM THE DRAFT MINUTES OF THE SAA BOARD OF DIRECTORS MEETING NO 2015/07 HELD ON THURSDAY, 03 DECEMBER 2015 AT AIRWAYS PARK, 6TH FLOOR BOARDROOM AT 12H30

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

The Board of Directors **RESOLVED** to:

- (a) decline the secured term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company, due to the lack of information in the due diligence report and the reluctance by Seacrest to provide proof as to the source and availability of funds;
- (b) decline the recommendation that in the event that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers be executed as the alternatives to finance the additional funding requirement for the FY2015/16 as the funds offered would not be sufficient to consolidate SAA's debt;
- (c) approve that the Interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and/or dispatch all documents and notices related to the R14 billion loan offer received from a potential funder, Free State Development Corporation SOC Ltd (FDC), as per the letter circulated at the Board meeting. The Board recognised that as a state owned entity (SOC), the FDC carried less risk for the Airline and in the unlikely event of a default by SAA; another SOC would treat SAA differently than a private lender.


True extract from the draft minutes



Ruth Kibuuka
Company Secretary

Date: 08/12/2015



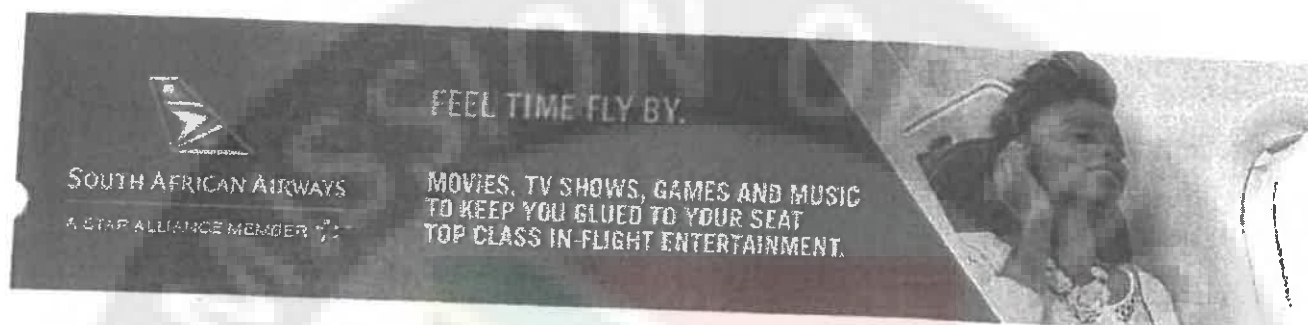

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From: Michael Kleyn [mailto:MichaelKleyn@flysaa.com]
 Sent: 11 December 2015 11:33 AM
 To: Shepherd S. Moyo
 Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Michael Kleyn; Ruth Kibuuka; Simphiwe Hlatshwayo
 Subject: SAA FUNDING RFP
 Importance: High



Dear Sir

Following a recommendation by the SAA Board of Directors, we hereby kindly invite a funding proposal from the FDC as per the attached September 2015 RFP.

A sample termsheet is also attached, if needed, to structure your response.

We would appreciate it if you could provide the proposal by 12 noon Thursday 24 December 2015. Kindly note the procedure to follow if you have any questions.

Kindly give an indication whether immediate unsecured bridge funding of R1 billion for a period of three months could be offered.

Kind Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com

Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

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Nhlakanipho N. Kunene

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Friday, 11 December 2015 15:44
To: Ephraim Lusenga; Michael Kleyn
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshw /o
Subject: RE: SAA FUNDING RFP

Good day,

Yes we will perform the legal due diligence and I would suggest we give that mandate to Ursula at Legal department.

We had an EXco meeting today and they suggested that we extend the scope of this and not only send the RFP to FDC but also send it to IDC and PIC as well so that we can see where we can get the better rates

I saw that you have already send RFP to FDC and thank you for thank and could you then please send it to PIC and IDC as well

Regards

From: Ephraim Lusenga
Sent: 11 December 2015 03:14 PM
To: Michael Kleyn; Phumeza Nhantsi
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Dear Michael

Are we going to conduct a legal and financial due diligence on FDC?

Ephraim Lusenga | Legal Adviser | Legal

Mobile: 0833818900 | Phone: +2711-978-3956 | E-Mail: EphraimLusenga@flysaa.com
 Room 103, Floor 1, Block E, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Shepherd S. Moyo [mailto:shepherdsm@fdc.co.za]
Sent: 11 December 2015 02:49 PM
To: Michael Kleyn
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Well received. We will work in line with stipulated deadline.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
 FDC House, 33 Kellner Cnr Markgraaff Street, Westdene, Bloemfontein, 9300
Office: +27 (0) 51 4000 878 | **Fax:** +27 (0) 86 681 7522 | **Email:** shepherdsm@fdc.co.za
www.fdc.co.za

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SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORF International Airport
1627

Tel: 27 11 978-6553
Email: companysecretary@flysaa.com

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B11: EXTENSION OF SCOPE OF A TRANSACTION ADVISOR

The Board by Round Robin 2016/B11 as of 21 April 2016 2016 **RESOLVED** to approve the extension of the scope of a Transaction Advisor to include sourcing of funding of R15bn for South African Airways.

Certified a true copy.

Mabana Makhakhe
Mabana Makhakhe
Deputy Company Secretary
Date:



Directors

DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Ntantso (Interim Chief Financial Officer), Y Kwirana*, JE Tambi* (Starz Loonnan)

*Non-Executive Director

Company Secretary • Ruli Kibuuka

South African Airways SOC Ltd

Reg. No. 1957/022444/30

A STAR ALLIANCE MEMBER



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SAA Submission
SAA Private and Confidential
For internal use only

To:	Board of Directors
From:	Interim CFO
Date:	15 January 2016

MOTIVATION FOR APPOINTMENT OF A TRANSACTION ADVISOR

1 PURPOSE

To request Board to approve the appointment of a Transaction Advisor ("TA") regarding the R15bn Consolidation Debt restructuring exercise.

2 MOTIVATION

SAA requires the service of a TA and below is the value that we will receive as a business from using TA:

- 2.1 TA will analyse all the loan agreements that are currently at SAA's disposal;
- 2.2 TA will determine which of the total funding of R14bn is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial turnaround strategy;
- 2.3 Will advise SAA on how to restructure its balance sheet through the settlement of inefficient loans;
- 2.4 Will advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and

South African Airways (SOC) Ltd Motivation for Transaction Advisor

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SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
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2.5 Will analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

3 RECOMMENDATION

3.1 That the Board approves the request for appointment of a Transaction Advisor regarding the R15bn Consolidation Debt restructuring exercise.

Compiled by:

Phumeza Nhantel
Interim CFO

Date

Recommended by:

Musa Zwane
Acting CEO

Date

South African Airways (SOC) Ltd Motivation for Transaction Advisor

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SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Email: companysecretary@fhsaa.com

**EXCERPT FROM THE SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2015/B59:
APPOINTMENT OF A TRANSACTIONAL ADVISOR**

The Board by Round Robin 2015/B59 as of 23 October 2015 **RESOLVED:**

1. To approve the engagement of a competent transactional advisor to deliver, validate and/or enhance the A320/A330 swap transaction, and the R15 Billion Funding Requirement and RFP;
2. That management should explore the option of negotiating a reasonable success fee based on the savings realised

Ruth Kibuuka

Company Secretary

Date: 11/03/2016



Directors

DC Myeni* (Chairperson) Y Kwinana*, JE Tambi* (Sierra Leone)*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

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Andrew A. Keartland

From: Wolf Meyer <WolfMeyer@flysaa.com>
Sent: Thursday, 16 July 2015 16:10
To: Dudu Myeni; Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht; Yakhe Kwinana2; Yakhe Kwinana; Cynthia Stimpel; Ruth Kibuuka
Subject: RE: SAA FUNDING REQUIREMENT - JULY 2015

Dear Chair

Following the decision of the Board to withdraw the RFP, we have formally, in writing, advised all the recipients of the RFP that it has been withdrawn.

We shall work on and provide the Board with a formal paper on debt consolidation as a matter of urgency.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com
 4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Dudu Myeni [mailto:dudum@jacobzumafoundation.org.za]
Sent: 16 July 2015 09:09 AM
To: Wolf Meyer; Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht; Yakhe Kwinana2; Yakhe Kwinana
Subject: RE: SAA FUNDING REQUIREMENT - JULY 2015

Dear CFO

I hope you are well

At the Board Meeting, we resolve that we shall withdraw the RFP for long term funding. We also need to get a formal paper on the debt consolidation, if this RFP is aimed at addressing the same.

Our understanding is that, we need to deliberate on the debt restructuring and agree as to how we intend addressing such a challenge.

I therefore request for an update on the matter as per the Board Resolution. Has this been withdrawn?
 I also request that you send a letter to that effect.

Regards

Ms Dudu Myeni
 Chairperson SAA
 Tel: +27 11 978 2520
 Email chairperson@flysaa.com



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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

Best Airline in Africa
For the 11th consecutive year

**Directors**

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer),
Y Kwinana*, JE Tambi* (Sierra Leonean), AD Dixon*
*Non-Executive Director

Acting Company Secretary – Mabane Makhakhe

South African Airways SOC Ltd Reg. No. 1997/022444/30

From: Wolf Meyer [mailto:WolfMeyer@flysaa.com]
Sent: 02 July 2015 02:21 PM
To: Dudu Myeni (dudum@jacobzumafoundation.org.za); Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht
Subject: FW: SAA FUNDING REQUIREMENT - JULY 2015

Dear Chair

Attached herewith, as requested, another copy of the funding RFP that went out on Friday, 26 June 2015. As you can see below Chair, you, Nico and Barry were copied on the email that went out last Friday.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com
4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Cynthia Stimpel
Sent: 02 July 2015 01:40 PM
To: Wolf Meyer
Cc: Corrie Engelbrecht; Michael Kleyn
Subject: FW: SAA FUNDING REQUIREMENT - JULY 2015

Dear Wolf

This is the document which was submitted on Friday – 26 June 2015.
Michael did copy the Chairperson, the Acting CEO and Barry.
Thanks and regards

all.
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SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 9th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553

Email: companysecretary@saa.co.za

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

The Board by Round Robin 2016/B16 as of 24 May 2016 **RESOLVED** to approve the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital (Pty) Ltd.

Certified a true copy.

Ruth Kibuuka
Company Secretary
Date:



Directors

DC Mnyoni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Mthembu (Interim Chief Financial Officer), Y Kudeane*, JE Temb* (Siems Leonsan)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd

Reg. No. 1957/022444/30

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A STAR ALLIANCE MEMBER ✪

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SAA Submission
SAA Private and Confidential
For internal use only

To:	SAA Board
From:	Global Supply Management (GSM)
Date:	18 May 2016

REQUEST FOR SAA BOARD APPROVAL TO CONFINE AND AWARD THE CONTRACT FOR THE SOURCING OF FUNDS FOR THE SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL (PTY) LTD.

PURPOSE

To request for SAA Board approval to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd

BACKGROUND

SAA appointed a Transaction Advisor to provide financial advice on the funding options available. The Transaction Advisor's scope of work includes the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R14billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

After an assessment of the airline's current financial position, the Transaction Advisor pointed out the urgent need to source funds to settle the loans that are about to mature.

Page 1 of 3 Pages	Confidential	SAA Board Approval GSM-SS-010 Version 1, April 2013
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MOTIVATION

Loans to the value of R7.3 billion are maturing on 30 June 2016 and SAA is obliged to settle the loans on or before the maturity date. Due to time constraint, the only feasible approach is to engage the appointed Transaction Advisor to urgently source the funds required to settle the loans. This is an emergency situation that is unexpected and may result in significant financial exposure and serious business disruption. It is against this background that, GSM on behalf of the Business Unit is requesting for the SAA Board approval to confine and award the contract for the sourcing of funds to settle the loans maturing on 30 June 2016 to BnP Capital (Pty) Ltd.

FINANCIAL IMPLICATION

The industry norm is that Transaction Advisors charge a success fee ranging from two (2) to three (3) percent of the funds sourced and SAA negotiated the percentage with the Transaction Advisor. The two parties settled for a success fee of one point five (1.5) percent should BnP Capital (Pty) Ltd be tasked to urgently source the funds.

Indicated below is the projected success fee to be paid to BnP Capital (Pty) Ltd if the Transaction Advisor succeeds in sourcing the R15 billion required to settle all the loans. The success fees will not be a once off payment. The terms will be negotiated with the Transaction Advisor to ensure that the payments of the success fee are staggered.

TOTAL FUNDING REQUIRED	NEGOTIATED SUCCESS RATE	PROJECTED SUCCESS FEE
R 15 000 000 000.00	0.015	R 225 000 000.00

COUNTER PARTY

- GSM
- Finance

RISK

If the required funds are not secured urgently, SAA will not be able to meet its financial obligations. This has serious implications on the airlines going concern status.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO support
- FIPCO support
- SAA Board approval

Page 2 of 3 Pages	Confidential	SAA Board Approval GSM-SS-010 Version 1, April 2013
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J 2

NATIONAL TREASURY DATABASE OF RESTRICTED SUPPLIERS


As at 16 May 2016, GSM has verified that BnP Capital (Pty) Ltd is not listed as one of the restricted suppliers.

RECOMMENDATION

It is recommended that the SAA Board approve the request to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R256 500 000.00 including VAT


SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:


Silas Matsaudza
Commodity Manager

18/05/16
Date


2. Supported by:


Lester Peter
Chief Procurement Officer (Acting)

18/05/2016
Date


Phumleza Nhantso
Interim CFO

18/05/2016
Date


Musa Zwane PP
CEO (Acting)

18/05/2016
Date





**MINISTER: FINANCE
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8811 Fax: +27 12 323 3262
P O Box 28, Cape Town 8000 Tel: +27 21 464 6100 Fax: +27 21 461 2834

Ref. M4/1/19 (946/16)

**Ms Duduzile Myeni
Chairperson of the Board
South African Airways SOC Limited
Private Bag x13
OR TAMBO INTERNATIONAL AIRPORT
1627**

Dear Ms Myeni

STATUS OF SOUTH AFRICAN AIRWAYS SOC LIMITED ("SAA") R15 BILLION DEBT CONSOLIDATION

I refer to my previous correspondence dated 10th May 2016.

In view of the negative implications that further delays in finalising the debt consolidation would have on SAA's ability to rollover or refinance the existing guaranteed debt of approximately R6 billion in June 2016, I required that SAA finalise the debt consolidation process by 20 May 2016, failing which SAA must then refinance or roll over the existing debt maturing in June 2016 into longer term debt by the end of May 2016. I have received no update from you on this matter.

In your letter dated 15 March 2016, you had indicated that a due diligence was being conducted on Free State Development Corporation (FDC), SAA's preferred bidder. In the last few days, I have received a letter from the Member of Executive Council (MEC) for Finance in the Free State Province reporting on an investigation conducted by the Provincial Treasury regarding the loan offer for R14 billion from the Free State Development Corporation (FDC) to SAA. Based on the investigation it is evident that the process of obtaining funding from FDC contains material flaws. Even if these could be resolved, the process would be protracted and SAA would be unlikely to be able to secure the financing within the required timeframes to settle the maturing debt.

Consequently, I have concluded that SAA was unable to conclude the debt consolidation within the specified deadline. Therefore, I request SAA to immediately begin the process of refinancing or rolling over the R6 billion in guarantee debt maturing in June and July 2016 into longer term debt. This process must be finalised by 31 May 2016 as per my original letter.

I trust that you will find the above to be in order.

Kind regards

**PRAVIN J GORDHAN, MP
MINISTER OF FINANCE**

Date: 25-05-2016





SAA Submission
SAA Private and Confidential
For internal use only

SAA EXCO SUBMISSION

To:	EXCO
From:	GM: Legal, Risk and Compliance
Date:	26 November 2015

DUE DILIGENCE ON THE LONG TERM FUNDING REQUIREMENT FOR A R15 BILLION TERM LOAN FACILITY

1 PURPOSE

The purpose of the submission is to apprise EXCO on the Due Diligence process undertaken on the Funding RFP and to bring to the attention of the Committee the draft terms and conditions of the proposed Funding Agreement between SAA and the preferred Funder.

2 BACKGROUND

SAA issued a Request for Proposal (RFP) to both banking and non-banking institutions to submit their proposals for long term funding. All bids received were evaluated in accordance with the criteria embedded in the RFP and Seacrest Investment emerged as the preferred funder for the full R15 billion sought by SAA.

The Cross functional team requested that a legal due diligence be conducted on the preferred funder. An attorney was appointed to conduct the due diligence and they have returned with the attached report marked Annex 1. It appears from the report that Seacrest and its investors are reluctant to release the required information and documentation pending the outcome of the tender evaluation and announcement of the successful bidder. The requested information and documentation is critical in this type of transaction for SAA to make an informed decision on the contracting parties. Of more concern to SAA is the origin and availability of the funds.

well.

T.P.

The due diligence process may be finalised post the award of the tender and during the contracting process and crafting of conditions precedent in the agreement. A draft agreement has been prepared for the proposed transaction with Seacrest, a copy is attached marked Annex 2. All the information and documents outstanding from the due diligence exercise have been carried over into the draft agreement as conditions precedent under clause 7.2 and sub-clauses. The transaction will not proceed without the conditions precedent being met to the satisfaction of SAA and should the conditions precedent not be met by the stipulated date, the agreement becomes null and void and of no force and effect between the parties.

3 COUNTER PARTY

Treasury

4 RECOMMENDATION

It is recommended that EXCO approves the submission for the funding requirement pending the finalisation of the due diligence report and compliance with the conditions precedent as set out in the draft agreement.

SIGNATURES:

1. Compiled by:


Ephraim Lusenga
Legal Advisor

26-11-2015

Date

2. Recommended by:

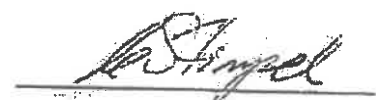

Ursula Fikelepi
GM: Legal, Risk & Compliance

26/11/2015

Date


IP

2. Recommended by:



Cynthia Stimpel
Acting Group Treasurer

26/11/2015
Date




IP



M

Cynthia Stimpel

From: Michael Kleyn
Sent: 14 December 2015 09:24
To: Phumeza Nhantsi
Cc: Cynthia Stimpel; Lindsay Olitzki; Joseph Makoro; Ephraim Lusenga; Simphiwe Hlatshwayo
Subject: STANDARD CHARTERED BRIDGE
Importance: High

Sorry Ma'am

With all the changes in MOF over the last couple of days SCB advised me on Friday that the deal was in serious jeopardy.

Our relationship manager, Antonie Swanepoel, worked on the matter over the weekend and with the news of Pravin Gordhan being appointed, the deal seems to have been salvaged.

Ma'am, with all due respect, the external legal review of the documents for the bridge facility is wasting valuable time. This is only a 3-month bridge, not long term funding. Our internal legal advisors have to date been involved in all the loan agreements. The Government guarantee is going to consume more time to conclude because of the fact that it is the security for the loan. Public Holiday on Wednesday as well.

Can we kindly expedite the review of the documents. Although we have been able to survive last week, Monday the 21st is going to be extremely difficult as we have to make payments of \$5.5m (R82m) which are being delayed, to Rolls-Royce on Friday the 18th.

Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
 Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

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IP

PN

Kindly find attached for your attention and necessary action.

Regards
Dike

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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N

"12"



SAA Submission
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To:	Bid Adjudication Council (BAC)
From:	Global Supply Management (GSM)
Date:	11 May 2018

REQUEST FOR BAC SUPPORT TO CONFINE AND AWARD THE CONTRACT FOR THE SOURCING OF FUNDS FOR THE SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BnP CAPITAL (PTY) LTD.

PURPOSE

To request for BAC support to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd

BACKGROUND

SAA appointed a Transaction Advisor to provide financial advice on the funding options available. The Transaction Advisor's scope of work includes the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R14billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

After an assessment of the airline's current financial position, the Transaction Advisor pointed out the urgent need to source funds to settle the loans that are about to mature.

Page 1 of 3 Pages	Confidential	BAC request for contract extension GSM-SS-011 Version 1, April 2013
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MOTIVATION

Loans to the value of R7.3 billion are maturing on 30 June 2016 and SAA is obliged to settle the loans on or before the maturity date. Due to time constraint, the only feasible approach is to engage the appointed Transaction Advisor to urgently source the funds required to settle the loans. Sourcing of funds was not included in the Transaction Advisor's scope of work as SAA believed that funds could be successfully sourced without the Transaction Advisor's assistance. The outcome of SAA's efforts to secure funding without the assistance of the Transaction Advisor in the market has proved otherwise. It is against this background that, GSM on behalf of the Business Unit is requesting for BAC support to confine and award the contract for the sourcing of funds to settle the loans maturing on 30 June 2016 to BnP Capital (Pty) Ltd. A duly signed confinement declaration form is attached as Annexure A.

FINANCIAL IMPLICATION

The industry norm is that Transaction Advisors charge a success fee ranging from two (2) to three (3) percent of the funds sourced and SAA negotiated the percentage with the Transaction Advisor. The two parties settled for a success fee of one point five (1.5) percent should BnP Capital (Pty) Ltd be tasked to urgently source the funds.

Indicated below is the projected success fee to be paid to BnP Capital (Pty) Ltd if the Transaction Advisor succeeds in sourcing the R15 billion required to settle all the loans. The success fees will not be a once off payment. The terms will be negotiated with the Transaction Advisor to ensure that the payments of the success fee are staggered.

TOTAL FUNDING REQUIRED	NEGOTIATED SUCCESS RATE	PROJECTED SUCCESS FEE
R 15 000 000 000.00	0.015	R 225 000 000.00

COUNTER PARTY

- GSM
- Finance

RISK

If the required funds are not secured urgently, SAA will not be able to meet its financial obligations. This has serious implications on the airlines going concern status.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO support
- FIPCO support
- SAA Board approval

N2

NATIONAL TREASURY DATABASE OF RESTRICTED SUPPLIERS


As at 11 May 2016, GSM has verified that BnP Capital (Pty) Ltd is not listed as one of the restricted suppliers.

RECOMMENDATION

It is recommended that the BAC support the request to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R256 500 000.00 including VAT.

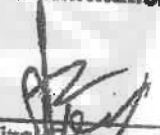
SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:


Silas Matsaudza
Commodity Manager

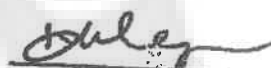
11-05-2016
Date

2. Confirmation of budget or corrective measure to ensure no overspend:


Faizal Meer
Financial Controller: Shared Services

11/5/16
Date

3. Recommended by:


Cynthia Stropet
Group Treasurer

11/5/2016
Date


Acting Group Treasurer

Recommended under the premise that the company is under pressure to arrange funding


George Nhantsi
Interim CFO

11/5/2016
Date

4. Supported by:


Molei Rungu
Manager: Operational Compliance

11/05/2016
Date

I recommend and this will be approved provided the interest rate that the company must will be favourable (5.5% - 7.0%)



"11"



SAA Submission
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SUBMISSION TO THE SAA GLOBAL SUPPLY MANAGEMENT

To:	SAA Global Supply Management
From:	General Manager / Regional Manager / Country Manager/Station Manager
Date:	11-05-2016

CONFIRMATION OF THE CONFINED BIDDERS FOR THE SUPPLY OF THE FOLLOWING GOODS/SERVICES: SOURCING OF FUNDS FOR SAA GROUP

1. PURPOSE

The purpose of the submission is to inform Global Supply Management (GSM) of the supplier(s) that are/is eligible to provide the good/service(s) – as ticked below.

2. MOTIVATION

The supplier/s listed below is/are the only supplier/s ☐ accredited/ ☐ licenced/ ☐ sole supplier/s or ☒ for business reasons (see attached motivation) to date that is/are eligible to provide the goods/services:

- a) BnP CAPITAL (Pty) Ltd
- b)
- c)

3. CONFIRMATION

I hereby declare that the above mentioned supplier/s is/are the only supplier/s accredited ☐ / licenced ☐ sole supplier/s ☐ or for business reasons ☒ (see attached motivation) to date, that is/are eligible to be invited to participate in the forthcoming procurement Process aimed to secure the supply and delivery of the requested goods/services.

SIGNATURES

.....

Name and Surname

DESIGNATION: GENERAL / REGIONAL / COUNTRY / STATION MANAGER

Page 1	Confidential	MEMO RM-CM-SM 2014 Confirmation of Confined Suppliers Version 15, Aug 2014
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Notes:

Confinement can be due to the following reasons:

- Confinement due to confidentiality of information that should not be shared with the public.
- Confinement because the suppliers are accredited by a statutory body or are licenced to carry out the services.
- Confinement because the supplier is the only one in the country/station who can perform the service.
- Confinement to a number of suppliers because they are the only ones who can be invited to tender for the services due to business reasons.

Therefore the person completing this declaration should choose or customise the confinement in line with the relevant reason for confinement.

Note: attach an addendum if the list of names of suppliers is long.





P

L.S. 089

RESPONSE TO THE EMAIL FROM SAA BOARD received on 8 July 2015 re – FUNDING RFP

OVERVIEW

The Treasury and Finance Team have always only had the interests of SAA at heart, as I think the SAA Board members would have too. In a quote by Socrates – "Instead of using your energies to find fault, rather use all your energies to do good"

Therefore in the light of using all our combined energies together, with the right mind-set to get SAA financially stable, and to stop being dysfunctional, I am sure we can all work together to find solutions together to assist SAA with its financial situation in a constructive manner.

The reason the RFP was sent out at that time, was because the Chairperson had instructed the CFO to send the RFP out, and he in turn instructed the Treasury Team to send it out. We sent the RFP on Friday 26 June 2015.

The Treasury Team has already prepared the initial submission to go to the following levels of governance – FRSC, EXCO, ARC and BOARD, to request for the opportunity to look at R14 Billion unsecured. However, the CFO wanted to first discuss with the Board members on the proposal we have received from the first RFP, and instead – received an instruction from the Chairperson to send out an RFP.

Hence with that in mind, I would like to caution against retracting the RFP, and rather really focus on what the ideal objective would be for SAA to manage its Debt Portfolio and its debt maturity profile.

Whether we withdraw the RFP, and dismiss the CFO or any person or persons the involved in the funding team, this action will not assist SAA, in finding a solution to its financial problems, which is but one of the many issues facing this organization. It will instead destabilize the company.

There is no harm resulting from sending out the RFP – as this has not placed any additional risk on SAA, and neither will any decisions be made from this RFP process, without the proper governance levels being followed and adhered to.

Be that as it may – we now realised that there is more interest from the funding institutions to assist with the consolidation and restructure of our debt, rather than just plain funding, because they still see SAA as high risk, despite the Government support in guarantees, due to the constant increase of its loan book year on year.

For clarification – the funding process is not regulated under the ambit of the Supply Chain Management Policy (SCM). It falls with the scope of the Financial Risk Management Policy – Section 10 – Funding Policy. (See attached FRMP)

From a "new entrants" perspective – SAA has always confined the "funding RFP" to the major financial institutions, because of the sensitivity and confidentiality nature of funding the company.

The previous RFP of R6 billion did not attract lots of interest and appetite from the banks – mainly because of the Comair Litigation. See attached "Summary of proposals" for the R6 billion RFP.

[Signature]
JR

PN

P.

However, this RFP was kept open and we received interest from non-banking institutions like FSFS Investments, KFH Investments, Exohome, and Wurbar. Manna, Seacrest-Kahl, Sotobe, Batho Maille; Hammerstleg etc.

How they got hold of the RFP Letter, we do not know as we did not send it to them. However, once they contacted SAA, we set up meetings or conference calls to see what they have on offer. And yes SAA is in a financial crisis and hence we wanted to ensure that we did not let anything go by unreviewed or unconsidered;

There was one proposal which caught our interest because they were offering unsecured funding. They sent us a letter advising that they have sufficient funds to cover the full debt of SAA. Needless to say, we started asking more questions.

We set up the meetings with them, with our Legal team, and in each meeting we requested the "source of funds" - because we were concerned that this could be a "scam" or "drug money" or "money laundering". We also requested from them to provide us more details on their company and the funding company. We subsequently requested them to provide us with a Term sheet which they could not provide, and hence I made a request to legal Department to draw up a draft term sheet to assist the client. The Legal dept. also completed a due diligence exercise and we received the initial copy of this due diligence. We however, had questions and requested further information. Secondly we also requested confirmation that these funds are available and whether they could ring fence for SAA. We have not received anything as yet, and still awaiting this final information. And hence why no submissions have been made to the FRSC, EXCO, Audit and Board as yet.

Once we receive this we would then submit our funding request for unsecured funding to the FRSC, then EXCO and then ARC and thereafter Board.

This entire process would have happened had we not been asked to do the RFP. With us sending out the RFP, we put everything on hold, and have not followed up on the outstanding information but rather focusing now on the new proposals.

We have an existing proposal on the table, and we would like to pursue this through the levels of Governance by submitting to the FRSC, then EXCO and then ARC and Board.

Our practice and intentions has always been that once we receive the firm confirmation of the proposal and commitment of funds available by the potential funders, we then advise the FRSC and EXCO, and obtain approval from ARC and BOARD to secure these funds. During this entire funding process we have also kept National Treasury updated with progress.

We therefore need to rather find solutions and work together for the better good of SAA. I am fully aware that SAA Board has oversight, and hence should not be operational and advising on when to send RFP's and when to retract. All the submissions are detailed with full history of process over the period, and hence we can confirm that we have not been negligent in any of our duties, processes or governance. We also provide in writing an update to the shareholder on the funding activities on a monthly basis. On a weekly basis we discuss the financial status and this is minuted.



Cynthia Stimpel.

Acting Group Treasurer.



IP

PN



Tel: 011 234 0710
 Fax: 086 638 4080
 Email: vonani@bnpcapital.co.za



Tuscany Office Park
 Postnet Suit 436, Private Bag X43
 Sunninghill, 2157
 Tuscany Office Park, Building 5, Coomble Place,
 Rivonia, 2157

25 May 2016

Chief Financial Officer
 Private Bag X13,
 KEMPTON PARK,
 1627

Dear CFO

ACCEPTANCE OF THE MANDATE

We acknowledge with thanks the award of this mandate and hereby graciously accept it.

We have, since the award of the first letter of award of the Transactional Advisor role, dedicated resources and expertise to analyse the financial and operating information of SAA, to ensure the highest quality service offering to SAA in the optimisation of the restructure of SAA's balance sheet.

In addition, we are engaged in the sourcing of an efficient funding package from our partners globally, including private equity funders, investors and development institutions who are funders into the aviation industry.

This is to ensure that we deliver on all the mandates entrusted to us by SAA. Accordingly, should SAA decide to unilaterally terminate our services, ahead of us fulfilling our mandate, for whatever reasons, on any matter outside of our control, a cancellation fee of 50% of all the fees as per our proposals to SAA, shall become due and payable in 5 working days following the cancellation notification date.

Looking forward to our partnership with SAA in ensuring its successful turnaround of its business.

Yours sincerely,

Daniel Mahlangu
 CEO

[Handwritten signature] I.P

Director: Daniel Mahlangu





SOUTH AFRICAN AIRWAYS

South African Airways
Interim Chief Financial Officer
Airways Park
Jones Road
O.R. Tambo International Airport
1627

PO Box X13
O.R. Tambo International Airport
1627

Tel: 27 11 978-1736
Fax: 27 11 978-1201

Email: phumezantantsi@flysaa.com

02 June 2016

Dear Mr Mahlangu,


Finance Transactional Advisory Services

I refer to your letters dated 25 & 31 May 2016 on the above matter.

I acknowledge your letters and advise that I am approaching the Board for their consideration of your stated acceptance terms, in particular your proposal for a cancellation fee of 50% in the event SAA terminating your mandate. I will advise as soon as I have received the Board's decision on the matter.

In the meantime, I attach the signed draft term sheet, which is non-binding on and is not enforceable against SAA. I have signed the draft term sheet as an indication of the terms I will be presenting to the Board for their consideration and decision. Notwithstanding signature, this draft term sheet is subject to the Board approving the above proposal on the cancellation fee, as well as subject to the execution of a services agreement between SAA and yourselves, following the Board approval of the cancellation fee proposal.

Yours faithfully


Phumeza Nhantsi (Ms)
Interim CFO

Directors

DC Mweni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwaana*, JE Tambo* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuka

South African Airways SOC Ltd

Reg. No. 1987/022444/30

A STAR ALLIANCE MEMBER 

AN





19:47

31 May 2016

Molo Sis wam, ulele kakuhle? Re BNP email on cancellation fee, we r @ cross purposes - I asked for SAA 2kindly acknowledge its receipt. Issues of quantum is a separate one. Kodwa ke addressing quantum, no one wants to touch SAA coz of, among others, going concern issue, r u aware ukuba treasury is running a process, closing 10 June, re merging SAA/ SAX/Mango? BNP is incurring costs of among others, sourcing funding globally for & on behalf of SAA, including the Chinese, Abu Dhabi, Europe, Brazil against all odds of SAA's challenges. Grissag has a cancellation fee, in USD, against BNP, coz of costs of flying around the world 2source costs for SAA. When SAA's customers cancel/ change tickets, SAA charges cancellation fee. We wanted 75%



< 6 Masotsha Mngadi Saa Nedbank



of among others, sourcing funding globally for & on behalf of SAA, including the Chinese, Abu Dhabi, Europe, Brazil against all odds of SAA's challenges. Grissag has a cancellation fee, in USD, against BNP, coz of costs of flying around the world 2source costs for SAA. When SAA's customers cancel/change tickets, SAA charges cancellation fee. We wanted 75% cancellation fees, but in dealing in good faith with SAA, so when we negotiate we end @50%, we asked for what BNP's actual cancellation costs. 2) Re yo statement that u take instructions from Yakhe, unless Yakhe & the chair comes up with a unanimous position, with respect, andisiqondi. Yo allegiance, I thought u r part of our collective team. Inoba I misunderstood u. Uxolo xa ndingakuqondanga. Imini emnandi.

05:35





< 5 Masotsha Mngadi Saa Nedbank



Sis wam, this letter u have sent, with respect, means nothing. It is of no use to the The funders, 2me,2 everyone. We might as well have waited for u 2 get board approval for the cancellation fee clause. Why do we drag/involve the funders overseas on the issues between SAA & the TA? Andiqondi. I thought the board resolution was curculated yesterday, to be dealt with today. I have 4 board members from the funders, who have flown to Porto from among others, Canada, Brazil, to sign a resolution to approve funds. They are furious with me 4wasting their time. Please tell me, when do u expect the response from the board?

21:02



< 5 Masotsha Mngadi Saa Nedbank



The impression created is that SAA doesn't want this funding. The funding term sheet, u say, is not binding, is subject to issues that have nothing to do with i term sheet. I don't know what to say to the funders ke ngoku. Please let us withdraw this letter.

21:14

The terms on the term sheet, ie, 15 years, low interest fixed rate, R15bn Loan, 5 years capital moratorium, were all agreed with SAA. Ngoku when u say all these terms r not binding, andiqondi. The term sheet ayidibani ne cancellation clause, or the execution agreement. Why link the these issues with i term sheet? Please ndicela uthethe noSihlalo, she's expecting yo call.

21:14





< 7 Masotsha Mngadi Saa Nedbank



03 Jun 2016

Molo Sis wam. Hopefully u have had a restful evening. U have been chosen to lead SAA, 2 lead us. I have faith in u to please demonstrate yo leadership qualities. U take decisions, not legal. As CFO, Please ensure SAA secures funding. B4 u go to NT this morning, I need a signed off term sheet, without conditions that have nothing to do with the term sheet. The BNP / SAA issues will be dealt separately. 4now let's put SAA interests 1st. Please let me, 1st thing b4 u go to NT, have a signed term sheet, without legal issues, 4me 2send 2 Grissag 2secure funding for SAA. If we don't lead this airline, someone else will lead it 4us. Believe me when I say We don't have time. If u can't execute my request, by latest 09h00 this morning, please let me know kwa kusasa so I inform all the stakeholders accordingly. A productive day 2u.



05.54





W

Vodacom

13:48



< 6 Masotsha Mngadi Saa Nedbank



Morning Bhuti wam, am already on my way to NT bhuti wam we are starting with the bankers at 8:00. So today I will not be able to do it. If I have to sign term sheet without saying it is not binding Bhuti sam I need the board approval. Kik the acceptance letter came with the mandate. Dudu is meeting with Yakhe at 8:00 so hopeful they will discuss it but on my side I was asked that I can't even give submission to Board without Legal, that is the process Bhuti.

06:09 ✓✓

If I have to do without board approval Bhuti wam then it will compromise my Career it is beyond my madate

06:12 ✓✓

PN





BNP CAPITAL

Accounting & Administration

BNP Capital
 Summit House
 15 School Rd, Morningside 2136
 Postnet Suite 404 Private Bag 245 Morningside 2137
 T +27 (0) 11 783 7135 F + 27 (0) 11 783 9972
 E benel@bnpcapital.co.za

South African Airways
 4th Floor, A Block
 Airways Park
 Jones Road
 OR Tambo International Airport

08 June 2016

RE: BNP Capital / Grissag AG Services for & on behalf of SAA

Dear CFO,

On 3 June 2016, during the National Treasury /SAA /SAA funders meeting, the key points were:

- 1) The funding currently in place would be rolled over, over the various tenors offered by various institutions, with the clear understanding that a consolidated debt funding solution must be finalized by SAA. Indeed certain funders noted that the funding was a "bridge" - this Interim funding should be replaced by long term funding;
- 2) The National Treasury stated that further financial support would be provided once the governance and compliance milestones have been achieved, including beefing up the board; put differently, until the going concern issues surrounding SAA are resolved, meaning that SAA faces challenges to attract long term efficient funding. It should be noted that all the funders with a presence in South Africa that are funding SAA were represented. So the total pool of funding for SAA was exhausted/ covered by these funders.

- 3) Each time the funding institutions roll over their funding, they increase their funding interest rates, thus taking advantage of the challenging position facing SAA.

I list the above key points to put into perspective the enormous task facing BNP Capital and its funding partners to pull off the long debt funding solution for and on behalf of SAA.

In the fulfillment of the above mandate, the following tasks has been implemented:

BNP CAPITAL

[Signature] IP

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X1

BNP Capital has, from the date of the mandate by / from SAA, put together a dedicated team of professionals, with various expertise and track record in the fulfillment of our mandate, in the fundraising exercise from our Global partners, including the Chinese (China Development Bank), The Middle East (Etihad in Abu Dhabi), Brazil, Canada and Europe (Grissag AG). This entails incurring both man hours and disbursements in its coordination.

GRISSAG AG

- 1) Grissag AG has been chosen and tasked to find a total of ZAR15bn from its various long-term investments around the globe, because of their efficient funding terms as listed below.
- 2) This entails breaking up those investments, and consequently the incurring of breakage costs, to achieve this fundraising of R15bn.
- 3) Following the written request from SAA of a term sheet stating, firstly, if we are able to raise this funding, given SAA's challenges above, and secondly, what are the terms attached to the funding raised, 4 directors were dispatched to Paris, France, on 1 June 2016. These directors came from, among other countries, Brazil, Canada, Russia.
- 4) In putting together the term sheets, for and on behalf of SAA, these directors have sent SAA 2 term sheets for SAA to choose their preferred choice. Grissag AG has had to keep these directors in Paris from 1 June to date, whilst waiting for receipt of SAA's preferred option, in the process incurring flights and accommodation costs, among others, in €/£ to execute the sourcing of funds.
- 5) In addition, we have had to provide proof of funds, to demonstrate access to funds - Grissag AG incurs costs to put this in place.
- 6) To mitigate Grissag AG's losses in the event of SAA cancelling the funding as above, Grissag AG will invoice BNP Capital with cancellation charges of USD5m.
- 7) Whilst BNP Capital and SAA delays in the sending of a signed, unconditional term sheet, indicating SAA's preferred option, Grissag AG has had to keep these directors in Paris, for 8 days and counting. Grissag AG is becoming of the view that as South Africa, we don't need these funds, and they want to abandon this process and our request, as they have business to attend to in their respective countries. We as BNP, they say, are wasting their time.
- 8) Regards the term sheets options given to SAA, we submit, with respect, that the terms secured - including the long term tenor, capital payment holiday of 5 years, efficient interest rates, the requirement of less government support compared to any of the current SAA funders - all these terms are better than any and all the terms currently offered by SAA's funders. Whilst our terms are much better than what SAA is able to command in the financial markets, the unconditional term sheets, are on their own, not binding contracts to SAA - SAA Legal, among others, surely knows this. To delay the sending of this signed off term sheet indicating SAA's choice jeopardizes this whole fundraising process. This surely cannot be in the interest of SAA.

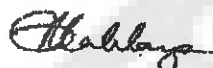
[Signature] T.P

IX

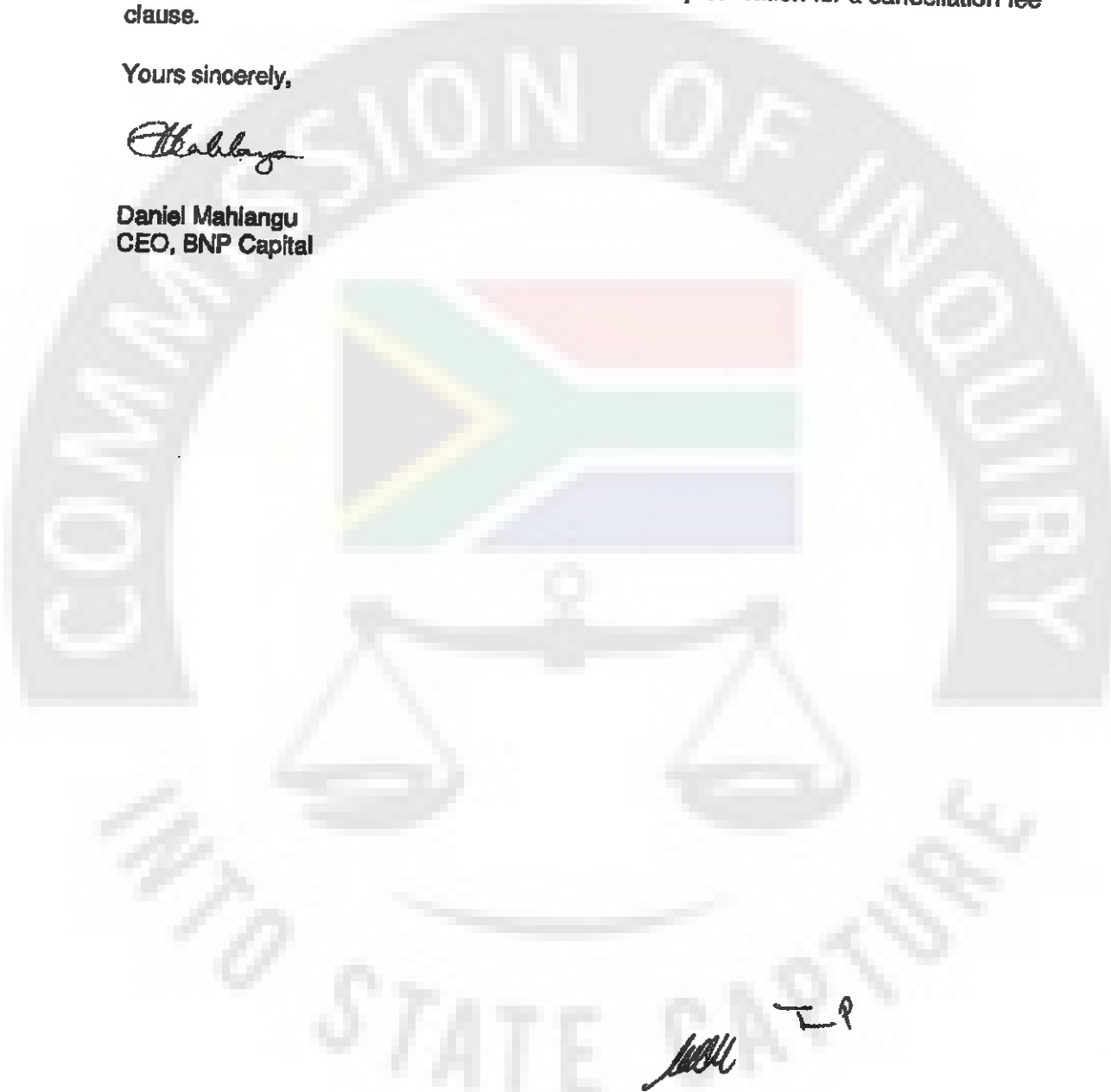
OUR PRIMARY URGENT REQUEST TO SAA IS TO SIGN OFF THE TERM SHEET INDICATING ITS PREFERRED CHOICE, IMPORTANTLY, OMIT THE WRITE-UP "NOT BINDING" - THIS IS STATING THE OBVIOUS, AND FORWARD SAME BEFORE THE CLOSE OF THE BUSINESS DAY TODAY TO ENABLE THE DIRECTORS CURRENTLY IN PARIS, TO GET ON WITH THE WORK OF FINALISING THE RAISING OF FUNDS FOR & ON BEHALF OF SAA.


This schedule above also serves to demonstrate the justification for a cancellation fee clause.

Yours sincerely,



Daniel Mahlangu
CEO, BNP Capital



 LP



Y

Nhlakanipho N. Kunene

From: Masotsha Mngadi <mngadi.masotsha@gmail.com>
Sent: Wednesday, 08 June 2016 13:05
To: phumezanhantsi@fysaa.com; musazwane@fysaa.com; Dudu Myeni
Subject: Fwd: RE: BNP Capital / Grissag AG Services for & on behalf of SAA
Attachments: BNP Capital Grissag AG Services for & on behalf of SAA.pdf

Dear CEO / CFO

Please find attached under cover hererof for your kind attention - specifically, the paragraph in CAPITAL LETTERS, for your urgent attention.

If you can kindly send me the signed term sheet, without the 'not binding' write up, which was included next to the CFO's signature in the previous signed off term sheet, by the end of the business day today, so as not jeopardise the fundraising process for and on behalf of SAA.

Please note that meantime BNP Capital is still awaiting the draft contract incorporating the proposed rules of engagement between BNP Capital and SAA. I humbly request though, that this non receipt should not be an impediment to sending the signed off term sheet indicating SAA's preferred option of funding.

Looking forward to your kind response.

Kindly acknowledge receipt.

Thanks, kindest regards.

Masotsha

----- Forwarded message -----

From: "Irvine Moyo" <irvine@bnpcapital.co.za>

Date: 08 Jun 2016 12:50 PM

Subject: RE: BNP Capital / Grissag AG Services for & on behalf of SAA

To: "Masotsha Mngadi" <mngadi.masotsha@gmail.com>, "Daniel Mahlangu" <daniel@bnpcapital.co.za>

Cc:

Dear Messrs

Attached is the letter you requested to be sent to the CFO.

Kind Regards

PN



Z

Vodacom 4G

17:38



9 Masotsha Mngadi Saa Nedbank



23 May 2016

Has the 2 board members approved/
signed Sis wam?

14:54

Not yet Bhuti

16:23 ✓✓

Sis wam, kukho ingxaki @ board level? Chair approved the TA funding issue last Friday, 4 days later, the other board members have not come to the party. Grissag has already sent proof of funds to Standard Bank in Bedfordview. We r not coming to the party.

17:51

PN



EMAIL FROM CHAIRPERSON OPPOSING CFO APPOINTMENT
OF PHUMEZA NHANTSI

groundworksprojects@hotmail.co.za

Z1

From: Dudu Myeni <dudum@jacobzumafoundation.org.za>
Sent: Monday, 13 March 2017 10:20 PM
To: Ruth Kibuuka
Subject: Appointment of the CFO

Honourable Colleagues

Written resolution: Appointment Chief Financial Officer

I refer to the written resolution circulated together with a report on the search process of the CFO as concluded. The Board is requested to vote in favour or against the resolution.

Firstly I am unfortunately opposed to the principle of the board considering, possibly one of the two most important appointments to be made, in the manner of a circulated resolution with only a brief supporting explanation, especially at the Board level, even after an hour telecom meeting, as per the scheduled meeting at a short notice which i could not participate in.

It is clear that this appointment is one upon which the consortium of lenders (Banks) placed great weight as per conditions enlisted for SAA to adhere to. In fact it is a condition for proceeding with the turnaround. Certainly a time constraint has been placed upon us but that can only be secondary to an implied condition that the appointment is to be the **best possible candidate to take this company (in its seriously challenged state) forward into recovery.** Such a person needs to be extraordinary, with years of experience as a CFO. A large part of our turnaround depends on this appointment. It cannot be business as usual.

Secondly, I note two important comments in the documents attached as supporting explanation or motivation for appointment. The one is that the panel / committee found that none of shortlisted candidates interviewed had the desired level of skill (*"the panel was not satisfied that any of these individuals were the most optimum candidates for what SAA requires"*). Further after all the considerations, the final assessment carried the limitation that this is less than what we require. (*"... on the basis of the above and the reality that none of the other candidates have any aviation experience, none is rounded in terms of the capabilities that are required of this position at SAA and the company does not have the luxury of appointing someone who has material development areas. Ms Nhantsi is the best choice, under the circumstances"*)

It is inconceivable to me that we are considering an appointment which the selection committee / panel believes is sub optimal - yet (only) due to time constraints, is the preferred candidate. Yet we are encouraged that as we are likely to appoint a good CEO

and that we have **Seabury Consulting Firm**, they can bridge the recognised shortcomings of what is less than optimum appointment of the CFO. This position is critical. It is a leadership role and is an *ex officio* member of this board. What is it that we expect from an incumbent who will be expected to turn the company around?. How will we performance manage an appointment which is made upon the premise that **others will provide support** to overcome known areas of weakness. For someone who will be doing her job, with full pay, who will be expected to do her job, like all executives, but will be allowed to walk into a position, with the consultants, and new CEO coming, to support her? Will it be fair to the appointee in 12 months' time to recognise that less than optimum is sufficient to make the required difference.

In addition to these principles I have a few particular points regarding the proposed appointee.

1. 14 months experience in an executive role such as this and with a similar brief aviation experience is concerning – this is no ordinary position;
2. The proposed appointee has not made a remarkable impact over these +-15 months. I would like to know the extraordinary steps, what initiatives, what improved controls, what standards have been initiated and what results have been yielded.
3. Has she taken any of the recommendations made by entities like EY, since she was part of the report handover which clearly refers to a number of findings, where maladministration, corruption and flouting of policies and PFMA contraventions were cited in the report, and never implemented. This is part of the CFO responsibilities, that were highlighted and recommended in her presence at the meeting by EY. Part of turning the airline around is to ensure such things are attended to speedily as they keep draining the company. Other recommendations were from ENS and others (which while ENS is not favoured by all, the outcomes of the report have yet to be objectively tested) and either challenged or changed or implemented. Could these not have been an opportunity for a CFO to display her commitment into the position by implementing any of these recommendations among other duties?
4. What impact has she had on the existing structures and how has she managed some of the conflicts that will arise in this position.
5. Has Ms Nhantsi been assessed in her past 15 months, and what could have been the outcome of her performance assessment?
6. When she was seconded from the SizweNtsaluba Auditing Firm, she was going to be with SAA for a very short period, in fact of not more than 6 months, as the search for a CEO had been done and finalised. Is it going to be the same business as usual where we do not expect different results from her?
7. Transformation in procurement has not improved under her tenure, and the 2% of 24 billion remains unacceptable in my view, and that is a space she clearly understood that it is her role to advertise tenders and ensure that old contracts on month to month are advertised, and contracts that have been there for over 25 years are not just extended, but markets are tested. These are issues that have not changed under her +-15months tenure.

21.2.2018

Finally, I am most concerned that we are considering an appointment which is **admittedly less than optimal** and of a person whose short tenure at SAA has not demonstrated any of the extraordinary talents necessary for this massive task, a CFO being the nerve centre of any company. **By our own admission** we are accepting second best and purely because we are out of time, as instructed by Banks, and we also admit that we shall appoint a strong CEO who will give her support, including the American Consulting Firm, Seabury. Am not to sure, but can be advised, if we allow management to have their roles, fully paid for, and done by consultants. In that case what salary structure can one approve if this is the case?

This matter ought not be left to a written resolution without a debate deserving of this appointment, and the Banks cannot expect us to turn the company around rush such an important decision because we owe them. These decisions are very important to all including the Shareholder Representative and the Shareholder.

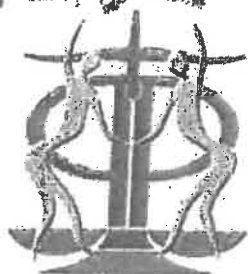
I am unfortunately not able to support the resolution on the information as shared.

()
Regards

Ms D Myeni
Chairperson



ANN Z 2



**PUBLIC PROTECTOR
SOUTH AFRICA**

Accountability • Integrity • Responsiveness

Head Office: Pretoria
175 Lunnon Street
Hillcrest Office Park
Pretoria, 0083

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Pretoria, 0001

Toll free: 0800 11 20 40

Tel: 012 366 7000

Fax: 012 363 3476

Email: registration2@pprotect.org

Website: www.publicprotector.org

Facebook: Public Protector South Africa

Twitter: @PublicProtector

Please quote this reference in your reply: 7/2- 019158/16

Enquiries: Ms Vanessa Mundree/ Ms Dolan Raphiri

Tel: 012 366 7161

Email: VanessaM@pprotect.org

DolanR@pprotect.org

Mr Musa Zwane

Acting SAA Group Chief Executive Officer

OR Tambo International Airport

Kempton Park, Ehurhuleni

Gauteng

1627

Dear Mr Zwane

**INVESTIGATION INTO ALLEGATIONS OF PROCUREMENT IRREGULARITIES IN
THE AWARDING OF THE TENDER CONTRACT TO BnP CAPITAL BY THE
SOUTH AFRICAN AIRWAYS.**

1. The office of the Public Protector has received a complaint regarding allegations of procurement irregularities in the awarding of the tender contract to BnP Capital.

REQUEST LETTER TO ACTING CEO SAA

PN

Z2.1

2. Please note that our investigations are conducted in terms of section 182(1) of the Constitution of the Republic of South Africa, read with section 6 and 7 of the Public Protector Act, 1994.
3. The purpose of this letter is to inform you of the allegations levelled against you and to request your assistance in the investigation of this matter by providing me with documents listed below.
4. The investigation emanates from a complaint, which was lodged with the Office of the Public Protector, whereby the allegations are:
 - 4.1 On 14 July 2016 a Member of Parliament Hon. R.A Lees, MP lodged a complaint with the Office of the Public Protector.
 - 4.2 The complaint emanates from the alleged irregular awarding of tender contract to BnP Capital to advise SAA on the restructuring of its R15 Billion Rand debt and to raise funding, in return for a R256 Million success fee.
 - 4.3 According to the Complainant, five board members voted in favour of approving the contract on a confined basis. They included SAA Board Chairman Dudu Mnyeni.
 - 4.4 The Complainant alleges that internal SAA documents related to the tender show the board resolution was approved on 24 May 2016, even though two board members Yakhe Kwinana and John Tambi, only signed their approvals through round robin on 27 May 2016.
5. You are therefore requested to respond to the above allegations and provide the following information and documentation with a view to expediting the investigation :
 - 5.1 A statement providing an explanation, regarding whether or not the South African Airways had indeed made concessions with BnP Capital regarding the

Z22

- procurement of their services, the purpose of such, and the process of authorization thereof;
- 5.2 Documentation pertaining to the procurement of BnP Capital including the following ;
- 5.2.1 Supply Chain Policy of SAA ;
 - 5.2.2 All internal correspondence, memoranda, reports and minutes of the meetings in respect of the decision to secure the services of BnP Capital ;
 - 5.2.3 All the relevant documentation indicating how the procurement was budgeted for ;
 - 5.2.4 Advertisement / Request for quotation ;
 - 5.2.5 Bid Specification Documents ;
 - 5.2.6 Bid Evaluation Documents ;
 - 5.2.7 Bid Adjudication Documents ;
 - 5.2.8 Minutes of all meetings of the relevant committees ;
 - 5.2.9 Appointment letter of BnP Capital ;
 - 5.2.10 The copy of the contract between SAA and BnP Capital ;
 - 5.2.11 The reasons why the contract was cancelled and if any payments were made to BnP Capital prior to the cancellation of the contract ;
 - 5.2.12 Approval of the Cancellation fee paid to BnP Capital and
 - 5.2.13 Any other relevant information that may be of assistance in the investigation
6. You are kindly requested to look into the above allegations and provide the relevant documentation.
7. We would be pleased to receive your response and the requested information at your earliest convenience but not later than 10 March 2017.

Best wishes,


ADV. N KANYANE

ACTING EXECUTIVE HEAD

GOOD GOVERNANCE AND INTEGRITY

DATE : 22/02/2017

REQUEST LETTER TO ACTING CEO SAA

PN



Z2.3



**PUBLIC PROTECTOR
SOUTH AFRICA**

**CLOSING REPORT ON AN INVESTIGATION INTO ALLEGATIONS OF PROCUREMENT
IRREGULARITIES IN THE AWARDING OF THE TENDER TO BnP CAPITAL BY SOUTH AFRICAN
AIRWAYS IN RETURN FOR A R256 MILLION SUCCESSION FEE.**

REF NUMBER: 7/2-019158/16

1. BACKGROUND

- 1.1. The closing report relates to an investigation in connection with allegations of procurement irregularities in the awarding of the tender to BnP Capital by South African Airways (SAA), in return for a R256 million succession fee.
- 1.2. A copy of the closing report is provided to the Complainant, Mr R.A Lees, in terms of In terms of section 8(3) of the Public Protector Act.
- 1.3. A copy of the report is also provided to the Acting Chief Executive Officer of South African Airways (SAA), Mr Musa Zwane, in terms of section 8(3) of the Public Protector Act, 1994.

2. THE COMPLAINT

- 2.1. In essence the complaint received on 15 July 2016 , alleged that the tender awarded to BnP Capital, to advise SAA on the restructuring of its R15 Billion debt and to raise funding, in return for a R256 Million succession fee, was irregularly procured.

Z2.4 ~~2.4~~

- 2.2. The Complainant further alleged that according to a reputable newspaper, five board members voted in favour of approving the contract on a confined basis, including the SAA Board's Chairperson, Ms Dudu Myeni.
- 2.3. Further thereto, the newspaper reported that internal SAA documents related to the tender show that the Board's resolution was approved on 24 May 2016, even though two Board members only signed their approvals through round robin on 27 May 2016.
- 2.4. The Complainant stated further that confined tenders should only be considered when it is impractical to follow an open tender bidding process due to urgent needs, and that the "urgency" excuse given by SAA for not going out on tender was a fabrication, as the need for working capital to replace maturing loans was known years in advance, which started with the former CFO Mr Wolf back in 2015, but was stopped by Ms Myeni who objected to the Board's involvement in the matter.

- 2.5. The Complainant further questioned as to who would benefit from the highly excessive "finder's fee".

3. THE ISSUES CONSIDERED AND INVESTIGATED

- 3.1. Based on an analysis of the complaint, the following issue was identified to inform and focus the investigation:

- 3.1.1 Whether SAA irregularly awarded a tender contract to BnP Capital to advise SAA on the restructuring of its R15 Billion debt and to raise funding, in return for a R256 million succession Fee.

4. POWERS AND JURISDICTION OF THE PUBLIC PROTECTOR

- 4.1. The investigation was conducted in terms of section 182 (1) of the Constitution and sections 6 and 7 of the Public Protector Act.
- 4.2. Section 182(1) of the Constitution provides that the Public Protector has the power to investigate any conduct in state affairs, or in the public administration in any sphere of government, that is alleged to or suspected to be improper or to result in any impropriety or prejudice, to report on that conduct and to take appropriate remedial action.

Z2.5

5. APPROACH TO THE INVESTIGATION

5.1. Like every Public Protector investigation, the investigation was approached using an enquiry process that seeks to find out:

- What happened?
- What should have happened?
- Is there a discrepancy between what happened and what should have happened and does that deviation amount to maladministration?
- In the event of maladministration what would it take to remedy the wrong or to place the Complainant as close as possible to where they would have been but for the maladministration or improper conduct?

5.2. The question regarding what happened is resolved through a factual enquiry relying on the evidence provided by the parties and independently sourced during the investigation. In this particular case, the factual enquiry principally focused on whether or not SAA irregularly awarded a tender contract to BnP Capital to advise SAA on the restructuring of its R15 Billion debt and to raise funding, in return for a R256 Million succession fee.

5.3. The enquiry regarding what should have happened, focuses on the law or rules that regulate the standard that should have been met by SAA in order to prevent maladministration and prejudice.

6. THE INVESTIGATION

6.1 The investigation process

6.1.1 The investigation process included an exchange of correspondence with SAA as well as analysis of the information received and consideration and application of the relevant laws, regulatory framework and jurisprudence relating to the matter.

7. KEY SOURCE OF INFORMATION

7.1 Correspondence

7.1.1 Correspondence was exchanged with SAA and the Public Protector Office on 22 February 2017 requesting information and a response was received on the 23 March 2017.

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8. THE DETERMINATION OF THE ISSUES IN RELATION TO THE EVIDENCE OBTAINED AND CONCLUSIONS MADE WITH REGARD TO THE APPLICABLE LAW AND PRESCRIPTS

8.1 Whether SAA irregularly awarded a tender contract to BnP Capital to advise SAA on the restructuring of its R15 Billion debt and to raise funding, in return for a R256 Million succession Fee.

8.1.1 Section 217 of the Constitution is the basis upon which all procurement practices within the public sector are developed. The Constitution demands that when an organ of state contracts for goods and services it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

8.1.2 According to the analysis of information received, SAA did undertake a process to procure a company to advise it on the restructuring of its R15 Billion debt and to raise funding, in return for a R256 million succession Fee.

8.1.3 During the process BnP Capital had demonstrated compliance with the applicable tender criteria, including a valid licence from the Financial Services Board (FSB).

8.1.4 BnP Capital was thus issued a letter of award on the 26 April 2016, however, whilst the parties were negotiating a contract SAA discovered that BnP's licence with FSB had been suspended and consequently terminated the appointment of BnP Capital on 20 July 2016, after the complaint was lodged.

8.1.5 Accordingly no payments or cancellation fees were made by SAA to BnP Capital.

9. REASONS FOR CLOSURE

9.1. The Public Protector is accordingly advising you that the matter you had raised has been sufficiently dealt with and does not require any further investigation by this office, based on the following:

9.1.1. The valid FSB licence was a critical criteria for the award and a material condition for the provision of the required service.

Z27

9.1.2. BnP Capital's appointment to provide SAA with financial advisory services and to source funds on SAA's behalf was terminated, due to their failure to comply with the criteria and condition of the Request for Proposal.

9.1.3. No financial implications were incurred in terms of payments to BnP Capital or cancellation fees.

Yours faithfully

Prepared by:



MS V. MUNDREE

SENIOR INVESTIGATOR

GOOD GOVERNANCE AND INTEGRITY BRANCH

PUBLIC PROTECTOR SOUTH AFRICA

DATE: 2017.06.14

Recommended / Not Recommended by:



MR RODNEY MATABOGE

ACTING CHIEF INVESTIGATOR

GOOD GOVERNANCE AND INTEGRITY BRANCH

DATE: 2017.06.14

Approved / Not-Approved by:



ADV. C.H. FOURIE

EXECUTIVE MANAGER

GOOD GOVERNANCE AND INTEGRITY BRANCH

DATE: 16/6/2017



Statement from SNG confirming that they informed ICFO that the going rate for success fee is 2-3%

I, the undersigned,

23

Mzuyanda Fonya

state that:

- 1 I am an adult male of full legal capacity, a Senior Manager at Sizwe Ntsalubo Gobodo (SNG).
- 2 I have a CA (SA). I obtained my postgraduate degree from the University of SA. My undergraduate degree was at Fort Hare.
- 3 I have been employed at SNG since 2008. I started out as a trainee accountant for 3 years and then accountant for 2 years, then a supervisor for 2 years and then a manager for 2 years. I am now a senior manager.
- 4 I do corporate finance advising: which entails transaction support and transaction advising. Transaction support = someone else is making the decision and you provide support for that decision. For instance, due diligence of underlying decision.
- 5 Transactional advisor provides advice on the whole process.
- 6 SNG provides a full bouquet of corporate finance = from finding a deal to financing it.
- 7 Sourcing of funds = private equities (sell shares), bond market (debt usually linked to sovereign states), banks (ordinary loans).
- 8 I said one would charge anything between 2 – 3% depending upon how the deal will be structured. The 2 – 3% is the average. The bigger the deal the lower the rate. The lower the deal the higher the rate. If the deal is complicated (tax, structure of funding, etc, considerations, require input of more experts) the higher the rate.

PN

- 9 It could go higher if it is in the equity market. I know of somebody who is charging as much as 5%.
- 10 Clients come to you with a scope of deal and you can assess what the nature of the deal is up front. You would have a clause that allows you to increase your rate depending upon the complexities.
- 11 Phumeza phoned me. This was in approximately 2016. She wanted to know what the cost or percentage that would be charged on a R15 bn deal. She wanted to source funding within 2 months. I advised her that it would cost approximately 2 – 3%. This would exclude a retainer. Generally, the presence of a retainer would make the success fee lower.
- 12 I did not have to do any research because I was familiar with these types of deals.
- 13 Private equity firms, audit firms etc do sourcing of funds. I don't know whether the banks do sourcing of funds. Typically, the banks would not do sourcing of funds. They are themselves the provider of funds. I don't understand why the banks would charge anything for sourcing funds. This sounds like a charge for providing you with the funds without doing any work at all except walking down the passageway.
- 14 Our firm runs on retainers. So we would have a retainer + success fee.
- 15 Arranger fee = sourcing of funds
- 16 Participation fee = 1%. It is a charge for lending you the money. It is an up-front charge.
- 17 The success fee is based upon substantial risk. One could arrange funding and then the debtor decides not to go ahead with the deal resulting in no funding at all.



SOUTH AFRICAN AIRWAYS

MEMORANDUM OF INCORPORATION

OF

SOUTH AFRICAN AIRWAYS STATE OWNED COMPANY (SOC) LIMITED

Registration No. 1997/022444/30

This MOI was adopted by Special Resolution passed by the Shareholder of the Company.

Initials

This Memorandum of Incorporation was submitted to and adopted by a Special Resolution passed by the Shareholders of the Company at _____ on _____ 2015 and initialled by the chairperson for the purpose of identification.

REPUBLIC OF SOUTH AFRICA

COMPANIES ACT, 2008

MEMORANDUM OF INCORPORATION

OF

SOUTH AFRICAN AIRWAYS SOC LIMITED

REGISTRATION NO. 1997/022444/30

which is referred to in the rest of this Memorandum of Incorporation as the "Company".

The Schedules and Annexures attached to this Memorandum of Incorporation are incorporated into, and form an integral part of, this Memorandum of Incorporation.

This Memorandum of Incorporation was adopted by Special Resolution passed on _____ 2015 in substitution for the existing memorandum of incorporation of the Company.

Preamble

The Company is a pre-existing company as contemplated in Item 2 of Schedule 5 of the Companies Act and was incorporated pursuant to the Legal Succession to the South African Transport Services Act, No. 9 of 1989. The business of the Company is engaging in passenger airline and cargo transport services; air charter services; and other related services, it being recorded that the Company is also subject to the provisions of the PFMA. The Company now wishes to adopt this Memorandum of Incorporation in order to bring its constitution in line with the Companies Act.


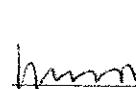
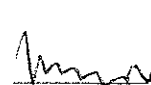

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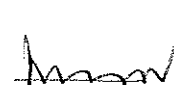
1. INTERPRETATION

In this Memorandum of Incorporation:-

- 1.1. Words used in this MOI, but not defined in this MOI will bear the same meaning in this MOI as in the Companies Act and/or the PFMA. The definitions from the Companies Act are contained in **Annexure A** for ease of reference. For ease of reading, all such terms have been capitalised in this MOI.
- 1.2. The headings to the clauses of this MOI are for reference purposes only and shall not in no way govern or effect the interpretation of nor the modify nor amplify the terms of this MOI nor any clause;
- 1.3. Unless the context provides or requires otherwise the and expression below shall bear the following meanings and cognate expressions shall bear corresponding :-
- 1.4. **"Alliance Membership"** means a strategic arrangement with a group of airlines for the purpose of optimising air transport services where the arrangement involves the provision of rights and obligations relating to the use of the designator of another airline, its trademarks, and/or its branding;
- 1.5. **"Auditing Profession Act"** means the Auditing Profession Act, 2005 (Act No. 26 of 2005);
- 1.6. **"Board"** means the board of directors of the Company as constituted from time to time, as defined in the Companies Act, which is also the accounting authority for purposes of the PFMA;
- 1.7. **"CEO"** means the Chief Executive Officer of the Company;
- 1.8. **"CFO"** means the Chief Financial Officer of the Company;
- 1.9. **"Companies Act"** means the Companies Act, 2008 (Act No. 71 of 2008)as amended, consolidated or re-enacted from time to time and includes all schedules thereto and the Regulations;
- 1.10. **"Company"** means the South African Airways SOC Limited, with registration No. 1997/022444/30 created in terms of the South African Airways Act, 2007 (Act No.5 of 2007);
- 1.11. **"Company in general meeting"** means a formal meeting of, or a resolution passed by, the Shareholders;

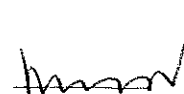

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- 1.12. **"Corporate Plan"** means the 3 (three) year plan of the Company as contemplated in the PFMA, which plan must include (but is not limited to):-
- 1.12.1. strategic objectives and outcomes identified and agreed on by the Shareholders in the Shareholder's Compact;
 - 1.12.2. strategic and business initiatives as embodied in business function strategies;
 - 1.12.3. key performance measures and indicators for assessing the Company's performance in delivering the desired outcomes and objectives;
 - 1.12.4. a risk management plan;
 - 1.12.5. a fraud prevention plan;
 - 1.12.6. the SMF;
 - 1.12.7. a financial plan addressing:-
 - 1.12.8. quarterly projections for the first year of revenue, expenditure and borrowings against annual targets;
 - 1.12.9. asset and liability management;
 - 1.12.10. cash flow projections;
 - 1.12.11. capital expenditure programmes; and
 - 1.12.12. dividend policies; and
 - 1.12.13. such other issues as may be required in terms of the PFMA from time to time.
- 1.13. **"Deliver"** means the various ways in which the Company is entitled to give notice or deliver documents in accordance with clause 24 and the Companies Act, including Table CR3 of the Regulations of the Companies Act (which is attached hereto as **Annexure C**), and **"Delivered"** and **"Delivering"** shall have the corresponding meaning as the context may indicate;
- 1.14. **"Directors"** means the directors of the Company from time to time, as defined in the Companies Act and **"Director"** shall have a corresponding meaning as the context may indicate;
- 1.15. **"Distribution"** means a distribution as defined in the Companies Act and **"Distribute"** and **"Distributed"** shall have the corresponding meaning as the context may indicate;

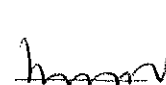


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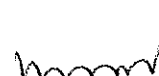
- 1.16. **"Effective Date"** with reference to any particular provision of the Companies Act, means the date on which that provision came into operation in terms of section 225 of the Companies Act;
- 1.17. **"Electronic Address"** means in regard to Electronic Communication, any email address furnished to the Company by the Shareholders;
- 1.18. **"Electronic Communication"** has the meaning set out in section 1 of the Electronic Communications and Transactions Act, No. 25 of 2002;
- 1.19. **"Enabling Legislation"** means the South African Airways Act, No. 5 of 2007 as amended or any legislation which replaces it;
- 1.20. **"Financial Assistance"** has the meaning set out in section 45(1) of the Companies Act;
- 1.21. **"Financial Year"** has the meaning set out in clause 25;
- 1.22. **"Gazette"** means the Government Gazette of the Republic;
- 1.23. **"Government"** means the Government of the Republic;
- 1.24. **"Group Company"** means any Subsidiary of the Company;
- 1.25. **"Ineligible or Disqualified"** means ineligible or disqualified as contemplated in the Companies Act (a list of which is in **Annexure B** for ease of reference) or as contemplated in clause 13.7.2.2.6, which shall apply not only to Directors but also to members of Board committees and Prescribed Officers;
- 1.26. **"Memorandum of Incorporation"** or **"MOI"** means this Memorandum of Incorporation, as amended from time to time;
- 1.27. **"Minister"** means the Minister responsible for the administration of the South African Airways Act, 2007 (Act No.5 of 2007);
- 1.28. **"Month"** means a calendar month and **"Months"** shall have a corresponding meaning as the context may indicate;
- 1.29. **"Office"** means the registered office of the Company from time to time;
- 1.30. **"Ordinary Resolution"** means a resolution adopted with the support of more than 50% (fifty percent) of the Voting Rights Exercised on the resolution at a Shareholders' Meeting, or by the Shareholders acting other than at a meeting, as contemplated in section 60 of the Companies Act;


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- 1.31. **"Person"** includes a Juristic Person;
- 1.32. **"PFMA"** means the Public Finance Management Act 1999(Act No. 1 of 1999, including all Treasury Regulations made pursuant thereto;
- 1.33. **"Prescribed Officers"** means a person who, within a company, performs any function that has been designated by the Minister of Trade and Industry in terms of section 66 (10) of the Companies Act;
- 1.34. **"Present"** shall have the meaning ascribed to the term "present at a meeting" in the Companies Act;
- 1.35. **"Public Audit Act"** means the Public Audit Act 2004, (Act No. 25 of 2004);
- 1.36. **"Regulations"** means the regulations published pursuant to the Companies Act from time to time;
- 1.37. **"Remuneration Policy"** means the Remuneration Policy of the Company which will include and incorporate the "Remuneration Guidelines" and/or "Standards" on remuneration issued by the Minister from time to time as confirmed by the Company on an annual or biennial basis ;
- 1.38. **"Republic"** means the Republic of South Africa;
- 1.39. **"Revenue Fund"** has the meaning set out in section 1 of the PFMA;
- 1.40. **"Round Robin Resolution"** means a resolution passed other than at a:-
- 1.40.1 Shareholders' meeting, which:-
- 1.40.1.1 was submitted for consideration to the Persons entitled to Exercise Voting Rights in relation to the resolution; and
- 1.40.1.2 was voted on in Writing by the requisite percentage of the Persons entitled to vote, as contemplated in clause 12 by signing a resolution in counterparts on behalf of the Shareholders or by duly authorised representatives thereof within 20 (twenty) Business Days after the resolution was submitted to them.
- 1.40.1.3 meeting of Directors, in respect of which, subject to clause 13.11.9, 51 (fifty one percent) of the Directors voted in favour by Signing, in Writing, a resolution in counterparts, within 10 (ten) Business Days after the resolution was submitted to them; provided that each Director has received notice of the matter to be decided;


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- 1.41. **"Shareholders"** means the registered holders of Shares, and **"Shareholder"** shall have the corresponding meaning;
- 1.42. **"Shareholder's Compact"** means the Shareholder's Compact, being an agreement entered into in terms of sub-regulation 29.2 of the Treasury Regulations between the Government (as represented by the Minister) and the Board annually;
- 1.43. **"Shareholders' Meeting"** means with respect to any particular matter concerning the Company, a meeting of the those Shareholders of the Company's issued Shares who are entitled to Exercise Voting Rights in relation to that matter;
- 1.44. **"Shares"** means any shares issued, or authorised to be issued by the Company;
- 1.45. **"Sign"** and **"Signature"** include, respectively, lithography, printing, electronic signature or signing by a mechanical or electronic process or means;
- 1.46. **"SMF"** means the Significance and Materiality Framework applicable to the Company, developed under the Treasury Regulations;
- 1.47. **"Special Resolution"** means a resolution adopted with the support of at least 75% (seventy five percent) of the Voting Rights Exercised on the resolution at a Shareholder's Meeting or by Shareholders acting other than at a meeting, as contemplated in section 60 of the Companies Act;
- 1.48. **"Statutes"** means collectively, the Enabling Legislation, the PFMA, the Public Audit Act, the Companies Act, Treasury Practice Notices, the Companies Act and any and every other statute, regulation, directive, guideline, framework, policy or ordinance not specifically mentioned from time to time in force concerning companies and necessarily affecting the Company or its Subsidiaries and **"Statute"** shall mean any one of the them as the context may indicate;
- 1.49. **"Strategic Intent Statement"** means the primary tool used by the Shareholders to communicate their expectations of the Company strategy and which contains the Company's strategic purpose, scope of business, core business, consultation thresholds or investment strategy developed by the Shareholders in consultation with, the National Treasury and the Presidency of the Republic and taking into account an assessment of the interaction between the policy and regulatory environment with the financial and operational goals of the Company to ensure Shareholders value optimisation and achievement of wider socio-economic objectives;


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- 1.50. "**Subsidiary**" means a "subsidiary" of the Company, as such term is defined in the Companies Act and "**Subsidiaries**" shall have a corresponding meaning;
- 1.51. "**Treasury Regulations**" means the regulations promulgated by the National Treasury in terms of section 76 of the PFMA and any amendment thereof or substitution therefor from time to time;
- 1.52. "**Voting Rights**" with respect to any matter to be decided by the Company, means the rights of any Shareholder to vote in connection with that matter; and
- 1.53. "**Writing**" means legible writing, in English and includes any form of Electronic Communication.
- 1.54. Words importing the singular number shall include the plural number and vice versa.
- 1.55. Words importing any one gender shall include the other gender.
- 1.56. Words importing natural persons shall include Juristic Persons (whether corporate or not and including partnerships and trusts) and vice versa.
- 1.57. Reference to a section by number in this MOI shall be a reference to the corresponding section in the Companies Act, unless otherwise stated.
- 1.58. Reference to any provision of any Statute shall include such provision as amended or re-enacted from time to time and includes any subordinate legislation made from time to time under such Statute. Any reference to a particular section in a Statute is to that section as at the date of adoption of this MOI, and as amended or re-enacted from time to time and/or an equivalent measure in a Statute, provided that if as a result of such amendment or re-enactment, the specific requirements of a section referred to in this MOI are changed, the relevant provision of this MOI shall be read also as if it had been amended as necessary, without the necessity for an actual amendment.
- 1.59. Reference to Shareholders represented by proxy shall include Shareholders entitled to vote represented by (i) an agent appointed under a general or special power of attorney and (ii) the Minister.
- 1.60. References to Shareholders entitled to vote Present at a meeting or acting in person shall include Juristic Persons represented by duly authorised representatives (which duly authorised representatives may be natural or Juristic Persons) or acting in the manner prescribed in the Companies Act.


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- 1.61. Subject to clause 1.58, any words or expressions defined in any Statute shall, unless the context otherwise requires, bear the same meaning in this MOI as in the Statute in which they are defined. If any term is defined within the context of any particular clause in the MOI, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this MOI, notwithstanding that that term has not been defined in this interpretation provision.
- 1.62. The rule of construction that a contract shall be interpreted against the party responsible for the drafting or preparation of the contract, shall not apply to this MOI.
- 1.63. The words "**include**", "**including**" and "**in particular**" shall be construed as being by way of example or emphasis only and shall not be construed, nor shall they take effect, as limiting the generality of any preceding word/s.
- 1.64. Any reference in this MOI to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented.
- 1.65. The words "**other**" and "**otherwise**" shall not be construed *eiusdem generis* with any preceding words where a wider construction is possible.

2. **INCORPORATION AND NATURE OF THE COMPANY AND GOVERNING PROVISIONS**

- 2.1. The Company is a pre-existing Profit Company incorporated on 29 December 1997 and is listed as a Public Entity in Schedule 2 of the PFMA. As such, the Company continues to exist as a State-Owned Company as defined in the Companies Act as if it had been incorporated and registered in terms of the Companies Act, as contemplated in Item 2 of Schedule 5 to the Companies Act, and the Companies Act has modified application, as set out in section 9 of the Companies Act.
- 2.2. The Company is governed by:
- 2.2.1. the Enabling Legislation;
 - 2.2.2. the PFMA;
 - 2.2.3. relevant Unalterable Provisions of the Companies Act;
 - 2.2.4. relevant Alterable Provisions of the Companies Act, subject to the limitations, extensions and variations set out in this MOI;
 - 2.2.5. the provisions of this MOI; and


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2.2.6. applicable provisions of any other Statutes affecting the company from time to time.

2.3. Subject to section 5(4) of the Companies Act:-

2.3.1. if any provision of this MOI is in any way inconsistent with any provisions of the Companies Act and/or the PFMA, as the case may be, the said provision of the Companies Act and/or the PFMA shall prevail and this MOI shall be read in all respects subject to the Companies Act and/or the PFMA, as the case may be; and

2.3.2. if there is any inconsistency between any provision of the PFMA and any provision of the Companies Act, then to the extent that it is impossible to apply or comply with one of the inconsistent provisions without contravening the other, the PFMA provision will prevail.

3. POWERS AND CAPACITY OF THE COMPANY

3.1. The powers and capacity of the Company are not subject to any provisions contemplated in section 15(2) (b) or (c) of the Companies Act but shall be subjected to the Statutes.

3.2. The purposes and powers of the Company are subject to any restrictions, limitations or qualifications, as contemplated in section 19(1) (b) (ii) of the Companies Act.

3.3. Notwithstanding anything to the contrary contained herein or any omissions from this MOI of any provisions to that effect, the Company may do anything that the Companies Act and/or the Statutes empower it to do if not so prohibited by this MOI and/or by any provision of the Companies Act and/or the Statutes as the case may be.

3.4. The Company shall not, without the prior Written approval of the Minister:-

3.4.1. enter into any transaction which exceeds or falls outside of the limits prescribed in the SMF;

3.4.2. establish or participate in:-


3.4.2.1. the establishment of a company; or

3.4.2.2. a significant partnership, trust, unincorporated joint venture or similar arrangement.


3.4.3. acquire or dispose of a significant shareholding in a company or a significant asset;

3.4.4. commence or cease a significant business activity;

3.4.5. commit the Company or its Subsidiaries to borrowings which confer rights to a lender to convert debt into shares of any kind;


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- 3.4.6. undertake or agree to a significant change in the nature or extent of the Company's interest in a significant partnership, trust, unincorporated joint venture or similar arrangement;
 - 3.4.7. appoint the CEO;
 - 3.4.8. issue, or approve the transfer of, any Shares in the Company;
 - 3.4.9. subject to clause 4, amend the provisions of this MOI; or
 - 3.4.10. borrow for itself and its Subsidiaries, conferring rights to a lender to convert debt into shares of any kind.
- 3.5. The Company shall not without prior approval of the Minister:-
- 3.5.1. enter into, vary in any material respect or terminate any Alliance Membership, such as Star Alliance, Sky Team, One World, by any Group Company and the Company;
 - 3.5.2. commence or exit from routes and airports where the routes or airports account for more than 10% (ten percent) of passenger volumes ("PAX") or any amount determined by the Minister, from time to time;
 - 3.5.3. authorise the acquisition by a Group Company and the Company of any interest in another airline;
 - 3.5.4. sell a material Group Company, consolidate or amalgamate a material Group Company with any other Company;
 - 3.5.5. dispose or dilute the Company's interests, directly or indirectly, in any of its material subsidiaries;
 - 3.5.6. authorise the acquisition by any Group Company of any share capital or other securities of anybody corporate (other than a Group Company) for a consideration (converted, where applicable, at prevailing exchange rates) of material consideration as set out in the significance and materiality framework from time to time;
 - 3.5.7. dispose of a substantial or major part of the business of the Company;
 - 3.5.8. change the rights attaching to any of the Company's authorised or issued share capital;
 - 3.5.9. merge with another Person; and
 - 3.5.10. raise any finance, whether equity or debt, recourse or non-recourse, in an amount (converted, where applicable, at prevailing exchange rates) of material consideration as set out in the SMF from time to time.


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3.6. In addition to the limitations and restrictions set out in clauses 3.4 and 3.5 above, the Board shall ensure that:-

- 3.6.1. the Shareholder's Compact, Signed by the Company, for the following Financial Year shall be submitted by 30 September each year;
- 3.6.2. the annual budget and the Corporate Plan of the Company is presented and/or submitted to the Minister prior to 28 February each year; and
- 3.6.3. the Company discloses to the Minister all changes to terms and conditions of trade which may have a Material impact on the Company including Unutilised Ticket Liability and Voyager liability.


3.7. Subject, at all times, to the PFMA, the Minister may, from time to time:-

- 3.7.1. grant to the Board a general authority to raise or borrow from time to time for the purposes of the Company, or secure the payment of, such sums not exceeding a financial limit as determined by the Minister; and/or
- 3.7.2. prescribe a financial limit for the issue of guarantees, indemnities, securities or the entering into of other transactions, in terms of which specific approval by the Minister is currently not required.

3.8. In addition to the Strategic Intent Statement which shall be issued by the Minister 2 (two) months prior to 31 July each year, the Minister may issue directives to the Board regarding the mandate and objectives of the Company if it is reasonably necessary to do so.

4. AMENDMENTS TO MEMORANDUM OF INCORPORATION

- 4.1. Save for correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation, *eiusdem generis*, spelling, punctuation, reference, grammar or similar defects) in the MOI, which the Board is empowered to do, all other amendments of the MOI shall be effected in accordance with section 16(1) of the Companies Act and the provisions of this MOI.
- 4.2. The Board shall publish a notice of any alteration of the MOI correcting a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the MOI, by furnishing a copy thereof to the Shareholders and file a notice of alteration in accordance with section 17(1) of the Companies Act and the provisions of the MOI.


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5. THE MAKING OF RULES

The Board shall not have the power to make any necessary or incidental rules relating to the governance of the Company in respect of the matters that are not addressed in this MOI or the Companies Act.

6. AUTHORISED SHARES ALLOTMENT AND ISSUE

6.1. Authorised Classes of Shares


6.1.1. Subject to the Statutes, the Company is authorised to issue ordinary Shares of the classes set out in clause 6.1.3 below, and each such ordinary Share entitles each Shareholder thereof to:-

- 6.1.1.1. attend, participate in, speak at and vote on any matter to be considered at any meeting of the Shareholders;
- 6.1.1.2. vote on any matter to be decided by the Shareholders of the Company;
- 6.1.1.3. vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share;
- 6.1.1.4. participate proportionally in any Distribution made by the Company;
- 6.1.1.5. participate in the Distribution of profit to the ordinary Shareholders; and
- 6.1.1.6. receive proportionally the net assets of the Company upon its liquidation/dissolution.

6.1.2. The Company is authorised to issue 15 000 000 000 (fifteen billion) authorised ordinary Shares with a par value of R1 (one Rand) each.

6.1.3. The issued Shares in the share capital of the Company are classified as follows:-


- 6.1.3.1. 8 786 771 465 (eight billion seven hundred and eighty six million and seven hundred and seventy one thousand four hundred and sixty five) "A" ordinary Shares of R1 (one Rand) each;
- 6.1.3.2. 2 412 563 822 (two billion four hundred and twelve million and five hundred and sixty three thousand eight hundred and twenty two) "B" ordinary Shares of R1 (one Rand) each;
- 6.1.3.3. 1 206 281 911 (one billion two hundred and six million and two hundred and eighty one thousand nine hundred and eleven) "C" ordinary Shares of R1 (one Rand) each;


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- 6.1.3.4. 603 140 956 (six hundred and three million one hundred and forty thousand and nine hundred and fifty six) "D" ordinary Shares of R1 (one Rand) each; and
- 6.1.3.5. 117 578 806 (one hundred and seventeen million five hundred and seventy eight thousand and eight hundred and six) "E" ordinary Shares of R1 (one Rand) each.

each of which shall have Voting Rights on the basis of 1 (one) voting right per ordinary Share in respect of every matter that may be decided by voting, and shall rank *pari passu* in all respects and together with all other ordinary Shares in the Company as regards Distributions and returns of capital and shall be entitled to receive the net assets of the Company upon its liquidation.

- 6.1.4. The Board shall not have the power to amend the authorisation (including increasing or decreasing the number) and classification of Shares (including determining rights and preferences) as contemplated in section 36(2) (b) or section 36(3) of the Companies Act.
- 6.1.5. Subject to provisions of the Companies Act and the Statutes, the Company may from time to time by Special Resolution passed by the Shareholders:-
- 6.1.5.1. increase or decrease the number of its authorised Shares;
 - 6.1.5.2. reclassify any Shares that have been authorised but not issued;
 - 6.1.5.3. classify any unclassified Shares;
 - 6.1.5.4. create any class of Shares and establish any preferences, rights, limitation or other terms in respect of any class of Shares so created, in terms of section 37 of the Companies Act;
 - 6.1.5.5. alter the provisions of this MOI with respect to the objects and powers of the Company;
 - 6.1.5.6. convert any Shares in the Company to Shares of a different class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert ordinary Shares or preference Shares to redeemable preference Shares, provided that moneys other than dividends due to the Shareholders or the amount payable on the redemption of any preference Shares shall be held in trust by the Company indefinitely until lawfully claimed by the Shareholders.



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- 6.1.6. To the extent that the Company immediately before the Effective Date has authorised but unissued par value Shares in its capital of a class of which there are issued Shares, the unissued Shares of that class may be issued at par or at a premium or at a discount.
- 6.1.7. No rights, privileges or conditions for the time being attached to any class of Shares of the Company nor any interests of that class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) whether or not the Company is being wound up, be varied in any manner adverse to the Shareholders of that class of Shares, nor may any variations be made to the rights, privileges or conditions of any class of Shares, such that the interests of another class of Shares is adversely affected, unless the consent in Writing of the Holders of not less than 75% (seventy five percent) of the issued Shares of that adversely affected class has been obtained, or a Special Resolution has been passed by the Shareholders of that adversely affected class of Shares with the support of at least 75% (seventy five percent) of the Voting Rights Exercised on the Special Resolution at a separate meeting of the Shareholders of that class.
- 6.1.8. The Board shall not have the power to issue:-
- 6.1.8.1. authorised shares and options relating to Shares and secured and unsecured debt instruments as contemplated in sections 42 and 43 of the Companies Act; or
- 6.1.8.2. capitalisation Shares or offer a cash payment in lieu of awarding a capitalisation Share in accordance with section 47 of the Companies Act.

without the passing of an Ordinary Resolution of the Shareholders and the consent of the Minister.

6.2. Certificates of Securities

The Securities issued by the Company shall be evidenced by certificates, which shall contain the information specified in section 51(1) of the Companies Act, and be issued in the manner prescribed in section 51 of the Companies Act.


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6.3. Register of Securities

The Company shall establish and keep a register of its issued Securities at its Office in the manner specified in section 50 of the Companies Act and the Regulations.

7. **PRE-EMPTION ON ISSUE OF ORDINARY SHARES**

7.1. Save if:-

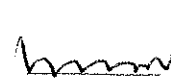
- 7.1.1. ordinary Shares are to be issued for the acquisition of any asset or for an Amalgamation or Merger;
- 7.1.2. the Shareholders by Ordinary Resolution approve the issue of ordinary Shares for any other purpose without this clause applying;
- 7.1.3. a capitalisation issue of ordinary Shares is to be undertaken;
- 7.1.4. ordinary Shares are to be issued in terms of option or conversion rights; or
- 7.1.5. ordinary Shares are to be issued for a subscription price which is not a cash amount payable in full on subscription.

the Government has a right, before any other Person to be offered and within a reasonable time to subscribe for all the ordinary Shares to be issued for subscription. The offer to the Government shall be Delivered in Writing specifying the number of ordinary Shares offered, and specifying a time (which shall not be less than 90 (ninety) business days) by which the offer must be accepted and the requisite portion of the subscription price paid, failing which it shall be deemed to be rejected.

7.2. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the Government that it declines to accept the ordinary Shares offered, then, subject always to the Written consent of the Government as provided in this MOI or such other approvals as may be required in terms of the Enabling Legislation:

- 7.2.1. in the case of offer for subscription, the Directors may, subject to the foregoing provisions, issue such ordinary Shares in such manner as they think most beneficial to the Company; and
- 7.2.2. in the case of an offer for purchase, the Shareholder may, subject to clause 9 dispose of the Shares to a third party.

7.3. Save as provided in clause 7.1, the pre-emptive right in section 39(2) of the Companies Act shall not apply in respect of the issue of any other classes of Shares.


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8. PROHIBITION REGARDING BENEFICIAL INTERESTS

The Company shall not permit its Shares to be held by, and registered in the name of, one Person for the Beneficial Interest of another Person, as set out in section 56(1) of the Companies Act.

9. RESTRICTION ON THE TRANSFER OF SHARES

In addition to any prescribed obligations which the Shareholders may agree to, or in terms of the Enabling Legislation, no Shares shall be transferred without the written consent of the Minister.

10. SHAREHOLDERS' AND DIRECTORS' RIGHT TO INFORMATION

10.1. The Shareholders shall have the rights to all such information relating to the Company as contemplated in this MOI, the Companies Act the PFMA, the Regulations, the Enabling Legislation and the Statutes.

10.2. The Board shall procure that detailed management accounts of the Company and its Subsidiaries shall be prepared on a quarterly basis and submitted to the Government within 6 (six) weeks after the end of the quarter or such other period as maybe agreed by the Shareholders and the Company in Writing in respect of which such accounts are being prepared. Such management accounts shall be circulated to each Director and the Government as soon as possible after the end of each quarter.

10.3. Any Director or the Government shall be entitled to request in Writing from time to time such accounting and other information as may be reasonably required by such Director or the Shareholders.


11. RECORD DATE

If, at any time, the Board fails to determine a Record Date as contemplated in section 59(1) of the Companies Act, the Record Date for the relevant action or event is as determined in accordance with section 59(3) of the Companies Act.

12. SHAREHOLDERS' MEETINGS AND ROUND-ROBIN RESOLUTIONS**12.1. Convening of Shareholders' Meetings and Annual General Meetings**

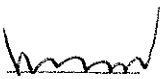
12.1.1. The Board shall convene an Annual General Meeting at least once a year but no later than 15 (fifteen) Months after the date of the previous Annual General Meeting or within an extended time allowed by the Companies Tribunal, on good cause shown, which must, at a minimum, provide for the following business to be transacted:-

12.1.1.1. presentation of the integrated annual report, comprising of:-

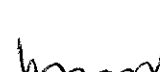

Initials

- 12.1.1.1.1. the Directors' report,
- 12.1.1.1.2. report by the external Auditors;
- 12.1.1.1.3. audited Financial Statements for the immediately preceding Financial Year, subject to the provisions of section 84(3) of the Companies Act;
- 12.1.1.1.4. an audit and risk committee report; and
- 12.1.1.1.5. the social, ethics, governance and nominations committee report; and;
- 12.1.1.2. approval of the remuneration payable to non-executive Directors by Special Resolution on an annual basis.
- 12.1.1.3. approval of the remuneration payable to executive Directors and members of Exco by Ordinary Resolution;
- 12.1.1.4. appointment of the Auditor for the current Financial Year (subject to the provisions of section 84(3) of the Companies Act);
- 12.1.1.5. noting the audit fees for the previous Financial Year under review;
- 12.1.1.6. authorising the audit and risk committee to fix the audit fees for the current Financial Year;
- 12.1.1.7. appointing the audit and risk committee subject to clause 18 of the MOI;
- 12.1.1.8. approval of a Distribution to the Shareholders (if applicable and if the Company can satisfy the requirements in terms of the Companies Act), which shall have been approved by the Board prior to the Annual General Meeting in accordance with any Distribution policies applicable to the Company, from time to time and the provisions of clause 22;
- 12.1.1.9. noting of the Shareholder's Compact for the current Financial Year;
- 12.1.1.10. consideration of the performance of the Board (through the Board performance appraisal report); and
- 12.1.1.11. considering any matters raised by the Shareholders, with or without advance notice to the Company.

- 12.2. The Shareholders or Board may, subject to the provisions of section 61 of the Companies Act, convene a Shareholders' Meeting at any time.


Initials

- 12.3. The Shareholders' Meetings referred to in clauses 12.1.1 above shall be held where the Shareholders determine from time to time.
- 12.4. The Company shall, as determined by the Board, either:-
- 12.4.1. hold a Shareholders' Meeting in order to consider one or more resolutions; or
 - 12.4.2. as regards such resolution/s that could be voted on at a Shareholders' Meeting, other than an Annual General Meeting, instead require such resolutions to be dealt with by Round Robin Resolution of the Shareholders.
- 12.5. Within 10 (ten) Business Days after the Shareholders adopt a Round Robin Resolution, the Company must Deliver a statement describing the results of the vote, consent process, or election to the Shareholders.
- 12.6. The Company must hold a Shareholders' Meeting or put the proposed resolution to the Shareholders, by way of a Round Robin Resolution:-
- 12.6.1. at any time that the Board is required by the Companies Act or the MOI to refer a matter to the Shareholders for decision; or
 - 12.6.2. when otherwise required in terms of section 61(3) of the Companies Act or by this MOI.
- 12.7. Notice of meetings of the Shareholders
- 12.7.1. Subject to compliance with section 62 of the Companies Act, an Annual General Meeting and a general meeting of the Shareholders shall be convened by giving notice of at least 15 (fifteen) Business Days to the Shareholders.
 - 12.7.2. A notice of a Shareholders' Meeting must be in Writing, in plain language and must include:-
 - 12.7.2.1. the date, time and place for the meeting, and the Record Date for the meeting;
 - 12.7.2.2. the general purpose of the meeting, and any specific purpose contemplated in section 61(3)(a) of the Companies Act if applicable;
 - 12.7.2.3. in the case of the Annual General Meeting, the complete annual Financial Statements to be presented, and directions for obtaining a copy of the complete annual Financial Statements for the preceding Financial Year;


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12.7.2.4. a copy of any proposed resolution of which the Company has received notice, and which is to be considered at the Shareholders' Meeting, and a notice of the percentage of Voting Rights that will be required for that resolution to be adopted;

12.7.3. a reasonably prominent statement that:-

12.7.3.1.1. a Person entitled to attend and vote at the Shareholders' Meeting shall be entitled to appoint a proxy to attend, participate in, speak and vote at the Shareholders' Meeting in the place of the Person entitled to vote or give or withhold Written consent on behalf of the Person entitled to vote to a decision by Round Robin Resolution of the relevant Person entitled to vote;

12.7.3.1.2. a proxy need not be a Person entitled to vote;

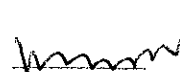
12.7.3.1.3. a Person entitled to vote may appoint more than 1 (one) proxy to Exercise Voting Rights attached to different Shares held by that Person entitled to vote in respect of any Shareholders' Meeting and may appoint more than 1 (one) proxy to Exercise Voting Rights attached to different Shares held by the Person which entitle her/him/it to vote;

12.7.3.1.4. the proxy may not delegate the authority granted to her/him/it as proxy;

12.7.3.1.5. participants in a Shareholders' Meeting are required to furnish satisfactory identification in terms of section 63(1) of the Companies Act in order to reasonably satisfy the Person presiding at the Shareholders' Meeting that the right of that Person to participate and vote, either as the Shareholders or as the proxy for the Shareholders, has been reasonably verified;

12.7.3.1.6. participation in the Shareholders' Meeting by Electronic Communication is available, and provide that any necessary information to enable Persons entitled to vote or their proxies to access the available medium or means of Electronic Communication and advise that access to the medium or means of Electronic Communication is at the expense of the Person entitled to vote or proxy, except to the extent that the Company determines otherwise.

12.7.4. A Shareholders' Meeting may proceed notwithstanding a Material defect in the giving of the notice, subject to clause 12.7.5 , only if every Person who is entitled to exercise Voting Rights in respect of each item on the agenda of the Shareholders' Meeting is Present at the Shareholders' Meeting and votes to approve the ratification of the defective notice.


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12.7.5. If a Material defect in the form or manner of giving notice of a Shareholders' Meeting relates only to one or more particular matters on the agenda for the Shareholders' Meeting:-

12.7.5.1. any such matter may be severed from the agenda, and the notice remains valid with respect to any remaining matters on the agenda; and

12.7.5.2. the Shareholders' Meeting may proceed to consider a severed matter, if the defective notice in respect of that matter has been ratified in terms of clause 12.7.4.

12.7.6. A non-Material defect in the form or manner of Delivering notice of a Shareholders' Meeting, or an accidental or inadvertent failure in the Delivery of the notice to the Shareholder to whom it was addressed if the Company elects to do so, does not invalidate any action taken at the Shareholders' Meeting.

12.7.7. A Person entitled to vote, who is Present at the Shareholders' Meeting in Person or by proxy:-

12.7.7.1. is regarded as having received or waived notice of the Shareholders' Meeting if at least the required minimum notice was given;

12.7.7.2. has a right to —

12.7.7.2.1. allege a Material defect in the form of notice for a particular item on the agenda for the Shareholders' Meeting; and

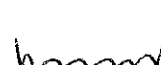
12.7.7.2.2. participate in the determination whether to waive the requirements for notice, if less than the required minimum notice was given, or to ratify a defective notice.

12.7.7.3. except to the extent set out in clause 12.7.7.2 is regarded to have waived any right based on an actual or alleged Material defect in the notice of the Shareholders' Meeting.


12.8. Proceedings at meetings of the Shareholders

12.8.1. The Annual General Meeting shall deal with and dispose of all matters prescribed by the Companies Act and the provisions of this MOI and may deal with any other business raised by the Shareholders or any other business presented to it.

12.8.2. The quorum necessary for the commencement of a Shareholders' Meeting shall be the Minister Present in person or represented by proxy. Business at any Shareholders' Meeting may only be conducted while a quorum is Present.


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- 12.8.3. The appointment of the proxy to represent the Shareholders in any Shareholders' Meeting or Annual General Meeting of the Company shall be in accordance with the provisions of the Companies Act and this MOI.
- 12.8.4. A Shareholders' Meeting may be conducted by way of Electronic Communication or by any one or more persons participating in the Shareholders' Meeting by Electronic Communication.
- 12.8.5. Subject to clause 12.8.7, any Shareholders' Meeting may be adjourned or postponed as provided for in the Companies Act.
- 12.8.6. No further notice is required to be Delivered by the Company of a Shareholders' Meeting that is postponed or adjourned or postponed as contemplated in clause 12.8.5 unless the location or time for the Shareholders' Meeting is different from a location or time announced at the time of adjournment, in the case of an adjourned or postponed Shareholders' Meeting.
- 12.8.7. If within 30 (thirty) minutes from the time appointed for the Shareholders' Meeting a quorum is not Present, the Shareholders' Meeting shall be postponed, without motion, vote or further notice to the date, time and place as agreed to by the Shareholders as soon as reasonably practicable after the date of such postponed or adjourned meeting. If, at such adjourned meeting, a quorum is not Present within 1 (one) hour, then, subject to the provisions of the Companies Act, the Shareholders then Present in person or by proxy shall be a quorum provided always that the Government is Present.
- 12.8.8. The chairperson of the Board shall preside as chairperson at every Shareholder's Meeting. If the chairperson is not Present at the Shareholders' Meeting, or if s/he is not Present within 30 (thirty) minutes after the time appointed for holding the Shareholders' Meeting, the deputy chairperson shall preside as the chairperson at the Shareholders' Meeting. In the exceptional circumstance that the chairperson and the deputy chairperson are not Present at the Shareholders' Meeting, Shareholders shall choose any nonexecutive Director Present to be the chairperson.
- 12.8.9. The chairperson may, in accordance with section 64(10) of the Companies Act, with the consent of any Shareholders at the Shareholders' Meeting at which a quorum is Present (and shall if so directed by the Shareholders' Meeting), adjourn or postpone the Shareholders' Meeting from time to time and from place to place, but no business shall be transacted at any adjourned or postponed Shareholders' Meeting other than the business left unfinished at the Shareholders' Meeting from which the adjournment or postponement took place.

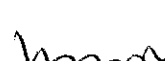

Initials

- 12.8.10. When a Shareholders' Meeting is adjourned as a result of a direction given in terms of any applicable provision in the Companies Act, notice of the adjourned Shareholders' Meeting shall be given in the manner prescribed by such provision but, save as aforesaid, it shall not be necessary to give any notice of an adjournment or postponement or of the business to be transacted at an adjourned Shareholders' Meeting. No Shareholders' Meeting may be adjourned beyond a period of 60 (sixty) Business Days from the date on which the adjournment or postponement occurred.
- 12.8.11. Every resolution of the Shareholders is either an Ordinary Resolution or a Special Resolution.
- 12.8.12. A Round Robin Resolution Signed by the Shareholders or by a duly authorised representative on behalf of the Shareholders, within 20 (twenty) Business Days after it has been submitted to the Shareholders in terms of section 60 of the Companies Act, shall be as valid and effective as if it had been passed at a Shareholders' Meeting of the Company duly convened and held.
- 12.8.13. At any Shareholders' Meeting, a resolution put to the vote of the Shareholders' Meeting shall be decided on a poll.
- 12.8.14. Each of the Shareholders hereby irrevocably and unconditionally undertakes and agree, when requested by the Minister or the Company to do so, to take all such actions, do all such things, sign all such documents (including, without limitation, all notices and resolutions), attend any meeting and to vote all of its Shares in favour of any resolution at such meeting.

13. DIRECTORS

13.1. Composition of the Board

- 13.1.1. The Board shall consist of a minimum of 5 (five) Directors and a maximum of 15 (fifteen) Directors, who are to be appointed by the Minister in consultation with Cabinet.
- 13.1.2. The Shareholder shall ensure that the Board: -
- 13.1.2.1 Comprises of executive and non-executive Directors with the majority being non-executive Directors and with no less than 2 (two) executive Directors, being the CEO and the CFO;
- 13.1.2.2 is appointed on the grounds of their knowledge and experience which, when considered collectively, should enable the Board to attain the objects of the Company;


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13.1.2.3 is representative of gender and race demographics of the Republic; and

13.1.2.4 not include persons who are Ineligible or Disqualified as set out in section 69 of the Companies Act or in terms of this MOI.

13.2. Chairperson of the Board

13.2.1. The chairperson and the deputy chairperson of the Board shall be appointed by the Minister.

13.2.2. The chairperson of the Board or in his absence the deputy chairperson shall chair all the meetings of the Shareholders and the Board. If the chairperson and the deputy chairperson are not present at any such meeting, then the Directors present may appoint any non-executive Director to act as chairperson for the duration of the meeting until it is adjourned.

13.2.3. The chairperson of the Board shall not be appointed or serve as the chairperson of a Board committee (save for the social, ethics, governance and nominations committee) or as the chairperson of a Subsidiary's board.

13.3. Process of appointment of the CEO and CFO

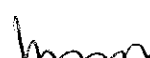
13.3.1. The Board shall, with the approval of the Minister, appoint a suitable skilled and qualified person as the CEO of the Company.

13.3.2. The Board shall conduct the recruitment and selection process of the CEO. In addition to being employed by the company as its CEO the CEO shall be an *ex officio* Director of the Board.

13.3.3. The CEO shall be responsible for the day-to-day functions of the Company and shall be obliged to comply with any instructions issued by the Board and any directives issued by the Minister to the Board provided that the Board remains accountable for purposes of the PFMA, as contemplated in section 49(1) of the PFMA.

13.3.4. The CEO's conditions of employment, functions, authority and remuneration shall be determined by the Board, in consultation with the Minister. The CEO shall accept any such conditions, functions, authority and remuneration at the time of appointment and shall, no later than three (3) months after assuming office enter into a performance agreement with the Board.

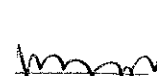
13.3.5. In the event that the CEO is absent for a period not longer than two (2) months, the CEO may appoint a person in an executive position to act in his stead.


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- 13.3.6. In the event that the CEO is absent for a period exceeding two (2) months or is unable to perform his function or duties for such period, for any reason whatsoever, the Board shall notify the Shareholders thereof in Writing and shall appoint an acting CEO.
- 13.3.7. A person who has been appointed as CEO in terms of clause 13.3.1 or to act in that position in terms of clause 13.3.5 or 13.3.6 shall not purport to exercise greater authority or enjoy more powers than those conferred on the CEO by the Board or by this MOI.
- 13.3.8. The CEO shall make recommendations to the Board with regard to the appointment of the CFO of the Company.
- 13.3.9. This MOI provides for the CEO and CFO of the Company to be appointed as *ex officio* executive Directors of the Company.

13.4. Retirement of non-executive Directors

- 13.4.1 A non-executive Director shall hold office for a term of three (3) years and shall not hold office for more than three (3) consecutive terms.
- 13.4.2 At any Annual General Meeting a non-executive Director who has been in office for a period of three (3) years since his last appointment, shall retire at such meeting.
- 13.4.3 one-third of the non-executive Directors for the time being or if their number is not a multiple of three (3), then the number nearest but not less than one-third, shall retire from office.
- 13.4.4 The non-executive Directors so to retire shall be those who have been longest in office since their last appointment, but in the case of persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 13.4.5 The length of time a Director has been in office shall be computed from the date of his last appointment or date upon which he was considered re-appointed.
- 13.4.6 A Director retiring at a meeting shall retain office until the appointment of the newly nominated Directors has been completed or until the expiration of six (6) months from the meeting at which he was due to retire, whichever is earlier.
- 13.4.7 retiring non-executive Directors shall be eligible for re-appointment.


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13.5. Extension of terms for non-executive Directors

Notwithstanding any other provision in this MOI, if the terms of all non-executive Directors expire at the same time, the Minister may extend the terms of office of the non-executive Directors.

13.6. Removal of Directors

13.6.1. Despite anything to the contrary in this MOI, or any agreement between the Company and a Director, or between any Shareholders and a Director, the Shareholders shall be entitled to remove any Director of the Company by an Ordinary Resolution adopted at a Shareholders' Meeting.

13.6.2. The Shareholders shall, prior to considering the Ordinary Resolution for the removal of any Director:-

13.6.2.1. provide the Director concerned with a notice of the meeting and a copy of the resolution proposed to be passed at such meeting at least equivalent to that which a Shareholder is entitled to receive, irrespective of whether or not the Director is a Shareholder of the Company setting out reasons for the resolution, with sufficient specificity to reasonably permit the Director to prepare and present a response; and

13.6.2.2. afford the Director concerned reasonable opportunity to make a presentation, in person or through a representative, at the meeting prior to the resolution being put to a vote.

13.7. Filling of vacancies

13.7.1. The Minister shall have the authority to fill vacancies as and when they arise in consultation with Cabinet.


13.7.2. A person shall cease to be a Director and a vacancy on the Board shall arise:-

13.7.2.1. when the Director's term of office expires or is due for retirement;


13.7.2.2. if any of the circumstances referred to in section 70(1) (b) of the Companies Act occur, which include the following, if the Director:-

13.7.2.2.1 resigns by Written Notice to the Shareholders and the Company;

13.7.2.2.2 dies;


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- 13.7.2.2.3 in the case of an *ex officio* Director, ceases to hold the office, title, designation or similar status that entitled such a person to be an *ex officio* Director of the Company;
- 13.7.2.2.4 becomes incapacitated to the extent that the person is unable to perform the functions of a Director and is unlikely to regain that capacity within a reasonable period subject to section 71(3) of the Companies Act;
- 13.7.2.2.5 is declared delinquent by the court or placed on probation under conditions that are inconsistent with continuing to be a Director of the Company, in terms of section 162 of the Companies Act; and
- 13.7.2.2.6 becomes Ineligible or Disqualified to be a Director in terms of section 69 subject to section 71 (3) of the Companies Act or the Enabling Legislation, the Statutes and this MOI.
- 13.7.2.2.7 is removed as a Director by:-
- 13.7.2.2.7.1 resolution of the Shareholders in terms of section 71(1) of the Companies Act (and in accordance with clause 13.6); or
 - 13.7.2.2.7.2 resolution of the Board in terms of section 71(3) of the Companies Act (and in accordance with clause 13.6, provided the Director so removed has not applied to court for review of the determination of the Board to remove him or if has applied to court such application has been finalised and with the written consent of the Minister; or
 - 13.7.2.2.7.3 an order of the court in terms of section 71(5) or (6) of the Companies Act; or
 - 13.7.2.2.7.4 if he/she is absent from meetings of the Directors for 2 (two) consecutive meetings without leave of the Directors (via the chairperson or the Company secretary) and the Shareholders resolve that the office be vacated.


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13.7.3. A person shall cease to be a non-executive Director and a vacancy on the Board shall arise where:-

13.7.3.1 a Director's appointment is reviewed and his term is terminated prematurely to the 3 (three) year term; or

13.7.3.2 a Director has served for a 3 (three) year term as a Director, and fails to be re-appointed as Director for a 2nd (second) term; or

13.7.3.3 a Director has served for 2 (two) consecutive 3 (three) year terms, and fails to be re-appointed as a Director for a 3rd (third) term; or

13.7.3.4 a Director has been appointed as a Director for 3 (three) consecutive 3 (three) year terms, which 3rd (third) term has now expired.

13.7.4. Unless the Shareholders resolves otherwise, a Director shall also cease to hold office if he:-

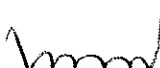
13.7.4.1 is knowingly interested in any contract or proposed contract with the Company and fails to declare his interest and its nature in the manner required by the Companies Act and the PFMA; or

13.7.4.2 assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or

13.7.4.3 ceases to be an employee of the Company and/or is suspended as an employee of the Company (in the case of an executive Director).

13.7.5. In addition if the CEO and/or CFO ceases to hold office as a Director for any reason whatsoever, his appointment as the CEO and/or CFO (as the case may be) shall *ipso facto* terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination in accordance with applicable employment laws, provided however, that he shall not be precluded from being employed in any other position of the Company by virtue of the fact that he is no longer a Director.

13.7.6. Despite anything to the contrary in this MOI, or any agreement between the Company and a Director, or between any Shareholders and a Director, the Shareholders shall be entitled to remove any Director of the Company by an Ordinary Resolution adopted at a Shareholders' Meeting.


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13.7.7. The Board shall be entitled, by a resolution of the Board and in consultation with the Minister, to remove a Director whom the Board has determined to have:-

13.7.8.1 become Ineligible or Disqualified to be a Director of the Company in terms of the Companies Act;

13.7.8.2 become incapacitated to the extent that such Director is unable to perform the functions of a Director and is unlikely to regain that capacity within a reasonable time; and

13.7.8.3 neglected or been derelict in the performance of, the functions of a Director.

13.7.8. The Board shall, prior to approving the resolution for the removal of a Director in terms of clause 13.7.7:-

13.7.9.1 provide the Director concerned with the notice of a meeting and a copy of the resolution proposed to be passed at such meeting and a statement setting out reasons for the resolution, with sufficient specificity to reasonably permit the Director to prepare and present a response; and

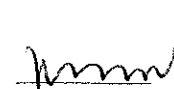
13.7.9.2 afford the Director concerned reasonable opportunity to make presentation, in person or through a representative, at the meeting prior to the resolution being put to the vote.

13.8. Non-executive Directors remuneration

13.8.1. The Board may, subject to a special resolution of the Shareholders passed annually and section 66(8) and (9) of the Act approve the remuneration of non-executive Directors of the Company.

13.8.2. All Directors may be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including those expenses incurred in attending and travelling to and from meetings of the Directors or any committee of the Directors or at any Shareholders' Meeting.

13.8.3. The Board may pay or grant any type of remuneration contemplated in sections 30(6) (b) to (g) of the Companies Act to any executive Directors in accordance with the Remuneration Policy.



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13.9. Appointment of Directors to the Boards of Directors of wholly-owned Subsidiaries of the Company

- 13.9.1. For so long as the State holds a majority of the Shares, it is recorded that the boards of the wholly-owned Subsidiaries of the Company should, subject to clauses 13.9.2 and 13.9.3 comprise of a maximum of 5 (five) Directors comprising of executive and non-executive Directors with the majority being non-executive Directors of the Company's Board and 2 (two) executive Directors, being the CEO and the CFO of the subsidiary.
- 13.9.2. It is recorded that, should any wholly-owned Subsidiary of the Company wish to appoint non-executive Directors who are not Directors of the Subsidiary or the Company, such appointments shall be approved by the Minister in Writing.
- 13.9.3. The Company shall notify the Minister when any members of the Board or employees are appointed to a Subsidiary Board.

13.10. Powers of Directors

- 13.10.1. The management and control of the Company shall be vested in the Board who, in addition to the powers and authorities expressly conferred upon them by this MOI and the Enabling Legislation, may exercise all such powers, and do all such acts and things, as may be exercised or done by the Company and are not, in terms of this MOI or by the Statutes, expressly directed or required to be exercised or done by the Company in a general meeting or with the prior Written consent of the Minister. The Board will not be divested of any power, nor be relieved on any function or duty it may have delegated.
- 13.10.2. The Board may delegate any of the powers or functions to any Director, employee(s) of the Company and/or to a committee of the Board. The delegation shall be exercised lawfully, within the prescribed powers and authorisation levels and in terms of the Company's policies, directives and procedures.
- 13.10.3. The delegation:-
- 13.10.3.1. may be made on and subject to any conditions determined by the Directors;
- 13.10.3.2. may be given together with the power to sub-delegate subject to the provisions of the PFMA, the Companies Act, the Statutes and further subject to any conditions so determined (if any);


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13.10.3.3. shall be communicated to the delegate in Writing and such Written communication must contain full particulars of the matters being delegated and of the conditions determined under clause 13.10.3.1 and 13.10.3.2 above, if any, and where the power of sub-delegation is also conferred, must state that fact, as well as any conditions determined under this clause 13.10.3.3 (if any); and

13.10.3.4. shall be reviewed on a regular basis.

13.10.4. The Board may, without requiring the consent of the Minister, and in accordance with clause 13.10.2 from time to time revoke, withdraw or vary such powers contemplated in clause 13.10.3.

13.10.5. The Board is not authorised to fill any vacancy on the Board.

13.11. Proceedings at Meetings of the Board

13.11.1 The Board may meet for the dispatch of business, adjourn, postpone and otherwise regulate its meetings as it thinks fit. The company secretary or a Director may at any time:-

13.11.1.1 when authorised by the Board;

13.11.1.2 if requested by at least 1 (one) Director which request shall also be approved by the chairperson of the Board; or

13.11.1.3 if requested by at least 2 (two) Directors of the Company,

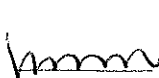
convene a meeting of the Board.

13.11.2 The Board shall determine the period of notice which shall be given for meetings of the Board and may determine the form or medium of giving such notice, which may include an Electronic Communication facility. It shall be necessary to give notice of a meeting of the Board to all Directors even those for the time being absent from the Republic.

13.11.3 A meeting of the Board shall proceed even if the Company has not given the required notice of such meeting in accordance with clause 13.11.2 or if there was a defect in the giving of the notice, provided that all Directors:-

13.11.3.1 acknowledge actual receipt of the notice of the meeting concerned;

13.11.3.2 are Present at the meeting; or


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13.11.3.3 waive notice of the meeting.

13.11.4 The authority of the Board to conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, provided that the Electronic Communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting, is not restricted or varied by this MOI.

13.11.5 The quorum for a Board meeting and meetings of the Board committees shall be not less than a majority (50% plus one) of all Directors, Present in person or via Electronic Communication facility.

13.11.6 The provisions of clause 13.3 shall *mutatis mutandis* apply to this clause 13.11 in relation to the appointment of the chairperson of the meetings of the Board.

13.11.7 Each Director shall have 1 (one) vote on a matter before the Board and save for as otherwise provided in this MOI a majority of the votes cast on a resolution is sufficient to approve that resolution.

13.11.8 Resolutions of the Board shall be decided by a majority of votes and in case of an equality of votes, the chairperson shall not have a second or casting vote (in addition to his/her vote as a Director of the Board) and the matter being voted on shall fail.

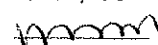
13.11.9 Subject to the Companies Act and the MOI, a Round Robin Resolution Signed and approved by a majority of the Directors shall be as valid and effective as if it had been passed at a meeting of the Directors duly called and constituted (provided that a Written notice proposing such resolution shall have been circulated to all Directors and at least 75% (seventy five percent) of the Directors have cast their vote (irrespective of whether they voted in favor of, or against, such resolution).

13.11.10 Resolutions adopted by the Board:-

13.11.10.1 must be dated and sequentially numbered; and

13.11.10.2 are effective as of the date of the resolution, unless the resolution states otherwise.

13.11.11 The company secretary shall attend meetings and record the minutes of such meetings. Where it is not at all possible for the company secretary to attend any such meeting, the Directors shall ensure that minutes are recorded, kept and prepared for that meeting. The Director elected by the Board to record and keep minutes of a meeting held by making use of Electronic Communication shall, as


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soon as is reasonably possible after such meeting has been held, provide the company secretary with a copy of the minutes of the meeting

13.12. Conflict of interest and declaration by Directors

13.12.1. For purposes of this clause 13.12, "Director" includes a Prescribed Officer and a person who is a member of a committee of the Board, irrespective of whether or not the person is also a member of the Board.

13.12.2. The Company shall establish a policy that will deal with Personal Financial Interests and conflicts of interest of Directors and employees of the Company, which shall be consistent with the provisions of the Companies Act and the PFMA.

13.12.3. If a Director has a Personal Financial Interest or Knows that a Person Related to the Director, as described in section 2 of the Companies Act, has a Personal Financial Interest in respect of any matter to be considered by the Board, the Director:-

13.12.3.1 must disclose the interest and its general nature in Writing before the matter is considered at the meeting;

13.12.3.2 must disclose to the meeting any Material information relating to the matter, and that is Known to the Director;


13.12.3.3 may disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors;

13.12.3.4 if Present at the meeting of the Board, must leave the meeting immediately after making any disclosure contemplated in clause 13.12.3.2 or 13.12.3.3;

13.12.3.5 must not take part in the consideration of the matter, except to the extent of the disclosures contemplated in clauses 13.12.3.2 or 13.12.3.3;

13.12.3.6 while absent from the meeting as provided in clause 13.12.3.4-

13.12.3.6.1 shall be regarded as being Present at the meeting for the purpose of determining whether sufficient Directors are Present to constitute a quorum of the meeting; and


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13.12.3.6.2 shall not be regarded as being Present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and

13.12.3.6.3 must not execute any document on behalf of the Company in relation to the matter unless specifically requested or directed to do so by the Board.

13.12.4. If a Director of the Company acquires, or Knows that a Related Person has acquired, a Personal Financial Interest in an agreement or other matter in which the Company has a Material interest, after the agreement or other matter has been approved by the Company, the Director shall promptly disclose to the Board, the nature and extent of that interest, and the Material circumstances relating to the Director or Related Person's acquisition of that interest, as the case may be.

13.12.5. If, in the reasonable view of the other non-conflicted Directors, a Director or the Related Person in respect of such Director acts in competition with the Company relating to the matter to be considered at the meeting of the Board, the Director shall only be entitled to such information concerning the matter to be considered at the meeting of the Board as shall be necessary to enable the Director to identify that such Personal Financial Interest exists or continues to exist.


13.12.6. A decision by the Board, or a transaction or agreement approved by the Board, is valid despite any Personal Financial Interest of a Director or Related Person to the Director, if:-

13.12.6.1. it was approved in the manner contemplated in section 75 of the Companies Act; or

13.12.6.2. despite having been approved without disclosure of that Personal Financial Interest, it:-

13.12.6.2.1 has subsequently been ratified by an Ordinary Resolution of the Shareholders following disclosure of that Personal Financial Interest; or

13.12.6.2.2 has been declared valid by the court in terms of section 75(8) of the Companies Act.


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13.12.7. A Director may at any time disclose any general Personal Financial Interest in advance by delivering a Written notice to the Board setting out the nature and extent of that interest for the purposes of this clause 13.12 until changed or withdrawn by such Director in Writing.

13.12.8. A court, on application by any interested Person, may declare valid a transaction or agreement that had been approved by the Board, or Shareholders as the case may be, despite the failure of the Director to satisfy the requirements of this clause 13.12 and section 75 of the Companies Act.

13.12.9. The provisions of this clause 13.12 do not derogate from those Directors' duties prescribed by the PFMA and the Directors shall be required to comply both with the provisions of this clause 13.12 and the provisions of the PFMA.

13.13. Directors powers to effect borrowings

Subject to the provisions of the PFMA (and, in particular, section 66 of the PFMA) and the provisions of and/or restrictions contained in this MOI, the Board may raise or borrow from time to time for the purposes of the Company, or secure the payment, of such sums as is in accordance with its Corporate Plan and the borrowing programme submitted to the Minister and within the financial limits determined by the Minister under clause 3.7.

13.14. Company's power to issue guarantees, indemnities, securities or to enter into other transactions that bind the Company to any future financial commitment

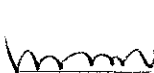
13.14.1 The Company may not:-

13.14.1.1 issue a guarantee, indemnity or security; or

13.14.1.2 enter into any other transactions that binds, or may bind, the Company or the Revenue Fund to any future financial commitment unless-

13.14.1.2.1 the provisions of the PFMA, in particular, section 66, are complied with; and

13.14.1.2.2 if the guarantee, indemnity, security or transaction requires Minister's consent under clause 3, the prior Written consent of the Minister is obtained.


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13.15. Financing and funding structures

The Board shall, in accordance with the Companies Act and the Statutes, consider and determine the funding structures of the Company having regard to the funding requirements of the Company from time to time.

14. FINANCIAL ASSISTANCE

14.1 Financial Assistance

14.1.1 The Company is prohibited from and shall not have the power to:-

14.1.1.1 authorise the provision by the Company of Financial Assistance to any person for the purpose of, or in connection with, the subscription of any option, or any Shares, issued or to be issued by the Company or a Related Person or Inter-Related company, or for the purchase of any Shares of the Company or a Related or Inter-Related company;

14.1.1.2 provide any direct or indirect Financial Assistance to a Related or Inter-Related company or corporation, or to a member of a Related or Inter-Related corporation or to a person Related to any such company, corporation, or member,


Except, in each case, where:-

14.1.1.3 the Minister has approved such Financial Assistance, either for the specific recipient or generally for a category of potential recipients (and the specific recipient falls within that category), by Special Resolution adopted within the previous 2 (two) years; provided that where the Minister is requested to approve the provision of specific Financial Assistance, the Board shall, at the request of the Minister, provide such information to the Minister as the Minister may require, to satisfy the Minister that the conditions set out in clauses 14.1.1.4, 14.1.1.5 and 14.1.1.6.2 of this MOI have been met, or will be met;

14.1.1.4 the provisions of the PFMA have been met;

14.1.1.5 the provisions of section 44 and/or 45 (as the case may be) of the Companies Act have been met; and

14.1.1.6 the Board is satisfied that:-


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14.1.1.6.1 immediately after providing the Financial Assistance, the Company would satisfy the solvency and liquidity test prescribed in section 4 of the Companies Act; and

14.1.1.6.2 the terms under which the Financial Assistance is proposed to be given are fair and reasonable to the Company.

14.1.1.7 The Company shall be prohibited from providing any direct or indirect Financial Assistance to any Director or Prescribed Officer of the Company or to a Person Related or Inter-Related to any such Director or Prescribed Officer under any circumstances whatsoever.

15. INDEMNIFICATION OF DIRECTORS

15.1 For the purposes of this clause 15, "Director" includes a former Director, a Prescribed Officer and a person who is a member of a committee of the Board, irrespective of whether or not the person is also a member of the Board.

15.2 Subject to the provisions of the PFMA, the Company may:-

15.2.1 not directly or indirectly pay any fine that may be imposed on a Director, or on a Director of a Related company, as a consequence of that Director having been convicted of an offence in terms of any national legislation unless the conviction is based on strict liability;

15.2.2 advance expenses to a Director to defend litigation in any proceedings arising out of the Director's service to the Company. For purposes of this clause 15, "service to the Company" includes services which are directly linked to the activities of the Company, and services which the Company consents to or acknowledges; and

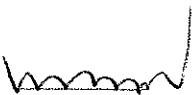
15.2.3 directly or indirectly indemnify a Director for:-

15.2.3.1 any liability, other than in respect of:-

15.2.3.1.1 any liability arising in terms of section 77(3)(a), (b) or (c) of the Companies Act or sections 86(2) or (3) of the PFMA, or from wilful misconduct or wilful breach of trust on the part of the Director; or

15.2.3.1.2 any fine contemplated in clause 15.2.1;

15.2.3.2 any expenses contemplated in clause 15.2.2, irrespective of whether it has advanced those expenses, if the proceedings:-


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15.2.3.2.1 are abandoned or exculpate the Director; or

15.2.3.2.2 arise in respect of any other liability for which the Company may indemnify the Director in terms of clause 15.2.3.1.

15.3 Subject to the provisions of the PFMA, the Company may purchase insurance to protect:-

15.3.1 a Director against any liability or expenses contemplated in clause 15.2.2 or 15.2.3; or

15.3.2 the Company against any contingency including but not limited to:-

15.3.2.1 any expenses:-

15.3.2.1.1 that the Company is permitted to advance in accordance with clause 15.2.2; or

15.3.2.1.2 for which the Company is permitted to indemnify a Director in accordance with clause 15.2.3.2; or

15.3.2.2 any liability for which the Company is permitted to indemnify a Director in accordance with clause 15.2.3.1.

15.4 The Company is entitled to claim restitution from a Director, for any money paid directly or indirectly by the Company to or on behalf of that Director in any manner inconsistent with section 78 of the Companies Act.

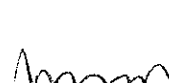
16. PRESCRIBED OFFICER

16.1 No person shall hold office as a Prescribed Officer, if she/he is Ineligible or Disqualified. A person who is Ineligible or Disqualified must not consent to be appointed to an office or undertake any functions which would result in her/him being a Prescribed Officer nor act in such office nor undertake any such functions. A person placed under probation by a court must not consent to be appointed to an office or undertake any functions which would result in her/him being a Prescribed Officer nor act in such office nor undertake any such functions unless the order of court so permits.

16.2 A Prescribed Officer shall cease to hold office as such immediately if she/he becomes Ineligible or Disqualified in terms of the Companies Act.

17. COMMITTEES OF THE BOARD

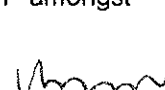
17.1 The Board may establish any number of Board committees and delegate to such committee any authority of the Board.


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- 17.2 The Board must submit Written "terms of reference" in respect of the new committees including *inter alia* the need for such a committee, the functioning of such a committee, the functions of the committee, and any other information required by the Minister.
- 17.3 Recognised committees at the date of this MOI (in addition to the audit and risk committee and the social, ethics, governance and nominations committee) include:
- 17.3.1 human resources and remuneration committee;
- 17.4 No person shall be appointed as a member of a Board committee, if she/he is Ineligible or Disqualified and any such appointment shall be a nullity. A person who is Ineligible or Disqualified must not consent to be appointed as a member of a Board committee nor act as such a member. A person placed under probation by a court must not serve as a member of a Board committee unless the order of court so permits.
- 17.5 The Board may remove a member of a Board committee by written notice to such member and to the Board committee, if such member has neglected or been derelict in the performance of his/her duties.
- 17.6 The quorum for Board committees shall be regulated in such Board committee's terms of reference, or shall be the majority of its members, if the quorum is not regulated in such Board committee's terms of reference.
- 17.7 Committees of the Board may consult with or receive advice from any person.
- 17.8 Meetings and other proceedings of a committee of the Board shall be governed by the provisions of this MOI regulating the meetings and proceedings of Directors.

18 AUDIT AND RISK COMMITTEE

- 18.1 The Board shall propose, and the Shareholders shall appoint, an audit and risk committee. The audit and risk committee shall comprise at least 3 (three) members, all of whom shall be non-executive Directors of the Company and whose appointment shall comply with-
- 18.1.1 section 77 of the PFMA; and
- 18.1.2 to the extent that the provisions of section 94 of the Companies Act and Regulation 42 do not conflict with section 77 of the PFMA, section 94 of the Companies Act and Regulation 42.
- 18.2 The audit and risk committee shall meet at least 4 (four) times a year to execute its duties.
- 18.3 The audit and risk committee members shall appoint a chairperson from amongst themselves who shall not be the chairperson of the Board.


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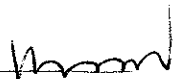
- 18.4 In accordance with the Treasury Regulations the chairperson of the audit and risk committee shall be independent, be knowledgeable of the status of the position, have the requisite business, financial and leadership skills and may not be the chairperson of the Board or a person who fulfils an executive function in the Company.
- 18.5 Each member of the audit and risk committee must:-
- 18.5.1 be a non-executive Director, who satisfies any applicable requirements prescribed by the Minister of Trade and Industry from time to time in terms of section 94(5) of the Companies Act;
- 18.5.2 not be:-
- 18.5.2.1 involved in the day-to-day management of the Company's business or have been so involved at any time during the previous Financial Year;
- 18.5.2.2 a Prescribed Officer, or full-time employee, of the Company or another Related or Inter-Related Person company, or have been such an Officer or employee at any time during the previous 3 (three) Financial Years; or
- 18.5.2.3 a Material supplier or customer of the Company, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that Director is compromised by that relationship; and
- 18.5.2.4 not be a Related Person to any Person who falls within the criteria in clauses 18.5.2.1 to 18.5.2.3.
- 18.6 In addition at least 1/3 (one third) of the members of the audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.
- 18.7 The audit and risk committee shall exercise all the functions as may be prescribed from time to time by the Companies Act (as read with the Regulations) and the PFMA, as well as in its own terms of reference as determined from time to time.
- 18.8 The Company may require that its audit and risk committee will perform the functions required by section 94 of the Companies Act on behalf of its Subsidiaries.


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- 18.9 The Company must pay all expenses reasonably incurred by its audit and risk committee, including, if the audit and risk committee considers it appropriate, the fees of any consultant or specialist engaged by the audit and risk committee to assist it in the performance of its functions.
- 18.10 No person shall be elected as a member of the audit and risk committee, if she/he is ineligible or Disqualified and any such election shall be a nullity. A person who is ineligible or Disqualified must not consent to be elected as a member of the audit and risk committee nor act as a member of the audit and risk committee. A person placed under probation by a court must not serve as a member of the audit and risk committee unless the order of court so permits.
- 18.11 A member of the audit and risk committee shall cease to hold office as such immediately if she/he becomes Ineligible or Disqualified in terms of the Companies Act.
- 18.12 There are no general qualifications prescribed by the Company for a person to serve as a member of the audit and risk committee in addition to the requirements of the Companies Act and this clause 18Error! Reference source not found.

19 SOCIAL, ETHICS, GOVERNANCE AND NOMINATIONS COMMITTEE

- 19.1 The Board must appoint a social, ethics, governance and nominations committee unless it has been exempted in terms of the Companies Act from having a social, ethics, governance and nominations committee.
- 19.2 The social, ethics, governance and nominations committee shall comprise at least 3 (three) members, all of whom shall be Directors of the Company, at least 1 (one) of whom must be a non-executive Director, and must not have been so involved within the previous 3 (three) Financial Years and whose appointment shall be in compliance with the Companies Act and the Regulations.
- 19.3 The social, ethics, governance and nominations committee shall meet at least once a year to deal with and attend to all functions and matters that are required to be dealt with by the committee in terms of the Companies Act and the Regulations, as well as in its own terms of reference as determined from time to time.
- 19.4 The social, ethics, governance and nominations committee of the Company is entitled to:-
- 19.4.1 require from any Director or Prescribed Officer any information or explanation necessary for the performance of the committee's functions;
- 19.4.2 request from any employee of the Company any information or explanation necessary for the performance of the committee's functions;


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- 19.4.3 attend any Shareholders' Meeting;
- 19.4.4 receive all notices of and other communications relating to any Shareholders' Meeting; and
- 19.4.5 be heard at any Shareholders' Meeting on any part of the business of the meeting that concerns the committee's functions.

19.5 The Company may require that its social, ethics, governance and nominations committee will perform the functions required in terms of regulation 43(2) of the Companies Act on behalf of its Subsidiaries.

19.6 The Company must pay all the expenses reasonably incurred by its social, ethics, governance and nominations committee, including, if the social, ethics, governance and nominations committee considers it appropriate, the costs or the fees of any consultant or specialist engaged by the social, ethics, governance and nominations committee in the performance of its functions.

20 AUDITORS

20.1 Auditors shall be appointed, and their duties regulated, in accordance with the provisions of sections 90, 91, 92 and 93 of the Companies Act, the Auditing Profession Act and applicable provisions of the Public Audit Act.

20.2 The Company shall not be required to appoint an Auditor for any Financial Year in respect of which the Auditor-General has elected, in terms of the Public Audit Act, to conduct an Audit of the Company.

20.3 Subject to the provisions of the Companies Act, the Auditing Profession Act and the Public Audit Act, all acts done by any Person acting as Auditor, shall, as regard to all Persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in that appointment.

20.4 Nothing precludes the election by the Company at its Annual General Meeting of an Auditor other than one nominated by the audit and risk committee, but if such an Auditor is elected, the appointment is valid only if the audit and risk committee is satisfied that the proposed Auditor is independent of the Company.

20.5 In considering whether, for the purposes of the Companies Act, a Registered Auditor is independent of the Company, the audit and risk committee must:-

- 20.5.1 ascertain that the Auditor does not receive any direct or indirect remuneration or other benefit from the Company, except:-


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20.5.1.1 as Auditor; or

20.5.1.2 for rendering other services to the Company, to the extent permitted in terms of the Companies Act;

20.5.2 consider whether the Auditor's independence may have been prejudiced:-

20.5.2.1 as a result of any previous appointment as Auditor; or

20.5.2.2 having regard to the extent of any consultancy, advisory or other work undertaken by the Auditor for the Company; and

20.5.3 consider compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act,

in relation to the Company, and if the Company is a member of a Group of Companies, any other company within that Group of Companies.

21 COMPANY SECRETARY

21.1 The Directors must appoint the company secretary from time to time, who:-

21.1.1 shall be a permanent resident of the Republic and remain so while serving as secretary; and

21.1.2 shall have the requisite knowledge of, or experience in, relevant laws; and

21.1.3 may be a Juristic Person subject to the following:-

21.1.3.1 every employee of that Juristic Person who provides company secretary services, or partner and employee of that partnership, as the case may be, is not Ineligible or Disqualified;

21.1.3.2 at least 1 (one) employee of that Juristic Person, or one partner or employee of that partnership, as the case may be, satisfies the requirements in clauses 21.1.1 and 21.1.2

21.2 The company secretary shall not be a Director.

21.3 Within 60 (sixty) Business Days after a vacancy arises in the office of company secretary, the Board must fill the vacancy by appointing a Person whom the Directors consider to have the requisite knowledge and experience. A change in the membership of a Juristic Person or partnership that holds office as company secretary does not constitute a vacancy in the office of


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company secretary, if the Juristic Person or partnership continues to satisfy the requirements of clause 21.1.3.

21.4 If at any time a Juristic Person or partnership holds office as company secretary of the Company:-

21.4.1 the Juristic Person or partnership must immediately notify the Directors if the Juristic Person or partnership no longer satisfies the requirements of clause 21.1.3, and is regarded to have resigned as company secretary upon giving that notice to the Company;

21.4.2 the Company is entitled to assume that the Juristic Person or partnership satisfies the requirements of clause 21.1.3, until the Company has received a notice contemplated in clause 21.4.1; and

21.4.3 any action taken by the Juristic Person or partnership in performance of its functions as company secretary is not invalidated merely because the Juristic Person or partnership had ceased to satisfy the requirements of clause 21.1.3 at the time of that action.


21.5 The company secretary may resign from office by giving the Company 1 (one) Month's Written notice or less than that with the prior Written approval of the Board.

21.6 If the company secretary is removed from office by the Board, the company secretary may, by giving Written notice to that effect to the Company by not later than the end of the Financial Year in which the removal took place, require the Company to include a statement in its annual Financial Statements relating to that Financial Year, not exceeding a reasonable length, setting out the company secretary's contention as to the circumstances that resulted in the removal. The Company must include this statement in the Directors' report in its annual Financial Statements.

22 DISTRIBUTIONS TO THE SHAREHOLDERS

22.1 The Board may make Distributions to the Shareholders from time to time in accordance with the Enabling Legislation and the Distributions or similar policy of the Company from time to time, subject to the provisions of clause 12.1.1.8, this clause 22 and the provisions of section 46 of the Companies Act.

22.2 The Board, after consultation with the Shareholders, shall develop an appropriate Distribution or similar policy and framework for the Company taking into account, *inter alia*, the Corporate Plan and strategic objectives of the Company which shall be reviewed on a regular basis. In addition, the Company shall be entitled to invest sufficient funds of the Company for the adequate


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capitalisation and on-going investment that the Company or its Subsidiaries deemed appropriate. Such capitalisation or investment, and expenditure incurred in respect of industry restructuring, delivery of universal services or any other socio-economic activities carried out by the Company upon the request of the Shareholders shall be taken into account in calculating any Distributions and other payments payable to the Shareholders.


- 22.3 Without derogating from the provisions of clause 22.1 and subject to the requirements of the Companies Act and clause 12.1.1.8 of this MOI, the Board may, resolve to Distribute or deal with, in any such way authorised by the Companies Act, all or any part of the amount for the time being standing to the credit of any of the Company's reserves or any share capital of the Company.

23 ACCOUNTS

- 23.1 The Company's Board of Directors shall cause to be kept such Accounting Records and books of account as are prescribed by the Companies Act and the PFMA.
- 23.2 The Financial Statements, books of account and other books and documents of the Company shall be kept at the Office of the Company or (subject to the provisions of section 25 of the Companies Act, and the PFMA) at such other place within the Republic as the Board thinks fit, and shall at all times be open to inspection by the Shareholders and the Board during normal business hours.
- 23.3 The Board shall, in accordance with sections 30 and 31 of the Companies Act and section 55 of the PFMA, cause to be prepared and presented at the Annual General Meeting such reports (if any) as are referred to in those sections and required in terms of this MOI.
- 23.4 Subject to the provisions of the Companies Act, a copy of the documents referred to in clause 23.3 shall be Delivered or sent by post to the registered address of the Shareholders at least 15 (fifteen) Business Days before the Annual General Meeting, so that such period shall not include the day on which such documents are Delivered or sent, or deemed to be Delivered or sent, or the day on which the meeting is to be held. Alternatively, the Shareholders may give the Company an Electronic Address, in which case a copy of the said documents may be Delivered to the Shareholders at that address.

24 NOTICES

- 24.1 All notices and/or documents intended or required to be given by the Company to the Shareholders, any Director, other Person or to the Company, as the case may be, shall be given in Writing in any manner authorised and shall be deemed to have been Delivered on the date and time determined by the Regulations and particularly Table CR 3 of the Regulations, attached hereto as **Annexure C**.


Initials

24.2 Each Shareholder and Director shall:-

- 24.2.1 notify the Company in writing of a postal address, which address will be his registered address for the purposes of receiving written notices from the Company by post;
- 24.2.2 notify the Company in writing of a physical address, which address will be his registered address for the purposes of receiving written notices from the Company by hand; and/or
- 24.2.3 unless otherwise agreed with the Company, notify in writing to the Company an Electronic Address, which address will be his address for the purposes of receiving notices by way of Electronic Communication.

24.3 Notices for the Minister shall be served by the Company by hand delivery to the office of the Minister or by transmission through the post in a prepaid letter, telefax or any Electronic Communication addressed to the Minister at his registered address or Electronic Address (as the case may be).

24.4 The Minister chooses the address of the permanent office of the Government in Pretoria as his address or such other address as the Minister shall upon Written notice be entitled to change.

24.5 Any Shareholder after having furnished the Company with an Electronic Address, to the Company, by doing so:-


24.5.1 authorises the Company to use Electronic Communication to give notices, documents, Records or statements or notices of availability of the foregoing to her/him/it; and

24.5.2 confirms that same can conveniently be printed by the Shareholders within a reasonable time and at a reasonable cost.

24.6 Every notice calling any general meeting shall comply with the provisions of the Companies Act unless otherwise determined by the Directors.

25 FINANCIAL YEAR

The Financial Year of the Company is the 12 (twelve) Month period ending on 31 March of each year. The Financial Year may not be changed by the Board without the prior written consent or approval of the Shareholders and subject to the PFMA and the requirements of section 27(4) of the Companies Act.


Initials

26 WINDING UP

The Company shall not be wound up or placed into "business rescue" as contemplated in the Companies Act, without the prior Written consent of the Shareholder.

27 SUBSIDIARIES

The Company may, from time to time, form or acquire further Subsidiaries, subject to the Statutes and the provisions of this MOI.

28 PROTECTION OF WHISTLE-BLOWERS

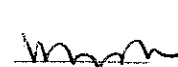
The Company shall establish and maintain a system to receive disclosures contemplated in section 159 of the Companies Act.



NHLANHLA NENE, MP

MINISTER OF FINANCE (representing the state)

Signed at Pretoria on the 22 day of May 2015

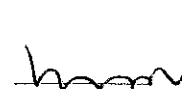


Initials

Annexure A – Definitions

In the Companies Act, unless the context indicates otherwise:-

1. **"accounting records"** means information in written or electronic form concerning the financial affairs of a company as required in terms of this Act, including but not limited to, purchase and sales records, general and subsidiary ledgers and other documents and books used in the preparation of financial statements;
2. **"acquiring party"**, when used in respect of a transaction or proposed transaction, means a person who, as a result of the transaction, would directly or indirectly acquire or establish direct or indirect control or increased control over all or the greater part of a company, or all or the greater part of the assets or undertaking of a company;
3. **"advertisement"** means any direct or indirect communication transmitted by any medium, or any representation or reference written, inscribed, recorded, encoded upon or embedded within any medium, by means of which a person seeks to bring any information to the attention of all or part of the public;
4. **"agreement"** includes a contract, or an arrangement or understanding between or among two or more parties that purports to create rights and obligations between or among those parties;
5. **"all or the greater part of the assets or undertaking"**, when used in respect of a company, means:-
 - (a) in the case of the company's assets, more than 50% of its gross assets fairly valued, irrespective of its liabilities; or
 - (b) in the case of the company's undertaking, more than 50% of the value of its entire undertaking, fairly valued;"
6. **"alterable provision"** means a provision of this Act in which it is expressly contemplated that its effect on a particular company may be negated, restricted, limited, qualified, extended or otherwise altered in substance or effect by that company's Memorandum of Incorporation;
7. **"alternate director"** means a person elected or appointed to serve, as the occasion requires, as a member of the board of a company in substitution for a particular elected or appointed director of that company;
8. **"amalgamation or merger"** means a transaction, or series of transactions, pursuant to an agreement between two or more companies, resulting in:-



Initials

- 8.1. the formation of one or more new companies, which together hold all of the assets and liabilities that were held by any of the amalgamating or merging companies immediately before the implementation of the agreement, and the dissolution of each of the amalgamating or merging companies; or
- 8.2. the survival of at least one of the amalgamating or merging companies, with or without the formation of one or more new companies, and the vesting in the surviving company or companies, together with any such new company or companies, of all of the assets and liabilities that were held by any of the amalgamating or merging companies immediately before the implementation of the agreement;

9. **"amalgamated or merged company"** means a company that either:-

- 9.1. was incorporated pursuant to an amalgamation or merger agreement; or
- 9.2. was an amalgamating or merging company and continued in existence after the implementation of the amalgamation or merger agreement,
- and holds any part of the assets and liabilities that were held by any of the amalgamating or merging companies immediately before the implementation of the agreement;

10. **"amalgamating or merging company"** means a company that is a party to an amalgamation or merger agreement;

11. **"annual general meeting"** means the meeting of a public company required by section 61(7);

12. **"audit"** has the meaning set out in the Auditing Profession Act, but does not include an **'independent review'** of annual financial statements, as contemplated in section 30(2)(b)(ii)(bb);


13. **"Auditing Profession Act"** means the Auditing Profession Act, 2005 (Act No. 26 of 2005);

14. **"auditor"** has the meaning set out in the Auditing Profession Act;

15. **"Banks Act"** means the Banks Act, 1990 (Act No. 94 of 1990);

16. **"beneficial interest"**, when used in relation to a company's securities, means the right or entitlement of a person, through ownership, agreement, relationship or otherwise, alone or together with another person to:-

- 16.1. receive or participate in any distribution in respect of the company's securities;
- 16.2. exercise or cause to be exercised, in the ordinary course, any or all of the rights attaching to the company's securities; or


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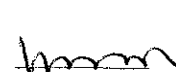
16.3. dispose or direct the disposition of the company's securities, or any part of a distribution in respect of the securities,

but does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act No. 45 of 2002);

17. **"board"** means the board of directors of a company;
18. **"business days"** has the meaning determined in accordance with section 5(3);
19. **"Cabinet"** means the body of the national executive described in section 91 of the Constitution;
20. **"central securities depository"** has the meaning set out in section 1 of the Securities Services Act, 2004 (Act No. 36 of 2004);
21. **"close corporation"** means a juristic person incorporated under the Close Corporations Act, 1984 (Act No. 69 of 1984);
22. **"Commission"** means the Companies and Intellectual Property Commission established by section 185;
23. **"Commissioner"** means the person appointed to or acting in the office of that name, as contemplated in section 189;
24. **"company"** means a juristic person incorporated in terms of this Act, a domesticated company, or a juristic person that, immediately before the effective date:-
 - 24.1. was registered in terms of the:-
 - 24.1.1. Act, 1973 (Act No. 61 of 1973), other than as an external company as defined in that Act; or
 - 24.1.2. Close Corporations Act, 1984 (Act No. 69 of 1984), if it has subsequently been converted in terms of Schedule 2;
 - 24.2. was in existence and recognised as an 'existing company' in terms of the Companies Act, 1973 (Act No. 61 of 1973); or
 - 24.3. was deregistered in terms of the Companies Act, 1973 (Act No. 61 of 1973), and has subsequently been re-registered in terms of this Act;
25. **"companies register"** means the register required to be established by the Commission in terms of section 187(4);
26. **"Companies Tribunal"** means the Companies Tribunal established in terms of section 193;

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27. **"Competition Act"**, means the Competition Act, 1998 (Act No. 89 of 1998);
28. **"consideration"** means anything of value given and accepted in exchange for any property, service, act, omission or forbearance or any other thing of value, including:-
- 28.1. any money, property, negotiable instrument, securities, investment credit facility, token or ticket;
- 28.2. any labour, barter or similar exchange of one thing for another; or
- 28.3. any other thing, undertaking, promise, agreement or assurance, irrespective of its apparent or intrinsic value, or whether it is transferred directly or indirectly;
29. **"Constitution"** means the Constitution of the Republic of South Africa, 1996;
30. **"convertible"**, when used in relation to any securities of a company, means securities that may, by their terms, be converted into other securities of the company, including:-
- 30.1. any non-voting securities issued by the company and which will become voting securities—
- 30.1.1. on the happening of a designated event; or
- 30.1.2. if the holder of those securities so elects at some time after acquiring them; and
- 30.2. options to acquire securities to be issued by the company, irrespective of whether those securities may be voting securities, or non-voting securities contemplated in paragraph (a);
31. **"co-operative"** means a juristic person as defined in the Co-operatives Act, 2005 (Act No. 14 of 2005);
32. **"Council"** means the Financial Reporting Standards Council established by section 203;
33. **"director"** means a member of the board of a company, as contemplated in section 66, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated;
34. **"distribution"** means a direct or indirect—
- 34.1. (a) transfer by a company of money or other property of the company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a Beneficial Interest in any such shares, of that company or of another company within the same group of companies, whether:-
- 34.1.1. in the form of a dividend;


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34.1.2. as a payment in lieu of a capitalisation share, as contemplated in section 47;

34.1.3. as consideration for the acquisition—

34.1.3.1. by the company of any of its shares, as contemplated in section 48;
or

34.1.3.2. by any company within the same group of companies, of any shares
of a company within that group of companies; or

34.1.4. otherwise in respect of any of the shares of that company or of another
company within the same group of companies, subject to section 164(19);

34.2. incurrence of a debt or other obligation by a company for the benefit of one or more holders
of any of the shares of that company or of another company within the same group of
companies; or

34.3. forgiveness or waiver by a company of a debt or other obligation owed to the company by
one or more holders of any of the shares of that company or of another company within the
same group of companies,

but does not include any such action taken upon the final liquidation of the company;

35. **"domesticated company"** means a foreign company whose registration has been transferred to the
Republic in terms of section 13(5) to (11);

36. **"effective date"**, with reference to any particular provision of this Act, means the date on which that
provision came into operation in terms of section 225;


37. **"electronic communication"** has the meaning set out in section 1 of the Electronic
Communications and Transactions Act;

38. **"Electronic Communications and Transactions Act"** means the Electronic Communications and
Transactions Act, 2002 (Act No. 25 of 2002);

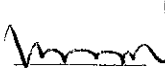
39. **"employee share scheme"** has the meaning set out in section 95(1)(c);

40. **"exchange"** when used as a noun, has the meaning set out in section 1 of the Securities Services
Act, 2004 (Act No. 36 of 2004);

41. **"exercise"**, when used in relation to voting rights, includes voting by proxy, nominee, trustee or
other person in a similar capacity;



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42. **"ex officio director"** means a person who holds office as a director of a particular company solely as a consequence of that person holding some other office, title, designation or similar status specified in the company's Memorandum of Incorporation;
43. **"external company"** means a foreign company that is carrying on business, or non-profit activities, as the case may be, within the Republic, subject to section 23(2);
44. **"file"**, when used as a verb, means to deliver a document to the Commission in the manner and form, if any, prescribed for that document;
45. **"financial reporting standards"**, with respect to any particular company's financial statements, means the standards applicable to that company, as prescribed in terms of section 29(4) and (5);
46. **"financial statement"** includes:-
- 46.1. annual financial statements and provisional annual financial statements;
 - 46.2. interim or preliminary reports;
 - 46.3. group and consolidated financial statements in the case of a group of companies; and
 - 46.4. financial information in a circular, prospectus or provisional announcement of results, that an actual or prospective creditor or holder of the company's securities, or the Commission, Panel or other regulatory authority, may reasonably be expected to rely on;
47. **"foreign company"** means an entity incorporated outside the Republic, irrespective of whether it is:-
- 47.1. a profit, or non-profit, entity; or
 - 47.2. carrying on business or non-profit activities, as the case may be, within the Republic;
48. **"general voting rights"** means voting rights that can be exercised generally at a general meeting of a company;
49. **"group of companies"** means a holding company and all of its subsidiaries;
50. **"holding company"**, in relation to a subsidiary, means a juristic person that controls that subsidiary as a result of any circumstances contemplated in section 2(2)(a) or 3(1)(a);
51. **"Human Rights Commission"** means the South African Human Rights Commission established in terms of Chapter 9 of the Constitution;
52. **"incorporator"**, when used:-

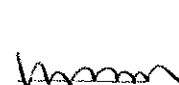


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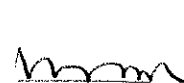
- 52.1. with respect to a company incorporated in terms of this Act, means a person who incorporated that company, as contemplated in section 13; or
- 52.2. with respect to a pre-existing company, means a person who took the relevant actions comparable to those contemplated in section 13 to bring about the incorporation of that company;
53. **"individual"** means a natural person;
54. **"inspector"** means a person appointed as such in terms of section 209(1);
55. **"inter-related"**, when used in respect of three or more persons, means persons who are related to one another in a linked series of relationships, such that two of the persons are related in a manner contemplated in section 2(1), and one of them is related to the third in any such manner, and so forth in an unbroken series;
56. **"investigator"** means a person appointed as such in terms of section 209(3);
57. **"juristic person"** includes:-
- 57.1. a foreign company; and
- 57.2. a trust, irrespective of whether or not it was established within or outside the Republic;
58. **"knowing", "knowingly" or "knows"**, when used with respect to a person, and in relation to a particular matter, means that the person either:-
- 58.1. had actual knowledge of the matter; or
- 58.2. was in a position in which the person reasonably ought to have—
- 58.2.1. had actual knowledge;
- 58.2.2. investigated the matter to an extent that would have provided the person with actual knowledge; or
- 58.2.3. taken other measures which, if taken, would reasonably be expected to have provided the person with actual knowledge of the matter;
59. **"listed securities"** has the meaning set out in section 1 of the Securities Services Act, 2004 (Act No. 36 of 2004);
60. **"Master"** means the officer of the High Court, referred to in section 2 of the Administration of Estates Act, 1965 (Act No. 66 of 1965), who has jurisdiction over a particular matter arising in terms of this Act;


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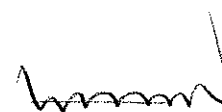
61. **"material"**, when used as an adjective, means significant in the circumstances of a particular matter, to a degree that is:-
- 61.1. of consequence in determining the matter; or
 - 61.2. might reasonably affect a person's judgment or decision-making in the matter;
62. **"member"**, when used in reference to:-
- 62.1. a close corporation, has the meaning set out in section 1 of the Close Corporations Act, 1984 (Act No. 69 of 1984); or
 - 62.2. a non-profit company, means a person who holds membership in, and specified rights in respect of, that non-profit company, as contemplated in Schedule 1; or
 - 62.3. any other entity, means a person who is a constituent part of that entity;
63. **"Memorandum"**, or **"Memorandum of Incorporation"**, means the document, as amended from time to time) that sets out rights, duties and responsibilities of shareholders, directors and others within and in relation to a company, and other matters as contemplated in section 15 and by which:-
- 63.1. the company was incorporated under this Act, as contemplated in section 13;
 - 63.2. a pre-existing company was structured and governed before the later of the—
 - 63.2.1. effective date; or
 - 63.2.2. date it was converted to a company in terms of Schedule 2; or
 - 63.3. a domesticated company is structured and governed;
64. **"Minister"** means the member of the Cabinet responsible for companies;
65. **"nominee"** has the meaning set out in section 1 of the Securities Services Act, 2004 (Act No. 36 of 2004);
66. **"non-profit company"** means a company:-
- 66.1. incorporated for a public benefit or other object as required by item 1(1) of Schedule 1; and
 - 66.2. (the income and property of which are not distributable to its incorporators, members, directors, officers or persons related to any of them except to the extent permitted by item 1(3) of Schedule 1;


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67. **"Notice of Incorporation"** means the notice to be filed in terms of section 13(1), by which the incorporators of a company inform the Commission of the incorporation of that company, for the purpose of having it registered;
68. **"official language"** means a language mentioned in section 6(1) of the Constitution;
69. **"ordinary resolution"** means a resolution adopted with the support of more than 50% of the voting rights exercised on the resolution, or a higher percentage as contemplated in section 65(8):-
- 69.1. at a shareholders meeting; or
- 69.2. by holders of the company's securities acting other than at a meeting, as contemplated in section 60;
70. **"organ of state"** has the meaning set out in section 239 of the Constitution;
71. **"Panel"** means the Takeover Regulation Panel, established by section 196;
72. **"participant"** has the meaning set out in section 1 of the Securities Services Act, 2004 (Act No. 36 of 2004);
73. **"person"** includes a juristic person;
74. **"personal financial interest"**, when used with respect to any person:-
- 74.1. means a direct material interest of that person, of a financial, monetary or economic nature, or to which a monetary value may be attributed; but
- 74.2. does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act No. 45 of 2002), unless that person has direct control over the investment decisions of that fund or investment;
75. **"personal liability company"** means a profit company that satisfies the criteria in section 8(2)(c);
76. **"pre-existing company"** means a company contemplated in paragraph (a), (b) or (c) of the definition of 'company' in this section;
77. **"pre-incorporation contract"** means a written agreement entered into before the incorporation of a company by a person who purports to act in the name of, or on behalf of, the proposed company, with the intention or understanding that the proposed company will be incorporated, and will thereafter be bound by the agreement;
78. **"premises"** includes land, or any building, structure, vehicle, ship, boat, vessel, aircraft or container;



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79. **"prescribed"** means determined, stipulated, required, authorised, permitted or otherwise regulated by a regulation or notice made in terms of this Act;
80. **"prescribed officer"** means a person who, within a company, performs any function that has been designated by the Minister in terms of section 66(10);
81. **"present at a meeting"** means to be present in person, or able to participate in the meeting by electronic communication, or to be represented by a proxy who is present in person or able to participate in the meeting by electronic communication;
82. **"private company"** means a profit company that:-
- 82.1. is not a public, personal liability or state-owned company; and
- 82.2. satisfies the criteria set out in section 8(2)(b);
83. **"profit company"** means a company incorporated for the purpose of financial gain for its shareholders;
84. **"public company"** means a profit company that is not a state-owned company, a private company or a personal liability company;
85. **"public regulation"** means any national, provincial or local government legislation or subordinate legislation, or any licence, tariff, directive or similar authorisation issued by a regulatory authority or pursuant to any statutory authority;
86. **"records"**, when used with respect to any information pertaining to a company, means any information contemplated in section 24(1);
87. **"record date"** means the date established under section 59 on which a company determines the identity of its shareholders and their shareholdings for the purposes of this Act;
88. **"registered auditor"** has the meaning set out in the Auditing Profession Act;
89. **"registered external company"** means an external company that has registered its office as required by section 23, and has been assigned a registration number in terms of that section;
90. **"registered trade union"** means a trade union registered in terms of section 96 of the Labour Relations Act, 1995 (Act No. 66 of 1995);
91. **"registration certificate"**, when used with respect to a:-



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- 91.1. company incorporated on or after the effective date, means the certificate, or amended certificate, issued by the Commission as evidence of the incorporation and registration of that company;
- 91.2. pre-existing company registered in terms of—
- 91.2.1. the Companies Act, 1973 (Act No. 61 of 1973), means the certificate of incorporation or registration issued to it in terms of that Act;
- 91.2.2. the Close Corporations Act, 1984 (Act No. 69 of 1984), and converted in terms of Schedule 2 to this Act, means the certificate of incorporation issued to the company in terms of that Schedule, read with section 14; or
- 91.2.3. any other law, means any document issued to the company in terms of that law as evidence of the company's incorporation; or
- 91.3. registered external company, means the certificate of registration issued to it in terms of this Act or the Companies Act, 1973 (Act No. 61 of 1973); or
- 91.4. a domesticated company, means the certificate issued to it upon the transfer of its registration to the Republic in terms of section 13(5) to (11);
92. **"registry"** means a depository of documents required to be kept by the Commission in terms of section 187(4);
93. **"regulated person or entity"** means a person that has been granted authority to conduct business by a regulatory authority;
94. **"regulation"** means a regulation made under this Act;
95. **"regulatory authority"** means an entity established in terms of national or provincial legislation responsible for regulating an industry, or sector of an industry;
96. **"related"**, when used in respect of two persons, means persons who are connected to one another in any manner contemplated in section 2(1)(a) to (c);
97. **"relationship"** includes the connection subsisting between any two or more persons who are related or inter-related, as determined in accordance with section 2;
98. **"rules"** and **"rules of a company"** means any rules made by a company as contemplated in section 15(3) to (5);
99. **"securities"** means any shares, debentures or other instruments, irrespective of their form or title, issued or authorised to be issued by a profit company;


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100. **"securities register"** means the register required to be established by a profit company in terms of section 50(1);
101. **"series of integrated transactions"** has the meaning set out in section 41(4)(b);
102. **"share"** means one of the units into which the proprietary interest in a profit company is divided;
103. **"Shareholders"**, subject to section 57(1), means the holder of a share issued by a company and who is entered as such in the certificated or uncertificated securities register, as the case may be;
104. **"shareholders meeting"**, with respect to any particular matter concerning a company, means a meeting of those holders of that company's issued securities who are entitled to exercise voting rights in relation to that matter;
105. **"solvency and liquidity test"** means the test set out in section 4(1);
106. **"special resolution"** means:-
- 106.1. in the case of a company, a resolution adopted with the support of at least 75% of the voting rights exercised on the resolution, or a different percentage as contemplated in section 65(10):-
 - 106.1.1. at a shareholders meeting; or
 - 106.1.2. by holders of the company's securities acting other than at a meeting, as contemplated in section 60; or
 - 106.2. in the case of any other juristic person, a decision by the owner or owners of that person, or by another authorised person, that requires the highest level of support in order to be adopted, in terms of the relevant law under which that juristic person was incorporated;
107. **"state-owned company"** means an enterprise that is registered in terms of this Act as a company, and either:-
- 107.1. is listed as a public entity in Schedule 2 or 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); or
 - 107.2. is owned by a municipality, as contemplated in the Local Government:- Municipal Systems Act, 2000 (Act No. 32 of 2000), and is otherwise similar to an enterprise referred to in paragraph (a);
108. **"subsidiary"** has the meaning determined in accordance with section 3;


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109. **"Takeover Regulations"** means the regulations made by the Minister in terms of sections 120 and 223;
110. **"this Act"** includes the Schedules and regulations;
111. **"unalterable provision"** means a provision of this Act that does not expressly contemplate that its effect on any particular company may be negated, restricted, limited, qualified, extended or otherwise altered in substance or effect by a company's Memorandum of Incorporation or rules;
112. **"uncertificated securities"** means any securities defined as such in section 29 of the Securities Services Act, 2004 (Act No. 36 of 2004);
113. **"uncertificated securities register"** means the record of uncertificated securities administered and maintained by a participant or central securities depository, as determined in accordance with the rules of a central securities depository, and which forms part of the relevant company's securities register established and maintained in terms of Part E of Chapter 2;
114. **"voting power"**, with respect to any matter to be decided by a company, means the voting rights that may be exercised in connection with that matter by a particular person, as a percentage of all such voting rights;
115. **"voting rights"**, with respect to any matter to be decided by a company, means:-
- 115.1. the rights of any holder of the company's securities to vote in connection with that matter, in the case of a profit company; or
 - 115.2. the rights of a member to vote in connection with the matter, in the case of a non-profit company;
116. **"voting securities"**, with respect to any particular matter, means securities that:-
- 116.1. carry voting rights with respect to that matter; or
 - 116.2. are presently convertible to securities that carry voting rights with respect to that matter; and
117. **"wholly-owned subsidiary"** has the meaning determined in accordance with section 3(1) (b).


Initials

Annexure B - Ineligible / disqualified in terms of section 69(7) and (8) of the Companies Act read with Regulation 39(4)

1. A person is ineligible to be a Director if the Person:-
 - 1.1. is a Juristic Person;
 - 1.2. is an unemancipated minor, or is under a similar legal disability; or
 - 1.3. does not satisfy any qualification set out in the MOI.
2. A person is disqualified to be a Director if:-
 - 2.1. a court has prohibited that Person to be a Director, or declared the Person to be delinquent in terms of section 162, or in terms of section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984); or
 - 2.2. subject to subsections (9) and (12), the person:-
 - 2.2.1. is an unrehabilitated insolvent;
 - 2.2.2. is prohibited in terms of any public regulation to be a director of the company;
 - 2.2.3. has been removed from an office of trust, on the grounds of misconduct involving dishonesty; or
 - 2.2.4. has been convicted, in the Republic or elsewhere, and imprisoned without the option of a fine, or fined more than R1 000,00 (one thousand rand) for theft, fraud, forgery, perjury or an offence:-
 - 2.2.4.1. involving fraud, misrepresentation or dishonesty;
 - 2.2.4.2. in connection with the promotion, formation or management of a company, or in connection with any act contemplated in subsection (2) or (5); or
 - 2.2.4.3. under the Companies Act, the Insolvency Act, 1936 (Act No. 24 of 1936), the Close Corporations Act, 1984, the Competition Act, the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001), the Securities Services Act, 2004 (Act No. 36 of 2004), or Chapter 2 of the Prevention and Combating of Corruption Activities Act, 2004 (Act No. 12 of 2004).

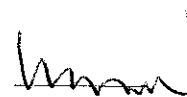

Initials

Annexure C - Prescribed methods of delivery in the Regulations

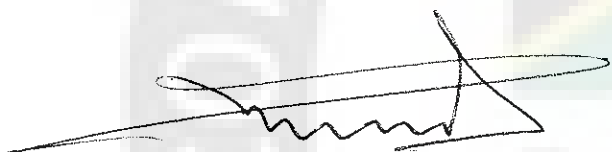
Person to whom the document is to be delivered	Method of delivery	Date and Time of Deemed delivery
Any Person	By faxing the notice or a certified copy of the document to the Person, if the Person has a fax number;	On the date and at the time recorded by the fax receiver, unless there is conclusive evidence that it was delivered on a different date or at a different time.
	By sending the notice or a copy of the document by electronic mail, if the Person has an Electronic Address;	On the date and at the time recorded by the computer used by the Company, unless there is conclusive evidence that it was delivered on a different date or at a different time.
	By sending the notice or a certified copy of the document by registered post to the Person's last known address;	On the 7th (seventh) day following the day on which the notice or document was posted as recorded by a post office, unless there is conclusive evidence that it was delivered on a different day.
	By any other means authorised by the High Court; or	In accordance with the order of the High Court.
	By any other method allowed for that Person in terms of the following rows of this Table.	As provided for that method of delivery.
Any natural Person	By handing the notice or a certified copy of the document to the Person, or to any representative authorised in writing to accept service on behalf of the Person;	On the date and at the time recorded on a receipt for the delivery.
	By leaving the notice or a certified copy of the document at the Person's place of residence or business with any other Person who is apparently at least 16 (sixteen) years old and in charge of the premises at the time;	On the date and at the time recorded on a receipt for the delivery.
	By leaving the notice or a certified copy of the document at the Person's place of employment with any Person who is apparently at least 16 (sixteen) years old and apparently in authority.	On the date and at the time recorded on a receipt for the delivery.
A company or similar body corporate	By handing the notice or a certified copy of the document to a responsible employee of the company or body corporate at its Record Date or its principal place of business within South Africa;	On the date and at the time recorded on a receipt for the delivery.


Initials

Person to whom the document is to be delivered	Method of delivery	Date and Time of Deemed delivery
	If there is no employee willing to accept service, by affixing the notice or a certified copy of the document to the main door of the office or place of business.	On the date and at the time sworn to by affidavit of the Person who affixed the document, unless there is conclusive evidence that the document was affixed on a different date or at a different time.
The state or a province	By handing the notice or a certified copy of the document to a responsible employee in any office of the State Attorney.	On the date and at the time recorded on a receipt for the delivery.
A municipality	By handing the notice or a certified copy of the document to the town clerk, assistant town clerk or any Person acting on behalf of that Person.	On the date and at the time recorded on a receipt for the delivery.
A trade union	By handing the notice or a certified copy of the document to a responsible employee who is apparently in charge of the main office of the union or for the purposes of section 13(2), if there is a union office within the magisterial district of the firm required to notify its employees, in terms of the Regulations at that office.	On the date and at the time recorded on a receipt for the delivery.
	If there is no person willing to accept service, by affixing a certified copy of the notice or document to the main door of that office.	On the date and at the time sworn to by affidavit of the Person who affixed the document, unless there is conclusive evidence that the document was affixed on a different date or at a different time.
Employees of the Company	By fixing the notice or certified copy of the document, in a prominent place in the workplace where it can be easily read by employees.	On the date and at the time sworn to by affidavit of the Person who affixed the document, unless there is conclusive evidence that the document was affixed on a different date or at a different time.
A partnership, firm or association	By handing the notice or a certified copy of the document to a Person who is apparently in charge of the premises and apparently at least 16 (sixteen) years of age, at the place of business of the partnership, firm or association;	On the date and at the time recorded on a receipt for the delivery.


Initials

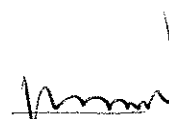
Person to whom the document is to be delivered	Method of delivery	Date and Time of Deemed delivery
	If the partnership, firm or association has no place of business, by handing the notice or a certified copy of the document to a partner, the owner of the firm, or the chairman or secretary of the managing or other controlling body of the association, as the case may be.	On the date and at the time recorded on a receipt for the delivery.
A statutory body other than the commission and tribunal	By handing the notice or a certified copy of the document to the secretary or similar officer or member of the board or committee of that body, or any person acting on behalf of that body.	On the date and at the time recorded on a receipt for delivery



NHLANHLA M NENE, MP

MINISTER OF FINANCE (representing the state)

Signed at Pretoria on the 22 day of May 2015


 Initials

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER 

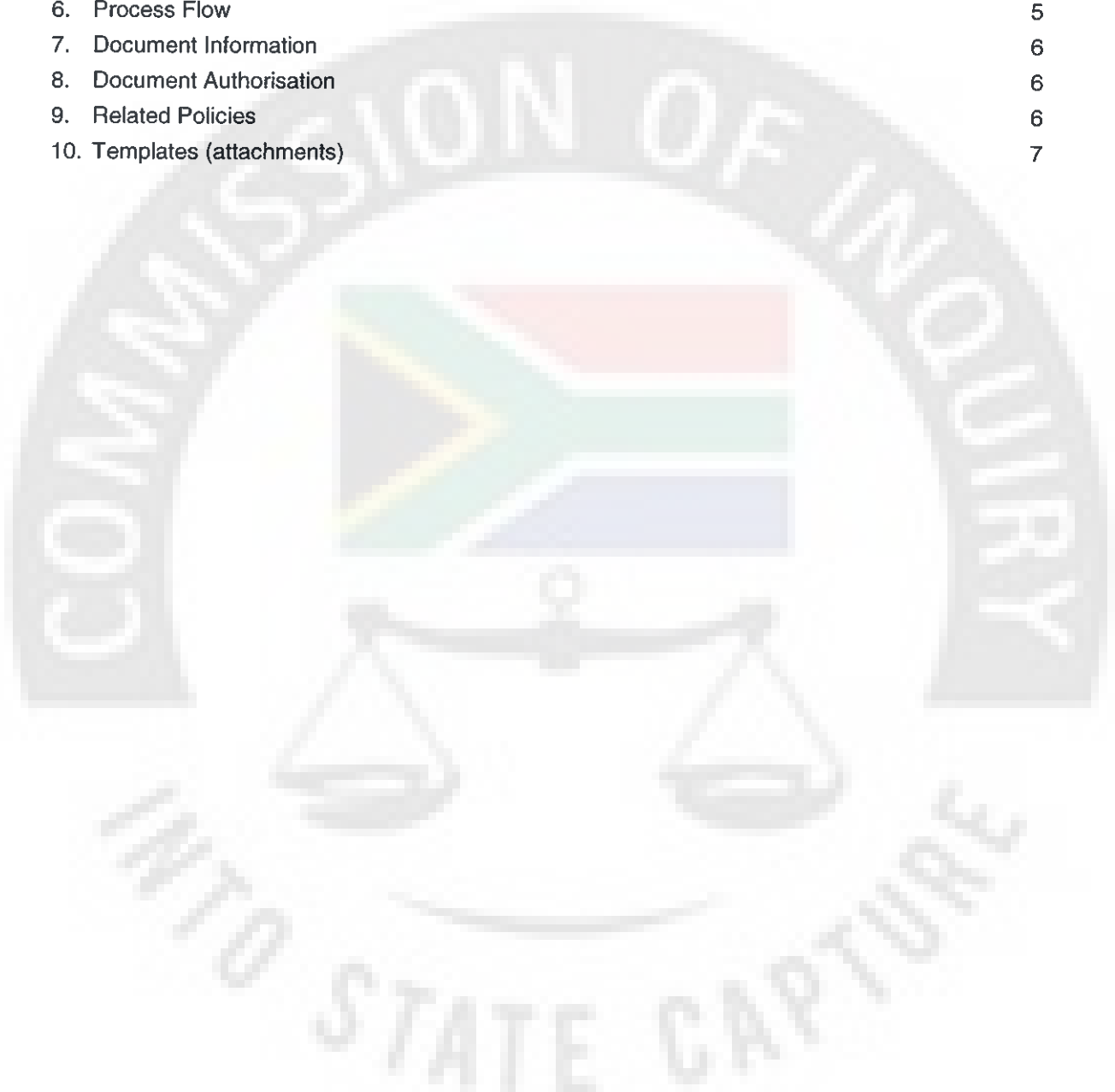
Conflict of Interest Policy for South African Airways SOC Board Members

***(Recommended for adoption by SAA Subsidiary
Boards)***

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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1. Purpose and Application

- 1.1 The purpose of this policy is to create awareness of standards of conduct and ensure compliance in respect of disclosure obligations where a potential conflict of interest may arise in the course of the discharge of fiduciary duties by non-executive directors or co-opted members of Boards and Board Committees of the SAA Group of Companies (Co-opted Members).
- 1.2 This policy is intended to enhance compliance with section 50 of the Public Finance Management Act, 1999 (PFMA), sections 75 and 76 of the Companies Act, 2008 (Companies Act) and Codes of Good Corporate Practice, and is not intended to circumvent the application of applicable laws.
- 1.7 To ensure consistent application of this policy, Directors of the SAA Group shall be inducted annually in respect of their fiduciary duties and standards of conduct under the PFMA and Companies Act.
- 1.8 To ensure continued compliance, this policy shall be reviewed regularly by the Company Secretariat.

2. Disclosure Obligations

- 2.1 All non-executive directors and Co-opted Members shall declare all private capacity interest that has the potential to present a situation where a decision of the SAA Group is influenced by personal interests and where such private capacity interest could improperly influence the discharge of fiduciary duty and responsibilities.
- 2.2 Disclosures by non-executive directors and co-opted members shall be made as follows:
 - 2.2.1 General disclosures (in accordance with Annexure A to E attached hereto) at commencement of the term of appointment or co-option and to be repeated before the end of January of each calendar year and during the year, when circumstances change; and
 - 2.2.2 Decision specific disclosures (in accordance with Annexure F attached hereto) in the ordinary discharge of duties and responsibilities at all Board and Board Committee meetings, prior to commencement of the dealings of the day.
- 2.2 It is the duty and the onus of the non-executive director or co-opted member to disclose any potential private capacity interest to the best of her/his knowledge and belief.
- 2.3 A private capacity interest includes a material financial interest of a family member or business associate of the non-executive director or co-opted member.
- 2.4 For the purpose of this policy:
 - (a) A family member shall mean a spouse, parents (including the in-laws), children, brother (including brother-in-law), sister (including sister-in-law), of the non-executive director or co-opted member may have in another airline or a business transaction involving the SAA Group;
 - (b) A business associate means any person or incorporated entity with whom a non-executive director or co-opted member shares a material financial interest, and
 - (b) A material financial interest shall mean a financial interest of any kind, which in view of all the circumstances, is substantial enough that it would, or reasonably could, affect the non-executive director's or co-opted member's or family member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation and may include, but not be limited to; share ownership, directorships, partnerships, trustees or beneficiaries of a trust and beneficial ownership of publicly traded companies that comprise more than 5% of their issued capital does not require disclosure or declaration.
- 2.5 The declarations of interests shall be a standing agenda item in all formal SAA Board meetings and all completed declarations forms shall be submitted and filed with Company Secretary.

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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3. Standards of Conduct

- 3.1 All non-executive directors and co-opted members shall act in good faith and in the interest of the SAA Group at all times through honest, transparent, accountable, fair and equitable conduct and demonstration of the highest standards of professional competence, efficiency, effectiveness and compliance with applicable laws.
- 3.2 Non-executive directors and co-opted members shall not:
- use or seek to use their positions as members of an SAA Group Board to gain direct or indirect benefit for themselves or their family members and/or business associates or solicit or accept favours or economic benefits from any person, institutions or entities known to be seeking business from SAA;
 - disclose any confidential information relating to the SAA Group, including but not limited to procurement of goods and services, projects or programmes or information gathered for the purposes of conducting the procurements or administering or delivering the project or programme, to any person not authorised by law to have such information;
- 3.3 All gifts received by non-executive directors and co-opted members in their capacity of officially serving SAA and of a monetary value estimated to be more than R1000.00 shall be declared by the relevant non-executive director or co-opted member in the SAA Group Board Gift Register to be maintained by the Company Secretary.

4. Whistleblower protection

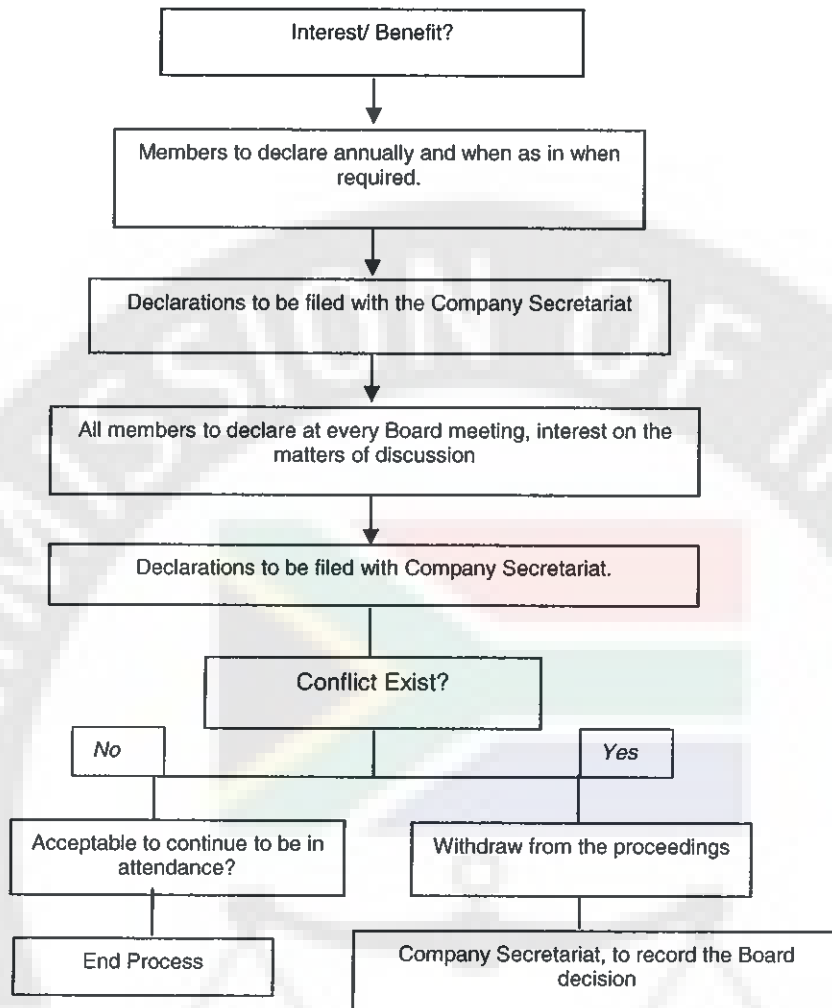
The SAA Group will allow any person whether from within or outside SAA who knows of any conduct that is not compliant with any law or policy of the SAA Group or not in the interest of the SAA Group or that could constitute conflict of interest or jeopardise any of the SAA Group's business continuity to report to available reporting lines as per the SAA Group's Whistle Blowing Policy or use any other appropriate mechanism to report such conduct.

5. Non-compliance

Allegations of breach of this policy will be investigated, and if confirmed, reported to the appropriate shareholder and may be followed by criminal complaints, civil claims and/or removal from the office of duty.

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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6. Process Flow



Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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7. Document Information

Details	Description
Document Title	Conflict of Interest Policy for SAA Members of the Board
Document Owner	Company Secretariat
Document Custodian	Company Secretariat
Effective date	01 December 2011
Review Date	

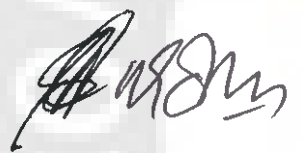
8. Document Authorisations

Name	Position	Signature	Date
Company Secretary	Company Secretariat		
Chairperson	SAA Group Board		

9. Related policies

- Whistleblower Policy

Approved by the Board of Directors on 30 November 2011



Ms C Carolus
Board Chairperson

Date:

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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Annexures

No:	Details	Annexure	Page number	Completion date
1	Acceptance of Understanding of Conflict of interest policy	A	10	Annually and /or when required
2	Declaration of shares and other financial interest	B	11	Annually and/or when required
3	Declaration of interest in contracts	C	12	Annually And /or when required
4	Related party disclosures	D	13	Annually And /or When required
5	Schedule of directorships	E	14	Annually And/or When required
6	Declaration of interest on the agenda matters	F	15	All Board meetings

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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Acknowledgement form

This form should be completed and signed by the person acknowledging receipt and understanding of this policy.

Annexure A

ACCEPTANCE OF UNDERSTANDING OF THE CONFLICT OF INTEREST POLICY

I confirm that I have read and understand the South African Airways Conflict of Interest Policy

(To be completed by all individuals as evidence that they have read and understood the Conflict of Interest policy)

I, the undersigned,

Name: _____

ID number: _____

Position: _____

Signature: _____

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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Annexure B

Date:

The Directors
South African Airways (Pty) Limited
Airways Park
Jones Road
Johannesburg

DECLARATION OF SHARES AND OTHER FINANCIAL INTEREST

I hereby declare in terms of section 75 of the Companies Act 2008, that at date hereof, I am to be regarded as interested in any contracts or transactions with the following organizations to the extent shown.

Name of entity	Registered Address	Registration Number	Nature of Interest	Date of Appointment	% held

Kind regards,

DIRECTOR/OFFICER'S NAME: _____

DIRECTOR/OFFICER'S SIGNATURE: _____

Annexure C

The Directors
South African Airways (Pty) Limited
Airways Park
Jones Road
Johannesburg

I hereby declare in terms of section 75 of the Companies Act 2008, that at date hereof, I am to be regarded as interested in any contracts or transactions with the following organizations to the extent shown.

[illegible]

DIRECTOR/OFFICER'S NAME: _____

DIRECTOR/OFFICER'S SIGNATURE: _____

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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ANNEXURE D

Date:

The Directors
SAA
JOHANNESBURG

RELATED PARTY DISCLOSURES

Related party relationships and transactions, to be disclosed in terms of Accounting Standard AC 126 issued by the South African Institute of Chartered Accountants, applicable to the financial year 2010/11, were as follows:

RELATED PARTY		TRANSACTIONS		
Name	Nature of relationship	Type	Pricing policy	Amount (Rm)

Kind regards

DIRECTOR/OFFICER'S NAME: _____

DIRECTOR/OFFICER'S SIGNATURE: _____

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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ANNEXURE E

SCHEDULE OF DIRECTORSHIPS REQUIRED IN TERMS OF SECTION 75 OF THE COMPANIES ACT 2008 AS AMENDED

Personal Details

Name		
Nationality		
Identity Number		
Occupation		
Date of Birth		
Address	Residential	
	Business	
	Postal	

Directorships

Name of Company	
Registration Number	
Registered Office	
Date of Appointment	
Date of Resignation	
Material Interests	

Name of Company	
Registration Number	
Registered Office	
Date of Appointment	
Date of Resignation	
Material Interests	

Policy	SAA Conflict of Interest Policy	Policy No.	ER017
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Annexure B

DECLARATION OF INTEREST ON THE AGENDA MATTERS – BOARD MEETINGS.

DATE OF BOARD MEETING: _____

MEMBER NAME: _____

- I hereby declare that I have no interest on the agenda matters as outlined in the agenda items as tabled at today's meeting.

Or

- I hereby declare that I have an interest in the agenda matter as indicated, below. I consequently excuse myself from involvement in the discussion of this specific matter.

Agenda Item	Nature & extend of interest

SIGNATURE: _____

(Declaration to be completed signed and handed in before the business of the day is deliberated, please)

**South African Airways – Main Reception Gate
Airways Park
Jones Road
OR Tambo International Airport
Johannesburg**

18 March 2016

Dear Sir(s)/Madam(s)

Appointment of a Transaction Advisor to Provide Financial Advice to SAA

Thank you for your invitation to tender for the Appointment of a Transaction Advisor. We appreciate the valuable time set aside by you and your team in providing information that enabled us to develop this proposal.

The attached proposal carries the approval of all our relevant committees, and incorporates the essence of the applicable terms and conditions.

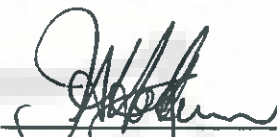
We are a proudly South African bank, committed to all South Africans and we would be greatly honoured to be appointed as banking partner to South African Airways. We look forward to the outcome of your adjudication process.

Should you wish to discuss any aspect of the proposal, please do not hesitate to contact Phuti Mokwatedi on +27 (0)11-294-9136.

Yours faithfully



Shabbir Norath
Head: Advisory
Nedbank Corporate and Investment Banking



Johann Holtzhausen
Principal: Debt Advisory
Nedbank Corporate and Investment Banking

**Corporate and Investment Banking
Gauteng**

1 Block 6th Floor Nedbank Head Office 135 Rivonia Road Sandown 2196
PO Box 1144 Johannesburg 2000 South Africa
Tel 011 294 4444 Fax 011 295 2174
nedbank.co.za/corporatebanking

Directors: V Naidoo (Chairman) MWT Brown (Chief Executive) DKT Adomakoh** TA Boardman BA Dames ID Gladman* JB Hemphill PM Makwana Dr MA Matocane NP Mxasana
RK Morathi (Chief Financial Officer) JK Netshitenzhe MC Nkunlu (Chief Operating Officer) S Subramoney MlWyman* (* British) (** Ghanaian) (***) Irish
Company Secretary TSB Jali 12 03 2016

Nedbank Corporate and Investment Banking is a division of Nedbank Ltd Reg No 1951/00009/06 Authorised financial services and registered credit provider (NCRCP16)

TEAM COMPOSITION

SENIOR LEADERSHIP COMMITMENT



Brian Kennedy
Group Managing
Executive: CIB



Terence Sibiya
Managing Executive:
Client Coverage & Origination



Brad Maxwell
Managing Executive:
Investment Banking



Shabbir Norath
Head: Advisory

TRANSACTION TEAM

CLIENT RELATIONS



Remo Moyo
Divisional Executive:
Client Coverage Public Sector



Masotsha Mngadi
Executive:
Client Coverage Public Sector



Phuti Mokwatedi
Corporate Banker

TAX ADVISORY



Morne Mcgrath
Head: Tax advisory

TRANSACTION LEADS



Reginald Demana
Principal:
Advisory



Johann Holtzhausen
Principal: Debt
Advisory

TRANSACTION IMPLEMENTATION



Lesedi Letwaba
Senior Associate:
Corporate Finance

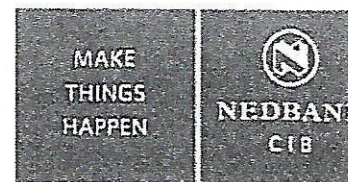


Enos Lentsoane
Associate:
Corporate Finance



Roy Richardson
Associate:
Corporate Finance

Annexure 'A'



30 October 2015

The South African Airways SOC
 Airways Park
 1 Jones Avenue
 Kempton Park
 South Africa
 1627

Att: The South African Airways Board

**SUBJECT: UNSOLICITED PROPOSAL: THE ROLE OF/FOR THE ASSISTANCE OF THE SOUTH AFRICAN AIRWAYS ("SAA")
 IN ITS PROCUREMENT OF NEW AIRCRAFTS**

We hereby propose for the role to raise, arrange, and participate in underwriting, in conjunction with the South African banking institutions, for the funding of the acquisition of the new aircrafts in respect of SAA's next aircrafts acquisition programme as follows:


- Given the widely publicised financial constraints facing SAA;
- Given that the recent acquisition of the aircrafts by SAA, through the sale and leaseback of 10 A320s through an international bank/lessor, may have been USD denominated; and
- Whilst SAA receives/earns USD revenue/income through its operations outside of South Africa, we assume that the substantial portion of its revenue/income is ZAR denominated;
- Based on the previous SAA's financial reportings, we are of the view that SAA is long on USD denominated leases. Add to this, SAA's biggest cost – fuel – is USD denominated. The next aircrafts acquisition gives/affords SAA an opportunity to diversify its risk/costs and not put all its eggs in one costly/expensive USD basket;
- We recommend a sale and leaseback of its next aircrafts, the lease to be ZAR denominated ("ZAR Lease"), preferably by a South African based leasing entity ("SA LeaseCo"), for the reasons set out below.

NCIB Coverage Division

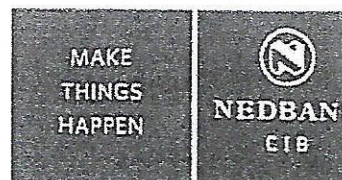
Block 1, 6th Floor, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown,
 Sandton, 2196
 PO Box 1144, Johannesburg, 2000, South Africa Tel 011 294 3435 Fax 011 295 3435
 Email: mmngadl@nedbankcapital.co.za

Directors: V Naidoo (Chairman) MWT Brown (Chief Executive) DKT Adomakoh (Ghanaian) TA Boardman BA Dames ID Gladman (British) PB Hanratty (Irish) PM Makwana
 Dr MA Matooane NP Mnxasana RK Morathi (Chief Financial Officer) JK Netshitenzhe MC Nkuhlu (Chief Operating Officer) JVF Roberts (British) MI Wyman (British)
 Company Secretary: TSB Jali 11.05.2015

Nedbank Corporate and Investment Banking is a division of Nedbank Limited Reg No 1951/000009/06. Authorised financial services and registered credit provider (NCRCP16).

A member of the  OLD MUTUAL group

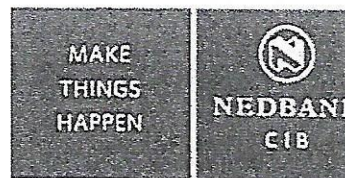
DCM

The advantages of an ZAR Lease for SAA's consideration are:

- the negative currency impact on SAA if it were to conclude its next aircrafts acquisition through a USD denominated lease ("USD Lease") is that – if one benchmarks the past 10 years with the next 10 years, the USD spikes during the 2008/9 mortgage housing turmoil, and the 2015 USD spike as a result of the Chinese economy turmoil, the resultant commodities values' slide and the adverse effect these factors have had on the emerging markets currencies, the USD:ZAR exchange rate has gone one way: the USD has substantially strengthened against the ZAR, hovering at around USD1: ZAR14 currently; An example comparison is as recent as 2010-2012, when the USD:ZAR exchange rate was USD1:ZAR6/7. For the next 10 years and further, the likelihood of this trend reversing is very remote, certainly if the yield curve guidance is anything to go by;
- the significant adverse consequence of/from the above point, if SAA enters into a USD Lease, is that for the duration of the USD Lease, SAA would have to enter into a currency hedge/swap, and would have to purchase the USD of/for the USD Lease forward – an expensive cost that is avoidable. To put a number to this cost, our FX team estimates a cost in an amount between ZAR2.4bn and ZAR2.8bn if we use a current valuation of 10 A320s of approximately USD500m, leased over a period of, say, 10 to 12 years, at a rental of, say, USD800 000 to USD1 000 000 per aircraft per month (rate/cost estimate calculation as at 28 October 2015). Please note that this cost will not be part of, however will be in addition to the USD Lease payments. This expensive cost does not arise under a ZAR Lease. This is because under a ZAR Lease, when the next aircrafts are acquired - the aircrafts manufacturers will be paid off on day 1 when the aircrafts are ready for delivery; under an SAA / SA LeaseCo lease, SA LeaseCo would charge SAA ZAR denominated lease payments – and SAA would utilise ZAR denominated income/revenue to service these lease payments. Both profiles will be (ZAR) currency matched – so a natural hedge would be in place.
- The South African financial institutions have, under a previous RFP for a sale and leaseback of the 10 A320s that was won by an international bank/lessor, offered underwritten ZAR denominated financing proposals, so there will be ample local market appetite for a ZAR Lease;
- Regarding our proposed funding structure, a SA LeaseCo, in negotiations with the South African banking institutions, will purchase the aircrafts outright from the aircrafts manufacturer/s. The SA LeaseCo should ensure that the SAA, as an airline, has negotiating muscle/power to get credits/discounts for the airframes from aircrafts manufacturers/suppliers, and the engines from an engine manufacturer/supplier – so in other words, the cost to SAA should be the best available price and should be significantly less than the market value because of the above. SA LeaseCo would then lease these aircrafts to SAA at agreed lease payments and lease term;
- SAA, at the end of the lease, would continue to have liabilities as it will continue to have a business to operate, however it would have zero assets under a USD Lease. With regards to the SA LeaseCo, SAA will have the muscle/leverage to negotiate favourable end of lease options, like, for example, purchasing the aircrafts at the residual value plus a small profit at the end of the lease, or extending the lease at reduced rentals. This is because the new aircrafts have a lifespan of 20 years or more. So these aircraft would still have a value, and would be worth, say 30% to 40% of the original value of the aircraft at the end of the lease. At the end of the lease, SAA would have, through the lease payments over the lease term, significantly reduced the cost of these aircraft – we assume that the aircrafts would have been acquired brand new.

Based on the above, we propose that SAA kindly consider an ZAR Lease, for its prevention of SAA'S value erosion through a USD Lease, and its consequent value creation/retention to/for SAA. The other soft issue is that SAA would advance its shareholder's imperative of localisation by/through its support of the local businesses and the creation of much needed jobs for/in South Africa.



Please note that this is not an offer for finance. Should SAA consider this unsolicited proposal favourably, then, at the appropriate RFP/procurement stage/processes by SAA, we would respond thereto, and undergo our normal credit approval and other regulatory processes.

Yours Sincerely

MASOTSHA MNGADI

EXECUTIVE: CLIENT COVERAGE



DCM



SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER 

**REQUEST FOR PROPOSAL:
APPOINTMENT OF A TRANSACTION ADVISOR TO
PROVIDE FINANCIAL ADVICE TO SAA**

BID NO: RFP GSM 021/16



SOUTH AFRICAN AIRWAYS

TABLE OF CONTENTS FOR RFP GSM 021/16

Part	Title	
	Invitation to Bid	
	Proprietary Information	
	Grounds for Disqualification	
1	Information Schedule	
2	Bid Conditions and Instructions to Bidders	
3	Scope of Work / Specification	
4	Evaluation Criteria	✓
5	Declaration of Interest	
6	Vendor Information Form	X
7	Deviations From the Request for Bid/Proposal	X
8	Tax Clearance Requirements	
9	Pre-Bid Briefing / Site Inspection Certificate	X
10	General Conditions of Contract and/or Special Conditions of Contract	
11	Preference Claim Form	
12	Declaration Certificate for Local Production and Content	X
13	Certificate of Independent Bid Determination	X
14	National Industrial Participation Programme	

TO ENSURE THAT YOU RECEIVE ALL INFORMATION RELATING TO THIS BID AND ANY ADDITIONAL INFORMATION, PLEASE COMPLETE THIS PAGE AND RETURN BY FACSIMILE OR E-MAIL TO THE INDICATED NUMBER

TO : Silas Matsaudza
South African Airways (Proprietary) Limited
Global Supply Management

E-MAIL : silasmatsaudza@flysaa.com

RE : RFP GSM 021/16

DATE : 14 / 3 / 2016

NAME OF BIDDER : Pholiso Daniel Mahlangu

ENTITY NAME : BNP Capital Cpty Ltd

CONTACT PERSON : Daniel Mahlangu

TEL NUMBER : 011-2340572

FACSIMILE NUMBER : 011-2340573

CELLULAR NUMBER : 0762358504

E-MAIL ADDRESS : daniel@bnpcapital.co.za

1.0 INTRODUCTION

South African Airways has a proud history of excellence, competing with many Local, Regional and International carriers, and is considered by consumers to be a premium world class airline. This is confirmed by the long list of awards the airline has received. SAA is the finest in Africa with more routes to African destinations than any other airline. This has been historically expressed through the payoff line "Bringing the world to Africa & taking Africa to the world"

We are inspired by our unqualified belief in service excellence, integrity, accountability, quality, safety, people development and value to our shareholders.

All our business relations are guided by these values and business practice. Our business partners and suppliers are expected to uphold, promote and share the same values and vision.

The quality, price and service that we provide our customers can only be as good as what we receive from our suppliers.

We strive for continuous improvement in our critical business areas and seek to establish relationships with suppliers that are equally passionate in their quest for better quality, price and service.

Procurement Philosophy

It is the policy of SAA, when purchasing products, services and works, to follow a course of optimum value and efficiency by adopting best purchasing practices in Supply Chain Management, ensuring where possible that open and fair competition has prevailed, with due regard being had to the importance of:

- The Public Finance Management Act (PFMA) and the Preferential Procurement Framework Act (PPFA);
- The promotion, development and support of businesses from Exempted Micro Enterprises and Qualifying Small Enterprises, that are 50% Black Owned, 30% Black Women Owned, 50% Black Youth Owned, 50% Black People Living in Rural Areas (towns and cities outside of the Tshwane, Johannesburg, eThekweni and Cape Town Metros) and 50% Black People with Disabilities.
- The promotion of domestic suppliers and agents before considering overseas suppliers and where purchases are from abroad, fostering development of local suppliers by the foreign suppliers in terms of setting aside 25% of the purchase for developing the local supplier; as well as
- The development, promotion and support for the moral values that underpin the above, in terms of SAA's Business Ethics and Guidelines which requires that all commercial conduct be based on ethical and moral values and sound business practice. This value system governs all commercial behaviour within SAA.

2.0 CONDITIONS OF BID & CONTRACT

- 2.1 The Bidder/s accepts that this document and its associated documents do not constitute any contractual relationship between SAA and the Bidder/s and the acceptance of any Bid/s by SAA will not constitute any contractual relationship between SAA and any Bidder/s. The acceptance of any Bid/s will only indicate without any obligations on the part of either SAA and/or a Bidder/s, the willingness of such Parties to enter into negotiations, which may or may not result in a Contract.

- 4.3 Alternative Bids by the Bidder/s or any non-compliance to the specification will be evaluated and considered at SAA's sole discretion.

5.0 PREPARATION COSTS

All costs incurred in the preparation, presentation and demonstration of the response shall be for the account of the Bidder. All supporting documentation and manuals submitted with the Bid will become SAA property unless otherwise stated by the Bidder/s at the time of submission.

6.0 COPIES REQUIRED

- 6.1 It is a condition that the Bidder/s shall furnish an offer comprising of the original response document plus 2 (two) copy. The Bidder/s shall ensure that all the relevant information and documentation is submitted with the original as well as the copy. SAA shall not be liable should it become evident that a Bidder/s offer/s is/are not accepted and the reason for such non-acceptance is as a result of the Bidder/s failure to include the information in both copies.
- 6.2 BIDDER/S SHALL KEEP A COPY OF THEIR BID AND RESPONSE FOR FUTURE REFERENCE.

7.0 SPECIFIC INFORMATION REQUIRED

For ease of reference and evaluating purposes, please furnish replies under the same headings and refer individually to all specific paragraph numbers. Please be clear in your response and use definite answers.

8.0 ENQUIRIES

Enquiries regarding this RFP should be submitted in writing to SAA at the following address:

Attention: *Silas Matsaudza*

Email: silasmatsaudza@flysaa.com

9.0 QUESTIONS AND CLARIFICATIONS

- 9.1 Enquiries should reference the specific RFP number, section, document and paragraph number, where appropriate.
- 9.2 The questions and clarifications must be faxed or emailed to the details in 8.0 above.
- 9.3 If appropriate, the clarifying information will be made available to all bidders by e-mail only.
- 9.4 The closing date for questions is as mentioned in the Cover Sheet.

10.0 INSTRUCTIONS FOR THE SUBMISSION OF A PROPOSAL

- 10.1 Proposals must be submitted via email to Tenders@flysaa.com. Should you encounter any technical difficulties please contact Mandy Coetser at e-mail address: MandyCoetser@flysaa.com.

13.0 WARRANTS

- 13.1 The Bidder warrants that it is able to conclude and deliver on this Agreement to the satisfaction of SAA.
- 13.2 Although the Bidder will be entitled to provide products or services to persons other than SAA, the Bidder shall not without the prior written consent of SAA, be involved in any manner whatsoever, directly or indirectly, in any business or venture which competes or conflicts with the obligations of the Bidder to provide the products or services.

14.0 RETENTION

- 14.1 On termination of this agreement, the successful bidder shall on demand hand over all documentation, information, software, etc., without the right of retention, to SAA.
- 14.2 No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force and effect unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.

15.0 SELECTION

- 15.1 SAA reserves the right to evaluate and consider any Bid/s that does not comply strictly with this Bid process.
- 15.2 Before the award of this Bid, SAA reserves the right to enter into a phase of negotiation to ensure the optimum solution in terms of the specified requirement for SAA with Bidder/s in order to establish a mutually acceptable solution. SAA will however not be bound to enter into any contract with any party, should negotiations fail to produce mutually acceptable conditions.
- 15.3 Should SAA consider it necessary, the Bidder/s shall agree to an inspection of the resources and works of the Bidder.
- 15.4 SAA may request documentary proof of any information supplied by the Bidder/s. Failure to comply with request will lead to disqualification.
- 15.5 Should SAA consider it necessary, SAA will visit the Bidder's customer sites.
- 15.6 SAA reserves the right:
- 15.6.1 to cancel this Bid or any part thereof at any time;
 - 15.6.2 not to accept any Bids;
 - 15.6.4 to accept one or more Bids for further negotiation
 - 15.6.5 to contact any Bidder/s during the evaluation period, to clarify information only, without informing any other Bidder/s.
 - 15.6.6 to either appoint one or more Bidder/s on a national basis, or award the contract on a regional basis to one or more Bidder/s.

Bidders must submit a signed certificate of the Briefing Session or Site Inspection which is a compulsory requirement.

18.2.6 Part 6: BEE Submission

Bidders must submit their B-BBEE Certificate.

Consortiums or joint ventures must submit a consolidated B-BBEE Certificate. Each member organisation must submit the percentage income split as per the consortium or joint venture agreement. The workload split must also be clearly defined and indicated.

18.2.7 Part 7: Pricing Schedule

Bidders must submit a detailed costing schedule. All prices submitted must reflect the total landed cost of the proposed products to SAA (the relevant Incoterm is DAP Johannesburg, SAA Warehouse) and include all applicable taxes.

18.2.8 Part 8: Vendor Information Form

Bidders must complete & submit the Vendor Information Form and source documents. Banking details will only be required from the successful bidder.



PART 4

EVALUATION CRITERIA FOR RFP GSM 021/16

1. PHASE 1 - CRITICAL CRITERIA EVALUATION

The following critical criteria will apply for evaluation of this Bid. Non-compliance to these critical criteria or no supporting documentation supplied with the bid response will invalidate your bid.

CRITICAL CRITERIA: None Weighted. Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:		COMPLY	
		YES	NO
<input type="checkbox"/> Financial Services Board Licence: The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.		✓	
PHASE 2			
FUNCTIONAL CRITERIA			100%
<input type="checkbox"/> Demonstrable Experience: The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to Annexure A, table (a) of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery.			30%
Note: The following scoring matrix will be used to evaluate this criterion:			
<ul style="list-style-type: none"> Three (3) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later (30 points). Two (2) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later (20 points). 			

**Relevant experience accounts for 75% of the allocated points*

TOTAL:

THRESHOLD (informed by potential Risk), established out of 100% assigned to Functionality):

75%

PHASE 3 – PRICE AND B-BBEE EVALUATION

EVALUATION ELEMENTS	
Price	90
B-BBEE	10
TOTAL	100

SAA will give preference to bidders who are 50% Black Owned and preferable 30% Black Women Owned

The template below **MUST** be used for the pricing of the proposed services

Task (guided by the scope of work above)	Projected Number of Hours per task	Total Number of resources to be deployed per task	Rate per Hour per resource



PART 5

DECLARATION OF INTEREST

1. Any legal person, including persons employed by the principal, or persons having a kinship with persons employed by the principal, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the principal, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, where:

- ☐ the bidder is employed by the principal; and/or
- ☐ the bidder is a board member
- ☐ the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s) or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

2. In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

- 2.1 Are you or any person connected with the bidder, employed by the principal?

YES ☒ NO ☐

- 2.1.2 If so, state particulars.

N/A

N/A

- 2.2 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the principal and who may be involved with the evaluation and or adjudication of this bid?

YES ☒ NO ☐

- 2.2.1 If so, state particulars

N/A



PART 6

VENDOR INFORMATION FORM

FOR

RFP NO.: GSM 021/16

You are kindly requested to complete this document accurately as the information contained herein is required for the following purposes:

To support SAA in the implementation of a system of preferences as required by the Preferential Procurement Policy Framework Act (No 5 of 2000).

Failure to complete the form in full may result in the supplier not being considered for the awarding of any orders or contracts by SAA.

PAGES – PLEASE COMPLETE ALL PAGES.

Name of Company:	BNP Capital (Pty) Ltd		
Company Registration No:	2010/011912/07		
Vat Registration number:	4230257297		
Tax registration No:	9434892163		
Postal Address:	Riverside Suite 400, Private Bag 243, Sunninghill Sandton, 2157		
Physical Address:	Building 6 Tuscany Office Park, Coombe Place, Rivonia		
Telephone No:	011-2340512	Mobile Telephone No:	0762358304
Fax No:	011-2340513	E-mail address:	daniel@bnpprivate.co.za

DOCUMENTS TO BE SUBMITTED

- Certified Company Registration documents.
- Certified Share Certificates.
- Certified copies of Shareholders' Identity Documents.
- Signed Joint Venture or Consortium agreement (where applicable).
- Cancelled cheque or stamped bank confirmation letter not older than a year.

☒ Other, specify Financial Advisory and investments

4. Business sector (tick one box)

<input type="checkbox"/> Agriculture	<input type="checkbox"/> Mining and Quarrying
<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Electricity, Gas and Water
<input type="checkbox"/> Retail and motor trade repair services	<input type="checkbox"/> Construction
<input type="checkbox"/> Wholesale trade, commercial agents & allied	<input type="checkbox"/> Community, social and personal services
<input type="checkbox"/> Commercial Agents and other trade	<input type="checkbox"/> Transport, storage and communication
<input checked="" type="checkbox"/> Finance and business services	<input type="checkbox"/> Commercial Agents and other trade
Other, specify	

5. Company classification (tick one box)

<input type="checkbox"/> Contractor who generates more than 75% of turnover as a prime contractor	<input type="checkbox"/> Contractor who generates less than 75% of turnover as a prime contractor
<input type="checkbox"/> Labour – only sub-contractor	<input type="checkbox"/> Manufacturer
<input type="checkbox"/> Supplier	<input checked="" type="checkbox"/> Professional service provider
Other, specify	

Products or services to offer to SAA (fill in)

--	--	--

6. Total number of years the firm has been in business: 06 years

7. Total number of employees

Full time: 10 Part time: N/A

8. Street address of all facilities used by the Firm (e.g. Warehouse, storage space, offices, etc.)

Building 6 Tuscany office Park, Coombe Place, Riccarton

9. Do you share any facilities? YES/NO

If yes, which facilities are shared? N/A

With whom do you share facilities? (Name of firm/individuals).

N/A

10. Is the firm registered or does it have a business license(s)?

☒ YES ☐ NO (if yes, give details and quote relevant reference numbers and dates)

N/A

11. Detail all trade associations in which you have a membership:

N/A

Do the AFS have:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
1. Signed audit/accounting office report and directors/members report		
2. Balance sheet		
3. Income statement		
4. Cash flow statement		
If annual set of AFS is older than twelve months, most recent set of interim results or management accounts signed by the directors have been submitted.	Yes No	N/A
Do the Management accounts or interim AFS have:	Yes No	
1. Balance sheet		
2. Income statement		
3. Cash flow statement		N/A
AFS Language Medium is English	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Obtain letter of support for subsidiary company if holding company's AFS was supplied	Yes No	N/A
Did we get the following for a Joint Venture or Partnership:	Yes No	
1. Copy of each participant's AFS		
2. Joint venture or partnership agreement		N/A

16 The financial manager/ external auditor/ CEO/Accounting Officer (whichever is relevant to your type of business) needs to confirm the following:

The business/entity is:

A Going Concern

In a Sound Financial Condition

Have the financial & operational capacity to fulfil the contract requirements

☒ Yes / ☐ No

☒ Yes / ☐ No

☒ Yes / ☐ No

Signature

[Handwritten Signature]

Capacity

CFO

17 Identify by name, HDI status and length of service, those individuals in the firm (including owners and non-owners) responsible for the day-to-day management and business decisions

* Contact person: (Sales person)

Name		Telephone number	
------	--	------------------	--

Bank Details:

Country (Where bank is located)	EGYPT AFRICA
Name of bank	FNB
Bank key (Branch Number)	200607
Bank account (Account Number)	6252622694
Account holder (Only to be filled in if the name of the account holder is not the same as the name of the vendor)	BNP CAPITAL
Name of account (Type of account)	CURRENT

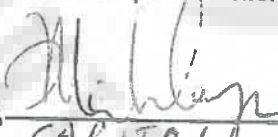
16 MAR 2016
RECEIVED ANSWERED
200 - 807

Date stamp of bank
Certified as correct

Initials and Surname (Bank official): P M HEALEE

Signature (Bank official): 

Telephone Number (Bank Official): 011 222 2555

Signature  duly authorised to sign on behalf of
(Name of organisation) addressTASCANY OFFICE PARK
(COMISE PLACE ROAD, RIVONA, SANITON

Telephone no. 011 234 0100 Date 16 March 2016

COMMISSIONER OF OATHS:

Signature: 

Date: 16 MARCH 2016

6. VAT registration number (if applicable):

--	--	--	--	--	--	--	--

7. **PAYE employer's registration number (if applicable):**

[illegible]

Signature of contact person requiring Tax Clearance Certificate:

Name: _____

Telephone number:

Code

Number

Address:

Date: 20.11.2020

PLEASE NOTE THAT THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE (SARS) WILL NOT EXERCISE HIS DISCRETIONARY POWERS IN FAVOUR OF ANY PERSON WITH REGARD TO ANY INTEREST, PENALTIES AND / OR ADDITIONAL TAX LEVIABLE DUE TO THE LATE OR UNDERPAYMENT OF TAXES, DUTIES OR LEVIES OR THE RENDITION RETURNS BY ANY PERSON AS A RESULT OF ANY SYSTEM NOT BEING YEAR 2000 COMPLIANT.

For and on behalf of SAA:

Name _____

Date _____

Signature _____





PART 11

PREFERENCE CLAIM FORM FOR

RFP NO.: GSM 021/16

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2011

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

- the 80/20 system for requirements with a Rand value of up to R500 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R500 000 (all applicable taxes included).

1.2 The value of this bid is estimated to exceed/not exceed R1 000 000 (all applicable taxes included) and therefore the 90/10 system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

- (a) Price; and
- (b) B-BBEE Status Level of Contribution.

1.3.1 The maximum points for this bid are allocated as follows:

POINTS (insert appropriate points)

1.3.1.1 PRICE (insert appropriate points)

1.3.1.2 B-BBEE STATUS LEVEL OF CONTRIBUTION

2.12 "non-firm prices" means all prices other than "firm" prices;

2.13 "person" includes a juristic person;

2.14 "rand value" means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

2.15 "sub-contract" means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;

2.16 "total revenue" bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;

2.17 "trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

2.18 "trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

3. ADJUDICATION USING A POINT SYSTEM

3.1 The bidder obtaining the highest number of total points will be awarded the contract.

3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts;

1.3 Points scored must be rounded off to the nearest 2 decimal places.

1.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.

1.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.

1.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

4. POINTS AWARDED FOR PRICE

4.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 or 90/10

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right) \text{ or } P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

Practice.

- 5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- 5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

6. BID DECLARATION

- 6.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

7. B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

- 7.1 B-BBEE Status Level of Contribution: 3 = 8 (maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the CCA), the said certificate may be a certified copy thereof.

8. SUB-CONTRACTING

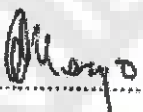
- 8.1 Will any portion of the contract be sub-contracted? YES / (NO) (delete which is not applicable)
- 8.1.1 If yes, indicate:
- (i) what percentage of the contract will be subcontracted? N/A %
 - (ii) the name of the sub-contractor? N/A
 - (iii) the B-BBEE status level of the sub-contractor? N/A
 - (iv) whether the sub-contractor is an EME?
YES / NO (delete which is not applicable)

9. DECLARATION WITH REGARD TO COMPANY/FIRM

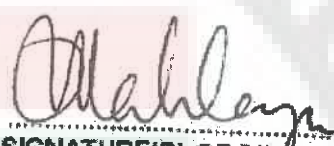
- 9.1 Name of firm Bnl Capital (Pty) Ltd
- 9.2 VAT registration number : 4230257299
- 9.3 Company registration number 2010 / 011912 / 07

- (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- (d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- (e) forward the matter for criminal prosecution

WITNESSES:

1. 

2. 


SIGNATURE(S) OF BIDDER(S)

DATE: 14/3/2016

ADDRESS: Building G

Tuscany office park

Coombe Place

Rivonia

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Standard Bidding Document (SBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2011 (Regulation 9) makes provision for the promotion of local production and content.
- 1.2. Regulation 9.(1) prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for bids referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand

y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.

2.9. "sub-contract" means the primary contractor's assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract

3. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

<u>Description of services, works or goods</u>	<u>Stipulated minimum threshold</u>
<u>Corporate Advisory</u>	<u>100</u> %
_____	_____ %
_____	_____ %

4. Does any portion of the services, works or goods offered have any imported content?
(Tick applicable box)

YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
-----	--------------------------	----	-------------------------------------

4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.reservebank.co.za.

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

<u>Currency</u>	<u>Rates of exchange</u>
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	<u>None</u>

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

5. Were the Local Content Declaration Templates (Annex C, D and E) audited and certified as correct?
(Tick applicable box)

YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
-----	--------------------------	----	-------------------------------------

5.1. If yes, provide the following particulars:

(a) Full name of auditor: N/A

(b) Practice number: N/A

(ii) the declaration templates have been audited and certified to be correct.

- (c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R
Stipulated minimum threshold for local content (paragraph 3 above)	
Local content %, as calculated in terms of SATS 1286:2011	

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above. The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

- (d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.
- (e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____ DATE: _____
 WITNESS No. 1 _____ DATE: _____
 WITNESS No. 2 _____ DATE: _____

- 1 This Standard Bidding Document (SBD) must form part of all bids¹ invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).² Collusive bidding is a *per se* prohibition meaning that it cannot be justified under any grounds.
- 3 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorises accounting officers and accounting authorities to:
 - a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.
 - b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.
- 4 This SBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination must be completed and submitted with the bid:

¹ Includes price quotations, advertised competitive bids, limited bids and proposals.

² Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

- (c) methods, factors or formulas used to calculate prices;
 - (d) the intention or decision to submit or not to submit, a bid;
 - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
 - (f) bidding with the intention not to win the bid.
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
- ³ Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.
10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

Mahboub

Signature

Date

14/3/2016

Director

Position

BNP Capital City

Name of Bidder

The NIPP form to be inserted where applicable

THE NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME INTRODUCTION

The National Industrial Participation (NIP) Programme, which is applicable to all government procurement contracts that have an imported content, became effective on the 1 September 1996. The NIP policy and guidelines were fully endorsed by Cabinet on 30 April 1997. In terms of the Cabinet decision, all state and parastatal purchases / lease contracts (for goods, works and services) entered into after this date, are subject to the NIP requirements. NIP is obligatory and therefore must be complied with. The Industrial Participation Secretariat (IPS) of the Department of Trade and Industry (DTI) is charged with the responsibility of administering the programme.

1 PILLARS OF THE PROGRAMME

1.1 The NIP obligation is benchmarked on the imported content of the contract. Any contract having an imported content equal to or exceeding US\$ 10 million or other currency equivalent to US\$ 10 million will have a NIP obligation. This threshold of US\$ 10 million can be reached as follows:

- (a) Any single contract with imported content exceeding US\$10 million or
- (b) Multiple contracts for the same goods, works or services each with imported content exceeding US\$3 million awarded to one seller over a 2 year period which in total exceeds US\$10 million or
- (c) A contract with a renewable option clause, where should the option be exercised the total value of the imported content will exceed US\$10 million or
- (d) Multiple suppliers of the same goods, works or services under the same contract, where the value of the imported content of each allocation is equal to or exceeds US\$ 3 million worth of goods, works or services to the same government institution, which in total over a two (2) year period exceeds US\$10 million.

1.2 The NIP obligation applicable to suppliers in respect of sub-paragraphs 1.1 (a) to 1.1 (c) above will amount to 30 % of the imported content whilst suppliers in respect of paragraph 1.1 (d) shall incur 30% of the total NIP obligation on a pro-rata basis.

1.3 To satisfy the NIP obligation, the DTI would negotiate and conclude agreements such as investments, joint ventures, sub-contracting, licensee production, export promotion, sourcing arrangements and research and development (R&D) with partners or suppliers.

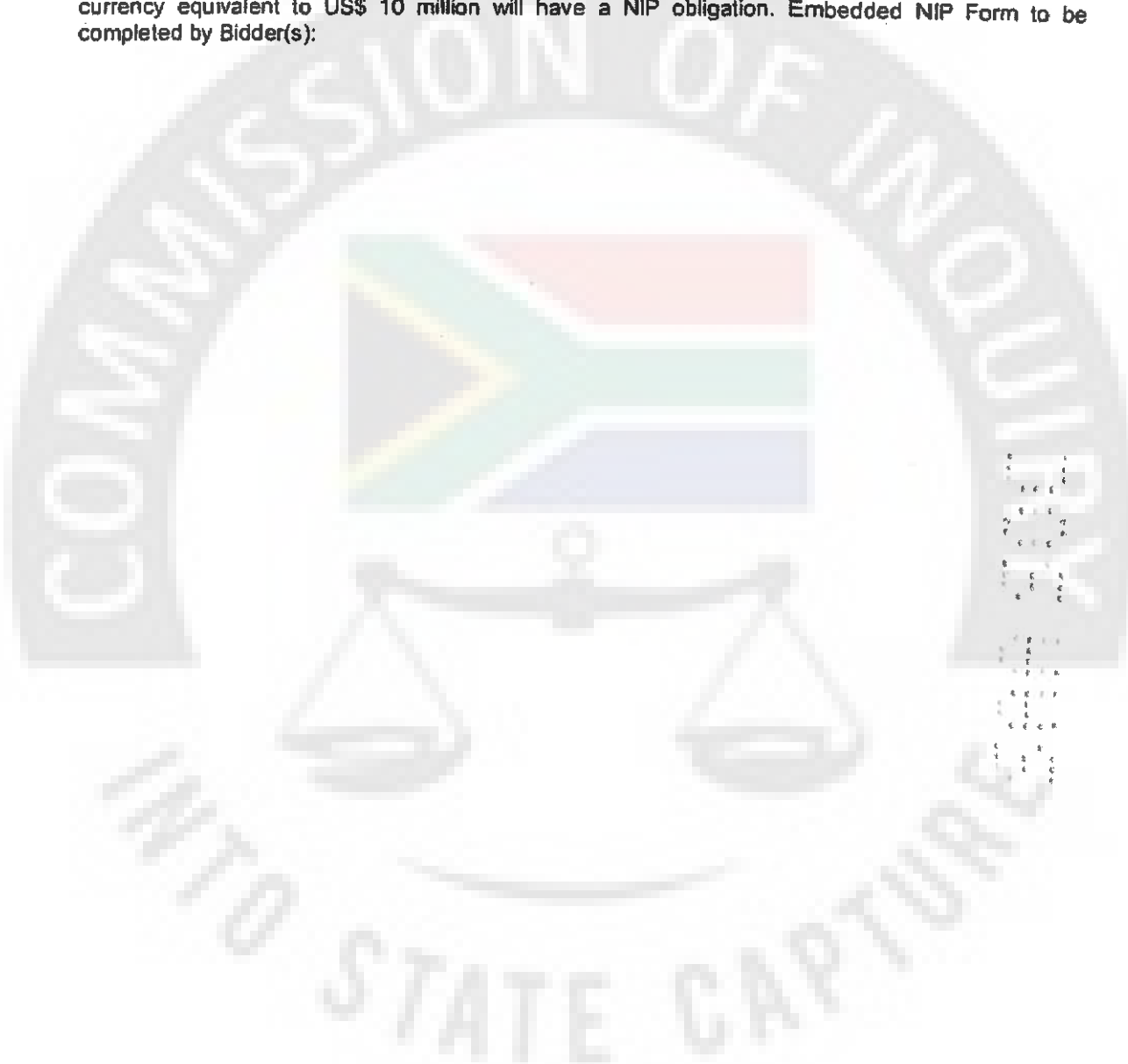
1.4 A period of seven years has been identified as the time frame within which to discharge the obligation.

2 REQUIREMENTS OF THE DEPARTMENT OF TRADE AND INDUSTRY

2.1 In order to ensure effective implementation of the programme, successful bidders (contractors) are required to, immediately after the award of a contract that is in excess of R10 million (ten million Rands), submit details of such a contract to the DTI for reporting purposes.

2.2 The purpose for reporting details of contracts in excess of the amount of R10 million (ten million Rands) is to cater for multiple contracts for the same goods, works or services; renewable contracts and multiple suppliers for the same goods, works or services under the same contract as provided for in paragraphs 1.1.(b) to 1.1. (d) above.

The National Industrial Participation (NIP) Programme, which is applicable to all government procurement contracts that have an imported content, became effective on the 1 September 1996. The NIP policy and guidelines were fully endorsed by Cabinet on 30 April 1997. In terms of the Cabinet decision, all state and parastatal purchases / lease contracts (for goods, works and services) entered into after this date, are subject to the NIP requirements. NIP is obligatory and therefore must be complied with. The Industrial Participation Secretariat (IPS) of the Department of Trade and Industry (DTI) is charged with the responsibility of administering the programme. The NIP obligation is benchmarked on the imported content of the contract. Any contract having an imported content equal to or exceeding US\$ 10 million or other currency equivalent to US\$ 10 million will have a NIP obligation. Embedded NIP Form to be completed by Bidder(s):



Certificate issued by the Registrar of Companies & Close Corporations on Thursday, July 08, 2010 03:07
Certificate of Confirmation



COMPANIES AND INTELLECTUAL
 PROPERTY REGISTRATION OFFICE

a member of the qit group

Registration number 2010 / 011912 / 07

Enterprise Name BNP CAPITAL

Enterprise Shortened Name None provided.

Enterprise Translated Name None provided.

Registration Date 27/05/2010

Business Start Date 27/05/2010

Enterprise Type Private Company

Enterprise Status In Business

Financial year end February

Main Business/Main Object INVESTMENTS, CONSULTING AND RELATED ACTIVITIES

Postal address POSTNET 436
 PRIVATE BAG 43
 SUNNINGHILL
 2157

Address of registered office 41 SAVUTI SANDS
 NAIVASHA ROAD
 SUNNINGHILL
 2157

I Certify that this document is true reproduction
 copy of the original document which was
 handed to me for authentication. I further certify
 that from my observation no amendment or
 changes to the document were made.


 Masala Rambulana CA(SA) Registered Auditor

14/03/2016



COMPANIES AND INTELLECTUAL PROPERTY REGISTRATION OFFICE.

Registrar of Companies & Close Corporations

P O BOX 425 PRETORIA 0001 Republic of South Africa. Docex 255, PRETORIA

Certificate issued by the Registrar of Companies & Close Corporations on Thursday, July 08, 2010 03:07
Certificate of Confirmation



COMPANIES AND INTELLECTUAL
PROPERTY REGISTRATION OFFICE

a member of the dti group

Registration number 2010 / 011912 / 07

Enterprise Name BNP CAPITAL

Auditors


Name LSG INTEGRATED

Postal Address P O BOX 457
RIVONIA
2128

Active Directors / Officers

Surname and first names	ID number or date of birth	Director type	Appoint-ment date	Addresses
MAHLANGU, PHOLISANI DANIEL	7301155649085	Director	27/05/2010	Postal: POSTNET 436, PRIVATE BAG 43, SUNNINGHILL, 2157 Residential: 41 SAVUTI SANDS, NAIYASHA ROAD, SUNNINGHILL, 2157

I Certify that this document is true reproduction copy of the original document which was handed to me for authentication. I further certify that from my observation no amendment or changes to the document were made.


Mafela Rambulana CA(SA) Registered Auditor
16/03/2016



COMPANIES AND INTELLECTUAL PROPERTY REGISTRATION OFFICE

Registrar of Companies & Close Corporations

P O BOX 426 PRETORIA 0001 Republic of South Africa, Docax 255 PRETORIA

**BOARD RESOLUTION OF BNP CAPITAL (PTY) LTD
REGARDING THE ORGANIZATION**

DULY PASSED ON 1 SEPTEMBER 2010

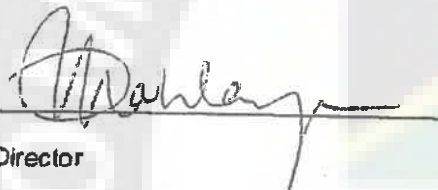
ORGANIZATION

The undersigned, being all the directors of BnP Capital (Pty) Ltd, hereby sign the following organizing resolutions:

RESOLVED THAT:

1. Daniel Mahlangu is authorized to sign all documents and contracts on behalf of BnP Capital (Pty) Ltd.

Dated 1 September 2010

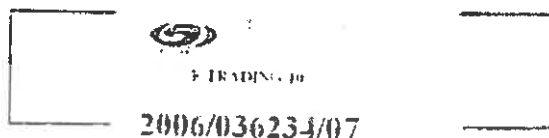

Director

Agent Code

REPUBLIEK VAN SUID-AFRIKA
REPUBLIC OF SOUTH AFRICAVORM CNI 46
FORM CNI 46MAATSKAPPY WET 1973
COMPANIES ACT 1973CERTIFIKAAT OM MET BESIGHEID TE BEGIN
CERTIFICATE TO COMMENCE BUSINESS

(Artike 172)

(Section 172)



Ek sertifiseer hierby dat **IN LINE TRADING 10 (PROPRIETARY) LIMITED**
I hereby certify that

wat ingelyf is op die
which was incorporated on the

dag van
day of

NOVEMBER

Two Dussend En Ses
Two Thousand And Six

volleen het aan die vereistes van artikel 172 van die Wet, en met ingang van vandag geregtig is om met besigheid te begin
has complied with the requirements of Section 172 of the Act and is with effect from this day entitled to commence business

Gieteken en geseel te PRETORIA op nede die
Signed and sealed at PRETORIA this

dag van
day of

NOVEMBER

Two Dussend En Ses
Two Thousand And Six

Seel van Registrasiekantoor vir Maatskappye
Seal of Companies Registration Office

Registateur van Maatskappye
Registrar of Companies

Hierdie sertifikaat is nie geldig nie, tensy geseel deur die Seel van die Registrasiekantoor vir Maatskappye
This certificate is not valid unless sealed by the Seal of the Companies Registration Office

COR39

**Certificate issued by the Companies and Intellectual Property
Commission on Monday, July 16, 2012 08:42
Certificate of Confirmation**



Registration number	2006 / 036234 / 07
Enterprise Name	IN LINE TRADING 10
Enterprise Shortened Name	None provided.
Enterprise Translated Name	None provided.
Registration Date	20/11/2006
Business Start Date	20/11/2006
Enterprise Type	Private Company
Enterprise Status	In Business
Financial year end	February
Main Business/Main Object	Trading in all aspects and related products, services and activities
Postal address	P.O BOX 2152 PARKLANDS 2121
Address of registered office	4 7TH AVENUE PARKTOWN NORTH 2193



Companies and Intellectual Property Commission
1200 Market Road, 12th Floor, Sandton, 2156
Toll-free: 0800 900 900, Fax: 011 635 5500, Email: info@cipr.co.za

In Line Trading 10 (Pty) Limited
 Cedar Square Shopping Centre
 Cedar Road Fourways 2191
 VAT NO: 4330 236 052
 REG NO: 2006/036234/07
 FSP NO: 32023

In Line Trading 10 Pty Ltd
 FNB CHEQUE ACCOUNT
 BRANCH NO: 260950
 ACCOUNT NO: 6213 5078 972



INLINE TRADING 10 (PTY) LTD
 Cedar Square Shopping Centre
 Cedar Road
 Fourways
 VAT REG NO. 4330236052

Director: B.J. King
 (m) 083 225 0489



South African Revenue Service

Tax Clearance Certificate Number
0088/2/2015/0007383441

Tax Clearance Certificate - Good Standing

Enquiries

0800 00 7277

Approved Date

2015-07-28

Expiry Date

2016-07-27

Company Registration Number	2010/011912/07
Income Tax	9434892163 - BNP CAPITAL PTY LTD
VAT/Diesel Registration	4230257299 - BNP CAPITAL PTY LTD
PAYE Registration	7670776931 - BNP CAPITAL PTY LTD
UIF Registration	U670776931 - BNP CAPITAL PTY LTD
Trading Name	BnP Capital (Pty) Ltd
Tender Number	GoodStanding

It is hereby confirmed that, on the basis of the information at my disposal, the above-mentioned taxpayer has complied with the requirements as set out in section 256(3) of the Tax Administration Act.

This certificate is valid for a period of 12 months unless otherwise communicated by SARS.

Verification of this certificate can be done at any SARS Revenue office nationwide.

Photo copies of this certificate are not valid.

SARS reserves the right to withdraw this certificate at any time should any taxes, levies or duties become due and outstanding by the above taxpayer during the one year period for which the certificate is valid.

This certificate is issued free of charge by SARS.



South African Revenue Service

Tax Clearance Certificate Number
0084/2/2016/0008012551

Tax Clearance Certificate - Good Standing

Enquiries

0800 00 7277

Approved Date

2016-02-09

Expiry Date

2017-02-08

Company Registration Number	2006/036234/07
Income Tax	9124445165 - IN LINE TRADING 10 (PTY) LTD
VAT/Diesel Registration	4330236052 - IN LINE TRADING 10 PTY LTD
PAYE Registration	7860763921 - IN LINE TRADING 10 PTY LTD
UIF Registration	U860763921 - IN LINE TRADING 10 PTY LTD
SDL Registration	L860763921 - IN LINE TRADING 10 PTY LTD
Trading Name	IN LINE TRADING 10 (PTY) LTD
Tender Number	GoodStanding

It is hereby confirmed that, on the basis of the information at my disposal, the above-mentioned taxpayer has complied with the requirements as set out in section 256(3) of the Tax Administration Act.

This certificate is valid for a period of 12 months unless otherwise communicated by SARS.

Verification of this certificate can be done at any SARS Revenue office nationwide.

Photo copies of this certificate are not valid.

SARS reserves the right to withdraw this certificate at any time should any taxes, levies or duties become due and outstanding by the above taxpayer during the one year period for which the certificate is valid.

This certificate is issued free of charge by SARS.

SARS

VALUE ADDED TAX
BELASTING OP TOEGEVOF GOEDERENDE

VAT 103

Notice of registration
Kennisgewing van registrasie

1 2 4033

4330236052

JOHANNESBURG

LINE TRADING (PTY) LTD

PO BOX 2152
PARKLANDS

Private Bag 2152, Parklands

011 374 8000

212

011 334 0844

28.05.2007

LINE TRADING

1. LINE TRADING (PTY) LTD 4330236052

This notice is issued to all persons who are registered for VAT and who are required to submit returns to SARS. It is issued to you as a notice of registration.

For the purpose of this notice, please refer to the relevant provisions of the VAT Act and the corresponding provisions of the SARS Act, or the relevant provisions of the Income Tax Act, or the relevant provisions of the Income Tax Act.

2. The date of registration is 01/04/2007.

3. The date of registration is 01/04/2007.

Category / Kategorie	A	The date of registration is 01/04/2007.
Category / Kategorie	B	The date of registration is 01/04/2007.
Category / Kategorie	C	The date of registration is 01/04/2007.
Category / Kategorie	D	The date of registration is 01/04/2007.
Category / Kategorie	E	The date of registration is 01/04/2007.
Category / Kategorie	F	The date of registration is 01/04/2007.

4. The date of registration is 01/04/2007.

The date of registration is 01/04/2007.

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The date of registration is 01/04/2007.

The date of registration is 01/04/2007.

The date of registration is 01/04/2007.



Private Bag X187
Pretoria 0001
Republic of South Africa

28 October 2015

Your Reference.

PAUL MAGULA

012 742 3409

paul.magula@pic.gov.za

Dear Sir/Madam

TO WHOM IT MAY CONCERN

Track record of Bidder: Previous relevant experience

This letter serves to confirm that **BnP Capital (PTY) Ltd** was appointed by the Public Investment Corporation to provide financial advisory and Capital raising in respect of Royal Bafokeng Platinum Housing Project. BnP Capital (PTY) Ltd successfully raised capital in the form of Debt

Yours faithfully


Paul Magula

Executive Head- Risk

Date:

Reg. No 2005/009024/06 | FSP No 19777 | Address Block C, Riverwalk Office Park, 41 Matroosburg Road, Ashlea Gardens, Extension 6
Menlo Park, Pretoria | Telephone +27 12 742 3400
Directors: Mr Mokhele Jonas (Chairperson) | Dr Daniel Matjila (Chief Executive Officer) | Ms Matshepo More (Chief Financial Officer) | Mr Trueman
Goba, IAS | Mr Hlatshwayo | Ms Sibusiso Zulu | Mr Sebenzile Mngwenkole | Ms More Moses, Mr Roshan Murali (Deputy Chairperson) | Mr Vuyo
Jack | Company Secretary: Ms Bongani Makhubela

(An FSB approved Financial Services Provider)

Enquiries: Mr. TLS Khuzwayo

Ref No: 5/8/1/1

29 October 2015

BNP CAPITAL CONSORTIUM
Building 6, Tuscany Office Park
Coombe Place, Rivonia
2121



Mr. D Mahlangu

**RE: CONFIRMATION OF ADVISORY SERVICES FOR WATER
INFRASTRUCTURE CAPITAL RAISING TO uMDM**

REF: KZN COGTA TENDER

**ZNT 1859/2014 LG: APPOINTMENT OF A TRANSACTION ADVISOR FOR THE KWAZULU-NATAL
COGTA MUNICIPAL INFRASTRUCTURE DEVELOPMENT MANAGEMENT SUPPORT PROJECT TO
ACCELERATE INFRASTRUCTURE ROLLOUT**

This correspondence serves to confirm that the team within BNP Capital, led by Ms. Dinao Lerutla, was responsible for successfully leading and executing the advisory services to uMgungundlovu District Municipality, for raising capital for uMDM's Water Infrastructure Capital programme. Specifically, the team executed the following:

1. Arranged and obtained approval from National Treasury for MIG Front Loading of R225 Million;
2. Raised capital on a MIG Front Loading basis for the same amount from the Development Bank of Southern Africa ("DBSA"); and
3. Raised On-Balance Sheet Lending of an estimated R360 Million from DBSA

We trust the above confirmation meets your requirements.

Yours in development

MR. TLS KUZWAYO
MUNICIPAL MANAGER

Tel 033 897 6763

Office of the Municipal Manager
PO Box 3235, Pietermaritzburg. 3200
242 Langalibalele Street Pietermaritzburg 3201

Fax 033 394 5512

**SOUTH POINT MANAGEMENT
SERVICES (PTY) LTD**

South Point Central
17 Melle Street, Braamfontein
PO Box 31985, Braamfontein 2017
T: +27(0)11 489 1900
F: +27(0)11 338 2040
E: info@staysouthpoint.co.za
www.staysouthpoint.co.za

Reg No: 2002/002391/07
Directors: NP Davidson, CHJ Douglas,
NN Gwagwa, PC Botha, AD van Zyl,
JCP Wheeler, GD Howarth (Alternate),
RC Willis (Alternate)

Dear Sir/Madam

TO WHOM IT MAY CONCERN

28 October 2015

Track record of Bidder : Previous relevant experience

This letter serves to confirm that BnP Capital (PTY) Ltd assisted South Point to raise funding from the Public Investment Corporation. BnP Capital (PTY) Ltd successfully raised an amount of R800 million in respect of this project in the form of Debt.

Yours faithfully

A handwritten signature in black ink, appearing to be "R. [unclear]", written over a horizontal line.

South Point

28 October 2015



Public Investment Corporation SOC Ltd
Private Bag X187
Pretoria 0001
Republic of South Africa

28 October 2015

Your Reference
ROY RAJDHAR

(+27) 12 742 3549

roy.rajdhar@pic.gov.za

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: TRACK RECORD OF BIDDER: PREVIOUS RELEVANT EXPERIENCE

This letter serves to confirm that BnP Capital (PTY) Ltd assisted Kilimajaro Capital in providing advisory and to raise funding from the Public Investment Corporation. BnP Capital (PTY) Ltd successfully raised an amount of R2,1 billion in respect of this project in the form of Debt

Yours sincerely

Roy Rajdhar

Executive Head: Developmental Investments
28 October 2015

Reg No 2005/00909406 | FSP No 19777 | Address: Block C Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Extension 6
Menlo Park, Pretoria | Telephone +27 12 742 3400
Directors: Mr Mchisi Jonas (Chairperson) | Dr Daniel Matjila (Chief Executive Officer), Ms Matshepo More (Chief Financial Officer) | Mr Tshepo Goba | Ms Doris Hlatshwayo, Ms Sibeswe Zulu, Mr Sebe zle Mngkonko a | Ms Moya Moya | Mr Roshen Morar (Deputy Chairperson) | Mr Vuyo Jack | Company Secretary Ms Bongani Mathebula

(*an FSB approved Financial Services Provider*)



Symphony has assessed and verified the relevant B-BBEE elements of the entity mentioned below, to provide an independent and impartial opinion on their B-BBEE status.

BnP Capital (Pty) Ltd

Registration number: 2010/011912/07 | VAT number: 4230257299
of Building 6, Tuscany Office Park, Coombe Place, Rivonia

is a

LEVEL 3 CONTRIBUTOR TO B-BBEE

In accordance with the Codes of Good Practice on BEE issued under Section 9(1) of the Broad-Based Black Economic Empowerment Act No 53 of 2003 on 9 February 2007

B-BBEE SCORE PER ELEMENT	
Ownership	25,00
Management Control	24,95
Employment Equity	27,00
Skills Development	4,83
Preferential Procurement	N/A
Enterprise Development	N/A
Socio - Economic Development	N/A
Overall B-BBEE Score	81,78

B-BBEE STATUS	
B-BBEE Procurement Recognition Level	110,00%
Black Ownership	100,00%
Black Female Ownership	0,00%
Value - Adding Supplier	NO
Enterprise Development Beneficiary Category	A
Applicable Scorecard	QSE
B-BBEE STATUS LEVEL	3



Cedric Singh
Verification Manager

Certificate Number: SYMQ151392

Issue Date: 18-Aug-15

Expiry Date: 17-Aug-16

BVA129

CERTIFICATE NUMBER 1

ORDINARY SHARES

NUMBER OF SHARES 100

SHARE CERTIFICATE

BNP CAPITAL (PROPRIETARY) LIMITED
Registration No: 2010/111912/07

Registered office: Summit Square, 15 School Road, Morningside, 2163

This is to certify that the undermentioned is the Registered Holder of ordinary fully paid shares of R1 each in the Company as shown herein, subject to the Memorandum and Articles of Association of the Company.


NAME OF REGISTERED HOLDER	NUMBER OF SHARES	REFERENCE
DANIEL MAHLANGU SUMMIT SQUARE 15 SCHOOL ROAD MORRINGSIDE 2196	100	B1

Given on behalf of the company at Middelburg on 09 July 2010.

I Certify that this document is true reproduction copy of the original document which was handed to me for authentication. I further certify that from my observation no amendment or changes to the document were made.

Secretary _____

Director _____


Masala Rambakana CA(SA) Registered Auditor
16/07/2010

SECTION 6: PROJECT COSTING

The Consortium fee will be as follows:

- The raising fee will be charged at 1.25% of the amount raised;
- Retainer fee will be charged at an hourly rate as indicated in the table below. This will be offset from the raising fee when a project is funded.
- The out of pocket expenses incurred will be payable immediately when incurred. However, the Consortium will seek approval before incurring such an expense.

The hourly rates are tabled as follows:

Name	Title	Rate (excl. VAT)		Rate (incl. VAT)	
		R	R	R	R
Daniel Mahlangu	Lead Project Director	2500	350		2850
Vonani Mathebula	Senior Project Director	2000	280		2280
Irvine Moyo	Senior Associate	1750	245		1995
Thamsanqa Netha	Senior Associate	1750	245		1995
Yannick Ntangke	Associate	1500	210		1710

2011/00285/SP

02/12/2011

**FINANCIAL SERVICES BOARD****LICENCE No. 43315****FINANCIAL SERVICES PROVIDER**
Financial Advisory and Intermediary Services Act, 2002**It is hereby certified that with effect from 8 November 2011****BNP CAPITAL (PTY) LTD****IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE
FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT No. 37 OF 2002)**
subject to the conditions and restrictions set out in the Annexure

I Certify that this document is true reproduction
copy of the original document, which was
handed to me for authentication; I further certify
that from my observation no amendment or
changes to the document were made.

.....
Masala Rambulana CA(SA) Registered Auditor

16/03/2016**REGISTRAR OF FINANCIAL SERVICES PROVIDERS**

This document to be displayed in terms of section 3(2)(a) of the Act. The document to be available for
the information of clients

1

I.D.No. 730115 5649 08 5



S.A.BURGER/S.A.CITIZEN

NAAM/SURNAMEN
MAHLANGU

VOORNAAM/FORENAMES
PHOLISANI DANIEL

GEBORTEDISTRIK OF LAND/
DISTRICT OR COUNTRY OF BIRTH

SOUTH AFRICA

GEBORTE DATUM/
DATE OF BIRTH

1973-01-15

DATUM UITGEGEEN/
DATE ISSUED

2004-02-06

UITGEGEEN OP BEZAG VAN DIE
DIREKTOR-GENERAAL
BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE
DIRECTOR-GENERAL
HOME AFFAIRS



REGISTERED RESIDENTIAL ADDRESS

1. Keep the profile of your REGISTERED RESIDENTIAL ADDRESS in a safe place.

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Masolo Kambulana CA(SA) Registered Auditor

16/03/2016



BnP CAPITAL

Investments

BUSINESS PRESENTATION

CORPORATE PROFILE

15 March 2016

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INTRODUCTION

ABOUT US

BnP Capital is a 100% black owned independent Advisory and Investments company with a core focus on assisting Corporate Clients, Public Clients and individual Entrepreneurs to identify, analyse, structure, price, negotiate, market and effect transactions.

The company was established by Professionals with a track record in providing innovative financial and business solutions.

BnP Capital offers Advisory services which are built on a foundation of efficient and effective delivery of services and solutions. The company understands its clients' challenges and needs and offer value enhanced solutions.

BnP Capital is operated by experienced and reputable senior management team with close to 60 years combined experience in the financial services industry, with expertise in the fields of Corporate Finance, Private Equity, Asset Management, Accounting Services and Project Finance.

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS).

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OUR BUSINESS

AREAS OF FOCUS

Opportunity/Venture/Project Development

1. Development: Developing venture & Conduction pre-feasibility and feasibility studies. Converting idea/ opportunity into and investable project.
2. Capital Raising: Raising funds to convert opportunity into an operational energy venture.
3. Operations & Maintenance: Operating and maintaining the asset/venture

Strategy Acquisition

1. Opportunity Identification: recognising trends and leading market players within those trends based on extensive research
2. Due Diligence: Review of industry, market and venture
3. Negotiation and Deal Closure: Concluding transaction
4. Operations and Value Creation: Operating and building value into venture

Advisory

1. Opportunity Identification: recognising trends and leading market players within those trends based on extensive research
2. Business Development/Client Requests: Approach sector stake holder with proposed value adding solution/deliver on mandate
3. Consultation: Engaging client on client specific issues

Advisory | Investments

OUR BUSINESS

VALUE OFFERING

BnP Capital is an entrepreneurial and owner managed business providing specialist advisory services in the following areas:

- Corporate Finance & Project Finance
- Capital Raising
- Due-Diligence, Valuation and Business modelling
- Transaction Planning and Management
- Business Restructuring

BnP Capital evolves its product offering to remain at the fore-front of Accounting and Tax Services excellence, providing professional accounting and tax services in the following areas:


















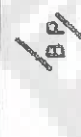


- Financial & Management Accounting & Implementation of IFRS, GRAP
- Strategic & Operational Budgeting
- MFMA & PFMA Statutory Reporting
- Financial Reporting (Annual Financial Statements)
- Corporate Tax & Transaction Tax

BnP Capital focuses on innovative advice on structured debt for its clients and providing complimentary debt services and debt raising services which includes amongst others the following:

- Domestic Medium Term Note ("DMTN") programmes
- Syndications & Funding Plans

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OUR BUSINESS

 <p>Financial Advisory of purchase of the company 2015</p>	<p>Transaction totalling ZAR780m Financial Advisory</p>	
 <p>Bulk Water, Sanitation and Electricity Infrastructure PPP 2015</p>	<p>Transaction totalling ZAR2.28m Financial Advisory</p>	
 <p>Capital raising for the implementation of housing project 2014</p>	<p>Transaction totalling ZAR2.28m Capital Raising</p>	
 <p>Business valuation, due diligence 2014</p>	<p>Transaction totalling ZAR60m Transaction Advisory</p>	
 <p>Capital raising for coal mining operation expansion 2014</p>	<p>Transaction totalling ZAR300m Transaction Advisory</p>	
 <p>Fund raising Razorite Healthcare Private Equity Fund 2014</p>	<p>Transaction totalling ZAR1.58m Capital Raising</p>	
 <p>King Edward VIII and Nelson Mandela Academic Hospital PPP 2014</p>	<p>Transaction totalling ZAR98m Transaction Advisory</p>	
 <p>Financial advisory and technical support for BRT Rea Vaya Phase 1B 2014</p>	<p>Transaction totalling ZAR38m Financial Advisory</p>	
 <p>Balfour Project for development of social infrastructure PPP 2013</p>	<p>Transaction totalling ZAR2.38m Financial Advisory</p>	
 <p>Financial advisory and technical support for Roads Agency Limpopo 2013</p>	<p>Transaction totalling ZAR5.28m Financial Advisory</p>	

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MANAGEMENT

Daniel Mahlangu - Chief Executive Officer

Daniel has over a decade years experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors.

Vonani Mathebula (CA) SA – Executive Director

Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touche in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects), Transnet, Vonani Limited and Sphere Holdings.

OUR TEAM

DEAL TEAM

YANNICK NTANGIKE – Senior Investment Associate

Yannick is an investment professional with experience in Pan-African private equity, venture capital and corporate finance. Prior to joining BnP, he worked at Emerging Capital Partners (ECP), a Pan-African private equity firm where he was supporting in deal origination, feasibility studies, financial modelling and valuation of new and existing investment opportunities across all sectors in Africa including telecoms, financial services, real estate and textile industry. He started his career in Edge Growth, a venture capital and enterprise development specialist where he was involved in assessing investment opportunities and SME value-add processes in primary healthcare, self-service kiosks and early childhood development in South Africa.

IRVINE MOYO – Senior Investment Associate

Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He holds a bachelor of degree in Economics and was awarded a first class and a book prize for best student for the Midlands State University. Other awards included Chancellor/Presidential Award of Excellence and Faculty Recognition for Outstanding Achievement. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, construction.

THAMSANQA NETHA – Senior Investment Associate

Thamsanqa has worked in the private equity and corporate and project finance over the last 7 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners. Before joining BnP Capital he work at the Networkx Investments, as an analyst . Networkx is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.

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CONTACTS

Physical address	Postal Address	Contacts
Tuscany Office Park Building 6, Ground Floor Coomble Place Rivonia 2196	Postnet Suite 436 Private Bag x43 Sunninghill Sandton Johannesburg South Africa 2157	Telephone: +27 (0) 11 783 7156 Facsimile: +27 (0) 11 783 0972 Email: info@bnpcapital.co.za Website: www.bnpcapital.co.za

SECTION 4: COMPANY EXPERIENCE

The company has the follow experience:

Project Description & Service Area	Date Completed	Client Organization & Project Manager	Contact Details
<p>City of Johannesburg: - BRT Rea VAYA</p> <p>Provision of advisory and development of financial model for Phase 1B Bus Rapid Transport for City of Johannesburg. The responsibilities appraisal of the system, estimates revenues, 12-year life-cycle costing for all cost components Optimizing system costs and revenue for of sustainability, recommend the tariffs, determination of fee/km</p>	<p>June 2011 - June 2013</p>	<p>Brendan Petersen</p>	<p>011 870 4614 082 560 9145</p>
<p>Metrobus</p> <p>Development of a revised operational plan. This included review of current routes and rationalizing of routes taking into account the household survey, National and Provincial policy regarding operation and of subsidized buses services, as well as the City of Johannesburg's growth and developmental strategy.</p> <p>Development of a revised business plan - A revised business plan was developed based on the results of the route review and rationalization</p>	<p>April 2013 - June 2013</p>	<p>Sabata Makoele</p>	<p>011 403 4300 082 331 2655</p>

exercise. Development of a financial model to evaluate the sustainability of the system and also determine a FEE/KM.				
Rustenburg Local Municipality -- RRT Appointed for financial advisory and raising of finance for the purchase of buses through ECA funding.				0835789265
Arkein Capital Partners BNP Capital was appointed by Aiken Capital Partners, to provide advisory and capital raising in respect of Private Equity Funds	Sep 2013 -- Aug 2015	Obed Molele 014 590 3721		
Public Investment Corporation Appointed by the PIC to provide financial advisory to conduct Due Diligence and also providing an appraisal report.	2013 - 2014	Donovan Chimhandamba		011 684 1727
Public Investment Corporation Appointed by the PIC to provide financial advisory in respect of the NGC and TBC Infrastructure Funds to be consolidated into one fund by performing the following: preparation of the scoping report, conducting due diligence and providing a report and appraisal report on the	March 2014	Roy Rajdhar		012 742 3549
	2013	Roy Rajdhar		012 742 3549

consolidated Infrastructure.			
Road Agency Limpopo Implementation of Public Private Partnership where BnP Capital responsibility on Road Agency Limpopo ("RAL") was amongst others to have to put together a financial model to assist in determining an appropriate funding model for its planned road construction of 22000km. Building of the Financial Model, assisting in determining of appropriate funding model for the planned roads	Oct 2010 - Mar 2011	Jimmy Chaba	083 408 3701
Balfour Project with Masingita Group of Companies. Implementation of Public Private Partnership model on Balfour Project. Development of financial model for the construction of Police station, Magistrate Court, Community hall, School, Hospital, Shopping mall, Hotel, and Office complex.	2013 - current	Timothy Phiri	011 646 0033
National Department of Health Implementation of Public Private Partnership model on King Edward VIII and Nelson Mandela Academic Hospital. We are assisting the Department with feasibility studies which include need analysis, solutions options analysis, due diligence, value assessment (Financial	2012 - current	Mohale Rakgate	(011) 313 3179

Modelling), Economic Analysis, and procurement plan			
City of Johannesburg: Treasury Bnp Capital in a Consortium with Deloitte advised the city on the procurement of a new manager for the sinking fund, as well as best practice in terms of investment strategy, risk management and performance benchmarks	June 2012 - Feb 2013	Mabandla Sibiyi	(011) 242 1059

SECTION 5: MANAGEMENT AND ADMINISTRATIVE CAPACITY

Our team consist of accounting professionals all of whom have advisory, corporate finance, business analysis, accounting, actuarial, and auditing experience.

5.1 Senior Project Directors

Name	Qualifications	Project Role	Years Experience	Profile
Daniel Mahlangu	<ul style="list-style-type: none"> • B.B Econ Sciences (Maths and Maths of finance); • Advanced Diploma in Company Law; • MBA (Dissertation) 	Lead Director	Project 17	Daniel has over a decade years experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors.
Vonani Mathebula	<ul style="list-style-type: none"> • BCom (Accounting) • HDip (Accounting) • CA(SA) 	Senior Director	Project 12	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects), Transnet, Vonani Limited and Sphere Holdings.

5.2 Associates

Name	Qualifications	Project Role	Years Experience	Profile
Irvine Moyo	• BCom (Hons) Economics	Senior Associate	10	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He holds a bachelor of degree in Economics and was awarded a first class and a book prize for best student for the Midlands State University. Other awards included Chancellor/Presidential Award of Excellence and Faculty Recognition for Outstanding Achievement. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction.
Tamsanqa Netha	• BCom (Hons) Economics • Masters in Development Finance	Senior Associate	7	Tamsanqa has worked in the private equity and corporate and project finance over the last 7 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners. Before joining BnP Capital he work at the Network Investments, as an analyst. Network is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.
Yannick Ntangke	• BCom Financial Management	Associate	5	Yannick is an investment professional with experience in Pan-African private equity, venture capital and corporate finance. Prior to joining BnP, he worked at Emerging Capital Partners

				<p>(ECP), a Pan-African private equity firm where he was supporting in deal origination, feasibility studies, financial modelling and valuation of new and existing investment opportunities across all sectors in Africa including telecoms, financial services, real estate and textile industry. He started his career in Edge Growth, a venture capital and enterprise development specialist where he was involved in assessing investment opportunities and SME value-add processes in primary healthcare, self-service kiosks and early childhood development in South Africa.</p>
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Our team consist of accounting professionals all of whom have advisory, corporate finance, business analysis, accounting, and auditing experience.

3.1 Senior Project Partners

Name	Qualifications	Project Role	Years Experience	Profile
Daniel Mahlangu	<ul style="list-style-type: none"> • B.B Econ Sciences (Maths and Maths of finance); • Advanced Diploma in Company Law; • MBA (Dissertation) 	Lead Director	Project 18	<p>Daniel has over a decade years experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors.</p>
Vonani Mathebula	<ul style="list-style-type: none"> • BCom (Accounting) • HDip (Accounting) • CA(SA) 	Senior Director	Project 12	<p>Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects), Transnet, Vonani Limited and Sphere Holdings.</p>

3.2 Associates

Name	Qualifications	Project Role	Years Experience	Profile
Irvine Moyo	• BCom Economics	(Hons) Senior Associate	10	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He holds a bachelor of degree in Economics and was awarded a first class and a book prize for best student for the Midlands State University. Other awards included Chancellor/Presidential Award of Excellence and Faculty Recognition for Outstanding Achievement. He is area of expertise and experience include amongst other, project management, financial analysis, financial modeling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction.
Thamsanqa Metha	• BCom Economics • Masters Development Finance	(Hons) Associate in	7	Thamsanqa has worked in the private equity and corporate and project finance over the last 7 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners. Before joining BnP Capital he work at the Network Investments, as an analyst. Network is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

SECTION 1: INTRODUCTION

1.1 INTRODUCTION

BnP Capital (Pty) Limited ("Company") and its partner In Line Trading (Pty) Limited jointly know as the "Parties" are pleased to present to South African Airways ("SAA") with a proposal for Provision of Specialised Investment Advisory Team.

This document comprises our Proposal for the Procurement of a service provider for a specialised investment advisory team RFI-GSM10/16.

The team assembled is structured in line with the requirements as set out in your invitation. The team is composed of experienced Chartered Accountants, Corporate Financiers, Financial Advisors, Fund Managers, professionals who have many years of experience in investments and advisory.

1.2 COMPANY PROFILES

1.2.1 Introduction to the Company – BnP Capital

BnP Capital is an independent advisory and investments company, which is 100% black owned and managed was established in 2010. The company was established by professionals with a track record in providing innovative financial and business solutions. BnP Capital has an investment arm which seeks to invest and unearth value in selected growth sectors. The company also plans to grow its investment portfolio by identifying attractive investment opportunities through its advisory services.

BnP Capital offers advisory services which are built on a foundation of efficient and effective delivery of services and solutions. BnP Capital is run by experienced and reputable senior management team with more than 60 years combined experience in financial services industry, especially in the areas of Corporate Finance, Private Equity, Asset Management, Human Resources, Project Management and Project Finance. BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS).

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

1.2.2 Introduction to the Company –

Inline Trading 10 (Proprietary) Limited's expertise is in funds management, automotive and the aviation sector. Inline Trading's expertise and track record has been accumulated for a period in excess of 10 years.

1.3 Professional Standards on Independence

We subscribe to and are in full support of our financial professional requirements as required by the Codes of Ethics of the following professional associations of which we are members:

- **SAICA** – South African Institute of Chartered Accountants

1.4 Conclusion

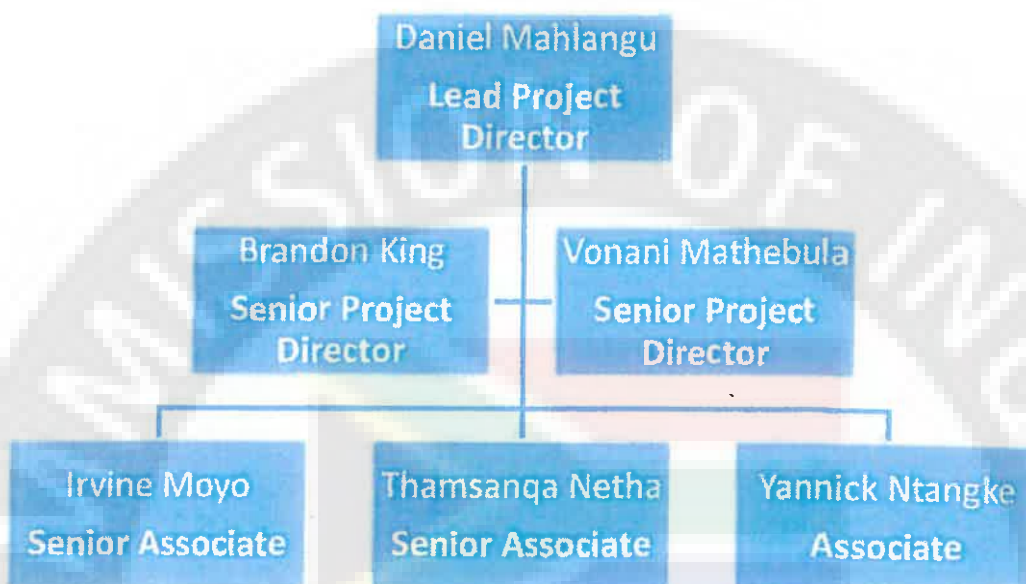
The Company offers the SAA a unique blend of investment and advisory expertise skills and transformation, specifically:

- Our respective consultants have a thorough understanding of the challenges facing the airline;
- We have a thorough understanding of the challenges, risks, investments, financial models, and structures for SAA;
- We have substantial experience in investment management, corporate and project finance expertise, risk management, negotiations, technical expertise and strategy development experience. We have executed numerous project finance and financial modelling assignments in the infrastructure and public sector in South Africa;
- We have adequate resources that we will dedicate to this assignment. As a team, we are flexible in our approach and available on demand in order to complete this assignment according to the agreed time table;
- We are committed to the socio-economic development of SAA. In particular, we are committed to SAA operations and endeavour to include it as far as practicable in our proposals; and
- The Parties companies formed in 2010 (BnP Capital) and 2006 In Line Trading respectively have been operating for more than 5 years and have the same years of experience in capital raising and transaction advisory.

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

SECTION 2: TEAM STRUCTURE



2.1 Overview of relevant competence and experience

Our team of dedicated professionals have accumulated expertise corporate finance in the aviation industry.

From the analysis of SAA's past financial reports, approximately 60% of SAA's revenue is USD denominated, however, if the 5 A330s to be leased in the near future are included, approximately 90% of SAA's costs, including USD lease and jet fuel, are/will be USD denominated. To mitigate the erosion of SAA's income, we have the competence and the experience to recommend the restructure of SAA's balance sheet, where possible, to robustly reduce SAA's USD exposure by either reducing the current costs whenever SAA has to renew a lease, or converting some of the the USD denominated leases into ZAR (financial) leases. The significance of reducing exposure to the volatile USD is demonstrated by the soon to be announced/reported financial results of Comair, where Comair will report 30% -40% reduction in profits- year on year - because of the recently concluded USD denominated leases, wherein Comair pays more than R100m per the same aircraft more, just because of the USD/ZAR currency movement.

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

An advantage of our recommendations of a financial, instead of an operating lease, is that the leased aircraft may, for a while, be reflected in SAA's balance sheet as an asset, whilst SAA carries only periodical lease liabilities instead of the entire cost liability of an aircraft. In this regard, we have the requisite expertise to analyse the aircraft financial and legal agreements utilised in aviation, including the the financial and operating leases, both ZAR and USD denominated, ordinarily used in the sale and leaseback transactions, as well as the outright purchase and sale agreements. We are familiar with the negotiations and analysis regarding the financial/operating leases, and can put in place cost reduction measures in favour of the lessee, including:

- the negotiations of the aircraft general terms in an aircraft lease contract, to name a few:
 - the benchmarking of the global market aircraft monthly rentals against the SAA rentals regarding a specific aircraft;
 - the reduction of security deposits per aircraft;
 - the reduction of the MRs on the airframe and the landing gear of each aircraft;
 - the negotiation of contributions to mandatory Ads where not applicable in SACAA regulations, and the like.

We have the expertise to analyse and negotiate the aircrafts' return conditions values in leased aircrafts in favour of the lessee, for example:

- the reduction of hard time & LLP components limits in hours/cycles/months;
- on the engines LLPs, the reduction of the minimum life on the FCs to save costs for the lessee, and the like.

In instances where there is an APU place regarding the specific flight hours to return, we have the expertise to make this flexible in favour of the lessee by negotiating the APU to be flexible and thus further reduce costs for the lessee.

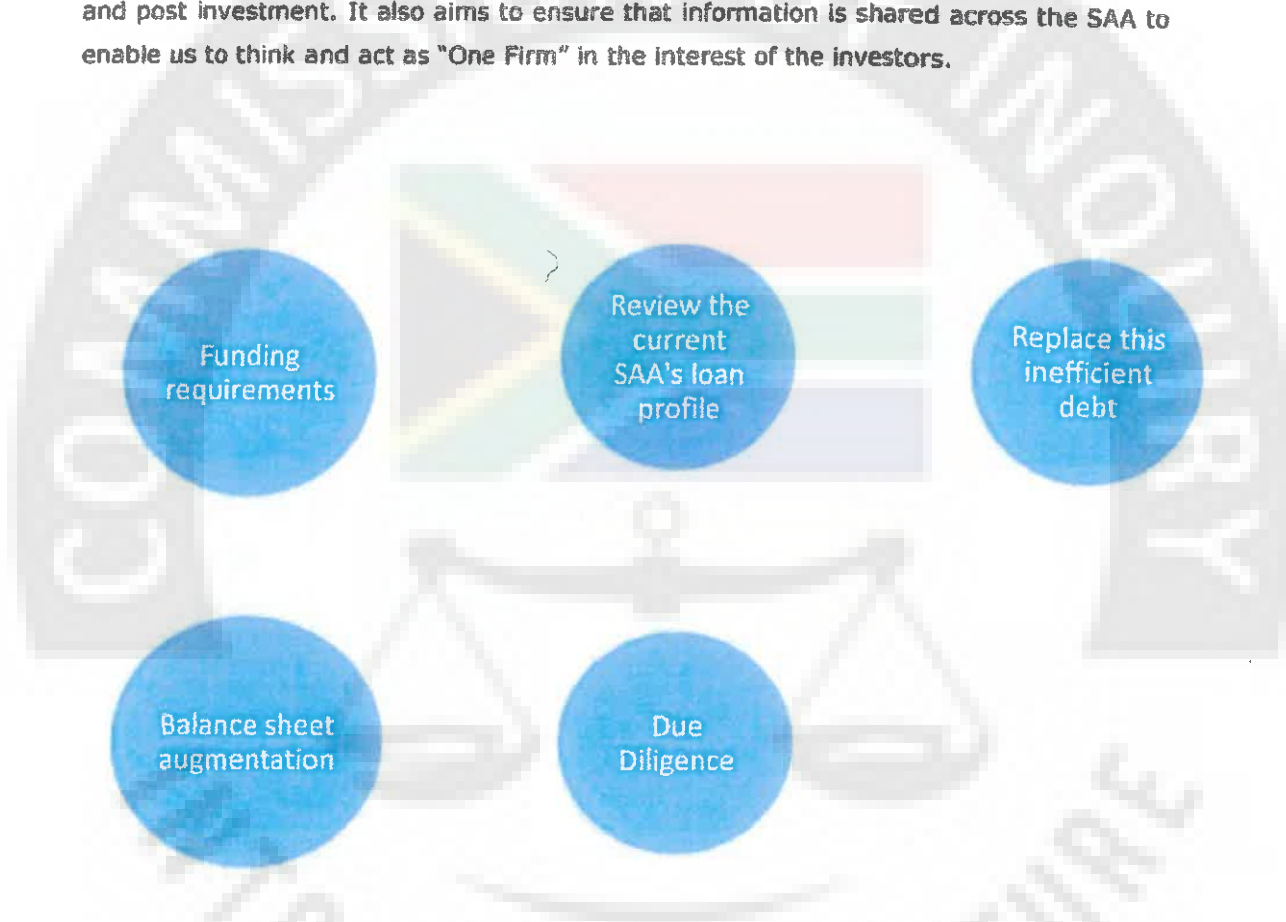
Regards the provision of the funding solutions for SAA, we have the requisite expertise, experience and knowledge of the funding markets, both globally and domestic, to extract maximum value for SAA, including sourcing cost efficient funding with less onerous collateral and pricing terms in favour of SAA. These terms may include capital repayment moratorium in favour of SAA, thereby ensuring that whilst SAA is in the process of implementing its Long Term Turnaround Strategy, it has breathing space by servicing interest only whilst it is building its revenue base.

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

SECTION 3: APPROACH

The Parties will ensure that there is a consistent approach to the identification, recording, analysis, documentation and management of various projects. The rigorous and efficient process below will be adopted by the Parties and highlights the project life cycle detailing the steps to be undertaken to get the projects to bankable feasibility, negotiating an appropriate funding structure with potential funders, negotiation of legal documentation and post investment. It also aims to ensure that information is shared across the SAA to enable us to think and act as "One Firm" in the interest of the investors.



Funding requirements

The first step would be to address SAA's funding requirements by sourcing efficient funding, with favourable pricing, collateral and tenor terms, including capital moratorium;

Review the current SAA's loan profile

Once the funding is secured, the next step would be to review the current SAA's loan profile, to identify expensive debt with inefficient/short repayment tenors, with heavy

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project

collateral requirements in terms of government guarantees that require pari passu guarantee for every rand loaned to SAA.

Replace this inefficient debt

The next objective would be to replace this inefficient debt with favourable debt as above. It should be noted that this will not be a simplistic tit for tat debt replacement in SAA's books, as strategically, certain debt that may appear inefficient, may play a pivotal role in SAA's balance sheet, and it would be unwise to necessarily replace same, for example, in cases where debt is classified as equity in SAA's books, that is, where the 'debt' provider has no recourse to SAA, then it makes sense to retain such debt to shore up SAA's balance sheet.

Our recommendation in such an instance would be for SAA to enforce the terms and conditions of such a contract, including retaining efficient debt pricing rather than review such upwards should SAA be requested for these changes to the original terms and conditions.

Balance sheet augmentation

The next step would be to review and analyse SAA's balance sheet, including the high USD denominated committed expenses compared to the lower SAA's USD denominated revenue, and to the extent possible, streamline it by

- exploring, in instances where SAA considers extending the lease, using the knowledge of the expertise tools of the analysis of these contracts and so have the ability to negotiate better lease terms for SAA. This would include modelling these leases to analyse quantum of the savings, both in NPV terms and over the life of the extended lease;
- exploring the replacement by the lessor of newer, more fuel efficient aircrafts in the negotiations of the extension of such leases, on favourable terms, and lower better return conditions for SAA;
- in instances where SAA owns aircrafts, exploring the raising of funds against the sale of such aircrafts, however buying not the same aircrafts that may be fuel inefficient, however requiring the potential lessor to replace these with newer, more fuel efficient aircrafts;
- in the process of implementing the above, explore the sourcing and providing SAA with an efficient after tax funding structure, given that SAA will be in a tax

South African Airways**Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways Long Debt Funding Project**

assessed loss position for a lengthy period of time, and therefore is currently and for the foreseeable future, unable to take advantage of pre tax savings.

Projected timelines

Between 4 to 8 weeks, including the finalisation of credit and legal processes and agreements.



SECTION 4: COMPANY EXPERIENCE

 <p>Transaction Advisory of acquisition of BEE stake 2015</p> <p>Transaction totalling ZAR1.8Bn Financial Advisory</p>	 <p>Financial Advisory of purchase of the company 2015</p> <p>Transaction totalling ZAR780m Financial Advisory</p>	 <p>Bulk Water, Sanitation and Electricity Infrastructure PPP 2015</p> <p>Transaction totalling ZAR2.2Bn Financial Advisory</p>	 <p>Capital raising for miners housing project 2014</p> <p>Transaction totalling ZAR2.2Bn Capital Raising</p>	 <p>Business valuation, due diligence 2014</p> <p>Transaction totalling ZAR60m Transaction Advisory</p>	 <p>Capital raising for coal mining operation expansion 2014</p> <p>Transaction totalling ZAR380m Transaction Advisory</p>	 <p>Fund raising Razorite Healthcare Private Equity Fund 2014</p> <p>Transaction totalling ZAR1.5Bn Capital Raising</p>	 <p>King Edward VIII and Nelson Mandela Academic Hospital PPP 2014</p> <p>Transaction totalling ZAR90m Transaction Advisory</p>	 <p>Financial advisory and technical support for BRT Rea Vaya Phase 1B 2014</p> <p>Transaction totalling ZAR38m Financial Advisory</p>	 <p>Balfour Project for development of social infrastructure PPP 2013</p> <p>Transaction totalling ZAR2.3Bn Financial Advisory</p>	 <p>Financial advisory and technical support for Roads Agency Limpopo 2013</p> <p>Transaction totalling ZAR5.2Bn Financial Advisory</p>	 <p>Financial advisory and technical support for funding model 2013</p> <p>Transaction totalling ZAR120m Corporate Advisory</p>	 <p>Financial Advisory and capital raising for City of Rustenburg RB 2013</p> <p>Transaction totalling ZAR680m Advisory</p>	 <p>Financial advisory and technical support for sink fund investment model 2012</p> <p>Transaction totalling ZAR28m Financial Advisory</p>	 <p>Financial advisory and technical support for sink fund investment model 2012</p> <p>Transaction totalling ZAR28m Financial Advisory</p>
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SECTION 5: TEAM QUALIFICATIONS

Our team consist of accounting professionals all of whom have advisory, corporate finance, business analysis, accounting, and auditing experience.

3.1 Senior Project Partners

Name	Qualifications	Project Role	Years Experience	Profile
Daniel Mahlangu	<ul style="list-style-type: none"> B.B Econ Sciences (Maths and Maths of finance); Advanced Diploma in Company Law; MBA (Dissertation) 	Lead Director	18	Daniel has over a decade years experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors.
Vonani Mathebula	<ul style="list-style-type: none"> BCom (Accounting) HDip (Accounting) CA(SA) 	Senior Director	12	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touche in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects), Transnet, Vunani Limited and Sphere

South African Airways

Response To Proposal For The Appointment Of A Transaction Advisor For Request For Information On South African Airways
Long Debt Funding Project

SECTION 6: PRICING SCHEDULE

The Parties fee will be as follows:

Because of the envisaged methodology and complexity of the project, we propose a fee of R1 excluding VAT, plus a fee to SAA on the successful adoption for implementation of our advice as detailed above.



Derick de Beer

From: Silas Matsaudza <SilasMatsaudza@flysaa.com>
Sent: 11 April 2016 11:46
To: Daniel Mahlangu
Cc: 'Masotsha Mngadi'
Subject: RE: GSM021/16 - Appointment of a Transactions Advisor

Thank you.

Silas Matsaudza | Commodity Manager | Global Supply Management

Mobile: +2783-462-2859 | Phone: +2711-978-1629 | Fax: +2711-978-3115 | E-Mail: SilasMatsaudza@flysaa.com
 Room 403, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 11 April 2016 11:39 AM
To: Silas Matsaudza
Cc: 'Masotsha Mngadi'
Subject: RE: GSM021/16 - Appointment of a Transactions Advisor

Dear Silas,
 Please find attached financials and pricing for your attention.
 Regards
 Daniel 0762358504

From: Silas Matsaudza [mailto:SilasMatsaudza@flysaa.com]
Sent: 08 April 2016 09:03 AM
To: Daniel@bnpcapital.co.za
Cc: Masotsha Mngadi (mngadi.masotsha@gmail.com)
Subject: GSM021/16 - Appointment of a Transactions Advisor



Dear Daniel

Please send to me via email a copy of BNP Capital's recent financial statements. Is it possible for me to get them today as we are behind time?

Kind regards

Silas Matsaudza | Commodity Manager | Global Supply Management

Mobile: +2783-462-2859 | Phone: +2711-978-1629 | Fax: +2711-978-3115 | E-Mail: SilasMatsaudza@flysaa.com
 Room 403, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

Description	Hours	Rate	Fee
Structuring	510	1,650	841,500
Financial Advisory	450	1,650	742,500
Legal Advisory and Contract	250	1,650	412,500
Financial Modeling	220	1,650	363,000
Total (Excl. VAT)			2,359,500
VAT			330,330
Total (Incl. VAT)			2,689,830



Derick de Beer

From: Masotsha Mngadi <mngadi.masotsha@gmail.com>
Sent: 29 April 2016 15:19
To: phumezanhantsi@flysaa.com
Subject: Fwd: Request & Motivation: Augmentation - Mandate Scope - Financial Advisory for South African Airways ("SAA")
Attachments: BnP Capital Letterhead.pdf

Good afternoon Madame,

Please find attached under cover hererof a letter for your kind attention.

Looking forward to engaging with yoy on this issue.

Thanks, kindest regards.

Masotsha Mngadi

----- Forwarded message -----

From: "Irvine Moyo" <irvine@bnpcapital.co.za>

Date: 29 Apr 2016 2:40 PM

Subject: Request & Motivation: Augmentation - Mandate Scope - Financial Advisory for South African Airways ("SAA")

To: "Masotsha Mngadi" <mngadi.masotsha@gmail.com>

Cc: <daniel@bnpcapital.co.za>

Mr Masotsha

Please find the mandate scope as per your request.

Kind Regards

Irvine T Moyo

Senior Investment Associate



Direct Line: [+27 \(0\) 11 234 0710](tel:+270112340710)

Mobile: [+27 \(0\) 73 020 5377](tel:+270730205377)

Fax : +27 (0) 86 588 9624

Email: irvine@bnpcapital.co.za

Website: www.bnpcapital.co.za

Building 6, Tuscany Office Park,

5 Coombe Place,

Rivonia,

2121

Postnet Suite 436,

Private Bag x43,

Sunninghill, 2157

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

29 April 2016

Chief Financial Officer
Private Bag X13,
KEMPTON PARK,
1627

Dear CFO

Further to our meetings of 25 and 26 April 2016 regarding SAA's financial state of affairs, and our interrogation of the SAA financial information, including its balance sheet and income statements, it is our considered view that the Transactional Advisory mandate has to be augmented for the following reasons:

1. To enable the optimisation of the restructure of SAA's balance sheet to successfully implement its turnaround strategy, a more efficient funding package has to be urgently raised for and on behalf of SAA. This is because of the various tenors and pricing for each loan, which creates the lack of certainty facing SAA's financial cash flows in the short, medium and long term.
2. For instance, the R2bn loan from Standard Chartered is for a 3 month tenor. This means that SAA has to either frequently request the roll over of this loan, or go out to the financial markets to replace it with long-term loans. The risk to SAA of the frequent roll over request is that there is no guarantee that the lender would agree to the extension, and for what duration. Further, there is uncertainty regarding the pricing linked to each roll over as part of the terms and conditions. A recent example is the abrupt reduction of the tenor and quantum of the loan to SAA by an international bank, which led to SAA having to urgently seek its replacement, and calm the financial markets because of the concern and false instability perception about SAA this caused among SAA's other lenders and in general, as certain news media publications sought to portray.
3. We also noted the revision of some of the terms and conditions of the loans by a certain lender, that SAA currently have in its books, specifically the steep upward revision of the pricing thereto. This pricing increase might be increased even further, or may extend to the other SAA loans, as one of the drivers, over and above those advanced by the current SAA funders, is the possibility of a sovereign downgrade, whose guarantees underpin all these loans. The efficient funding may mitigate these uncertainties.
4. This fund raising exercise has to be addressed urgently, given the fast approaching maturity dates for some of the loans to SAA with a total amount of R7.3bn.
5. The scope as it is currently, does not cover this requirement. The result of this shortcoming is that the efficient restructure of SAA's balance sheet cannot be implemented. Further, part of the



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Sunninghill, 2157
Tuscany Office Park, Building 5, Coomble Place,
Rivonia, 2157

restructure requires the optimisation of the SAA's leases, by reducing the level of exposure to the volatile USD denominated leases, and to trade in SAA's engine fuel inefficient aircrafts in its fleet, with the more efficient aircrafts. Without first sorting out the funding requirement issue, this next important step/requirement to realise savings from a natural hedge, and less spent on fuel, cannot be effectively implemented for so long as SAA is hamstrung by continuously having to look for funding. Putting efficient funding in place will free up SAA's executive management's precious time to be able to focus on turning around the business. This will result in, among other spinoffs, SAA having extra fund raising capacity and attraction to implement this next important requirement as per this point 5.

6. We have the capabilities and access to funding networks and sources both locally and internationally to fulfil this augmented financial advisory requirement.
7. We therefore propose the augmentation of the current scope to include this bigger role as motivated above.
8. With regards to the additional costs attracted by this bigger role, we propose that these be agreed with SAA once the new funding is in place, taking into account how favourable its terms and conditions will be.

Yours sincerely,

Daniel Mahlangu
CEO

Derick de Beer

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: 09 May 2016 18:10
To: Musa Zwane; Fundiswa Goduka
Subject: FW:
Attachments: 20160421_152840_001.jpg

Please find the 1st page of the letter

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com
6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Masotsha Mngadi [mailto:mngadi.masotsha@gmail.com]
Sent: 09 May 2016 04:19 PM
To: Phumeza Nhantsi
Subject:

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MINISTER OF FINANCE
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria 0001, Tel: +27 12 323 8011, Fax: +27 12 323 3222
PO Box 23, Cape Town 8000, Tel: +27 21 461 8100, Fax: +27 21 461 2034

Ref. M3/4/3/2 (232/15)

Ms Elzabe Rockman
MEC for Finance
Provincial Government of the Free State
Private Bag X20537
BLOEMFONTEIN
9300

Dear MEC Rockman

FREE STATE DEVELOPMENT CORPORATION (FDC) LOAN OFFER AMOUNTING TO R14 BILLION TO SOUTH AFRICAN AIRWAYS (SAA)

I am informed that on the 22 September 2015, South African Airways issued a Request for Proposal (RFP) to raise R15 billion to consolidate its debt. It then came to the National Treasury's (NT) attention that the Free State Development Corporation (FDC) has, in response to the RFP, sent a letter to SAA with a loan offer of R14 billion. The existence of the offer was indicated in the minutes of SAA's board meeting that was held on 3 December 2015.

As you are aware, the NT met with officials from FDC and Free State Provincial Treasury on 14 December 2015 to confirm the existence of the offer and discuss its details. I am advised of the following information obtained before and during the discussion:

- The FDC is in the process of entering into a financing deal with an unnamed foreign institution;
- The FDC did indeed write to SAA indicating that it could offer a loan of R14 billion;
- The Provincial Treasury and the Member of the Executive Council (MEC) for Finance were not aware of the arrangements between the FDC, the foreign institution and SAA; and
- The FDC has not produced any documentation in respect of the proposed loan agreement with the foreign institution.

I am deeply concerned about the conduct of the FDC. Firstly, the investment made by the FDC is not in accordance with its mandate. The Free State will not derive any benefit from the investment nor will SAA yield any growth as the loan is required for consolidation of debt and not for capital expenditure. Secondly, the FDC has not followed the borrowing procedure as required by the Public Finance Management Act (PFMA) and Borrowing Powers of the Provincial Government Act prior to entering into a joint venture and making a loan offer to

AFFIDAVIT

I, the undersigned,

Hendrik Roedolf Heyneke

ID: 681216 5041 080

do hereby make oath and state:

1. I am duly authorised to depose to this affidavit in my capacity as a Portfolio Manager at the Organisation Undoing Tax Abuse.
2. The contents of this affidavit came to my knowledge within the normal course of business and, unless stated otherwise, is in all aspects true and correct.
3. I am an adult male employed as a Portfolio Manager: State Capture & Transport, by the Organisation Undoing Tax Abuse ("OUTA") with business address 318 Oak Street, O'Keeffe & Swartz Building, 10th Floor, Ferndale, Randburg, Gauteng.
4. In my capacity as Portfolio Manager, I have in my possession and under my control records, accounts and other documents relevant to the subject matter.
5. By virtue of the foregoing, the facts and allegations deposed to by me fall within my personal knowledge and are to the best of my belief both true and correct, save where otherwise stated or where it so appears from the context. Where I make legal submissions, I do so on the basis of legal advice.
6. I was approached by the Commission of Inquiry into State Capture to comment and elaborate on the affidavit of Mr Andries Hendrik van der Nest wherein I was

mentioned as a source of information regarding the following statement in his affidavit:

"4.4.4 Mr King made no mention of Mr Mngadi's intention to purchase In Line Trading with Mr Mbedzi, nor did we receive any records that Mr King signed to have Mr Mbedzi appointed as a director of In Line Trading. We were informed that Mr Mngadi is in a close personal relationship with Mr Talente Myeni, the son of Ms Dudu Myeni.

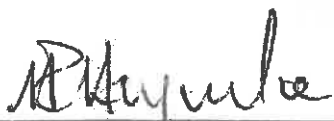
7. Van der Nest then explained his statement as follows:

The information in respect of paragraph 4.4.4 was received by Mr Rudie Heyneke from the Organisation Against Tax Abuse and verified with Nedbank Capital the former employer of Mr Mgadi (sic).

8. I was requested to give more information on the statement that there was a close personal relationship between Mr Mngadi and Mr Talente Myeni.
9. On 30 August 2016 there was a meeting between representatives of OUTA and Mrs Yakhe Kwinana. This meeting took place on request of Mrs Kwinana. This was shortly after she resigned as a non-executive director of SAA.
10. On 2 September 2016 there was another meeting between Mrs Kwinana and OUTA. I was part of this second meeting where Mrs Kwinana agreed to answer more of our questions on irregularities at SAA.
11. During this meeting we questioned her regarding various matters at SAA. According to our notes taken on that day, and to the best of my recollection, I asked Mrs Kwinana if she knows Talente Myeni. She acknowledged that he is the son of the former Chairperson, Mrs Dudu Myeni.
12. She further mentioned to us that Talente Myeni and Mashotsha Mngadi were good friend or associates. She mentioned that considering their ages, she would say that they were rather partners than just friends.

13. I asked if she has ever seen them together. She said that she saw them together in Sandton and also at SAA meetings where they would arrive together, but Thalenhe wouldn't attend the meetings.
14. Kwinana also said that Thalenhe Myeni was involved in business with Mngadi.
15. This meeting was recorded and transcribed. The recording and the transcription were handed to the State Capture investigators. Although it appears that the transcription stops short of the above-mentioned conversation, the notes made on the day confirm the above.
16. I attach the notes of the meeting as Annexure "HRH1". The notes of Mrs Kwinana's responses can be found on page 13 of the attachment.
17. I was also mentioned in regards to the relationship between Mr T Kwinana and Mr C Kwinana.
18. Van der Nest said the following:
"We were informed that Mr T Kwinana is the brother of Ms Y Kwinana's husband, Mr Clarence Kwinana (Mr C Kwinana)."
19. He then said that he obtained this information from me.
20. During the meeting with Yakhe Kwinana I asked her who is Thabo Kwinana. She told us that he is her brother-in-law. He is an attorney in Sandton. She is married to his brother. Interestingly, her maiden name was also Kwinana. The notes on this question can be found on page 2 of the attachment.

Signed at PANDRUEG on this 4TH day of JUNE 2019.



Deponent – HR Heyneke

I Certify that the deponent has acknowledged that ~~she~~/he knows and understands the contents of this Affidavit which was signed and sworn to before me at RANDBURG on this 7th day of JUNE 2019, the regulations contained in Government Notice No. R35 dated the 14 March 1980 having been complied with.


COMMISSIONER OF OATHS

Full Name

: ANDREA KORFF

Commissioner of Oaths ex Officio

: PRAKTISERENDE PROKUREUR/PRACTISING ATTORNEY RSA

: KOMMISSARIS VAN EDE/COMMISSIONER OF OATHS

Position held

: 1085 JUSTICE MAHOMED STREET

BROOKLYN

TEL: 087 702 5874

Business Address

: _____



[illegible]

凡

- Estimated period of time: mid 2015. Frequency: went together once (can not remember who exactly was "ratted" on - DM collects information in her book)
- M: does YK not receive the whistleblower report? Who is submission sent to?
- All Executives (Seniors and Management staff) were "whistle blown" by DM. She compiled the reports.
- Informants of the whistleblowing information trusted DM and not the internal whistleblowing process.
- Try not to corner her expressly or do not be facetious please
- The HR Dept is facilitating the process {as per instructions?!}
- Were witnesses fed information that would be regurgitated at the hearings? To the best of YK's knowledge, witnesses were not prepped (she was not prepped)
- We better move a bit quicker

2. Mngadi

a. Involvement:

- Unsolicited proposal: African Leasing Company
- Nedbank as banker
- BNP / InLine trading
 - Thalente Myeni involved?

b. What transpired at meeting between YK, Mngadi & Airbus?

- Who else was present?
 - When was it?
- Does not know the relationship between Nedbank and BnP
 - He is regarded as the "face of BNP Capital"
 - "I know he was working for Nedbank, as with Airbus deal he advised us. In respect of BNP and Nedbank, I do not know. The face of BNP was Masodja."
 - RH: So mngadi introduced by Myeni? "Of course"
 - Q to YK: So what did you do when you submissions by Mngadi obo BNP, where Nedbank also lodged a bid?
 - Quartile Capital was working closely with Masodja. QC would contribute advisory services (Transaction Advisor)

3. Thabo Kwinana

a. Linked / related to YK?

b. "How did I miss that one" - when going through list of topics to be discussed

- Brother in law (Attorney in Sandton)

4. Monwabise Kalawe

- Why suspended? Re route "Senekal yes - level of representation, so-to-speak, where ministers spoke directly with him and not following protocol" "Air chefs yes" "O package wrapping, yes"

5. Masimba Dahwa

- Suspended due to "insubordination" to YK
- No love lost between YK and MD

6. Thuli Mpshe {wanders of topic herein - cross reference to other topics herein}

- Involved in the suspension of TM (witnesses the handover of the suspension letter)
- Unknown who laid the charges against TM
- YK had sight of the charge sheet document

R E

- Real reason for the suspension did not relate to Dr Dhawah and TM not signing the jet fuel contract
 - IH: did you see charge sheet? "Think I did" one charge related to appointment procedure relating to her security detail. It seems as if her failure / alleged failure was ground of suspension. Wrt Linell, quartile, ens - none of that justified suspension of anyone else "As i said i have been vocal in that. Hence, check, did we flout any procurement processes
 - Q to YK: you mention board's reliance on highly competent executives - what do You say of such executives being removed?
 - Q to YK: who will testify against her at coming hearing? "One item that i will testify. I was going to testify iro that one, but i dont remember as i don't have the file"
 - IH: airbus deal was part of the reasons for her suspension "something more or less the same as kwalisi, she signed something that should have been signed by senior delegation,like with senekal, so thuli with airbus deal"
 - IH: DM acts irregularly at frequent occasions. It is as if it is planned. Did you ever write to shareholder saying this is getting out of control.
 - Q to YK: do you think you are or were under a spell by dm? Do you think she has or had psychological control over you or others in the organisation?
 - "how dudu operates, everything is urgent."
 - IH: which instances did you not agree with? "ENS, I said it is not urgent and must go through procurement process. In fact i think it did go to procurement process. So it's not that dm has been left to do things in a wrong manner. She is a smooth operator. She is not going to say, she is going to convince that this is really urgent. She is not going to force you to say 'do this', no she will not do that. She will have motivated that. Everything before our eyes will be fine" IH: Like it Nick Linell , what would she say "she says he is a good legal advisor who she has worked with at umhlatuze water, work never ends" IH: did anyone ask whether this guy has been vetted, is he on panel? "No urgency was stated"
 - Q to YK: linell's appointment in addition to initial, was it a new appointment? It was not an extension of scope, but substantially new mandate?!
 - Q to YK: does urgency veto the primary considerations with procurement?
 - "Linell, ENS, BNP > issues that created cracks between YK & DM, because YK spoke out in opposition." RH: what would she do? "She would say next time it will be fine" IH: did you ever consider reporting her to the shareholder? "The shareholder knew almost everything. Shareholder knows about whistleblower. Current and former shareholder." "Why would i be whistleblower, if i go to minister, i will be whistleblower who is known as dudu knows my issues. Why will i whistleblow if shareholder already knows?"
 - [Remaining points for discussion see 11 aar, 36 NT , & 46 kwinana & assoc]
- 7. Cynthia Stimpel**
- YK was not involved in suspending CS. CS reports to the (I)CFO - YK suspects the decision was made at GM level.
 - YK, were you in favor or against the suspension of Cynthia? Based on what information?
 - YK, what do make of the successful vindication of matters based on CS' version of events?

- let's keep her comfortable As far as possible

8. Musa Zwane

9. Nico Bezuidenhout

- Relates to Emirates deal below
- "All board members agreed to emirates deal, except dudu"
- IH: did they vote on it? "There was no decision. How did Nico fly to this? I think it was by means of discussions, people agreeing to signing, after convincing everyone signed" IH: what signed? Resolution / agreement? "Cant remember. Everyone signed but DM didnt" why? "Dm told me Emirates' plan is to liquidate SAA and company will end up not having an airline?"
- Unsure of the facts as NB is the person close to the facts
- Q to YK: Why did dm not share something as significant to the board (such as the president's announcement Re emirates wanting to liquidate saa)? What were the basis of such a statement? Was the threat real?
- Q to YK: if SAA is liquidated, but BNP deal was concluded, what would effect have been?
- DM is the only Board member that signed against the decision → Dm indicated that the president did not like the deal because Emirates planned on liquidating SAA which would lead to the nation not having a national carrier
- RH: there was lots of time and on 99, there is an information?
- RM: why was majority decision not executed? "Practically, nico went to sign based on majority decision. So someone phones and says president says don't sign, what must one do?"
- Q to YK: The president's statement has been denied publicly.
 - Your comment?
 - Did DM phone stating that president instructed her?
 - Why did she not confidentially disclose that to the board?
 - It is a national security threat?

10. BnP Capital

- Procurement
 - Cancellation
 - Who would have unduly benefitted?
- Vunani Mathebula & Thabo Kwinana (brother in law)
 - Q to YK:
 - Was appointment done through ratifications or in normal course?
 - was BNP appointed?
 - Was there a contract?
 - Were there more than one contracts? Initial > confinement.
 - Did BNP issue a thorough report in line with its initial bid / methodology?
 - Did BNP notify SAA of FSB Licence suspended? How did the suspension come out?
 - Was BNP vetted? What risk assessment was done on BNP?
 - Seacrest was cancelled as no proof of funds. Was such an investigation / confirmation done in the case of BNP?

- Did BNP do a due diligence on SAA prior to proceeding with instructions? Including ensuring due process followed?
- Stimpel was suspended based on breach of confidentiality: Were documents and information to BNP made available within allowable confines of disclosing such a level and amount of information, which allowed them to work on instruction / give advice?
- What was the role of in line trading as JV partner?
- Where did BNP execute their duties?
- BNP, from the outset, mentioned sourcing of funds, which it proposed as basis of fee calculation, which was a deviation from the RFP (not mentioned on its bid as required in RFP). Was this not a sign that there is a reason for concern?
- Was there confirmation that BNP did not keep or divulge (SAA's confidential) information?
- What would BNP's fee been if it did not procure funds?
- When did cancellation fee become relevant / transpire? What was the rationale behind the cancellation fee if BNP's contract was cancelled based on their breach?
- Why did Kwinana / Nhantsi change procurement of funding amount from R7,3bn to R15bn?
- Where did amount of R15bn come from? Was this in line with total debt amount?
- What SAA employees were tasked to engage with BNP? Directors, Exco, Manco.
- BNP eventually played the part as intermediary, by introducing Grissag. No proof of funds have been done on Grissag to that date. How could it have been confirmed that BNP can indeed deliver on its promise? All other options were cancelled out due to BNP's submission that it is the only option available?
- YK said condition of approval of BNP is that legal requirements must be met. Did YK ensure this was given effect to?
- As Chairperson Of A&R, how was YK responsible to ensure proper interaction and due consultation between functions within the business?
- When information is proposed to the board for approval, is there a duty to apply your mind and ascertain whether motivation is thoroughly considered?
- Does the nature and extent of a decision influence the considerations at time of decision making (to resolve as a board)? Is every board member responsible for its own function?
- If manco blindly follows instructions and exco does the same (also based on manco's reports), is it justified for the board to assume all is fine and signature only is sufficient?
- Who marks items as n/a? That person thus has all the authority.
- Transactional Advisor was needed to ascertain which assets needed to be sold and how the liability would be restructured. CS supported the function of a transaction advisor however, she only questioned the amount.
- Confinement justified by the fact that it was "urgent"

- She indicated that she raises that you can not be the author of your own urgency...yet she still votes in favour of same due to the fact that it is in the "best interest of the company" eg. grounding of aircraft
- IH: was price of confinement ever before board? "Yes" Cynthia's concerns before board? "No" In motivation it says that contact was made with people in the market re the price, and said it was reasonable, but it does not mention who was contacted [no benchmarking], was it in board pack? "yes i think Fnb was mentioned in phumeza's presentation to board. So she said 1,5% is industry norm." IH: she didnt present information, did she just refer to information? "Cant remember" IH: also says: pointed out to SAA by BNP capital that loans will mature? Did you believe her, as there were loan schedules, it seems like there were so many discussions / indicators, that this had to be common knowledge. "I cant even believe you say she says BNP pointed it out as it was generally known information"
- "I make decisions based on information before me, so I rely on procurement. We don't see all the names and details" "It seems Phumeza was informed by BNP, but that could not be" "For me as non-executive, I knew exactly when these loans would mature" IH: so
- Checklist - IH reads through all the items marked 'n/a'. IH: as CA, did you honestly believe none of these were applicable to this bid? "No. As i said we have very capable individuals?" IH: What then is the function of the board? "To oversee the functions of the organization" Risk assessment, financial impact and fair value, not applicable "I don't think you should read that in isolation." IH: for confinement, none of these items have bearing

11. AAR

- When was the meeting?
 - What was the purpose of the visit?
 - Did the Air France deal fall through because of the AAR transaction?
 - Who paid for flight to AAR HQ?
 - Who chose the delegation?
 - Why weren't technical advisors accompanying?
- YK cited that DM used the President's name in vain in order to ensure that the deal fell through
 - Delegation to AAR: YK (not other family members), John Thambi (aviation specialist but not a technical person), Head of Supply Chain, Head of Procurement
 - Delegation selected by the Board
 - Rumours that AAR paid DPE associated parties monies/bribe → unconfirmed rumours. Who at the DPE would DM be liaising with? DG = Tidi xxx (used to be CEO of Eskom)
 - Reasons by DM on the phone (not written):
 - 1) she said reason no 1 USA is enemies with SA and deal is intended to dethrone president.
 - 2)
 - 3)
 - 4)
 - IH: who went to USA for AAR? "Me, tambi, head of procurement (notsasa)"
 - IH: did you go to their facilities? "Yes, that led to MOU"

- IH: why was barry parsons so opposed to AAR? "I found it funny, as he used to host aar people at saa technical"
- IH: they said funny thing about aar, was that no one got cover email with unsolicited proposal - "that is not right. How aar was brought on the table, aar was brought on saa board by dudu. She said she got this doc from dpe. I think we were still under dpe at the time" IH: there must have been a cover up. Ey did their special audit. They said Ms Mamela received email with unsolicited proposal, but when they requested it, she sent it on with email, but document was created after it was received ±by/from her "no aar was brought by dm, saynig dpe, when we lokoed at proposal, we said this belongs to saa technical, so i took proposal with recommendation from board, so saat board must consider. Then board, musa is member of board from technical. He took it to his people, then trip to usa, then signing of mou, same air show as emirates. It could've come to nontsasa for implementation purposes." IH: ey report says nontsasa resisted investigation / uncooperative. "In fact, when they say she was incooperative, she reports to me, there is no way, ±i report to saat board, i asked ey tell me exactly what nontsasa didnt help you with, but they did not say so i could not take it further. Maybe she did not get something on a date, but at the end they got everything. I even asked and they said they got everything"
- IH: who else accompanied you? "What was intended? Tambi is aviation specialist, but does not do repairs. How it was selected? Meeting between board members and exco, including barry parsons was also there" IH: trips to any other facilities? "Yes, three or so" Air france and other competing bidders? "No, there weren't" IH: were you in the process of issuing RFP? "No, it was valid for 6 months then time lapsed. It was the end of it. Tender was issued long after expiry of 6 months."
- IH: Do you know of Musa receiving any gratification iro AAR deal? "No, not musa, but rumors, but dpe collected people some monies, not directly, we do not know who. I was not from SAA and it was only a rumor"
- IH: any idea where rumors came from? "You know nature of rumor will go and go and one will not know the origin"
- IH: who at dpe will dm have been liaising with? "I don't know" Malusi? "Yes. Malusi, yes" Who was DG: "Madisa Matola, who was CE at ESKOM for a short while"
- IH: when you came back from state, did you sit as board deciding to enter into MOU? "Yes" DM, still ok with it till then? "No she is not on that board"
- IH: you said last time AAR was preferred bidder, then air france found their way to the top? "No, lufthansa, then aar, then air france" Was aar disqualified? "No. It was lufthansa, then aar on the price, then air france" "BAC recommended we must appoint Air France. Main reason they said that, was that air france was current service provider. For purposes of continuity, but if you're looking for continuity, why go out on tender? Basically, we were asking why didnt you appoint lufthansa, then they give reasons, then why didnt you recommend aar, then stated reasons, then why air france, they stated reasons? We said these reasons did not make sense for us. One point was unavailability. Problem was one company didn't know what other is doing. For instance, we replace component if need to be replacced, say this component needs to be replaced....., it can be more expensive If done by other company....proposal: in contract, let's tie them with the price. Then we are approving aar. Then that decision, after dm heard of this decision, she called and said, why

didn't you approve bac recommendation, why do you approve enemy company, aar is with _____ jonas, who is an enemy of the president."

- IH: she ever sms / whatsapp? "No she makes sure she doesn't write, but there is one sms message she wrote to nontsasa. When she came to me to confront on this, she started with nontsasa, saying if she wanted, she will sway this to the advantage of air france, with aj waters (But they didn't make it)" so she sms'd nontsasa "first nontsasa, then tambi, then me - we all thought it was one of the best decisions made obo saa, that is re aar. Third biggest such Company in the world. Air france even buys from aar. Nontsasa even told that board decided..."
- "there are two instances re aar: this one of the investigation, and mou. when ey appointed, supposed to look at losses at saa. on face of it, why would you investigate company that we don't do business with, at the time. mou expired, time lapsed. now aar for second time: awarded contract independent of mou signed. this one of sa being enemies with USA. aar now has been appointed"
- Q to YK:
- "When she wrote to reverse decision, she wrote EY investigation. When I wrote back I said I note your reasons for decision to reverse AAR, some of which I will not write in this letter. How can I write such a thing in a letter"
- She did not write that SA is enemies with america.

12. Engen Jet fuel

- a. Soon to be named Entity
 - b. Was It a board decision to implement the 30% local procurement as discussed at SONA?
 - c. How was Mr Peter Tsiseve identified / nominated as lawyer to facilitate the appointment of the consortium?
- Still in progress? "yes, driven by procurement"
 - Company yet to be named, also goes with Peter Tshiseve "we said we'll get percentage, but not 30%, then we said thank you very much, because there are so many companies in SAA database, we want it to be set aside to benefit BEE companies, so what we did, in fact I wrote that footnote, there were ±60 companies in that database, we thought instead of giving one company everything, we thought take percentage agreed with Engen, give it to these companies on the list. So it's difficult to enter into agreement with SAA in the name of the shelf company, but 60 parties in one company, i will buy company at no cost of SAA, i will of course not be a beneficiary of this, so all these 60 companies conclude agreements through this one company for 'this 10%'. Peter Tshiseve basically was one company in database, would make sure all companies on list would benefit. It has still not happened. I still think this is a good idea to benefit black people"
 - IH: how will each of 60 play a role? "No they put money together"
 - Q to YK: is it not a PPP?
 - PT appointed from the panel - he was the mere facilitator of the process (no money would flow through him)
 - Pt raised no concerns regarding the deal as he would then have to supply practical reasons and submissions to continue.
 - See Peter Tshiseve below - no20

13. Swissport

- a. Jamicron - who is Jamicron?
- b. Why Jamicron?
- c. What criticism did Board face in this regard?

- Jamicron was identified by Swissport
-

14. Airbus narrow body fleet procurement (May - July 2013 resolution amendment)

15. Airbus wide body fleet procurement (swap transaction delays ±2013)

a. Figelepi & Mpshe opinion - re S54 & Wolf Meyer - gag application

b. African leasing company - quartile capital

- RH: By October, letter from Airbus insisting on matter to be finalized...African Leasing Company introduced, Quartile Capital will buy aircraft and SAA will lease. When did you first heard of the new deal? "I will not remember exact dates." "...we had meetings with PIC, DBSA & other funding institutions, with the aim of procuring local funding" RH: there must have been a specific plan "it was written, by nico as ceo at the time" so it was his brainchild? "Not necessarily nico's or dm's, but dm, yk & wolf went to DBSA & PIC came to us" Long ago? "Yes, airbus deal has been going on for long" RH: proposal served before board by mngadi, which was exactly same as nico's proposal, on nedbank letterhead, inserted as is verbatim in S54 application - why use a banker's doc / proposal, but not inhouse (nico's) "I'm not sure which doc we used for s54 application. S54 is prepared with input from everybody. In fact led by head of legal, so info used, i'm not sure which discretion used to choose what is in application and what not. You remember PIC & DBSA rejected proposals, so maybe that's why masodja's proposal might work better, so we thought nedbank (as partial funder) could work better"
- RH: minister was not opposed against proposal, but insisted to be shown who is local company "i will speak for myself. Masodja would get nedbank to be anchor to put in money: R5bn for aircraft, say nedbank R1bn, nedbank approaches other major banks for R1bn each, possibly also PIC, together they will form the leasing company. Dm did not communicate that clearly. Maybe minister had other ideas."...RH: quartile capital "QC was transaction advisor, not leasing company. Company was not formed, so we did not...±"
- "Question was not swap transaction Yes or no, but method of funding. Outside leasing company, let's say charging R700m/m, +5% escalation, but looking at currency fluctuations, deal had to be rearranged."
- Q to YK: currency was a primary consideration behind local funding. Could same effect not be achieved through hedging mechanisms?
- IH: when was quartile capital appointed as t.a? "not sure"
- RH: What was QC's role? "From what I could see, seems as though QC was working closely with Masodja." So he brought them a t.a? "±As banker, T.a would bring in nedbank"
- Q to YK: was quartile capital ever appointed? "I think so" Was scm followed? "No, i think it was like ens"
- RH: ever discussed at board meetings? "You know with dm, there would be special board meetings all the time"

- RH: so no due process with appointment of QC? "Scm will say if co is appointed by board, then procurement process is not flouted." IH: who will say that? Lester Peters? "Yes, i may not quote him exactly"
- Q to YK: if urgently appointed, why was transaction's conclusion protracted so much? Despite the PDP's of \$100m? Would urgent brief not include urgent completion?

16. Appointment of Phumeza Nhantsi (from Sizwe)

- Senior people were seconded for position (Reg 27.3). Some applications / secondments were rejected.
- Q to YK: do you think PN was suitably qualified and independent?
- Q to YK: does PN have a relation to DM? Why does she call her aunty dudu?
 - Denies that PN calls DM aunty
 - "sihlalo, meaning chairperson in xhosa"
- Due process was not followed due to the fact that the appointment was urgent (WM had just left)
- IH: how long was contract? "3 months" then "3 months" then? "One that expired 31 August 2016, then remco appointed her month-to-month"
- MZ did the final appointment → only the principal of the decision of the secondment was passed through the Board
- RH: can icfo be board member? "Yes that was advice from co secr; both her and musa were appointed as board members"
- Q to YK: Did the minister approve those appointments?
- IH: Ruth seems clued up. "Yes she's been there for a while" IH: gone and back again? "Yes"

17. Appointment of ENS (and extensions of scope /additional appointments)

a. Investigations done by ENS

- Purpose?
- Initiated by?
- Instruction / mandate?
- Reports received from ENS?
- Reports served before A&R Committee?
- Actions pursuant to receipt / presentation of ENS report?

b. Appointment of ENS for anti-corruption presentation and training programme

- YK: "i do not remember an ENS report"
- YK re corruption training "yea i heard about it, but i was not involved" "appointment of ENS, brought up by DM, then they got appointed. Always parachuted because of urgency"
- Q: was corruption training not part of A&R's risk management strategy?
- YK: ENS used in cases of emergency and urgency (fix solutions now)
- YK: "i was not in favor of ENS. There was a panel of forensic investigators, ENS not on it. A leader firm must be appointed urgently, so due to their capacity they must be appointed urgently"
- Same as with ENS appointment, Nick Linell followed same process, as board advisor, on khalawe specifically. He ended up as board advisor (chairperson, not YK or Dahwa). See Nick Linell below..

18. Appointment of EY

a. Investigations done by EY

- i. Purpose?
 - ii. Initiated by?
 - iii. Instruction / mandate?
 - iv. Difference between ENS & EY mandates?
 - v. Did EY have ENS' report?
 - vi. Reports received from EY?
 - vii. Reports served before A&R Committee?
 - viii. Actions pursuant to receipt / presentation of ENS report?
- Appointed on 28 July 2015
 - Who wanted to get who? "Intended to check where saa's losing money. ... RECORDING NB ... EY report, whenever there is a person DM wants to fire, she refers to EY report. This report was used to say what is happening in what department, then that person must be disciplined, in stead of using info to correct, it was used to target certain individuals"
 - DM statements have double standing (must not be viewed at face value as there is always more behind the statement)
 - Recommendations have not been discussed with Executives. No recommendations have been formally implemented via board resolutions. Report never made its way to an official Company board pack.
 - Report has not been tabled at EXCO as yet (cost: R 1.2 million to draft)
 - What happened to recommendations? "Board was not discussed with executives who were supposed to respond." IH Not a single exec? "No last report where linell with exco were supposed to be discussed, some exco seen it for the first time. Usually discussed with the relevant person first. EY was supposed to discuss with particular persons. So it didn't go to board, but i know the cotents as i was leading that. Whole board knew about it." IH: who told you? Nick? "Yes" IH: so not implemented as per board instruction, only some, but not as per board instruction. "No" IH: why not? "Lack of proper planning, maybe confusion becuse report discussed many times, so maybe it was oversight. ... Company secreTary was supposed to include it into meeting pack, but didnt....when I left it was still to be tabled before exco"
 - Q to YK: is it the chairperson of A&R's duty to ensure such a report is presented to board, executive authority & AG?
 - EY report cost R1,2m
 - IH: did you write to company secr or anybody to say you were concerned that content wasn't dealt with? "I just told you how it is supposed to flow. EY has been reporting to me, Nick Linell and Board. EY was supposed to discuss that with control owners, then exco, then board to formally [present]"

19. Appointment of Nick Linnell and role / designation / mandate

- a. Appointed by?
- b. When?
- c. How?
 - i. Procurement process followed?
 - ii. Who initiated?
- d. As consultant / contractor / employee?

R E

e. What is scope of appointment?

- Appointed as the Advisor of the Board (Dec 2014)
- LN received this report but he did not discuss same with YK
- See ENS appointment above
- Nick Linell exceeded budget
- When was Nick appointed? "±Dec 2014" 'related to Kalisi Kalawe'
- RH: Nick's overspending - how was this dealt with? "I did not allow it to be part of the agenda as it was parachuted"
- IH: appointment value "not sure, about R500k, but from invoices I've seen he claims monthly (I'm not sure), but invoices seen are about R200k, not sure how frequently"
- "When asking legal whether anything was done wrong in Nick's appointment, appointed by board but worked with / for DM" IH: he is not even a RSA lawyer "we thought that, because he was presented as a lawyer." IH: presented as lawyer "his cv was not specifically discussed as a line item" IH: how appointed without knowing / seeing CV? "It was presented as urgent, so we believed it to be true & correct, so we believed that"
- IH: Linell received EY report, did he discuss it with you? "No we would have monthly meetings with EY and he would be present"

20. Peter Tshiseve

- Associated with Jet Fuel deal
- YK would not be a beneficiary in the shelf company that would be purchased. The sole benefit(s) was (were) to benefit previously disadvantaged individuals as well as "reduce admin" and legal requirements
- PT was tasked to ensure that all the companies on the data base would benefit from the purchase of the shelf company
- Q to YK: if SAA establishes Or is part of the formation of a new co or JV, is S54 triggered?
- Q to YK: what oversight role would SAA play in newco? With what authority?
- Q to YK: were all 60 companies vetted and follow SCM procedure?
- Q to YK: apart from transformation agenda, how would S217 CRSA principles have been served? Cost effective, competitive, etc.
- Q to YK: who chooses who is enlisted? Was ad placed? "It happened subsequently, acting procurement officer said let's put this thing on tender and make sure oil majors do not participate?" IH: Dr Dahwa gave that exact advice "I'm not sure, if he gave that exact advice, we did not hear him" "Problem with Dr Dahwa would say he would do that, but then he would not do that. That is also what we did when we got the advice" IH: If Dahwa gave same advice on Lester Peters, would you accept that advice as correct? "Yes" IH: So would Dahwa have been correct in advising as such? "If he advised us as such, it would be different and we would not take it as insubordination"
- RH: Chair wrote to dahwa to add 10 companies as part of list of 60 companies. You were cc'd into mail "remember our database was open as we were still doing the road shows"
- RH: participation of poor black people to benefit "some are not poor, it is for BEE, not only poor black people" RH: some companies are fairly large, so broad based "yes, not only poor"

- IH: who are these 10 extras to be added by DM: "see she got many calls from people who wanted to be added"
 - RH: any relation of board members to these companies? "I do not know if anyone has, but I do not have a relationship with any of those companies?"
 - Q: Who would own shares of newco?
 - Would Saa have shares?
 - How would SAA manage contract if it had no stake?
 - What terms were Engen comfortable with in transacting with newco?
 - Especially as it was an existing agreement.
 - Was there benefit to Engen?
 - Could engen be forced to enter into agreement with newco?
 - What would happen if engen refused to enter into agreement with newco?
 - Who would be directors if at least 60 shareholders?
 - IH: conversations behind the scene re who would benefit from awarding of jet fuel that did not have any value adding role? through kickbacks or without value adding?
 - Margins might be very low, but due to amounts, profit amounts must be massive.
 - RH: do you current director of that company /Quissential/?
 - IH: was Peter T's company on the panel? How did you choose who will benefit?
 - "PT would not benefit. He will not receive money. ..."
 - "He was going to bring shelf company, arrange meeting with those people, then resign, .."
 - IH: concerns raised about structure? "No because he had to make it practical so he could not raise concerns. He just said this thing is not happening"
 - Q: what due diligence was done on transaction?
- 21. Blue Valley estate, midrand - neighbors (Rudie)**
- a. Is YK aware of other stakeholders inhabiting same estate?
 - b. Are these parties familiar with each other?
- We can tick off blue valley as well.
 - "I don't know John Olifant"
- 22. Talente Myeni**
- "you see thalente, you see Masodja [Mngadi]. friends or associates, but considering age, not friends, but rather partners. you will go to sandton you will see them. also when nontsasa said she had a meeting with air france and aj walters, thalente was there at the meeting"
 - IH: where did you see them together? "Sandton City (YK knows where they hang out)? Meetings at SAA they arrived together, but did not attend meeting together"
 - He is involved in all transactions relating to Masodja
 - They are "friends" but at best they are business partners
- 23. Vonani Mathebula**
- Has not heard his name before
 - Vonani and Thabo are directors in similar companies
- 24. Daniel Mahlangu**
- a. How did Mahlangu first become involved with SAA?
 - b. Did any of the board members know Mahlangu before BNP's bid?
- 25. Hlongwane**

- Knows him from the arms deal

26. BM Kulisi (BMK)

-

27. Grissag

- Aware that Grissag was going to work with FDC, BNP and Seacrest regarding the funding of R 15 billion

28. Pieter Van der Merwe

- Does not know the name

29. Sergey Pokusaev (Grissag AG PTY Ltd)

- Does not know the name

30. Lynette Mtuli

- Wife of Thabo? Name she goes by "Thokoza"

31. Vusi Kwinana

-

32. FDC

- Notes below - also see BNP, Grissag & Seacrest
- "Due diligence was done with FDC. Proof of funds was required. So with FDC, in fact, anyone who wanted to stop that, would not be acting in best interest in SAA"
- Q to YK: did you consider FDC's primary mandate? (Which does not provide for lending to Sch2 entities)
- Q to YK: is purpose of government guarantees not to raise commercial money against it?
- Q to YK: Proof of funds - same source as seacrest: Grissag? Same as with BNP - was proof of funds sought with BNP prior to confinement (based thereon that they represented the same source of funds?)
- Not sure if there was a contract signed between FDC and SAA
- "FDC said it is not their mandate, but they will also look into it. So when I'm looking for money, I'm not going to tell them don't give me money. If they did not act in accordance with their mandate, the PIC will change their mandate" "I'm not sure if we approached them or they approached us."

33. Seacrest [seacrests]

- "You know, Seacrest, Wolf will shed some light on Seacrest. Ctr was not supposed to be approved at Wolf's level.
- Wolf did not go out to tender regarding the procurement of Seacrest
- Q to YK: ito SAA's MOI, DOA, SCM &/or SMF, minister had to be notified when such a transaction is considered, and then before approval ito S54. Was minister made part of this procurement process?
- Q to YK: From risk perspective

34. FSFS

- Matter dealt with under FDC

35. Jacob G. Zuma Foundation

- "not aware of any benefits."
- "I've never been on board, only gave financial advisory services"

36. Relationship with national treasury

- "i have professional relationship" "everyone played a part in all of this"

37. Kenneth Brown

[Handwritten signature]

- "what kenneth brown should've done, was to go to minister as shareholder, but that did not happen"

38. Emirates deal

- Was the board resolution withdrawn to enter into an agreement with Emirates?
- What information served before the board re Emirates deal?
- Who was involved in / part of internal team considering the transaction?
- Why did the Board refuse to give Nico Bezuidenhout authority to enter into a non-binding MOU with Emirates? (If it had issued an earlier mandate to enter into the AAR transaction..)

- See notes on Nico Bezuidenhout

39. DTI and treasury instructions regarding 30%

- Why was there a disregard of the letters from Kenneth Brown? He did not follow protocol
- KB does not have the authority to write directly to DM in her capacity as Chairperson
- Q to YK: Does SAA have a formal transformation plan forming part of / integrated into the SCM Policy and Corporate Plan?

40. Des Van Rooyen

- link between Des, MKVA, SAA?
- "at some point maklatswe visited saa, advocating for consideration of MKVA in procurement"
- "We changed the scm policy in line with the advocacy" RM: what changes? "specifically mentioning youth, women, disabilities and military veterans"
- When procuring services at SAA, MK veterans must be considered
- IH: Des allegedly attended the/a meeting: "we knew des van rooyen, but i did not see him at saa. before des became minister, he was a member of anc study-group portfolio committee on finance. we sometimes met with these committees. des might have been part of one of these committees. the one advocating for the vets were the deputy minister. he might have been involved in the IT tender."
- Des van Rooyen was well known to SAA but YK is unaware of the IT Tender than IH mentioned.
- IH: des at meeting, des close to pres, dm close to pres, vets advocated for, SONA and changes in SCM, which includes many exclusions of parties outside of that pool "never thought of it liked that"
- IH: You ever thought your husband being a mk vet should cause for you to be recused in decision-making? "no, husband has never benefitting / involved in saa. I'm also a woman, for instance, so that should also cause for me to then be recused."

41. Instruction from NT to reduce DOA with 50%

- 1 May 2016 effective date
- Implemented later / at all?

42. Eric Mbedzi

- "O he was a director of BNP?" IH: no inline trading, we'll get to that. If you don't know him, you can cross him off.
- The name does not ring a bell

43. Who are the beneficiaries

- DM may be a beneficiary from the BnP Capital transaction
- Would she receive the money via the foundation?
- YK has never been in the Foundation however, she was invited to attend meetings regarding financial advisory requests

44. What is the real plan with the MK veterans

- See Des van Rooyen above

45. Gauteng Films Commission (GFC)

- a. Daniel Mahlangu seen at event
- Resigned as Chairperson a month ago
- Mahlangu at GFC event
 - Mahlangu's whatsapp profile is at GFC event
 - "Faces I do not recognize" (from RH's photo)
- YK: 'Invitation list to events are provided by invitees, eg MEC gives 10 names etc'

46. Kwinana and associates

- a. YK met with JZ through DM
- b. Did JZ say Kwinana & Associates be appointed over Department of Public Administration
- c. "President is a process person. He will not pick up phone saying this and that and that. Although he can do this and that, he will not for instance call Nico and say don't do that,
- YK has met the President
- She believes that the President is a process driven person and that he would not wilfully meddle in operations
- Q: ever received appointment through president? "Public works. But i did not know or think president motivated"
- "Kwinana and assoc - only director"
- "Kwinana equifin - one of six"
- RH: if litigation ensues, you said companies cannot afford litigation.
- "i told you dudu's intelligence is sa's intelligence" "she knows everything of everyone"

47. LTTS

- a. IH: long price? "Yes long process. 8 months to a year" IH: all stakeholders involved "yes" IH: if something came to board that is not in line with LTTS, would LTTS have to be amended first? "No, one big condition was injection of capital by shareholder, which never happened"
- b. Q to YK: were there conditions issued by minister to issue more guarantees?

48. Internal audit function & A&R committee

- a. Q to YK: briefly describe role, function, purpose & power
- b. Q to YK: what is chairperson of A&R's unique position in this regard?
- c. Q to YK: What is the consequence of findings that will be reported in AFS, before issuing of AFS?
- d. Q to YK: Are you aware and do you consider yourself bound to S34 of Prevention and Combating of Corrupt Activities Act?

Questions arising: (for during discussion)

1.

Questions arising: (for later)

Observation notes:

- Definite relationship with Thabo Kwinana and Yakhe Kwinana
- YK - re whistleblower abuse - "didn't say i'll give additional information. Just said she will go to internet cafe, place where you will not see her, like sunnyside. I do not have further information. Esselen street has almost anything and everything."
- RH: when did Ms Myeni abuse whistleblowers line? "Maybe about a year ago?" RH: about last year this time "one time she went with me" RH: you with her or her with you? When did you go together? On which person? "Not exactly which person, but when asked why use whistleblower? You have power. She doesn't want her hands dirty. She doesn't want it coming from her. That is the abuse" "how she does it, you'd think what she says is true, eg all information in her book, collected from lower levels / everybody else, then go to internet cafe and type from book. From various people, I don't know who this person is. She collects from / wrt anybody" RH: specific person that day? ... "she is interested in senior people" "when she reports to me, her book will be with me, but I will not look at the book" "each page at the top says someone's name" "All whistleblower executives are coming to her. She says it's because people are calling her." RH: she compiles report? "Yes" RH: re bezuidenhout, dahwa (for example, was it DM?) "yes, but based on submissions made to her" IH: based on requests "that is fine to request" RH: why does she take it on herself? "she says people doesn't have confidence in internal whistleblower, instead of people using to the whistleblower, they trust her to take action" RH: when external investigating team suggested, why go against board resolution? "I also disagreed with resolution" RH: why go against resolution? "I was in minority voting against board resolution. Cae is below exco level, internal investigations by him, so investigating the exco / board, it is not proper for ngakula to investigate his boss"
- IH: were you ever part of discussions with witnesses before testifying at disciplinary hearings? With silvain bosk? "I was not involved in preparation of witnesses. I was called in on day of witnessing." IH: Are there any suggestions that evidence against him were fabricated? "No" Nothing? "No"
- IH: sunnyside meeting - my timeline indicates approx same time as emirates deal called off by dudu, right before / at the time when nico transferred back to mango. Any hunches whether sunnyside expeditions related? "No as I say it was about a year ago. I cannot remember; there were many whistleblowers" IH: any specifics "no. These dates are in dudu's book, not my book" RM: specifics re date, approximate month "no."
- "You see, all appointments iro ENS, if we had to ratify, we had to ratify, but i would guess ENS did about 6-8 instructions based on such basis"
- Sizwe Zuma - name does not ring a bell

- Does not know Irvine Moyo - she did not meet the team who purportedly set up the debt reconstruction task team.
- M to YK: has this been traumatizing / stressful? "I realize later that there was something behind what i had to decide on. If i was to be appointed in such a position again, i would want support from a forensic advisor So i can know what is really going on." - Reg 27 - A&R Chair should've taken this responsibility and had no limitation to powers or budget.
- YK: "urgency was often as a consequence of bad planning, and major transactions by round robin. I raised concerns with procurement processes" IH: why did you not vote against it? "With others I have voted against it. In other transactions, let's say wolf says you must approve or aircraft will be grounded, and i will not want to have aircraft grounded. So i will have to agree or there will be a crisis. Management will say aircraft will be grounded now." IH: you just accept that "no there will be reports, but i will be against the urgency" "nick linell was appointed specifically re kalawe, so it was with regard to that" RH:FDC, no due process was followed. "FDC is SOC, SOC's are treated differently (Different process). FDC was a good deal. As other organ of state i thought it would be good to restructure government financing." IH: so you were satisfied that the other process was followed? "Yes" IH: so It would've been in the board pack that due process was followed "not sure about due process, but I'm sure if FDC was appointed, SAA would've saved a lot of money"
- Phumeza did the presentation to the Board regarding the rate of the success fees
- YK does not have sight of the bid documents as the procurement team handles all the paperwork and admin.
- Corporate governance and the subsequent failure to adhere to the correct structures: YK is unsure if the allegations regarding the resolutions amendments are true as "everyone now signs the resolution in the duration of the meeting"
- "I don't know if she [dm] tried to change resolution. If approved without amendment, it is circulated. If amendment, then they write with hand the amendment. Before you sign, obviously you read, then sign, everybody on the same sheet"
- Fruitless expenditure closely monitored and reported in every board pack

Ideas:

IP addresses of whistleblower submissions

**IN THE JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

AFFIDAVIT

I, the undersigned,

MZUYANDA FONYA

do hereby make the following statements under oath:

1. I am a Senior Manager at SizweNtsaluboGobodo (SNG) working in the corporate finance division.
2. The facts to which I depose are true and correct and are within my personal knowledge except where it is apparent from the context that they are not.
3. I was contacted by the State Capture Commission during the week commencing 3 June 2019 and asked about a statement that bears my name and was included as an annexure to a statement of Ms Phumeza Nhantsi submitted to the Commission. I shall refer to this as "the Z3 statement".

4. The Z3 statement comprises two pages and indicates that it is my statement but it does not contain my signature. I have been asked to explain the background and circumstances related to the document.
5. I provided a statement to the Commission on the evening of 6 June 2019 and was contacted by the Commission's investigators for a further teleconference on Friday, 7 June 2019 in order for them to ask me follow up questions in relation to my statement. A copy of my statement dated 6 June 2019 is attached as "A".
6. I set out below, a summary of my interactions with Ms Nhantsi since 2016.
7. Ms Nhantsi used to be employed at SNG and was seconded to SAA at some point to be their Interim CFO.
8. During 2016, she called me one day on the telephone. I was in the office. I do not recall precisely when this was in 2016 but I can confirm it was before the news broke in the media about the BNP transaction with SAA.
9. The phone call did not last more than 5 minutes.
10. She asked me what SNG would charge to source funds for SAA on an urgent basis. I responded that transactions for sourcing funds can range between 2% and 3% of the transaction depending on the size of the deal.
11. She did not give me further details about the transaction or the funding required by SAA.

12. After Ms Nhantsi was suspended from SAA, I had a meeting with her and her lawyer. At the conclusion of the meeting, I was told that a statement would be prepared for me in due course and if I was required to testify at Ms Nhantsi's disciplinary enquiry, I would be sent a copy of the statement to consider.
13. I did appear in the disciplinary hearing for Ms Nhantsi as her witness in 2018 and I testified to the matter noted in point 10.
14. I learnt of the existence of the Z3 statement when I was contacted earlier this week by the State Capture Commission's Investigator. I did not review the statement prior to it being provided to me by the Commission.
15. When I received the statement, I was uncomfortable about the fact that it has been presented by Ms Nhantsi to the Commission without my ever seeing it. I therefore contacted her and asked her about it. She apologised for having included it in her statement and said she did not think that the Commission would engage me about it.
16. To the extent that what is contained in the Z3 statement is inconsistent with what I have set out here, it is not a correct account of what was said between Ms Nhantsi and me on the call in 2016.

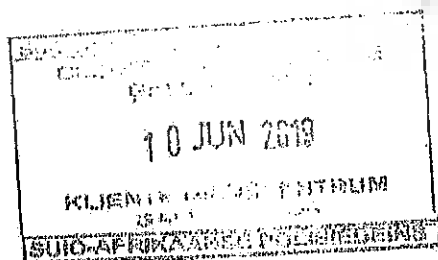
DEPONENT

I hereby certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was signed and sworn to before me, Commissioner of Oaths, at WALLA WALLA on this the 10 day of JUNE 2019 the regulations contained in Government Notice No R1258 of 21 July 1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.)

COMMISSIONER OF OATHS

FULL NAMES: KAMBO LESIBA LUCAS
ADDRESS: NO 02 SUMMIT ROAD MORNINGSID
EX OFFICIO: CONTROLLER

3

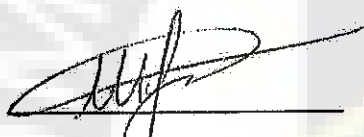


I, the undersigned

Mzuyanda Fonya

State that

1. I have received a request from the commission of enquiry through Nkosana N. Sifumba NkosanaS@commissionsc.org.za to confirm the completeness of the document attached as Z3
2. I would like to clearly state that I believe (I cannot certain) the document referred to as Z3 was a transcript of the debrief session I had with Pumeza Nhantsi's lawyers in preparation as her witness on a CCMA case against SAA
3. I had not seen this transcript before and it was my first time seeing it as I received it from the commission. I had not reviewed or included my input on the document and in this current state, the document represent what Garth Hulley SC documented during the debriefing session.
4. I cannot confirm whether the document is complete or accurate in its contents
5. I would like to make the following assertion to the commission: I did have a telephonic conversation with Pumeza a few years ago where I responded that transaction fees for sourcing funding for a transactions can range between 2%-3% of the transaction depending on the size of the deal.


06 Dec 2019

**IN THE JUDICIAL COMMISSION OF INQUIRY INTO
ALLEGATIONS OF STATE CAPTURE, CORRUPTION
AND FRAUD IN THE PUBLIC SECTOR INCLUDING
ORGANS OF STATE**

AFFIDAVIT

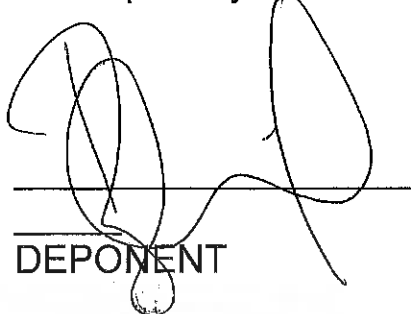
I, the undersigned,

BRENDON JAMES KING

do hereby make the following statements under oath:

1. I am an adult man and businessman with residential address: 1925 Carmargue Way, Dainfern Valley, and business address: Cedar Square Shopping Centre, Cedar Road, Fourways.
2. The facts to which I depose are true and correct and are within my personal knowledge except where it is apparent from the context that they are not.
3. I would like to state that Mr Gary Ronald Gillard and I were business partners since 2008. I was introduced to Mr Mngadi by Gary in the line of normal business. Mr Mngadi over the years bought several vehicles from Inline Trading, passing over a few clients to the business.
4. Beginning 2016, Mr Eric Mbezi took over Inline Trading 10 (Pty) Ltd, being on the 5th of February 2016 I resigned as Director of Inline Trading 10 (Pty) Ltd. Unfortunately Mr Mbezi passed away on the 9th of February 2016 a week after my

resignation. I was not aware of any dealings between BNP Capital, Mr Mngadi or Mr Mbezi. I was only made aware of BNP Capital by OUTA and the press in August 2016.



DEPONENT

I hereby certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was signed and sworn to before me, Commissioner of Oaths, at DOUGLASDALE on this the 07 day of JUNE 2019 the regulations contained in Government Notice No R1258 of 21 July 1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.



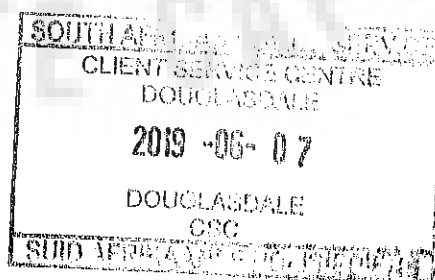
OATHS

COMMISSIONER OF

FULL NAMES: NGWAKO THOB AKGAE

ADDRESS: DOUGLAS DR, DOUGLASDALE

EX OFFICIO: CONSTABLE



AFFIDAVIT

I, **Andries Hendrik van der Nest** with ID No **811127 5003 082** the undersigned, hereby declare under oath in English the following:

1.

I am an adult male residing at 185A, Glen Eagles Boulevard, Silverlakes Pretoria with cellphone number +27 82 784 6611. I am employed as a Forensic Manager by Open Water Advanced Risk Solutions (Open Water) with business address 322 Rivonia Boulevard, Block D, Rivonia, 2128. The contents of this affidavit falls within my personal knowledge, unless stated otherwise and are in all aspects true and correct.

2.

During or about May 2016, Open Water was appointed by South African Airways Technical (SAAT) to perform a forensic audit into the procurement process pursuant to the appointment of service providers on long term contracts at SAAT, which included amongst others the award of the Logistical Service and Warehousing tender Awarded to Bolloré Africa Logistics (Bolloré).

3.

Open Water submitted a final report during or about August 2017, which detailed various irregularities identified in the appointment process. Based on outcomes of the investigations reported SAAT appointed us during April 2018 to determine the following in respect of the Logistics and Warehousing contract, as set out in a Consultancy Agreement entered into between SAAT and Open Water on or about July 2018:

- a) Bolloré Africa Logistics won the tender and was given a letter of award. While the investigation was being conducted into the tender process, they withdrew. What drove Bolloré Africa Logistics to take such a decision?
- b) Who is behind Bolloré Africa Logistics other than directors and/or shareholders listed at the CIPC?
- c) Was there any relationship between the employees and/or directors or shareholders of AAR/JM and those of SAAT/SAA beyond a professional relationship of service delivery?



- d) Was there any collusion or unethical conduct/relationship between employees/directors or shareholders of Bolloré and those of SAAT/SAA?
- e) Was Bolloré given an unfair advantage over other bidders in this tender?
- f) Did Bolloré make any misrepresentation to SAAT in their bidding documentation and/or presentation?
- g) Was a full due diligence conducted on Bolloré before the tender was awarded to them?
- h) Why was the contract with Bolloré not concluded timeously? What were the real reasons behind the postponements of the contract negotiation and/or conclusion?
- i) Bolloré Africa Logistics apparently got into partnership with a company called In Line Trading immediately after being awarded the Logistics tender. Who is behind In Line Trading other than the directors and/or shareholders listed in their CIPC registration documents?
- j) Did Bolloré Africa Logistics really get into partnership with In Line Trading and what was the real reason behind such partnership?
- k) Did Bolloré Africa Logistics pay In Line Trading an upfront amount or approximately R52m as part of their partnership?
- l) Are there any signs and/or evidence of fraud and corruption between the employees/directors or shareholders of Bolloré/ In Line Trading and those of SAAT/SAA?
- m) Was there any employee/director of SAAT/SAA who benefitted unduly as a result of this tender?
- n) Was there any financial loss or damage suffered by SAAT when Bolloré Africa Logistics decided to withdraw from the tender process? For example, SAAT would have been paying lower rates to another supplier if Bolloré Africa Logistics conduct did not compromise the tender process.



We concluded the forensic investigation and submitted a report styled Forensic investigation into award of the logistics tender to Bolloré Africa Logistics South Africa (Pty) Ltd, dated 31 August 2018.

5.

We have been informed by Investigators of the Commission of Inquiry into State Capture that paragraphs the following paragraphs 4in our report bears relevance to the work conducted by them:

"4.4.4 Mr King made no mention of Mr Mngadi's intention to purchase In Line Trading with Mr Mbedzi, nor did we receive any records that Mr King signed to have Mr Mbedzi appointed as a director of In Line Trading. We were informed that Mr Mngadi is in a close personal relationship with Mr Talente Myeni, the son of Ms Dudu Myeni.

4.8.8 We conducted a company search on a company styled BNP Capital Property Holdings (Pty) Ltd (BNP Property), with company number 2012/033491/07, which was registered on 21 February 2012, and that Mr Mahlangu and Mr Vonani Molefe Mathebula was appointed as directors since 21 February 2012.

4.8.9 During consultations with Mr King he confirmed a long term relationship with Mr Mngadi, and that he instructed Ms Slyper to provide share certificates and CIPC documents to Mr Mngadi in respect of In Line Trading. It was reported, as per aforementioned articles, that Mr Mngadi had engaged Mr Mahlangu on the BNP Capital bid submission, while Mr Mngadi was involved with Nedbank bid submission. Ms Slyper also confirmed that Mr Mngadi was involved with Nedbank Capital, who subsequently suspended him.

4.8.10 During the course of the investigation we were informed that Mr Mathebula and Mr Thabo Kwinana (Mr T Kwinana) are business partners, which we confirmed through company searches conducted.

4.8.11 We were informed that Mr T Kwinana is the brother of Ms Y Kwinana's husband, Mr Clarence Kwinana (Mr C Kwinana)."

6.



The information in respect of paragraph 4.4.4 was received by Mr Rudie Heyneke from the Organisation Against Tax Abuse and verified with Nedbank Capital the former employer of Mr Mgadi.

7.

In respect to information recorded in paragraph 4.8.8 we obtained by conducting a Companies and Intellectual Property Commission search using company registration number 2012/033491/07.

8.

The information that we reported on in paragraph 4.8.9 was obtained verbally from Mr King and/ or Ms Slyper and/ or through articles published in respect of the debt recapitalization transaction between SAA / BNP Capital.

9.

The information that we reported on in paragraph 4.8.10 was obtained verbally from Mr King and/ or Mr Heyneke which was confirmed by Companies and Intellectual Property Commission searches using the details of Mr Thabo Kwinana.

10.

The information reported in paragraph 4.8.11 was verbally obtained from Mr Heyneke from OUTA.

Signed at Sandton on this 14 day of June 2019.

Nest

DEPONENT – AH Van Der Nest

I CERTIFY that the deponent has acknowledged that ~~she~~he knows and understands the contents of this Affidavit which was signed and sworn to before me at Sandton on this 14 day of June 2019, the regulations contained in Government Notice No. R35 dated the 14 March 1980 having been complied with.



COMMISSIONER OF OATHS

Full name

PETER POTGIETER.

Commissioner of Oaths ex Officio

9/1/8/2.

Position held

SENIOR CONSULTANT.

Business Address

322 RIVONIA RD SPENSTON.

