

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

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**AFFIDAVIT**

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I, the undersigned,

**MARK VAUGHAN**

do hereby make the following statements under oath:

1. I am the Head of Fuel Management at SAA which is a position I occupied from end of 2013. I have worked for SAA for the past 36 years occupying different positions.
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. The function of Fuel Management entails the following:
  - 3.1 Sourcing of fuel for the SAA Group and SAX, excluding Mango, in conjunction with Global Supply Management (GSM);



- 3.2 Fuel contracts management with all fuel service providers, with the main custodian being GSM;
- 3.3 Oversight to ensure quality of fuel and the smooth running of the operation; and
- 3.4 Payment of fuel suppliers.

#### **SAA and SAX Contract**

- 4. SAA entered into an Aviation Fuel Service Agreement with SA Express on the 31<sup>st</sup> of August 2011. (Ann: MV1) The agreement entails SAA providing fuel services to SA Express which includes procurement of aviation fuel, administration of aviation fuel accounts including payment of fuel invoices on behalf of SA Express. The contract is automatically renewed on an annual basis unless the other party intends on making significant changes to the agreement. Annual addendums to the agreement are signed by myself and the CFO of SA Express in order to revise management fees charged to SAX. The 2015 addendum was signed by the CFO of SAX, Mark Shelley.
- 5. When it comes to purchasing jet fuel, SAA has economies of scale because we procure large volumes of fuel. Therefore, we are able to negotiate better prices with the fuel companies. It therefore made sense for SAX to get SAA to negotiate for fuel on their behalf.
- 6. The contract between SAX and SAA is applicable to all stations that SAX flew except for the smaller routes that SAX added to their network and SAA did not fly to. These included: Mahikeng, Hoedspruit and Pilanesburg. At these stations, SAX would negotiate for their own fuel, but at the other stations, they relied on SAA to negotiate and contract on their behalf. The stations in South Africa that were covered by the agreement were:



6.1 Johannesburg;

6.2 Durban;

6.3 East London;

6.4 Port Elizabeth;

6.5 George;

6.6 Cape Town;

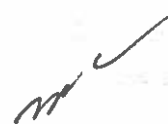
6.7 Richards Bay;

6.8 Bloemfontein; and

6.9 Kimberly.

#### **EML and SAA Push for Transformation**

7. During my time as Head of Fuel Manager, we were under huge pressure from the Board to push for Transformation in jet fuel supply to our aircraft at South African Airports. This would have been the Board in place from the end of 2013 to about end of 2017.
8. The Jet Fuel into wing supply industry was and remains incredibly untransformed mainly because there are huge natural barriers to entry for new comers, especially small black owned companies. The industry therefore remains dominated by big players.
9. These barriers to entry include but are not limited to the following:



- 9.1 Small companies cannot compete with the Oil Majors on price as they simply do not have the economies of scale. The Margins in this industry are incredibly tight therefore, companies can only survive if they compete across the entire supply chain from manufacture to Into-plane.
- 9.2 Investment in equipment and agreements are required to get an ACSA license to operate at ACSA managed airports in South Africa.
- 9.3 Lastly, the issue of having Insurance of a \$1bn is also a barrier as most smaller companies struggle to get this kind of backing from insurance companies.
10. As SAA, we were sympathetic to the fact that the industry needed to be transformed so we sought to support small black business by trying to help them partner up with Major Oil Companies to get involved in the supply chain of Fuel supply. This included initiatives to get small companies to engage in the value chain and provide fuel transportation services, for example.

#### **2016 – SAA Tender**

11. In January 2016, the Board took a resolution to issue a Request for Information ("RFI") for the Supply and Delivery of Jet-A1-Fuel at OR Tambo. The purpose of this RFI was to get a sense of how many emerging fuel suppliers would be interested to participate in SAA transformation agenda for fuel supply (Ann: MV 2).
12. As per the Board resolution, an RFI was issued to the market where there were various service providers that responded. The Evaluation Team evaluated the respondents and



on the 12<sup>th</sup> May 2016 prepared a submission to the BAC with a recommendation to confine the RFP to the 97 evaluated Service Providers (Ann: MV 3).

13. The submission was to obtain the BAC support regarding the following:

- Final Short List of the panel for the supply and delivery of Jet A1 Fuel at OR Tambo;
- The issuing of a confined tender for the supply and delivery of Jet Fuel at SAA and its affiliate domestic locations for a period of 3 years (with 20% of the entire domestic volume targeted for transformation processes); and
- This RFP would be for the supply and delivery of Jet Fuel at SAA and its affiliate's domestic locations.

14. Out of the 96 interested parties that responded to the RFI, only 74 respondents satisfied the crucial criteria of Fuel Wholesale license and security of supply (allocation letter). EML was part of the entities that satisfied the requirements.

15. The above evaluation was conducted by a Cross-Functional Team, of which I was part.

16. On the 16<sup>th</sup> of May 2016, SAA Board submission was prepared by GSM which sought approval from the Board to confine the Tender for the supply and delivery of Jet Fuel at domestic locations. The purpose of the submission was to request approval of the Board on the same terms as those sought from the BAC. The Board submission was supported by the Acting CPO Mr. Lester Peter, Acting CFO Ms. Phumeza Nhantsi and Acting CEO Mr. Musa Zwane (Ann: MV 4).



17. I can confirm that me and Mr. Sogwazile formed part of the people who motivated for this confinement to the Board.

18. On the 27 May 2016, the Board approved the 16<sup>th</sup> May 2016 submission (Ann: MV 5).

19. The Board resolved to shortlist a panel of suppliers and to issue a confined tender for the delivery of Jet Fuel for a period of 3 years, with 20% of the entire domestic volume targeted for transformation purposes, and the tender evaluation criteria.

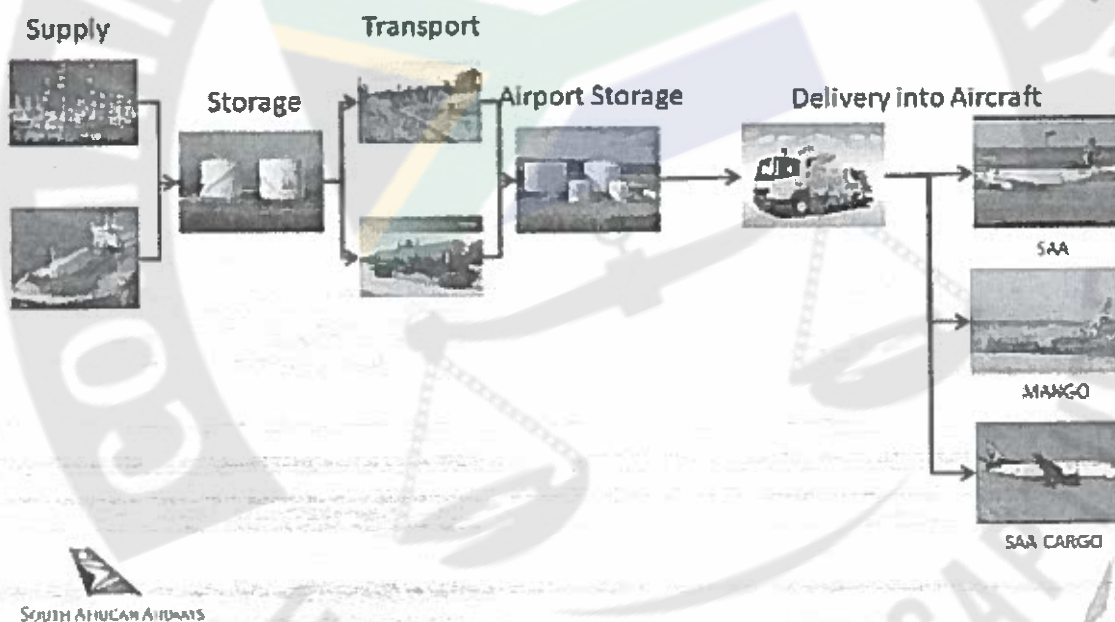
20. On the 31<sup>st</sup> May 2016, SAA issued an RFP for fuel. A copy of the RFP is (Ann- MV 6)

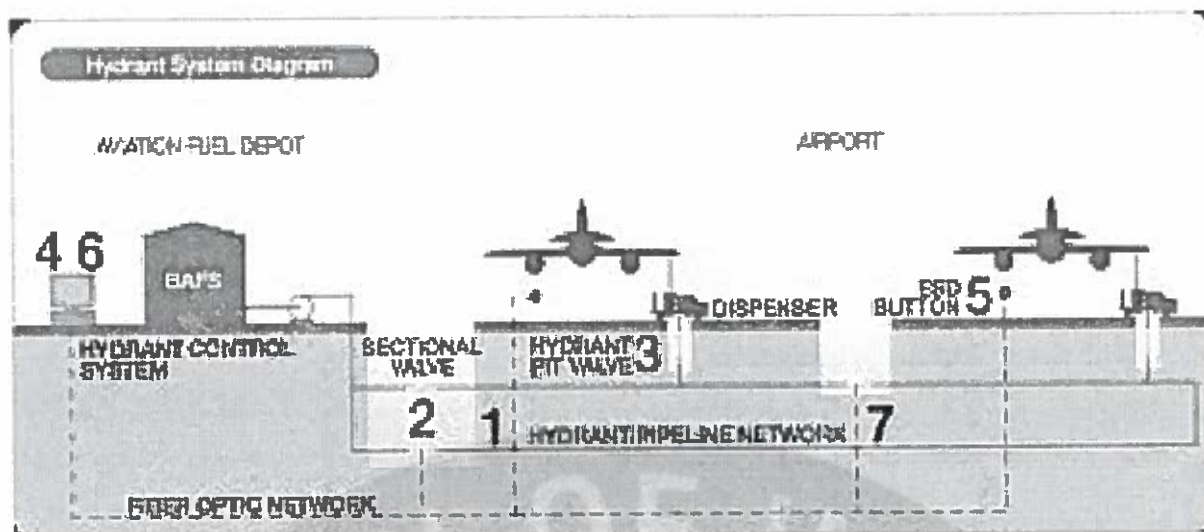
21. The tender must be understood against the following features of jet fuel supply. In order for companies to provide Into-plane jet fuelling services, they require ACSA Through-Put Status, and they need to have insurance of \$1bn coverage.

22. However, when we issued the 2016 RFP, the \$1bn insurance was not a pre-requisite for submission. We did not disqualify entities who did not meet this requirement at the time of submission. Instead, we expected them to produce proof that they had a commitment from Insurance company/s so that in the event they were awarded the tender, the Insurance Company would provide them with the required insurance as it was a Condition Precedent. SAA could not transact with a fuel companies that did not have insurance, as it is a legal requirement. The requirement to have \$1bn insurance at the time of bidding was relaxed because we did not want to overburden bidders with substantial costs to put in a compliant bid, only to discover that they were not awarded the contract.

23. At the point when bid submissions were made, the bidders were also not required to have Through-Put Status or any ACSA license. Holding a Through-Put License was not a qualifying criteria to submit the tender; it was not included as a requirement in the RFP. Looking back now, I think this was an oversight because having Through-Put License in order to supply fuel is a legal requirement.
24. I should explain what "through-put" means and how fuel is supplied to aircraft at an airport. I provide a brief explanation below:

## Conclusion





- ACSA owns airport storage and fuel hydrant that pipes jet fuel underground from the airport storage to each aircraft position on the apron.
- The JV (oil majors) lease and operate the storage facility and fuel hydrant from ACSA.
- Most of the big commercial airports in South Africa are owned by ACSA.
- Though putters wishing to use the JV facilities would need an agreement with the JV.

25. The other important requirement of the 2016 RFP was that bidders had to be Joint Inspection Group ("JIG") compliant. JIG is an international certification that is required at all airports that are operated by Joint Venture Fuel Suppliers. All bidders were therefore required to have this accreditation and adhere to the standards of JIG. Bidders were not necessarily required to be members of JIG for the purpose of the 2016 RFP, but they were required to adhere to the requirements of JIG.



26. Lastly, it was a requirement of the 2016 RFP that the winning bidders would supply the end to end process of fuel delivery. This meant that the winning bidder would be responsible for sourcing of the fuel, transporting of the Fuel to OR Tambo, providing Into-plane services and lastly, invoicing SAA.
27. When the tender went out to market, SAA embarked on a two tier approach. We were very aware of the various challenges that new entrants faced when entering the Jet Fuel market, therefore to ease these barriers to entry, we put the following interventions in place;
- 27.1 We approached the 5 Oil majors, namely; Sasol, Engen, Shell, BP, and Total and engaged them on the possibility of them setting aside volumes they supplied to SAA and selling these volumes to the new entrants.
28. In the past the oil majors had been reluctant to supply fuel to small entities because they were believed to be too risky from a credit perspective.
29. SAA had envisioned was that: Oil Majors would allocate some of the volumes they were supplying to SAA to new entrants. SAA would then procure fuel from these new entrants at a premium. This second aspect is important because, as mentioned above, the new entrants have no economies of scale therefore, it would be impossible for them to compete based on price with the Oil majors so SAA would always be procuring from them at a higher price compared to SAA buying directly from the Oil Majors.

***The bid evaluation process and EML Energy***

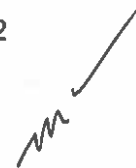


30. From my recollection, in 2016, EML Energy did not have their own refinery. This meant that if it had won the SAA tender, it was going to purchase Jet Fuel from one of the Oil Majors. EML would then subcontract a company to transport the fuel from the Oil Major to the OR Tambo Fuel Farm, this could either be through Rail or Pipeline and both options are supplied by Transnet. EML would then have to enter into a through-put agreement with the Oil Majors JV in order to utilise the hydrant system to get the fuel into the airport area so that the planes could then be fuelled using a JV owned Dispenser or Refueler.
31. Although EML, at the time, had a fuel tank at the Denel site (which is adjacent to OR Tambo), it would not have been able to transport fuel from this tank into the OR Tambo airport because of the layout of the airport. It would therefore have had to engage the Oil Majors JV to make use of their facilities to get fuel into the airport and SAA Aircraft.
32. In their 2016 tender submissions in response to the RFI, EML informed SAA that they had negotiated with their potential suppliers (being BP, and Total) about the price at which they would purchase fuel from them (Ann: MV 6.1).
33. EML could obtain the best prices from Total because their refinery was very close to OR Tambo. EML would therefore purchase from Total, add a mark-up, and then sell the fuel at that higher price (including the mark-up) to SAA.
34. At the end of the day, the price that EML charged SAA would be higher than what SAA would pay if they procured directly from Total.
35. When we did the price comparison during the price evaluation, we noted that EML price was higher than the average of the Oil Majors at the time (Ann: MV 7). We reported on

this cost implication when we presented to the Board so that it would be fully aware of the impact of the 20% set aside policy that the Board had embarked upon.

36. A total of seventy one (71) small entities bid in response to the 2016 RFP. Thirty six (36) were evaluated and then only three (3) smaller companies were recommended to the BAC on 23 September 2016. They were: EML, Dikopane and Infinity Energy (Ann: MV 8).
37. If the Board approved these 3 suppliers, they were going to be contracted for a period of five (5) years, contrary to the RFP issued, which was for three (3) years only. The majors would only be contracted for three (3) years as per the RFP requirements.
38. On recommendation of Mr Thapelo Lehasa from Group Transformation, the contract period changed from 3yrs to 5ys for the BEE companies and Total (Ann: MV 8.1).
39. We were under a lot of pressure from the leadership of SAA to push for transformation. Ultimately, when we were making these decisions, we tried to do what was best for the company.
40. To add to the above, even though we had said that the contract with the Majors was for a period of three (3) years, it was more likely that they would only agree to supply on one (1) year contracts because they would generally not want to take on the risk of longer contracts in a volatile market. Amongst the biggest risks that Fuel suppliers face is that there may be a change in the operational costs which might impact their margins severely, therefore does not make commercial sense for Major oil companies to sign long-term contracts which would fix them to a particular period and price.

41. Against this background, it actually did not make sense for the small players to sign the longer term contracts for five (5) years as they, too, would have been subjected to operational risk which the Majors faced, probably on a larger scale.
42. I can confirm that I was part of the evaluation teams, the roles for evaluation were split between members and the part I played in this process was to evaluate the Fuel Prices presented by the various entities which had qualified to submit their pricing.
43. I was not part of the team that evaluated the critical criteria of companies bidding. Therefore, I cannot comment of whether EML or any of the other entities met the qualification criteria to bid.
44. Mr. Thamsanqa Sogwazile would have been present during initial evaluation as well as price negotiations with suppliers. Mr. Sogwazile was the Commodity Manager at the time. The following people formed part of the evaluation team:
- Me
  - Mr. Thamsanga Sogwazile
  - Mr. Molefi Boroko
  - Ms. Debra Sibande
  - Mr. Amit Bhagwan



- Mr.Nico Mookeletsi

45. I can confirm that as the Fuel Supply Manager, I was ultimately responsible for recommending which entities be awarded the tender, and this included EML. However, it was the Commodity Manager and CPO's responsibility to ensure that proper procurement policies were followed leading up to the selection of the winning bidders.

46. As the Fuel Supply Manager, my main concerns were:

46.1 The Quality of the Fuel we would receive from the various suppliers;

46.2 The Cost to SAA;

46.3 Fuel Management; and

46.4 Whether the Suppliers would be able to deliver on the contract.

47. The recommendation to BAC was eventually signed on 22<sup>nd</sup> September 2016. At the time of signature I was not in the country. Therefore, Ms. Lindsay Olitzki signed on my behalf.

#### **Military Veterans**

48. I cannot fully comment on SAA's desire to make provisions for the Military Veterans on the procurement of fuel as I was not part/privy to those discussions. All I know is that the Military Veterans were present at a few of SAA Roadshows where we were discussing the various procurement opportunities that were available for Black Owned Companies at

SAA. I think they were present at least one of the Road Show that I presented at namely, Gallagher Convention Centre, Durban Convention Centre (ICC) and at the PE Soccer Stadium.

## 2016 – The Board Process

49. After the new Board took over around in early September 2016, there was no further communication or movement on the 2016 Fuel supply tender until early 2017.
50. By 7 April 2017, the Board had still not approved the BAC recommendation and so it decided to further extend the Oil Majors contracts for another 6 months. I am not sure what the cause for the delays were (Ann: MV 9).
51. The Commission's Investigators presented me with the minutes of the Board for June 2017, where the Board discussed the 2016 tender. These minutes record that Ms. Myeni urged the Board to approve the 2016 RFP. In this meeting Ms. Myeni explained to the Board that in 2016, the Board resolved that SAA were to champion transformation by setting aside 20% of their fuel procurement to BEE companies. Ms. Myeni also accused the new Board of dragging their feet in making this decision and she suggested that if the Board continued in this fashion they should rather rescind the 2016 resolution related to the 20% set aside for jet fuel. A copy of these minutes is attached as (Ann: MV 10).
52. This was not, however done, instead, the Oil Majors contracts were further extended for another six (6) months, 1 July 2017 to 31 December 2017.



53. The Commission's Investigators have also presented me with the 11<sup>th</sup> December 2017 Board Minutes. In these minutes, the Board once again resolved to extend the fuel contract for the majors however they also resolved that the 2016 RFP had lapsed and therefore SAA needed to issue a new RFP for Fuel procurement (Ann: MV 11).

## 2018 RFP

54. On the 3<sup>rd</sup> of May 2018, SAA issued a new RFP for Fuel Procurement (Ann: MV12). It was for jet fuel supply for one year commencing on 1 July 2018.
55. The major difference between the 2016 and the 2018 tender was that SAA decided that we would invite companies that were ACSA approved to bid for the tender. From my understanding, all the companies we invited to Bid had a Through-Put status (Ann: MV 13).
56. In the 2016 RFP, ACSA approved status was not a pre-requisite to respond and submit a tender. This feature of the RFP in 2016 was Board approved.
57. EML was amongst the entities to whom the RFP was sent because, by that stage, EML had been awarded their Through-Put Status by ACSA. I have been shown a copy of the Through-Put approval letter from ACSA to EML by the Commission's investigators. My attention has been drawn to the fact that this approval was valid until 31 March 2019, which is less than a year from the date on which EML submitted its bid in response to the 2018 tender. A copy of the ACSA approval letter is attached as (Ann: MV 14)
58. The RFP was sent out to all the Majors plus 2 BEE companies namely EML and WASSA.



59. In the 2018 RFP, unlike the 2016 RFP, all parties that were to submit their bids were required to have secured the Insurance of \$1bn as per the industry norms. This was now a critical criterion to be considered for award.

### Evaluation of 2018 Tender

60. The suppliers who tendered their bids were invited to SAA to make a presentation to the BEC.
61. At this stage, our evaluation of which suppliers were to be awarded the tender was purely commercially based. We looked to award the Tender to suppliers that would be most cost effective for SAA.
62. At the point of the evaluation, EML had an agreement with Total in terms of which Total had agreed to supply them with fuel.
63. When we were doing price evaluation, SASOL came in with the lowest fuel costs, WASSA came in second, TOTAL and EML came in after that. Puma, BP, Shell and Engen were more expensive (Ann: MV 15).
64. After we had performed this evaluation, we approached Sasol. In terms of Sasol's bid, it was going to provide 13million litres to SAA and then was going to sell WASSA a further 2 million litres. The WASSA bid therefore included a mark-up on the fuel obtained from Sasol, which would be for SAA's account. However, SAA wanted to obtain the best price for fuel and so we approached Sasol directly and asked if they were prepared to sell us

the fuel directly that they were going to supply to WASSA and they agreed. This meant we could exclude WASSA from our consideration because they came in at a premium.

65. Sasol agreed to sell SAA the full 15 million litres at their lower price and so WASSA was excluded from consideration.
66. We also approached Total as they were going to be supplying fuel to EML. Total had bided to supply SAA with 4 million litres and EML 2 million litres. We therefore approached Total to ask if, like Sasol, would sell the full 6 million litres directly to SAA.
67. Total informed us that they were not prepared to agree to the above proposal. Amongst the reasons they cited for declining our proposal was that if they agreed to the terms of the proposal they would be over exposed to SAA, which was a risk they were not willing to take.
68. They confirmed the 4 million litres was the ceiling for their risk appetite for SAA.
69. When we enquired from Total why they were willing to supply 2 million litres to a small company such as EML, their response was that it was a different company and therefore their risk was diversified.
70. I have considered the issue of EML's limited Through-Put status until 31 March 2019, which is less than the contract duration from 1 July 2018 to 30 June 2019. At the time of the Tender was awarded EML had Through-Put status and therefore was eligible for award. Tender cycles and ACSA contracts do not necessarily align therefore we can't disqualify service providers on that basis.

**EML Media Scandal**

71. After these engagements, on 12 June 2018, a recommendation was made to the BAC to appoint EML as one of the fuel suppliers (Ann: MV 16).
72. The BAC approved the recommendation to award the tender to EML on the 13<sup>th</sup> of June 2018 (Ann: MV 16).
73. In their meeting dated 29 June 2019, the Board took a resolution to appoint BP, Shell, Chevron, Sasol, Total, Puma, EML and Engen as fuel suppliers for a period commencing on 1 July 2018 to 30 June 2019 (Ann: MV 17).
74. About a month before the recommendation of EML as the preferred supplier and the subsequent approval by the Board, EML had made the Sunday Newspapers where a whistle blower had exposed that EML were getting lucrative tender deals at SAX irregularly. The article came out on the 28<sup>th</sup> May 2018 (Ann: MV 18).
75. I can confirm that I was aware of the accusations that were made in the media about EML however this information did not have any impact on our decision to award the tender to EML.
76. Our motivation for selecting EML as the preferred supplier was that of the submissions we evaluated, EML had the most competitive pricing.



77. I can confirm that we did not consider the issues that EML were facing in our decision making. We didn't see EML as high risk supplier because they were supplying such small volumes of fuel to us.

### **EML Performance**

78. Once EML was awarded the tender, SAA provided them with an award letter for the supply of 2 million litres per month. The contract was for a period of 1 year, from 1 Jul 2018 to 30 June 2019 (Ann: MV 19).
79. EML supplied fuel to SAA for the first 15 days in July 2018 until the Oil Majors JV raised concerns that EML had not paid a deposit to the JV for participation as a Through-putter. After that, EML did not supply for the rest of the month.
80. EML did not supply any fuel to SAA in August 2018 but was able to supply fuel again for September and October 2018.
81. In August 2018, EML informed us that they would change suppliers from Total to Shell. The reason behind this change was that the EML/IDC guarantee of the raw materials, (a pre-requisite by most Majors when supplying to new entrants) had been moved from Total to Shell.
82. When EML informed us that they would now be procuring fuel from Shell and requested to renegotiate teams they were supplying fuel to SAA, we refused their request. Procuring fuel from Shell was more expensive than with Total due to higher transport costs, therefore, EML's input cost would increase.



83. EML has not supplied us fuel since November 2018. They said they were waiting for feedback from IDC on the transfer of the guarantee from Shell back to Total.
84. On the 30<sup>th</sup> November, Employees of the IDC people came to interview us about EML. The basis of their questioning was that they wanted to find out if we were happy with EML performance and also wanted to find out if EML had been invoicing us correctly.
85. We informed IDC that EML had not supplied us with fuel for a few months. We said, however, that when they did supply fuel, they processed the invoices correctly.
86. EML's non-performance has not impacted SAA very much as we have been able to get fuel supply of the 2 million litres from other entities. The risk of non-performance by one supplier is one of the reasons that SAA awards fuel supply contracts to a number of fuel suppliers.
87. The other reason why EML's performance has not negatively affected SAA is that SAA has closed a number of routes and so its fuel demands are lower than predicted.
88. The current status of the EML contract is that it is still active, we have not cancelled it even though there has been non-performance. If EML had to come now and supply Fuel we would pay them for the fuel supplied. We signed a contract with them which runs until 30 June 2019 and only pay for what they deliver.
89. We approached SAA legal counsel to inquire on whether we could cancel the EML contract due to non-performance and they informed us that since the contract has no risk to SAA,

there would be no value in going the litigation route. They advised that we let the contract roll, since it was short term in nature.

90. I do not foresee that we will renew the EML contract, as they have proven not to be a reliable supplier.

DEPONENT

MATEK VAUGHAN

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 Rempton Park on this the 7th 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.

I certify that the DEPONENT has acknowledged that he/she knows and understands the contents of this declaration that he/she does not have any objections to taking the prescribed oath, and that he/she considers the oath binding on his/her conscience. The declaration was sworn to/affirmed before me and the Deponent's signature/mark/thumbprint was placed thereon in my presence

**MICHAEL MULLER**  
Commissioner of Oaths  
Designation: Chief Financial Officer  
Ex Officio: CA (SA)

Date: 7 June 2019  
Place: Bedfordview  
Business Address: 3 Concorde East Road, Bedfordview, 2007

COMMISSIONER OF OATHS

FULL NAMES: Michael Muller

ADDRESS: 40 Weymann Road, Edgemoor

EX OFFICIO: CA(SA)

## Annexure “1”



**AVIATION FUEL SERVICE AGREEMENT**

between

**SOUTH AFRICAN AIRWAYS (Pty) Ltd**

Registration Number: 1997/022444/07

and

**SOUTH AFRICAN EXPRESS AIRWAYS (Pty) Ltd**

Registration Number: 1990/007412/07

*[Handwritten signatures and initials]*  
SWH

## RECORDALS

- 1.1 **SOUTH AFRICAN AIRWAYS (Pty) Ltd ("SAA")** is a company duly incorporated in terms of the company laws of the Republic of South Africa, having its principal place of business situated at Airways Park, Jones Road, Kempton Park, Republic of South Africa.
- 1.2 **SOUTH AFRICAN EXPRESS AIRWAYS (Pty) Ltd ("SA Express")** is a duly incorporated company in terms of the company laws of the Republic of South Africa, having its principal place of business situated at 4<sup>th</sup> Floor, West Wing Offices, Pier Development, O.R TAMBO International Airport, Republic of South Africa.

## 2 PREAMBLE

- 2.1 **WHEREAS** SA EXPRESS and SAA ("the parties") have a commercial relationship which is premised on the Commercial Agreement concluded on the 30<sup>th</sup> of June 2010 ("the Commercial Agreement").
- 2.2 **WHEREAS** the purpose of the said Commercial Agreement is to enable SAA and SA EXPRESS to achieve the following common objectives in their respective provision of air transportation services:
- 2.2.1 To improve the quality and quantity of air services on the African continent with particular reference to smaller communities.
  - 2.2.2 To optimise the parties' use of aircraft to meet market requirements.
  - 2.2.3 To provide a cost effective sustainable regional feeder system to SAA to enable it to effectively and efficiently address the needs of the market.
  - 2.2.4 To optimise efficiency in the use of ground facilities and personnel who render such ground handling services.
  - 2.2.5 To offer customers a seamless choice of transportation options; and
  - 2.2.6 To maximise shareholder value, as long as both parties have a common majority shareholder;
- 2.3 **WHEREAS** the parties have agreed in the said Commercial Agreement that SAA shall provide SA EXPRESS with back-up facilities i.e. the facilities and services to be provided to SA EXPRESS by SAA in support of SA EXPRESS scheduled services; and

Handwritten signatures and initials, including what appears to be 'JW', 'PM', and 'JW'.



- 2.4 **WHEREAS** the parties have agreed that the terms and conditions for the provision of the said back-up facilities and services shall be set out in individual separate agreements;

**NOW THEREFORE**, the parties agree, in view of SAA's abovementioned commitment to provide back-up facilities and services to SA EXPRESS, to conclude an Aviation Fuel Service Agreement on the terms and conditions outlined in clauses 3 to 33 as follows:

### 3 REPRESENTATIONS AND WARRANTIES

- 3.1 Each party warrants and represents to the other that it has the power to enter into and the ability to perform in terms of this Agreement.
- 3.2 Each party warrants that it has not violated and will not violate any applicable laws or regulations of the Republic of South Africa or express policies regarding the offer or receipt of improper Inducement in connection with this Agreement. A Breach of this Clause shall be deemed to be an irredeemable breach of this Agreement.
- 3.3 Each signatory warrants that he/she has received and complied with every consent and/or approval necessary with respect to the execution or carrying out of this Agreement or the validity and enforceability thereof.
- 3.4 SAA warrants that it, and its service, without limitation, will at all times during the term of this Agreement, comply to all legislation, directives and regulations, without limitation whatsoever, and howsoever arising, applicable to the rendering of the service and shall furnish, on request by SA Express, proof of such compliance.
- 3.5 Breach of any warranty given anywhere in this Agreement shall constitute a material breach.

### 4 OPERATIVE PROVISIONS

- 4.1 In this Agreement, the following expressions shall, unless the context otherwise requires, have the following meanings:

Annexes thereto, if any;

- the Parties the parties to this Agreement (and "Party" shall have a corresponding meaning);
- Signature Date the date on which the last Party signs this Agreement;

- 4.2 any reference to a statutory provision or enactment shall include references to any amendment, modification or re-enactment of such statutory provision or such enactment (whether before or after the Signature Date), to any previous enactment which has been replaced or amended and to any regulation or order made under such statutory provision or enactment.
- 4.3 references to the Preamble, clauses and Schedules are, unless otherwise specified, references respectively to the Preamble, clauses and Schedules to and of this Agreement.
- 4.4 words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, words importing the whole shall be treated as including a reference to any part thereof, and expressions denoting a natural person shall be treated as denoting a juristic person and vice versa.
- 4.5 clause headings are inserted for ease of reference only and shall not affect the construction of this Agreement.
- 4.6 references to documents or agreements "in the agreed form" are to documents or agreements on the terms and conditions agreed (whether before or after the Signature Date) in writing between the Parties, initialled by the Parties for the purposes of identification, whether or not such documents or agreements, as the case may be, are to be executed by the Parties.
- 4.7 words and/or expressions defined in this agreement shall bear the same meanings in any annexes hereto which do not contain their own defined words and/or expressions;
- 4.8 This Agreement may be executed in more than one counterpart (and, for the avoidance of doubt, a counterpart may be a facsimile copy), each of which shall be deemed to constitute an original of this Agreement and which taken together shall constitute one and the same agreement;

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- 4.9 The terms of this Agreement having been negotiated, the rule of construction that provisions are to be construed against the party drafting an agreement (or part of an agreement) or on whose behalf an agreement (or part of an agreement) was drafted, shall not apply to this Agreement and each Party shall be responsible for its own costs, legal fees and other expenses incurred in the negotiation, preparation and execution of this Agreement.

## **5 AIRCRAFT FUEL**

- 5.1 In this Agreement, the parties are seeking to set out the terms of engagement and the service deliverables that are required from SAA, the service provider, and the obligations expected from SA Express, the Customer.
- 5.2 SAA agrees to provide SA Express with the following services in relation to the provision of Aviation Fuel Services :
- 5.2.1 Procurement of Aviation Fuel
  - 5.2.2 Administration of Aviation Fuel Accounts including payment of fuel invoices
  - 5.2.3 The provision of an IT platform for processing of Fuel documents and reporting;
  - 5.2.4 Reasonable assistance in the provision of the remote access to the IT Platform where required.

## **6 PROCUREMENT OF AVIATION FUEL**

- 6.1 SAA shall arrange, as part of its Tender Process, for its Aviation Fuel Supplier/s at nominated scheduled stations to deliver Aviation Fuel into SA Express aircraft as and when required by SA Express for its operations.
- 6.2 SA Express shall have access to all contracts negotiated with fuel suppliers subject to observation of the provisions of the confidentiality clause as set out in the relevant contracts.

Fuel uplift volumes for all SA Express designated stations unless it is agreed otherwise and reduced to writing and signed by both parties. The designated stations together



with expected volumes of aviation fuel must be stipulated in writing by no later than three (3) months prior to the tender commencement process.

## **7 PRICES FOR AVIATION FUEL**

7.1 Suppliers must have the ability to provide insurance equal to or in excess of the amount required by South African Express as notified in writing to SAA .

7.2 SA Express shall be able to uplift fuel at the same differential as SAA at all stations listed in the Fuel Supply Tender as per the fuel supply agreements with the respective suppliers.

## **8 FUEL PRICES DETERMINATION**

### **8.1 Locations within South Africa**

8.1.1 The price quoted for each location will be based on the BFP ruling for the month in which the Aviation Fuel uplifts occur as negotiated.

8.1.2 The prices established will be quoted in South African cents per litre and shall be payable to Suppliers on behalf of SA Express by SAA comprising:

8.1.2.1 a Basic Fuel Price;

8.1.2.2 Differentials;

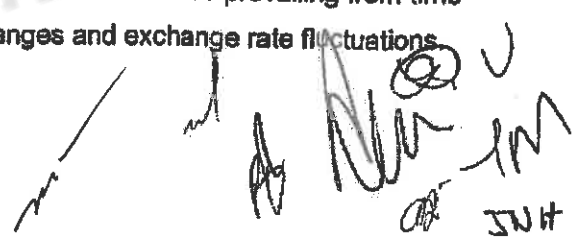
8.1.2.3 Transportation Fees; and

8.1.2.4 other charges which may be levied.

8.1.3 SAA shall advise SA Express by the fifth (5<sup>th</sup>) working day of each month what the total price in South African Cents per litre for the respective locations will be for each month respectively.

### **8.2 Locations outside the borders of South Africa**

8.2.1 The prices quoted will be in accordance with negotiated terms and currencies with each Supplier at each location. These prices will vary during the currency of this agreement due to petroleum product market forces prevailing from time to time, government regulatory price changes and exchange rate fluctuations.

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8.2.2 The total price established for each location referred to in 8.2.1 above and payable to Suppliers on behalf of SA Express by SAA shall comprise of:

8.2.2.1 a basic price;

8.2.2.2 additional charges where applicable, such as duties, dues, taxes, levies, throughput fees, railage, transport, airport concession fees, etc.,

8.2.3 SAA shall advise SA Express by the fifth (5<sup>th</sup>) working day of each month what the total price in South African Cents per litre for the respective locations will be for each month respectively.

8.2.3.1

## 9 ADDITIONAL CHARGES

Should there be any change or variation to the charges referred to in Clause 8 above during the currency of this contract or to those charges affecting duties, dues, taxes, imports, throughput fees, railage, transport, airport concession fees etc. this will be communicated to SAX as soon as possible after SAA is advised and the increase/decrease shall be for the account of SA Express.

## 10 PRICE REVIEW

The above total price structure is not subject to review or change with respect to the basic or government regulated prices described in Clause 8 above except as defined in Clause 9 above.

## 11 FAILURE TO PROVIDE THE CONTRACTED SERVICES

11.1 Should a Supplier of Aviation Fuel, contracted to SAA under a separate Agreement, fail to deliver Aviation Fuel meeting the specification as stipulated hereunder, or fail to deliver Aviation Fuel in sufficient quantity to meet SAA's agreement with SA Express in this regard, or fail completely to deliver due to a cause or causes not limited to a situation or situations of force majeure, SA Express shall not hold SAA responsible for deliver.





11.2 Further, the parties agree that in such instance, SAA would pursue the matter with its Supplier(s) and use its best efforts to resolve the matter in a manner deemed amicable to both parties. SAA shall keep SA Express apprised of developments.

11.3 Aviation Fuel delivered against this agreement not meeting the specification stipulated shall be rejected.

11.4 If Aviation Fuel is rejected in terms of 11.3, SAA shall endeavor to ensure that the Fuel Supplier take remedial action to replace such rejected Aviation Fuel at the Supplier's own cost.

11.5 Aviation Fuel rejected shall not be redelivered for use by SA Express without the Fuel Supplier having first provided proof that such Aviation Fuel then fully meets the specification to SAA's satisfaction

11.6 Without limiting the generality of clause 11.3 above, Aviation Fuel which is rejected at any station shall remain the property of the Fuel Supplier.

11.7 In the event of poor service being received from a contracted supplier of aviation fuel SA Express shall have the right to interact directly with the supplier in order to rectify the state of affairs should the need arise.

## 12 AVIATION FUEL SPECIFICATION

12.1 Aviation Fuel supplied shall be JET-A1 which is a kerosene grade of Fuel suitable for most turbine engine aircraft. The said Fuel shall be produced in accordance with very strict internationally agreed specifications, with a flash point above 38°C and a freeze point maximum of -47°C.

12.2 Further, the abovementioned Fuel needs to meet the most stringent requirements of the following specifications:

12.2.1 The British Ministry of Defense Specification DEFSTAN 91-91 issue 6, / 10; or

12.2.2 The ASTM (American Standard of Testing Method) for Aviation Turbine Fuels D1655-10.

12.3 Additionally, the operating procedures, equipment or inspection procedures should comply with JIG 10 quality specifications or those of the latest version of the Oil Industry standards for jointly operated systems.

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12.4 If the abovementioned specification requirements cannot be complied with, due to any reason whatsoever, NO OTHER FUEL OR SUBSTITUTES MAY BE USED. Consequently, SA Express shall bear the responsibility of deciding whether or not to operate the applicable Sector until the specified Fuel becomes available.

### 13 ADMINISTRATION OF AVIATION FUEL ACCOUNTS

#### 13.1 SA Express commitments regarding Fuel purchases:

13.1.1 SA Express shall provide SAA with the anticipated volume requirements by location for the contractual period in advance of the negotiations with Suppliers. Further, SA Express shall provide SAA with monthly updates of volume forecasts per location in order to ensure proper planning in this regard.

13.1.2 SA Express shall assume responsibility for ensuring timely submission of documentation to SAA for processing purposes, including interfaces of daily flight schedule and maintenance folios, together with ensuring accuracy and completeness thereof.

13.1.3 SA Express shall assist SAA promptly in prevention and resolution of invoice queries to enable SAA to comply with Supplier contractual payment terms. In the event that queries are not satisfactorily resolved, SA Express shall not hold SAA responsible for any consequences or losses SA Express would incur as a result of inaccurate recordings (e.g. Subsequent VAT obligations) or failure to pay in time, save where same is resultant from SAA's gross negligence and/or willful misconduct.

13.1.4 Where a query cannot be easily resolved, SAA will take up the matter with its Suppliers and use its best efforts to resolve the matter in a manner deemed amicable to both parties. SAA shall keep SA Express apprised of developments.

#### 13.2 SAA activities in the Fuel administration process:

13.2.1 Ensure that the Fuel invoice information in the system is verified against the fuel administration system information before the close of the payment cycle.

13.2.2 Payment is made to Suppliers with respect to uplifted Fuel invoices in a timely manner.

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JUH

- 13.2.3 SAA shall provide assistance to SA Express' staff with respect to on the job training that is required for purposes of ensuring their competency to operate the fuel administration system effectively.
- 13.2.4 SAA shall reasonably assist SA Express in the resolution of Fuel payment queries raised by suppliers in respect to the periods where the fuel administration was under the administration of SAA.
- 13.2.5 SAA shall provide SA Express with the option of including its staff in any fuel administration system training that is to be provided to its own staff at a marginal cost to SA Express.
- 13.2.6 SAA shall upon request from SA Express in writing provide SA Express personnel with training on the fuel administration system solution at a market related rate at the time of the training, which cost shall be borne by SA Express.
- 13.2.7 SAA shall upon request from SA Express in writing reasonably assist SA Express in the resolution of system related queries and issues that are encountered on the fuel administration systems.

#### 14 PAYMENT AND CURRENCY

- 14.1 Payment to SAA by SA Express for Fuel uplifts within South Africa will be in South African Rand.
- 14.2 Any amounts payable by SA Express in accordance with the provisions of this agreement shall be invoiced weekly covering all supplier invoices processed, and settlement to SAA shall be effected within 17 days from date of invoice delivery to SA Express offices to coincide with average payment terms negotiated with suppliers. This will be revised annually according to latest supplier terms. Payment should be effected by either cheque or electronic transfer.
- 14.3 SA Express will make payment on fuel invoices submitted to SA Express by SAA on a weekly basis for amounts outstanding and cleared by the SA Express Finance department as per clause 14.2.

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14.4 Where multiple invoices are submitted to SA Express by SAA for supplier invoices within the same week for payment, the 17 day period will be calculated from the last invoice received.

14.5 Delivery of the invoices from SAA needs to be made electronically to [financesupport@flyexpress.aero](mailto:financesupport@flyexpress.aero) and all supporting documentation needs to be provided to the SA Express fuel administration clerks located at SAA for collection.

14.6 In the event of late payment, SAA shall raise interest charges at the Standard Bank Limited prime rate per annum.

14.7 For payments where prices are quoted in South African cents per litre, payment will be made to SAA according to the volume of Fuel uplifted at each location in litres as reflected on the flight receipts and summarized on the invoices forwarded to SA Express.

14.8 For payments by SA Express to SAA where prices for Fuel uplifts outside of South Africa are quoted in foreign currencies, SAA will use the South African Rand equivalent on date of payment, calculated according to conversion rates as applied to its own foreign currency payments

14.9 Any de-Fuelling costs/ credits for SA Express' account will be reflected on the invoice and on the SA Express account equally. This must also be included by SA Express in its payment for Fuel uplifted to SAA.

14.10 The charge relating to Fuel administration and handling costs will be as set out in Annexure A to this agreement.

## 15 SUPPLY REQUIREMENTS AT STATIONS NOT INCLUDED IN THE ORIGINAL PORTFOLIO

15.1 In the event that SA Express acquires additional routes and secures Fuel Suppliers of Aviation Fuel who are not included in SA Express' portfolio herein, then the said Agreements shall be entered into by SA Express with the Suppliers on a standalone basis.

such time as the SAA contracts become available for tender.





15.3 Where routes have not been formally incorporated into the SAA tender process but uplifts to new destinations take place from existing contracted locations, the administration for the Fuel uplifts and payments thereof may be covered within the scope of this contract. However where locations are entirely new, SA Express will need to administer independently

## 16 CHANGING SUPPLY REQUIREMENTS AT STATIONS NOT OPERATED BY SAA

16.1 In the event that a Fuel provider exits a market after a Tender had already been awarded to the said Supplier, then SAA shall reasonably assist SA Express in the negotiation leading to securing of a new Supplier at the station in question.

16.2 The contract for the supply of Fuel at the said station shall however be between the Fuel Supplier at the station in question and SA Express, unless SAA is also impacted and needs to re-tender jointly with SA Express

16.3 Where contract falls outside of a joint tendering process the administration of the Fuel uplifts and the payments thereof will need to be independently administered by SA Express.

## 17 DISPOSAL OF WASTE FUEL

17.1 Upon request from SA Express to SAA in writing, SAA shall provide reasonable assistance to SA Express regarding the disposal of waste de-Fuelled Fuel from SA Express' Aircraft.

17.2 SAA warrants that the disposal of waste Fuel in terms of this Agreement shall be done in accordance with all relevant and applicable legislation in effect in the Republic of South Africa.

17.3 The rate for the disposal of Fuel shall be determined at the time of the request and the cost of disposal thereof shall be market related.

## 18 DURATION AND TERMINATION

18.1 This Agreement shall endure for an initial period of one (1) financial year from date of effect whereafter it may be renewed per Agreement between the parties.

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18.2 The terms and conditions of the Fuel Services Agreement shall be reviewed annually by both parties at the end of each financial year and taking into consideration the changes in the market environment and the positions of both entities.

18.3 Should this Agreement not be reviewed by both parties in writing at the beginning of each new financial year in accordance with 18.2, the contract will automatically be renewed under the same terms and conditions as this Agreement on a year to year basis thereafter.

18.4 Should the renewal of this contract be as a result of an automatic renewal as per clause 18.3, the contract can be raised for review for the remainder of the current financial year by either party giving written notice to the other to this effect.

18.5 Upon such receipt of notice to review, the other party will need to respond within 30 days.

18.6 Subject to any contrary provision of this Agreement, either party shall be entitled to terminate this Agreement by giving the other Party six (6) months written notice or such longer period as may be agreed upon by both parties to enable the transfer of fuel uplift and payment data as well as any other relevant data from the fuel plus system for incorporation into the new fuel management system and set up satisfactory agreements with external suppliers for the provision of fuel as required.

18.7 Upon termination of this agreement SAA shall be obliged to provide (upon request) all financial data confirming payments made to suppliers for a period of five years as is stipulated by law.

## 19 DEFAULT AND TERMINATION

19.1 An event of default shall occur if:

19.1.1 Any party fails to pay any amount due to another party in terms of this agreement, and does not remedy such failure within 14 (fourteen) working days of receipt of notice from such other party calling upon it to do so; or

19.1.2 Any party defaults in the performance of any other material provision of this

such longer period as may reasonably be required to remedy such default) after receipt of notice from any other party calling upon it to remedy such default; or

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19.1.3 Any party makes any general assignment for the benefit of its creditors or compromises with its creditors generally; or

19.1.4 Any party is placed under provisional or final liquidation or provisional or final judicial management; or

19.1.5 The license of either party to conduct its business is suspended or revoked.

19.2 Upon the happening of an event of default, the non-defaulting party may by written notice to the defaulting party either demand specific performance from the party in default, or cancel this agreement, without prejudice to the non-defaulting party's right to claim damages from the party in default.

## 20 APPLICABLE LAW AND JURISDICTION

This Agreement shall be governed and construed in accordance with the laws of the Republic of South Africa. The parties hereby irrevocably consent and submit to the jurisdiction of the South Gauteng High Court, Johannesburg or its successor in title ("the High Court").

## 21 ENTIRE AGREEMENT

This Agreement shall supersede any previous arrangements between the Parties governing the provision of services at locations referred in the relevant Annexures hereto. This agreement contains all the express provisions agreed on by the parties with regard to the subject matter of the agreement and the parties waive the right to rely on any alleged express provision not contained in this Agreement.

## 22 NO REPRESENTATIONS

Neither party may rely on any representation, which allegedly induced that party to enter into this agreement, unless the representation is recorded in this Agreement.

## 23 VARIATION, CANCELLATION AND WAIVER

No contract varying, adding to, deleting from or cancelling this Agreement, and no waiver of any right under this Agreement, shall be effective unless reduced to writing and signed by or on behalf of the parties.

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## 24 INDULGENCES

24.1 If either party at any time breaches any of that party's obligations under this agreement, the other party ("the aggrieved party") may at any time after that breach, exercise any right that became exercisable directly or indirectly as a result of the breach, unless the aggrieved party has expressly elected in writing or by clear and unambiguous conduct, amounting to more than mere delay, not to exercise the right; and shall not be stopped (i.e. precluded) from exercising its rights arising out of that breach, despite the fact that the aggrieved party may have elected or agreed on one or more previous occasions not to exercise the rights arising out of any similar breach or breaches.

24.2 If the aggrieved party is willing to relinquish that right, the aggrieved party will on request do so in writing. In particular, acceptance of late performance shall, for a reasonable period after performance be provisional only and the aggrieved party may still exercise that right during that period.

## 25 CESSION

25.1 Neither party may cede that party's rights or delegate that party's obligations without the prior written consent of the other party, which consent shall not be unreasonably withheld.

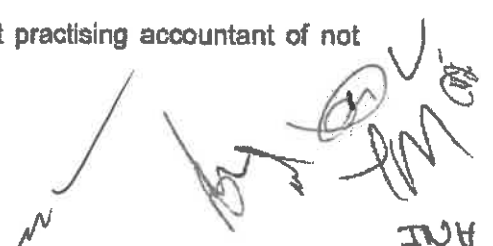
## 26 SETTLEMENT OF DISPUTES

26.1 Should any dispute arise, in relation to this Agreement, between the parties the dispute shall be referred to the parties' Chief Executive Officers who will attempt to resolve the dispute amongst themselves.

26.2 Any such dispute or claim, which cannot be settled between the Chief Executive Officers, may be submitted, by written notice from the aggrieved Party to the other, to final and binding arbitration in terms of this clause.

26.3 Subject to the provisions of this clause, arbitration shall be held under the provisions of the arbitration laws for the time being in force in the Republic of South Africa.

26.4.1 primarily an accounting matter, an independent practising accountant of not less than 10 (ten) years' standing;



- 26.4.2 primarily a legal matter, a practising senior counsel of not less than 10 (ten) years' standing;
- 26.4.3 any other matter, a suitably qualified independent person;
- 26.4.4 agreed upon by the Parties and failing such agreement within 3 (three) days after the date on which the arbitration is demanded, appointed by the committee of the Arbitration Foundation of Southern Africa (who may appoint one of their number) who may be instructed by either Party to make the nomination at any time after the expiry of that 3 (three) day period.
- 26.5 The arbitration shall be held in Johannesburg and in accordance with formalities and/or procedures determined by the arbitrator, and may be held in an informal and summary manner, on the basis that it shall not be necessary to observe or carry out the usual formalities of procedure, pleadings and/or discovery, or the strict rules of evidence.
- 26.6 The arbitrator shall be entitled:
- 26.6.1 to investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with the dispute and for that purpose shall have the widest powers of investigating all the books and records of either Party to the dispute in so far as the books and records may be relevant, and the right to take copies or make extracts there from and the right to have them produced and/or delivered at any reasonable place required by him for the aforesaid purpose;
- 26.6.2 to interview and question under oath representatives of either of the Parties;
- 26.6.3 to decide the dispute according to what he considers just and equitable in the circumstances;
- 26.6.4 to make such award, including an award for costs, specific performance, an interdict, damages or a penalty or otherwise as he in his discretion may deem fit and appropriate, provided that should the arbitrator fail to make an award with regard to costs, the costs of the arbitrator shall be borne equally between the Parties.

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26.7 The arbitration shall be held as soon as possible after it is demanded with a view to its being completed within 30 (thirty) days after it has been so demanded.

26.8 Immediately after the arbitrator has been agreed upon or nominated, either Party shall be entitled to call upon the arbitrator to fix a date and place when and where the arbitration proceedings shall be held and to settle the procedure and manner in which the arbitration proceedings will be held.

26.9 Any award that may be made by the arbitrator:

26.9.1 shall be final and binding;

26.9.2 will be carried into effect; and

26.9.3 may be made an order of any court to whose jurisdiction the parties to the dispute are subject.

26.10 Notwithstanding anything to the contrary contained in this clause, either Party shall be entitled to apply for, and if successful, be granted, an interdict from any competent court having jurisdiction.

26.10 This clause is severable from the rest of this Agreement and shall, notwithstanding the termination of this Agreement, remain in full force and effect.

26.11 The Parties agree that any arbitration, the proceedings and the final award, shall be kept strictly confidential and the Parties as well as the arbitrator shall be subject to the confidentiality undertakings contained in this Agreement.

26.12 The above provision shall however not preclude either party approaching the High Court for urgent interim relief.

## 27 SEVERABILITY

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law but if any provision of this Agreement shall be unenforceable or invalid under the applicable law, such invalidity or unenforceability shall not



## 28 CONFIDENTIALITY

Neither party shall under any circumstances divulge any information acquired as a result of this Agreement to a third party without the prior written consent of the other party to this Agreement. This provision will survive the expiry or early termination of this Agreement.

## 29 DOMICILIA CITANDI ET EXECUTANDI

29.1 The parties choose as their domicilium citandi et executandi for all purposes under this agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), the following addresses:

### 29.1.1 SOUTH AFRICAN EXPRESS AIRWAYS:

Physical Address: 4<sup>th</sup> Floor, West Wing Offices  
Pier Development  
Domestic Arrivals  
O.R Tambo International Airport  
1627

Postal Address: P. O Box 101  
O.R Tambo International Airport  
1627

### 29.1.2 SOUTH AFRICAN AIRWAYS

Physical Address: Airways Park  
Jones Road  
Kempton Park  
1627

Postal Address: O.R. Tambo International Airport  
Private Bag X13  
1627

## 30 FORCE MAJEURE

30.1 Notwithstanding any contrary provisions of this agreement, no failure or omission by either party to carry out or observe any of the terms and conditions of this agreement

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JNH

shall give rise to any claim by the other of them or any other party, or be deemed to be a breach of this agreement, if same is caused by or arises as a result of force majeure, act of God, vis major or any act or direction of or limitation imposed by any governmental or statutory body, or war, strikes, civil commotion, riots, labour unrest, consumer boycotts, or any cause reasonably beyond the control of the party thus prevented from performing its obligations, provided, however, such party:

30.1.1 engages all its reasonable efforts to the extent reasonably possible to avoid and/or remedy such situation;

30.1.2 gives the other of them written notice of such situation as soon as possible after it becomes aware of the fact that such situation may arise or has arisen.

30.2 In the event of any cause reasonably beyond the control of the Supplier and/or SAA arising and preventing them or any one of them from carrying out their obligations in terms of this agreement, such performance of obligations shall be suspended during such period of inability by either of them to perform its obligations under this agreement, provided, however, that nothing herein contained shall extinguish, delay, or suspend the obligations of such party to liquidate all its outstanding liabilities under this agreement which accrued or became due before the period of suspension, or which it is not prevented from discharging by the circumstances giving rise to the suspension.

30.3 During any suspension contemplated in 30.2, the party affected by such suspension shall be entitled to obtain the services and/or facilities of which it is deprived as a result of such suspension from any other person.

### 31 STAMP DUTIES, REGISTRATION FEES

31.1 All stamp duties and registration fees in connection with this Agreement, which may be prescribed under the national law of either Party to this Agreement, are payable by that Party.

31.2 All stamp duties and registration fees in connection with this Agreement, which may be prescribed under the national law of the location(s), as mentioned in the Annexures and not being a location situated in the country of either Party to this Agreement will be

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 JWA

**32 LEGAL COSTS**

Each party shall bear that party's own legal costs of and incidental to the negotiation, preparation, settling, signing and implementation of this Agreement.



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JNH

### 33 BINDING EFFECT AND ASSIGNMENT

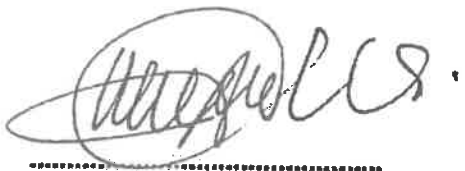
33.1 The provisions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

33.2 Notwithstanding any contrary provisions of this Agreement, no Party shall be entitled to assign any of its rights or obligations in terms of or arising from this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, provided that a corporate reorganisation or amalgamation where the control of a Party (or survivor or assignor of such Party) remains the same shall not be considered an assignment for the purpose of this clause.



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SIGNED AT O.R. TAMBO INTERNATIONAL AIRPORT ON THIS THE 31<sup>st</sup> DAY OF AUGUST 2011



**Arson Malola-Phiri**  
Regional General Manager: African Expansion



**Ken Wienand**  
Acting Chief Financial Officer

FOR AND ON BEHALF OF SOUTH AFRICAN EXPRESS AIRWAYS (WARRANTING HIS/HER AUTHORITY TO SIGN)



**Julian Hall**  
Specialist: Business Development

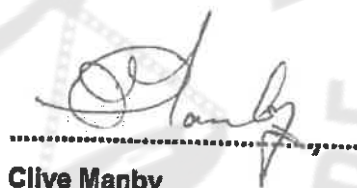


**Tshavhungwe Mamphlswana**  
Divisional Manager: Legal Services

SIGNED AT O.R. TAMBO INTERNATIONAL AIRPORT ON THIS THE 31<sup>st</sup> DAY OF August 2011



**Wolf Meyer**  
Chief Financial Officer



**Clive Manby**  
Head of Petroleum Affairs

FOR AND ON BEHALF OF SOUTH AFRICAN AIRWAYS (PTY) LTD  
(WARRANTING HIS/HER AUTHORITY TO SIGN)



WITNESS



WITNESS



## Annexure “2”





**SOUTH AFRICAN AIRWAYS**  
FLYSAA.COM

South African Airways  
Company Secretary  
Suite 2, 6<sup>th</sup> Floor  
Airways Park  
1627

Private Bag X13  
ORT International Airport  
1627

Tel: 27 11 978-6553  
Fax: 27 11 978-5919

Email: [ruthkibuuka@flysaa.com](mailto:ruthkibuuka@flysaa.com)

**EXCERPT FROM THE DRAFT MINUTES OF THE SPECIAL MEETING OF THE SAA BOARD OF DIRECTORS (NO 2016/01) HELD ON SATURDAY, 16 JANUARY 2016, AT PROTEA HOTEL, OR TAMBO INTERNATIONAL AIRPORT (ORTIA), RHODESFIELD, KEMPTON PARK AT 09H00**

**APPROVAL OF THE ISSUING OF A REQUEST FOR INFORMATION (RFI) FOR THE SUPPLY AND DELIVERY OF JET A-1 FUEL AT ORTIA**

It was **RESOLVED** that the Board hereby approves:

- (a) the issuing of a RFI for the supply and delivery of Jet A-1 Fuel at ORTIA;
- (b) the evaluation criteria of the RFI for the supply and delivery of Jet A-1 fuel at ORTIA; and
- (c) engagement of the current jet fuel majors regarding the proposed business model pertaining to the 15% jet fuel volume space that they had agreed to make available to promote SAA's transformation goals,

subject to a review of the proposed timelines with a view of shortening the award process.

True extract from the draft minutes

**Ruth Kibuuka**

**Company Secretary**

**Date:** 20/01/2016

**Directors**

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

\*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER



SOUTH AFRICAN AIRWAYS

**MINUTES OF THE SPECIAL MEETING NO 2016/01 OF THE SAA SOC LTD BOARD OF DIRECTORS HELD ON SATURDAY, 16 JANUARY 2016 AT THE PROTEA HOTEL, O.R. TAMBO INTERNATIONAL AIRPORT, KEMPTON PARK AT 09H00**

**Resolution  
No /  
For Attention**

**Present**

Ms D Myeni  
Dr J Tambi  
Ms Y Kwinana

Non-Executive Director (Chairperson) (via telecom)  
Non-Executive Director  
Non-Executive Director

**In attendance**

Mr. M Zwane  
Ms. P Nhantsi  
Ms R Kibuuka  
Ms. M Makhakhe

Acting Group Chief Executive Officer (ACEO)  
Interim Chief Financial Officer (ICFO)  
Company Secretary (Co Sec)  
Deputy Company Secretary

**1. OPENING, WELCOME, EVACUATION PROCEDURE, CONSTITUTION OF THE MEETING AND SIGNING OF ATTENDANCE REGISTER**

The Chairperson welcomed all present, and highlighted that she believed the meeting was scheduled to commence at 12H00 and had therefore booked a later flight. It was agreed that she would join the meeting via telecom and Ms. Kwinana was requested to chair the proceedings.

The meeting was declared open.

It was reported that the acting GM: Commercial was available to present the African Growth Strategy to the Chairperson as she was not able to attend the meeting where the task team charged with the development of the Strategy presented to the Board. It was agreed that an arrangement would be made for the team to meet with the Chairperson on another date.

**2. ADOPTION OF AGENDA**

The agenda was adopted without any amendments.

**3. DECLARATION OF INTEREST**

All members declared that they had no personal interest in any of the matters tabled for discussion except item 4.12 relating to Board travel benefits.

**Resolution  
No /  
For Attention**

anonymous reports she received, it was evident that staff did not trust the SAA anonymous reporting channels. She stated that she did not have the capacity to attend to the reports; therefore Management was requested to consider implementing a process which staff would find credible.

Secondly, the Board recommended that the current Whistle-Blower Policy should be revised to amend the provision that stated that the Chief Audit Executive (CAE) together with the HOD: Group Security Services (GSS) could investigate allegations against the CEO and the Board. It was stated that investigations against the Board could only be instituted by the Minister and the Board would institute investigations against the CEO.

It was **RESOLVED** that:

**2016/01/05  
ACEO (CAE)**

- The Whistle-Blower Policy should be reviewed to address the investigation of allegations against the CEO and the Board;
- Management should benchmark against private companies and state owned companies to determine how to effectively revise the Policy and implement an effective reporting mechanism trusted by staff;
- Management should explore cost efficient ways of engaging independent service providers; and
- A revised whistle-blowing Policy and process should then be submitted to the Board for approval through the Audit and Risk Committee.
- Once the review of the whistle-blowing policy was finalised, Management should review and align the disciplinary codes and policies.

**ACEO (GM:  
HR)**

#### **4.6 Update on the Procurement/ Transformation Spend**

The Board noted the general B-BBEE spend report for the 3<sup>rd</sup> Quarter (October – December) and the ICFO reported that the Procurement department had started looking for easily accessible procurement opportunities for Black owned companies. In addition, there was a review of services provided outside the country to assess which of these could be procured locally.

Members noted the report and requested the ICFO to work on a supplier ICFO development programme to be presented at the next meeting of the Board.

##### **4.6.1 Approval of the Issuing of a Request for Information (RFI) for the Supply and Delivery of Jet A-1 Fuel at ORTIA**

The ICFO reported that the Procurement Department raised a concern around the fairness of the process used to select the group of emerging fuel suppliers to participate in the 15% set aside for fuel supply. It was therefore decided that a RFI should be issued to invite any interested parties to participate.



**Resolution  
No /  
For Attention**

Whilst the Board appreciated the concerns of Management, Members expressed great dissatisfaction at the slow pace with which the resolution to introduce emerging fuel suppliers was being implemented.

It was **RESOLVED** that the Board hereby approves:

**ACEO/CPO  
2016/01/06**

- (a) The issuing of a RFI for the supply and delivery of Jet A-1 Fuel at ORTIA;
- (b) The evaluation criteria of the RFI for the supply and delivery of Jet A-1 fuel at ORTIA; and
- (c) Engagement of the current jet fuel majors regarding the proposed business model pertaining to the 15% jet fuel volume space that they had agreed to make available to promote SAA's transformation goals,

subject to a review of the proposed timelines with a view of shortening the award process.

#### **4.7 Action Items from the Africa Strategy Meeting with the Board held on 15 December 2015**

##### **A. Mango to join the Star Alliance network**

The ACEO reported that he had received a draft letter to be issued to Star Alliance from SAA.

It was concluded that:

- (i) The ACEO would send the draft letter to all Board Members before close of business on the 16<sup>th</sup> January 2016;
- (ii) Where after, the Chairperson would sign the letter and send it to Star Alliance by Wednesday, 20 January 2016 after she had discussed the matter with the Chairperson of Mango Airlines.

**ACEO  
CO Sec/  
Chairperson**

It was further agreed that the Chairperson of the Board should share with the Mango Chairperson, the minutes of the Board meeting outlining the alleged transgressions against the Mango CEO and the resolutions of the SAA Board in that regard. It was stated that the Mango Chairperson should formally indicate receipt of the report by signing acknowledgement of receipt.

##### **B. Alleged Irregularities within the Commercial Department**

- Members requested Mr. Louis Du Plessis to give an explanation of why he failed to inform SAA about Mango's intention to join the Star Alliance connected partners model. **ACEO (AGM: Commercial)**
- It was reported that the acting GM: Commercial had requested justification from the Fort Lauderdale office for employing in excess of 40 employees who were all situated in an area where SAA did not fly; **ACEO (AGM: Commercial)**

**Resolution  
No /  
For Attention**

on the 10 day notice period.

### 5.1.2 Mango Investigation

The Chairperson of the Board undertook to circulate the interim report on the investigation against the Mango CEO to other Board Members. **Board Chair**

The Board discussed the preliminary findings against the Mango CEO as contained in the report at length and **RESOLVED** that the Mango CEO should be suspended for vicarious liability in connection with the actions of the GM: Commercial and the role which he personally played according to the report as well as acting without the requisite Shareholder approval before joining Star Alliance. **ACEO  
2016/01/09**

### 6. GENERAL

The Board requested the AGM: Commercial to revalidate the DUR-CPT route business case and to re-asses the profitability of all other routes jointly flown by SAA and Mango. **ACEO (AGM:  
Commercial)**

### 7. CLOSURE

There being no further items tabled, the meeting was declared closed.



**CHAIRPERSON**

Date: 10/02/2016



**COMPANY SECRETARY**

Date 10/02/2016

## Annexure “3”



Late 7.4.

**SAA Submission**  
SAA Private and Confidential  
For Internal use only

## BAC SUBMISSION FOR CONFINEMENT

<b>TO:</b>	<b>BID ADJUDICATION COUNCIL (BAC)</b>
<b>FROM:</b>	<b>GLOBAL SUPPLY MANAGEMENT (GSM)</b>
<b>DATE:</b>	<b>12 MAY 2016</b>

**SUBJECT: REQUEST BAC SUPPORT TO CONFINE THE TENDER FOR THE SUPPLY AND DELIVERY OF JET FUEL AT DOMESTIC LOCATIONS**

### 1. PURPOSE

The purpose of this submission is to obtain the BAC support regarding

- The final shortlist of a panel for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location;
- The issuing of a confined tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliate's domestic locations.

### 2. BACKGROUND

- 2.1 SAA and its affiliates currently operate to eight (8) Domestic Locations, using approximately 800 million Litres of Jet Fuel per annum. The Domestic Agreements are currently on a month to month basis.
- 2.2 The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts.
- 2.3 SAA's Jet Fuel Tender Process takes place on an annual basis having regard to the fact that jet fuel suppliers are reluctant to bind themselves into long term supply agreements owing to the extreme volatility of Jet Fuel markets from a pricing perspective.
- 2.4 The key objectives of the SAA Jet Fuel Tender Process have always been the following:
- To ensure the security of supply and delivery of Jet Fuel in the quantities required at all SAA and SAA affiliate locations;
  - To ensure that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost element with all other cost elements being regulated and outside of the Jet Fuel CFST's control);



- To ensure the product quality and operational safety of the supplied Jet Fuel product remains in line with all relevant specifications as well as IATA's Operational requirements;
- To ensure beneficial terms and conditions during contracting.

The domestic market is controlled by the six oil majors: Shell, Sasol, Chevron, Total, BP and Engen. At OR Tambo International airport SAA is contracted to these oil majors bar Chevron due to the huge number of volumes.

**Table 1: Domestic Volumes and Percentages Table**

Domestic Supply		
Location	Volume Lt per Year	Percentage Split
OR Tambo	676 million	84.52%
Cape Town	76 million	9.53%
King Shaka	24 million	3.01%
Port Elizabeth	10 million	1.27%
Lanseria	8 million	1.02%
East London	3 million	0.39%
Bloemfontein	1.2 million	0.15%
George	0.9 million	0.12%

### 3. RFI for Supply and Delivery of Jet A -1 Fuel at ORTIA

The SAA Board of directors approved the following on the 16<sup>th</sup> January 2016 (Refer to Annexure A):

- The issuing of a Request For Information (RFI) for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA);
- The evaluation criteria of the RFI for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA); and
- Engaging of current Jet Fuel Majors regarding the proposed business model pertaining to the 15% jet fuel volume space that they have agreed to make available to promote SAA transformation goals.

SAA tested the market with the RFI process to determine which of the available suppliers in the market can best meet SAA's requirements.

The purpose of the RFI was to determine which of the available suppliers in the market can best meet SAA's requirements. **A key deliverable would be a short list of suppliers to send an in-depth Request for Proposal.**

The supply and delivery of Jet A-1 Fuel worldwide, has been dominated by major multi-national corporations that have throughout the years entrenched their dominance in this segment of the market. It is the transformation objective of SAA in partnership and co-operation with these majors to open up this market and grant access to South African companies (including co-operatives), in pursuit and support of government's goal to promote small-medium micro rural, urban and township enterprises with significant Black ownership and owned by Women, Youth, Military Veterans and People with Disabilities. Accordingly, SAA seeks to appoint new service provider/s for supply and delivery of Jet A-1 Fuel at O.R. Tambo International Airport.

#### 4. RFI Evaluation Process

The SAA Board of Directors approved the following critical criteria and the evaluation criteria on the 16th January 2016:

The respondent's bid must be accompanied by the following documents, (where applicable a brief strategy with clear and concise timelines) that demonstrate compliance with the following evaluation criteria:

**Table 2: RFI Requirements**

No	Requirement	Respondents Evidence
1.	Fuel Wholesale license (unless, a major will be supplying the Jet A-1 Fuel on behalf of the respondent and directly to SAA)	Valid Fuel Wholesale license from the Department of Energy.
2.	Security of Supply	A letter confirming product allocation from refiners / Jet Fuel Suppliers – the letter must specifically refer to Jet A-1 product.
3.	One Billion US Dollar Third party liability (unless, a major will be supplying the Jet A-1 Fuel on behalf of the respondent and directly to SAA).	An indication how you would approach the third party liability insurance (This will not necessarily be a qualifying criteria).
4.	Clear Product Value Chain of the Respondents	One slide of the Respondents Product Value Chain.

No	Requirement	Respondents Evidence
5.	BBBEE Requirements	Confirmation of BBBEE compliance (Certified Copy of BBBEE Certificate, EME Affidavit or confirmation of BBBEE status from a registered accountant or accredited verification agency).
6.	SARS Tax Clearance	Valid original Tax Clearance Certificate.
<b>Note:</b> <ul style="list-style-type: none"> <li>- Submissions by Companies owned by Military Veterans should be accompanied by a letter from the recognized Regional office of the Military Veterans*</li> <li>- Submissions by companies owned by People Living with Disabilities should be accompanied by a supporting letter from a registered Health Practitioner*</li> </ul>		

#### 5. Bid Evaluation Committee (BEC)

The BEC members who were part of the evaluation concur with the recommendation set out below:

**Table 3: BEC members**

DIVISION AND DESIGNATION	NAME	SIGNATURES
Supplier Development	Nico Mooketsi	
GSM: Commodity Manager Energy	Thami Sogwazile	
Fuel Technical and Operations Manager	Molefi Boroko	
Internal Audit	Ziyaad Mohideen	
Legal, Risk and Compliance: Legal Advisor	Ephraim Lusenga	

## 6. Respondents to the RFI

SAA received a total number of ninety six (96) respondents for RFI-GSM002/16: for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location.

### BBBEE classification:

**Exempted Micro Enterprise (EME)** – a business which has an annual turnover of R5 million or less.

**Qualifying Small Enterprise (QSE)** – a business which has annual turnover between R5 Million and R35 Million.

**Generic** - a business which has an annual turnover of R35 Million and above.

**Table 4: List of respondents**

Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
1	Noble Oil and Energy	EME
2	Black Dot Investments cc	EME (JV)
3 & 43	KM Petroleum	EME
4	LIPG (Pty) Ltd	EME
5	Zammane Business Enterprises	EME
6	BarCo Petroleum	EME
7	Women in Oil & Energy SA Kekoil C	EME (JV)
8	COGT (Pty) Ltd	EME
9	ECON Oil & Energy (Pty) Ltd	Generic
10	Wassa Gasses	QSE
11	SMB Investment	EME (JV)
12	Base-Tech Solutions (Pty) Ltd	EME
13	Lalita Investments (Pty) Ltd	EME
14	Afric Oil (Pty) Ltd	EME (JV)
15	Mapimpa Group	EME
16	Mulemba Construction & Distribution cc	EME
17	Kriek Business Enterprises	EME
18	Finesse Energy (Pty) Ltd (JV)	EME
19	Insika Resources	EME
20	ZY Holdings (Pty) Ltd t/a Amandla We Octane	EME
21	Cubidex (Pty) Ltd	Generic (JV)
22	Richarp Trading	EME
23	Petroleum Life (Pty) Ltd	EME
24	Mcuswa Trading cc	EME
25	Setoil Trading	Generic
26	Mzantsi Veterans Petroleum & Lubrican TS (Pty) Ltd	EME



Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
27	NRW Trading & Logistics	QSE
28	JOJO EC Trading & Projects cc	EME
29	Makwande Energy Trading (Pty) Ltd	EME
30	Balimi Barui Trading (Pty) Ltd t/a BBT Trading	QSE
31	WOA Fuels & Oil	Generic
32	Galela Telecommunication Holdings (Pty) Ltd	QSE
33	GTL Petroleum (Pty) Ltd	Generic
34	KAMOS Wholesaler & Liquid Fuels & Gas	EME
35	Petapoint cc	EME
36	Matsoba Business Enterprises	EME
37	Mmapho Gas & Energy	EME
38	HDI Support National (Pty) Ltd	Generic
39	YemYem Petroleum	QSE
40	Qtique27 (Pty) Ltd Sikamo Wanamke Supplier Maintenance & Projects (Pty) Ltd (JV)	QSE
41	SRS Aviation Cargo	EME
42	Delphicap cc	EME
43 & 3	KM Petroleum	EME
44	Kukhanya Marketing	Generic (JV)
45	Palloscore (Pty) Ltd (JV)	EME (JV)
46	Sedibeng SA Bophelo	EME (JV)
47	Pakile Global Trading (Pty) Ltd	EME
48	Iconic Ventures (Pty) Ltd	QSE
49	Rambait Trading Enterprises (Pty) Ltd	EME
50	Infinet Energy Petroleum & Gas (Pty) Ltd	EME
51	Bahlaloga Technologies	EME
52	Barleda 697	EME
53	TrippleAction ER Fort General Trading (Pty) Ltd	EME
54	EML Energy	QSE
55	Liltha Oils (Pty) Ltd	EME
56	Mueletshedzi Logistics	EME
57	Magane Holdings & Investments cc	No certificate
58	Velji Trading cc	EME
59	Apash Business Enterprises	EME
60	Moses Makhetha Transport	EME
61	Bele Holdings	EME
62	Lamanjolo Investments (Pty) Ltd	QSE
63	Five & Only Developments JV	EME
64	Nchai & KK Holdings	QSE
65	Ntaka Obusi Petroleum	EME
66	Ndjow Global	EME (JV)
67	LTE House	EME (JV)

Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
68	Essential Fuels (Pty) Ltd	EME (JV)
69	Ramashu Supply & Services	EME
70	National Eagles	EME
71	Kgohlano Trading Enterprises cc	EME
72	Dirane Trading	EME
73	Anax Logistics (Pty) Ltd	QSE
74	Ideal Trade 47 cc	EME (JV)
75	WATB Energy Group	EME
76	Africapa City Gasoil (Pty) Ltd	EME
77	Unlimited Fuel (Pty) Ltd	EME
78	Dikopane Project Management cc	EME
79	Comrades Unite Performance & Outsourcing Services	EME
80	Maxxi Oil & Gas (Pty) Ltd	EME
81	Govhani & Associates (Pty) Ltd	EME
82	Sunset Oil Services & Logistics (Pty) Ltd	EME
83	Ndlovuamandla Trading Enterprises cc	EME
84	Phisemo Fuels & Logistics cc	EME
85	Marale Finance Services	EME
86	Variable Oil & Gas	EME
87	Mitha Aviation	EME (JV)
88	Maponya Africa & Seraj Transport JV (M&S JV)	EME (JV)
89	Gulfstream Energy	Generic
90	Sozala Mendi	EME (JV)
91	Malena Consulting	EME
92	Fuel Serve Petroleum (Pty) Ltd	EME
93	ST2 Trading & Projects cc	EME
94	Trillion Projects	EME
95	Amafutha Omhlaba (Pty) Ltd	EME
96	Progressors Investments	EME
97	SBM Energy (Puma)	EME (JV)

## 7. Shortlisted Respondents

A total of seventy four (74) respondents satisfied the crucial criteria of Fuel Wholesale license and Security of Supply (Allocation letter). (Refer to **Annexure B – Evaluation Sheet**)

Table 5: List of shortlisted respondents

Shortlisted Respondents		
Bidder no.	Bidder Name	BBBEE Classification
2	Black Dot Investments cc	EME
3 & 43	KM Petroleum	
4	LIPG (Pty) Ltd	EME
6	BarCo Petroleum	EME
7	Women in Oil & Energy SA Kekoil C	EME
8	COGT (Pty) Ltd	EME
9	ECON Oil & Energy (Pty) Ltd	Generic
10	Wassa Gasses	QSE
11	SMB Investment	EME
13	Lalita Investments (Pty) Ltd	EME
14	Afric Oil (Pty) Ltd	EME
16	Mulemba Construction & Distribution cc	EME
17	Kriek Business Enterprises	EME
18	Finesse Energy (Pty) Ltd (JV)	EME
19	Insika Resources	EME
20	ZY Holdings (Pty) Ltd t/a Amandla We Octane	EME
21	Cubidex (Pty) Ltd	Generic
22	Richarp Trading	EME
23	Petroleum Life (Pty) Ltd	EME
24	Mcuswa Trading cc	
25	Setoil Trading	Generic
26	Mzantsi Veterans Petroleum & Lubrican TS (Pty) Ltd	EME
28	JOJO EC Trading & Projects cc	EME
29	Makwande Energy Trading (Pty) Ltd	EME
30	Balimi Barui Trading (Pty) Ltd t/a BBT Trading	QSE
31	WOA Fuels & Oil	Generic
32	Galela Telecommunication Holdings (Pty) Ltd	QSE
33	GTL Petroleum (Pty) Ltd	Generic
34	KAMOS Wholesaler & Liquid Fuels & Gas	EME
35	Petapoint cc	EME
36	Matsoba Business Enterprises	EME
37	Mmapho Gas & Energy	EME
38	HDI Support National (Pty) Ltd	Generic
39	YemYem Petroleum	QSE
40	Qtique27 (Pty) Ltd Sikamo Wanamke Supplier Maintenance & Projects (Pty) Ltd (JV)	Generic
41	SRS Aviation Cargo	EME
42	Delphicap cc	EME
43 & 3	KM Petroleum	EME
44	Kukhanya Marketing	Generic
45	Palloscore (Pty) Ltd (JV)	EME



Shortlisted Respondents		
Bidder no.	Bidder Name	BBBEE Classification
46	Sedibeng SA Bophelo	EME
47	Pakile Global Trading (Pty) Ltd	EME
48	Iconic Ventures (Pty) Ltd	QSE
50	Infinet Energy Petroleum & Gas (Pty) Ltd	EME
51	Bahlaloga Technologies	EME
52	Barleda 697	EME
53	TrippleAction ER Fort General Trading (Pty) Ltd	EME
54	EML Energy	
55	Liltha Oils (Pty) Ltd	EME
56	Mueletshedzi Logistics	EME
61	Bele Holdings	EME
62	Lamanjolo Investments (Pty) Ltd	QSE
64	Nchai & KK Holdings	QSE
65	Ntaka Obusi Petroleum	EME
66	Ndjow Global	EME
67	LTE House	EME
68	Essential Fuels (Pty) Ltd	EME
69	Ramashu Supply & Services	EME
70	National Eagles	EME
71	Kgohlano Trading Enterprises cc	EME
72	Dirane Trading	EME
75	WATB Energy Group	EME
78	Dikopane Project Management cc	EME
81	Govhani & Associates (Pty) Ltd	EME
82	Sunset Oil Services & Logistics (Pty) Ltd	EME
84	Phisemo Fuels & Logistics cc	EME
85	Marale Finance Services	EME
86	Variable Oil & Gas	EME
87	Mtha Aviation	EME
88	Maponya Africa & Seraj Transport JV (M&S JV)	EME
89	Gulfstream Energy	
90	Sozala Mendi	EME
92	Fuel Serve Petroleum (Pty) Ltd	EME
93	ST2 Trading & Projects cc	EME
97	SBM Energy (Puma)	EME

## 8. Third Party Liability Insurance

Even though the One Billion US Dollar Third party liability insurance was not prequalification criteria it was interesting to identify respondents who have this arrangement already in place.



**Table 6: List of respondents with third party liability insurance**

Bidder no.	Bidder Name	BBBEE Classification	BEE Scorecard Level
3	KM Petroleum	EME	Level 2
31	WOA Fuels & Oil	Generic	Level 2
38	HDI Support National (Pty) Ltd	Generic	Level 3
44	Kukhanya Marketing	Generic	Level 2
54	EML Energy	Qualifying Small Enterprise (QSE)	Level 1
68	Essential Fuels (Pty) Ltd	JV with an Exempted Micro Enterprise (EME)	Level 4; Level 1 (JV)
86	Variable Oil & Gas	Exempted Micro Enterprise (EME)	Level 3
89	Gulfstream Energy	Generic	Level 2
97	SBM Energy (Puma)	JV with an Exempted Micro Enterprise (EME)	Level 3; Level 1; Level 3 (JV)

**Ownership:**

Bidder no.	Black Ownership%	Black Women Ownership %	Youth	Military Veterans
3	100	10	N	N
31	100	100	Y	N
38	40.5	5.02	Y	Y
44	100	10	N	N
54	100	0	N	N
68	100; 0	0; 0	N	N
86	100	0	N	N
89	100	100	N	N
97	100; 94.01; 31.5	20; 0.6; 18.9	N	N

**Note:**

Based on the results of this RFI, SAA can decide to send in-depth Request for Proposal to the shortlisted respondents. It is clear that there are Black owned respondents who can meet the requirement of the Third party Liability Insurance who are also transformed.

## 9. RFP for Supply and Delivery of Jet A -1 Fuel at Domestic Locations

The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts. Of these domestic uplifts, 90% occurs at ORTIA.

### 9.1 Critical and Functional Criteria

SAA seeks to further advance the jet fuel transformation by putting in place further incentive measures which will result in the allocation of 20% of its annual jet fuel volumes to companies, consortiums and joint venture bidders that meet the functionality requirements and demonstrate leading practices in black-ownership and black-women ownership over and above the favourable B-BBEE Recognition Levels.

Regarding the 20% domestic volume, Preference will be given to Bidders shortlisted in the RFI process who are:

- 51% majority or more Black owned companies;
- 30% majority or more Black women owned companies;
- Black youth owned companies;
- Companies owned by Military Veterans; and
- Companies owned by People with Disabilities

Over and above the functional requirements, the bidders are required to demonstrate the following critical and transformational minimum requirements on their valid B-BBEE Certificate:

#### Functional Mandatory Requirements

**Proof of Third Party Liability Insurance** valued at a minimum of \$ 1 billion (US dollars)

- In the event of a catastrophic loss of a large aircraft such as an A340-600 due to off specification/contaminated fuel or the fueling process; the claim against the airline could exceed \$1 Billion
- Therefore SAA insurers require our supplier of jet fuel to hold third party liability insurance in order for them to indemnify SAA

**Quality Compliance:** It is mandatory for the prospective Jet fuel supplier to provide evidence that:

- The Jet A-1 Fuel meets the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)
- The ASTM (American Standard of Testing Method) D 1655 (latest issue)

➤ The Jet A-1 Fuel is traceable to the point of manufacture and that it meets the required Conductivity Limits (a crucial parameter) at point of delivery to the aircraft.

**Clientele Profile:** it is mandatory for the prospective Jet Fuel supplier to provide evidence that:

- The Jet fuel supplier is able to provide refuelling services to large commercial aircraft (which ability is demonstrable through supplying of jet fuel to an IATA accredited airline. Accordingly, contactable references are to be provided to verify the claim, alternatively;
- The Jet Fuel supplier has the necessary infrastructure (at Location/s selected by the Supplier), or that the company has a working arrangement which permits sharing of the infrastructure with others in order to provide into plane services delivery. Furthermore, the company needs to have essential expertise backed up by technical assistance from other experienced Jet Fuel suppliers, from both technical and operational perspective. *(This requirement is not applicable to new entrants)*

**Critical B-BBEE Mandatory Requirements (For the 20% Volume allocation)**

Black-ownership as per B-BBEE Codes	51% or more
Black-women-ownership as per B-BBEE Codes	30% or more
B-BBEE Recognition Level	Level 2 or more

Below is the illustration of how the allocation principle will be applied:

Bidder Profile	Total Volumes to be allocated
Meets all functional mandatory requirements, Does not meet all the critical B-BBEE mandatory requirements. (still required to submit the Supplier Development Plan) -- (Oil majors)	Eligible for 80% of the total volumes available for contracting
Meets all functional mandatory requirements, and Meets all the B-BBEE mandatory requirements. - (Respondents shortlisted from RFI)	Eligible for 20% of the total volumes available for contracting.

### 9.1 Enterprise and Supplier Development Plan

To achieve the Transformation end state envisaged by SAA within the Into Plane sector, Current Jet Fuel suppliers (Oil majors) who do not meet the the B-BBEE mandatory requirements will be required to submit the **Supplier Development Plan** (Refer to Annexure C).

### 9.2 Confinement of the Request for Proposal (RFP)

The RFP will be confined to the shortlisted respondents of the RFI (RFI-GSM002/16) as well as the current suppliers of Jet A-1 to SAA.

### 9.3 The applicable Price Evaluation Formula

For SAA's Domestic Locations:

Evaluation Elements		Percentage
1.	<b>PRICE: Total Cost of Ownership</b>	90%
	<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2.	<b>BBBEE</b>	10%
	<input type="checkbox"/> Bidders are to provide a valid BBBEE Certificate	
<b>TOTAL:</b>		<b>100%</b>

### 9.4 The Scope of Work

The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' Domestic Locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS);
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue);
- The ASTM (American Standard of Testing Method) D 1655 (latest issue).

Furthermore, the Jet Fuel must be traceable to the point of manufacture and that it meets the required conductivity limits (a crucial parameter) at point of delivery to the aircraft; while the Jet fuel supplier must adhere to all relevant Joint Inspection Group (JIG) regulations, governing Jet fuel quality control, fuelling operations and inspections.



## 9.5 Quantities

Quantities provided are estimates which are calculated based on SAA's best data and available information. Those quantities are projections and do not constitute an exact volume obligation on SAA or its Affiliates.

Jet A-1 requirements for Domestic locations will be as follows:

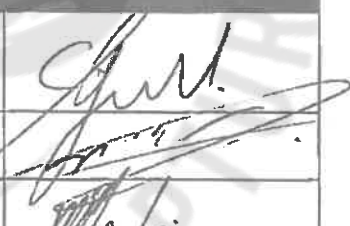

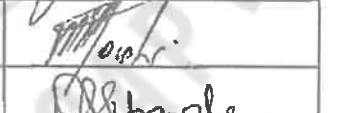
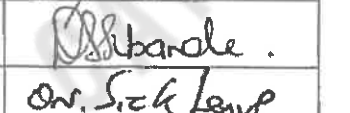
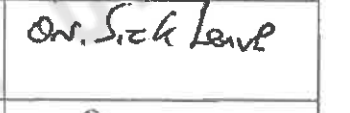


Domestic Locations Indicative Volume	
Jet A-1	
Lt per Year	MAG per Year
780 595 671	206.21

## 9.6 Timelines

The timelines for this project are outlined on **Annexure D**.

## 9.7 The Jet Fuel Cross Functional Sourcing Team Members

The Jet Fuel CFST operates on an on-going basis and thus manages all aspects of the relevant Jet Fuel Supply Chain, i.e.: from sourcing, financial, operational, risk and legal perspective, to ensure uninterrupted Jet A1 Fuel supply and delivery to SAA and its Affiliates locations.

DIVISION AND DESIGNATION	NAME	SIGNATURES
GSM: Commodity Manager Energy	Thamsanqa Sogwazile	
Fuel Management: Head	Mark Vaughan	
Fuel Technical and Operations Manager	Molefi Boroko	
Fuel Management: Fuel, Financial Manager	Debra Sibande	
Legal, Risk and Compliance: Enterprise Risk Management	Joseph Makoro	
	Thami Ntiwane	
Legal, Risk and Compliance: Legal Advisor	Ephraim Lusenga	

## 10. MOTIVATION

The RFI was issued with the understanding that no award will be made following this RFI process; however in line with the SCM policy the subsequent process that will follow after the evaluation of the RFI is a Request for Proposals (RFP) that will be confined to the RFI respondents from which an award may be made

It is the transformation objective of SAA in partnership and co-operation with the oil majors to open up this market and grant access to South African companies in pursuit and support of government's goal to promote small-medium micro rural, urban and township enterprises with significant Black ownership and owned by Women, Youth, Military Veterans and People with Disabilities.

## 11. COUNTERPARTY

All the relevant counterparties have been consulted, i.e. Finance, Risk, GSM, Legal and Operations.

## 12. FINANCIAL IMPLICATIONS

The domestic jet fuels spend for the previous financial year (1 April 2015 – 31 March 2016) amounted to R 3 971 365 070.

## 13. PFMA IMPLICATIONS

This RFP is in line with the Government's transformation and empowerment policies including BBBEE and it supports the objectives of the Black Industrialist policy In order to comply with the PFMA provisions and SAA's SCM policy it is requested that the BAC support the confinement and award of the contracts for the supply and delivery of jet fuel at domestic locations for a period of three (3) years.

## 14. APPROVAL PROCESS

- BAC Support
- Board Approval

**15. RISK FACTORS**

The domestic contracts are on a month to month basis as per the Board resolution. This is putting a strain on the business as suppliers are dealing with uncertainty.

**16. MITIGATING FACTOR/S**

Not applicable at this point in time.

**17. NATIONAL TREASURY REGISTER OF TENDER DEFAULTERS**

Not applicable at this point in time.

**18. RECOMMENDATION**

It is recommended that the BAC approves the following:

- The final shortlist of a panel for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location;
- The issuing of a confined tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliate's domestic locations.

**19. SIGNATURES**

Compiled and verified that the confinement is in line with the SAA SCM Policy:

  
Thami Sogwazile  
Commodity Manager:

Date

12/05/2016

**Recommended by:**

  
Mark Vaughan  
HOD Fuel Management

12/5/16  
Date

**Supported by:**

  
Lindsay Olitzki  
HOD: Financial Accounting

12/5/16  
Date

  
Phumeza Nhantsi  
Acting Chief Financial Officer

12/05/2016  
Date

  
Mzili Rungu  
Acting Compliance Manager

12/05/2016  
Date

**Relevant Annexures:**

- Annexure A: BOARD resolution on critical and evaluation criteria for the RFI January 2016
- Annexure B: Evaluation Spread-sheet for RFI-GSM002/16
- Annexure C: Enterprise and Supplier Development Plan
- Annexure D: Timelines for the RFP



**ANNEXURE C: The Enterprise and Supplier Development Plan** is to be delivered by each bidding oil major must include but is not limited to the elements outlined in the table below:

(A) Element of Enterprise and Supplier Development Plan (to be submitted by Bidder)	(B) Relevance to Transformation of Jet Fuel Procurement	(C) Significance for the SAA B-BBEE Scorecard
<b>1 Current EME and QSE Ownership Stake:</b> How many and what is the collective shareholding of EMEs and QSEs (with >51% Black Ownership) in the oil major and how many of these EMEs and QSEs currently participate in the Jet Fuel supply chain of the oil major (EME and QSE data to be shown separately).	It is through the focus on EMEs and QSEs (i.e. growing their number) that the process of transforming the current Into Plane industry structure can be driven in conjunction with initiative 6 and 7 in Column 'A'.	The higher the number of EMEs and QSEs especially those with >51% Black Ownership and or better still >30% Black Women Ownership, the bigger the positive impact on SAA's B-BBEE scorecard.
<b>2 Current Total Spend on EMEs and QSEs:</b> What is the bidder's audited spend in the last financial year on procurement from >51% Black Owned and >30% Black Women Owned EMEs and QSEs as a proportion of total procurement spend.	Proof of spend on >51% Black owned EMEs and QSEs will help give an indication (baseline) to SAA of the investment an oil major has made historically into EME and QSE development thus a signal of the willingness, appetite and minimum future investment threshold oil majors would have to make in response to SAA's Jet Fuel procurement transformation.	The impact of would be better realized if the oil majors were to increase their procurement spend on EMEs and QSEs and as a consequence SAA's BEE scorecard would also improve from increased procurement spend on a much bigger base of EMEs and QSEs.
<b>3 Current Jet Fuel Spend on EMEs and QSEs:</b> What is the bidder's audited spend in the last financial on procurement from Jet Fuel related >51% Black Owned and >30% Black Women Owned EME and QSE suppliers as a proportion of total Jet Fuel revenue.	Oil majors' spend on EMEs and QSEs a key driver of Into Plane supply chain transformation.	The higher the number of EMEs and QSEs SAA procures from and the larger the procurement spend on this category of suppliers, the more profound the positive impact on

<p><b>4</b> <u>Ownership Stake and Support of EMEs and QSEs Going Forward:</u> How a bidder plans expand its total base of EMEs and QSEs, thus grow ownership stake of this category of entities over a 1-2 year time commencing from tender award:</p> <ul style="list-style-type: none"> <li>• in the oil major's <u>total</u> RSA net assets:</li> <li>• <u>ownership</u> and / or <u>access</u> to:             <ol style="list-style-type: none"> <li>joint or shared physical operational facilities;</li> <li>technical support and maintenance, e.g. product quality control;</li> <li>financial facilities;</li> </ol> </li> <li>all (i, ii and iii) which are critical for the proper functioning of an Into Place operation and supply chain,</li> </ul>	<p>This requirement directly addresses SAA's goal of transforming the structure of the supply chain of Into Plane and is intended to ensure that the change (increase share of Black Ownership beyond 51%) or equity stake is supported by the necessary technical and financial support without which ownership alone would not achieve the sustainable transformation goal envisaged by both SAA and the Liquid Fuels Charter.</p>	<p>SAA's BEE scorecard, considering that Enterprise &amp; Supplier development (EMEs and QSEs part thereof) carries the highest weight or score of all elements (twice as much as the second highest) of the amended BEE scorecard.</p>
<p><b>5</b> <u>Spend on EMEs and QSEs Going Forward:</u> How a bidder, over a 1-2 year time commencing from tender award, plans to: Grow share of all major's <u>spend</u> on &gt;51% Black Owned and &gt;30% Black Women Owned EMEs and QSEs in the Into Plane sector of the Industry.</p>		

<p>6 <b>"Empowering Supplier":</b> How a bidder intends to pursue and achieve the status of "Empowering Supplier" in terms of the DTI amended BEE Codes of Good Practice and subsequently issued DTI regulations pertaining to "Empowering Supplier", specifically w.r.t achieving:</p> <ul style="list-style-type: none"> <li>i. "At least 25% transformation of raw material / beneficiation..."</li> <li>ii. "Spend at least 12 days per annum or productivity deployed assisting Black Owned EMEs and QSEs"</li> </ul> <p>Both (i) and (ii) stipulated in amended B-BBEE codes.</p>	<p>It is through procuring Jet Fuel from oil majors with an "Empowered Supplier" BEE status that SAA's contribution towards promoting Local Manufacturing (albeit indirectly) will be enhanced.</p>	<p>Value oil major's BEE level to SAA's own will be seriously compromised should an oil major (as a Large Enterprise) fails to comply with 3 of the 4 sub-elements of "Empowering Supplier" element of Enterprise &amp; Supplier Development (E&amp;SD) element of amended BEE scorecard. The oil major would not receive points for E&amp;SD.</p>
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## Annexure “4”





## SAA BOARD SUBMISSION

<b>TO:</b>	SAA Board of Directors
<b>FROM:</b>	Global Supply Management (GSM)
<b>DATE:</b>	16 MAY 2016

**SUBJECT: REQUEST BOARD APPROVAL TO CONFINE THE TENDER FOR THE SUPPLY AND DELIVERY OF JET FUEL AT DOMESTIC LOCATIONS**

### 1. PURPOSE

To request the SAA Board of Directors to approve the following:

- The final shortlist of a panel for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location;
- The issuing of a confined tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliate's domestic locations.

### 2. BACKGROUND

- 2.1 SAA and its affiliates currently operate to eight (8) Domestic Locations, using approximately 800 million Litres of Jet Fuel per annum. The Domestic Agreements are currently on a month to month basis.
- 2.2 The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts.
- 2.3 SAA's Jet Fuel Tender Process takes place on an annual basis having regard to the fact that jet fuel suppliers are reluctant to bind themselves into long term supply agreements owing to the extreme volatility of Jet Fuel markets from a pricing perspective.
- 2.4 The key objectives of the SAA Jet Fuel Tender Process have always been the following:
  - To ensure the security of supply and delivery of Jet Fuel in the quantities required at all SAA and SAA affiliate locations;
  - To ensure that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost element with all other cost elements being regulated and outside of the Jet Fuel CFST's control);

- To ensure the product quality and operational safety of the supplied Jet Fuel product remains in line with all relevant specifications as well as IATA's Operational requirements;
- To ensure beneficial terms and conditions during contracting.

The domestic market is controlled by the six oil majors: Shell, Sasol, Chevron, Total , BP and Engen. At OR Tambo International airport SAA is contracted to these oil majors bar Chevron due to the huge number of volumes.

**Table 1: Domestic Volumes and Percentages Table**

Domestic Supply		
Location	Volume Lt per Year	Percentage Split
OR Tambo	676 million	84.52%
Cape Town	76 million	9.53%
King Shaka	24 million	3.01%
Port Elizabeth	10 million	1.27%
Lanseria	8 million	1.02%
East London	3 million	0.39%
Bloemfontein	1.2 million	0.15%
George	0.9 million	0.12%

### 3. RFI for Supply and Delivery of Jet A -1 Fuel at ORTIA

The SAA Board of directors approved the following on the 16<sup>th</sup> January 2016 (Refer to Annexure A):

- The issuing of a Request For Information (RFI) for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA);
- The evaluation criteria of the RFI for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) ; and
- Engaging of current Jet Fuel Majors regarding the proposed business model pertaining to the 15% jet fuel volume space that they have agreed to make available to promote SAA transformation goals.

SAA tested the market with the RFI process to determine which of the available suppliers in the market can best meet SAA's requirements.

The purpose of the RFI was to determine which of the available suppliers in the market can best meet SAA's requirements. A key deliverable would be a short list of suppliers to send an in-depth Request for Proposal.

The supply and delivery of Jet A-1 Fuel worldwide, has been dominated by major multi-national corporations that have throughout the years entrenched their dominance in this segment of the market. It is the transformation objective of SAA in partnership and co-operation with these majors to open up this market and grant access to South African companies (including co-operatives), in pursuit and support of government's goal to promote small-medium micro rural, urban and township enterprises with significant Black ownership and owned by Women, Youth, Military Veterans and People with Disabilities. Accordingly, SAA seeks to appoint new service provider/s for supply and delivery of Jet A-1 Fuel at O.R. Tambo International Airport.

#### 4. RFI Evaluation Process

The SAA Board of Directors approved the following critical criteria and the evaluation criteria on the 16th January 2016:

The respondent's bid must be accompanied by the following documents, (where applicable a brief strategy with clear and concise timelines) that demonstrate compliance with the following evaluation criteria:

**Table 2: RFI Requirements**

No	Requirement	Respondents Evidence
1.	Fuel Wholesale license (unless, a major will be supplying the Jet A-1 Fuel on behalf of the respondent and directly to SAA)	Valid Fuel Wholesale license from the Department of Energy.
2.	Security of Supply	A letter confirming product allocation from refiners / Jet Fuel Suppliers – the letter must specifically refer to Jet A-1 product.
3.	One Billion US Dollar Third party liability (unless, a major will be supplying the Jet A-1 Fuel on behalf of the respondent and directly to SAA).	An indication how you would approach the third party liability insurance (This will not necessarily be a qualifying criteria).
4.	Clear Product Value Chain of the Respondents	One slide of the Respondents Product Value Chain.
5.	BBBEE Requirements	Confirmation of BBBEE compliance (Certified

No	Requirement	Respondents Evidence
		Copy of BBBEE Certificate, EME Affidavit or confirmation of BBBEE status from a registered accountant or accredited verification agency).
6.	SARS Tax Clearance	Valid original Tax Clearance Certificate.
<b>Note:</b> <ul style="list-style-type: none"> <li>- Submissions by Companies owned by Military Veterans should be accompanied by a letter from the recognized Regional office of the Military Veterans*</li> <li>- Submissions by companies owned by People Living with Disabilities should be accompanied by a supporting letter from a registered Health Practitioner*</li> </ul>		

#### 5. Bid Evaluation Committee (BEC)

The BEC members who were part of the evaluation concur with the recommendation set out below:

**Table 3: BEC members**

DIVISION AND DESIGNATION	NAME	SIGNATURES
Supplier Development	Nico Mookelets	
GSM: Commodity Manager Energy	Thami Sogwazile	
Fuel Technical and Operations Manager	Molefi Boroko	
Internal Audit	Ziyaad Mohideen	
Legal, Risk and Compliance: Legal Advisor	Ephraim Lusenga	



## 6. Respondents to the RFI

SAA received a total number of ninety six (96) respondents for RFI-GSM002/16: for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location.

### BBBEE classification:

**Exempted Micro Enterprise (EME)** – a business which has an annual turnover of R5 million or less.

**Qualifying Small Enterprise (QSE)** – a business which has annual turnover between R5 Million and R35 Million.

**Generic** - a business which has an annual turnover of R35 Million and above.

**Table 4: List of respondents**

Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
1	Noble Oil and Energy	EME
2	Black Dot Investments cc	EME (JV)
3 & 43	KM Petroleum	EME
4	LIPG (Pty) Ltd	EME
5	Zammane Business Enterprises	EME
6	BarCo Petroleum	EME
7	Women in Oil & Energy SA Kekoil C	EME (JV)
8	COGT (Pty) Ltd	EME
9	ECON Oil & Energy (Pty) Ltd	Generic
10	Wassa Gasses	QSE
11	SMB Investment	EME (JV)
12	Base-Tech Solutions (Pty) Ltd	EME
13	Lalita Investments (Pty) Ltd	EME
14	Afric Oil (Pty) Ltd	EME (JV)
15	Mapimpa Group	EME
16	Mulemba Construction & Distribution cc	EME
17	Kriek Business Enterprises	EME
18	Finesse Energy (Pty) Ltd (JV)	EME
19	Insika Resources	EME
20	ZY Holdings (Pty) Ltd t/a Amandla We Octane	EME
21	Cubidex (Pty) Ltd	Generic (JV)
22	Richarp Trading	EME
23	Petroleum Life (Pty) Ltd	EME
24	Mcuswa Trading cc	EME
25	Setoil Trading	Generic
26	Mzantsi Veterans Petroleum & Lubrican TS (Pty) Ltd	EME
27	NRW Trading & Logistics	QSE
28	JOJO EC Trading & Projects cc	EME

Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
29	Makwande Energy Trading (Pty) Ltd	EME
30	Balimi Barui Trading (Pty) Ltd t/a BBT Trading	QSE
31	WOA Fuels & Oil	Generic
32	Galela Telecommunication Holdings (Pty) Ltd	QSE
33	GTL Petroleum (Pty) Ltd	Generic
34	KAMOS Wholesaler & Liquid Fuels & Gas	EME
35	Petapoint cc	EME
36	Matsoba Business Enterprises	EME
37	Mmapho Gas & Energy	EME
38	HDI Support National (Pty) Ltd	Generic
39	YemYem Petroleum	QSE
40	Qtique27 (Pty) Ltd Sikamo Wanamke Supplier Maintenance & Projects (Pty) Ltd (JV)	QSE
41	SRS Aviation Cargo	EME
42	Delphicap cc	EME
43 & 3	KM Petroleum	EME
44	Kukhanya Marketing	Generic (JV)
45	Palloscore (Pty) Ltd (JV)	EME (JV)
46	Sedibeng SA Bophelo	EME (JV)
47	Pakile Global Trading (Pty) Ltd	EME
48	Iconic Ventures (Pty) Ltd	QSE
49	Rambait Trading Enterprises (Pty) Ltd	EME
50	Infinit Eney Petroleum & Gas (Pty) Ltd	EME
51	Bahlaloga Technologies	EME
52	Barleda 697	EME
53	TrippleAction ER Fort General Trading (Pty) Ltd	EME
54	EML Energy	QSE
55	Liltha Oils (Pty) Ltd	EME
56	Mueletshedzi Logistics	EME
57	Magane Holdings & Investments cc	No certificate
58	Velji Trading cc	EME
59	Apash Business Enterprises	EME
60	Moses Makhetha Transport	EME
61	Bele Holdings	EME
62	Lamanjolo Investments (Pty) Ltd	QSE
63	Five & Only Developments JV	EME
64	Nchai & KK Holdings	QSE
65	Ntaka Obusi Petroleum	EME
66	Ndjow Global	EME (JV)
67	LTE House	EME (JV)
68	Essential Fuels (Pty) Ltd	EME (JV)
69	Ramashu Supply & Services	EME
70	National Eagles	EME

Respondents to the RFI		
Bidder no.	Bidder Name	BBBEE Classification
71	Kgohlano Trading Enterprises cc	EME
72	Dirane Trading	EME
73	Anax Logistics (Pty) Ltd	QSE
74	Ideal Trade 47 cc	EME (JV)
75	WATB Energy Group	EME
76	Africapa City Gasoil (Pty) Ltd	EME
77	Unlimited Fuel (Pty) Ltd	EME
78	Dikopane Project Management cc	EME
79	Comrades Unite Performance & Outsourcing Services	EME
80	Maxxi Oil & Gas (Pty) Ltd	EME
81	Govhani & Associates (Pty) Ltd	EME
82	Sunset Oil Services & Logistics (Pty) Ltd	EME
83	Ndlovuenamandla Trading Enterprises cc	EME
84	Phisemo Fuels & Logistics cc	EME
85	Marale Finance Services	EME
86	Variable Oil & Gas	EME
87	Mtha Aviation	EME (JV)
88	Maponya Africa & Seraj Transport JV (M&S JV)	EME (JV)
89	Gulfstream Energy	Generic
90	Sozala Mendi	EME (JV)
91	Malena Consulting	EME
92	Fuel Serve Petroleum (Pty) Ltd	EME
93	ST2 Trading & Projects cc	EME
94	Trillion Projects	EME
95	Amafutha Omhlaba (Pty) Ltd	EME
96	Progressors Investments	EME
97	SBM Energy (Puma)	EME (JV)

## 7. Shortlisted Respondents

A total of seventy five (75) respondents satisfied the crucial criteria of Fuel Wholesale license and Security of Supply (Allocation letter). (Refer to Annexure B – Evaluation Sheet)



Table 5: List of shortlisted respondents

Shortlisted Respondents		
Bidder no.	Bidder Name	BBBEE Classification
2	Black Dot Investments cc	EME
3 & 43	KM Petroleum	
4	LIPG (Pty) Ltd	EME
6	BarCo Petroleum	EME
7	Women in Oil & Energy SA Kekoil C	EME
8	COGT (Pty) Ltd	EME
9	ECON Oil & Energy (Pty) Ltd	Generic
10	Wassa Gasses	QSE
11	SMB Investment	EME
13	Lalita Investments (Pty) Ltd	EME
14	Afric Oil (Pty) Ltd	EME
15	Mapimpa Group	EME
16	Mulemba Construction & Distribution cc	EME
17	Kriek Business Enterprises	EME
18	Finesse Energy (Pty) Ltd (JV)	EME
19	Insika Resources	EME
20	ZY Holdings (Pty) Ltd t/a Amandla We Octane	EME
21	Cubidex (Pty) Ltd	Generic
22	Richarp Trading	EME
23	Petroleum Life (Pty) Ltd	EME
24	Mcuswa Trading cc	
25	Setoil Trading	Generic
26	Mzantsi Veterans Petroleum & Lubrican TS (Pty) Ltd	EME
28	JOJO EC Trading & Projects cc	EME
29	Makwande Energy Trading (Pty) Ltd	EME
30	Balimi Barui Trading (Pty) Ltd t/a BBT Trading	QSE
31	WOA Fuels & Oil	Generic
32	Galela Telecommunication Holdings (Pty) Ltd	QSE
33	GTL Petroleum (Pty) Ltd	Generic
34	KAMOS Wholesaler & Liquid Fuels & Gas	EME
35	Petapoint cc	EME
36	Matsoba Business Enterprises	EME
37	Mmapho Gas & Energy	EME
38	HDI Support National (Pty) Ltd	Generic
39	YemYem Petroleum	QSE
40	Otique27 (Pty) Ltd Sikamo Wanamke Supplier Maintenance & Projects (Pty) Ltd (JV)	Generic
41	SRS Aviation Cargo	EME
42	Delphicap cc	EME
43 & 3	KM Petroleum	EME
44	Kukhanya Marketing	Generic
45	Palloscore (Pty) Ltd (JV)	EME



Shortlisted Respondents		
Bidder no.	Bidder Name	BBBEE Classification
46	Sedibeng SA Bophelo	EME
47	Pakile Global Trading (Pty) Ltd	EME
48	Iconic Ventures (Pty) Ltd	QSE
50	Infinet Energy Petroleum & Gas (Pty) Ltd	EME
51	Bahlaloga Technologies	EME
52	Barleda 697	EME
53	TrippleAction ER Fort General Trading (Pty) Ltd	EME
54	EML Energy	
55	Liltha Oils (Pty) Ltd	EME
56	Mueletshedzi Logistics	EME
61	Bele Holdings	EME
62	Lamanjolo Investments (Pty) Ltd	QSE
64	Nchai & KK Holdings	QSE
65	Ntaka Obusi Petroleum	EME
66	Ndjoy Global	EME
67	LTE House	EME
68	Essential Fuels (Pty) Ltd	EME
69	Ramashu Supply & Services	EME
70	National Eagles	EME
71	Kgohlano Trading Enterprises cc	EME
72	Dirane Trading	EME
75	WATB Energy Group	EME
78	Dikopane Project Management cc	EME
81	Govhani & Associates (Pty) Ltd	EME
82	Sunset Oil Services & Logistics (Pty) Ltd	EME
84	Phisemo Fuels & Logistics cc	EME
85	Marale Finance Services	EME
86	Variable Oil & Gas	EME
87	Mtha Aviation	EME
88	Maponya Africa & Seraj Transport JV (M&S JV)	EME
89	Gulfstream Energy	
90	Sozala Mendi	EME
92	Fuel Serve Petroleum (Pty) Ltd	EME
93	ST2 Trading & Projects cc	EME
97	SBM Energy (Puma)	EME

### 8. Third Party Liability Insurance

Even though the One Billion US Dollar Third party liability insurance was not prequalification criteria it was interesting to identify respondents who have this arrangement already in place.

**Table 6: List of respondents with third party liability insurance**

Bidder no.	Bidder Name	BBBEE Classification	BEE Scorecard Level
3	KM Petroleum	EME	Level 2
31	WOA Fuels & Oil	Generic	Level 2
38	HDI Support National (Pty) Ltd	Generic	Level 3
44	Kukhanya Marketing	Generic	Level 2
54	EML Energy	Qualifying Small Enterprise (QSE)	Level 1
68	Essential Fuels (Pty) Ltd	JV with an Exempted Micro Enterprise (EME)	Level 4; Level 1 (JV)
86	Variable Oil & Gas	Exempted Micro Enterprise (EME)	Level 3
89	Gulfstream Energy	Generic	Level 2
97	SBM Energy (Puma)	JV with an Exempted Micro Enterprise (EME)	Level 3; Level 1; Level 3 (JV)

**Ownership:**

Bidder no.	Black Ownership%	Black Women Ownership %	Youth	Military Veterans
3	100	10	N	N
31	100	100	Y	N
38	40.5	5.02	Y	Y
44	100	10	N	N
54	100	0	N	N
68	100; 0	0; 0	N	N
86	100	0	N	N
89	100	100	N	N
97	100; 94.01; 31.5	20; 0.6; 18.9	N	N

**Note:**

Based on the results of this RFI, SAA can decide to send in-depth Request for Proposal to the shortlisted respondents. It is clear that there are Black owned respondents who can meet the requirement of the Third party Liability Insurance who are also transformed.

## 9. RFP for Supply and Delivery of Jet A -1 Fuel at Domestic Locations

The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts. Of these domestic uplifts, 90% occurs at ORTIA.

### 9.1 Critical and Functional Criteria

SAA seeks to further advance the jet fuel transformation by putting in place further incentive measures which will result in the allocation of 20% of its annual jet fuel volumes to companies, consortiums and joint venture bidders that meet the functionality requirements and demonstrate leading practices in black-ownership and black-women ownership over and above the favourable B-BBEE Recognition Levels.

Regarding the 20% domestic volume, Preference will be given to Bidders shortlisted in the RFI process who are:

- 51% majority or more Black owned companies;
- 30% majority or more Black women owned companies;
- Black youth owned companies;
- Companies owned by Military Veterans; and
- Companies owned by People with Disabilities

Over and above the functional requirements, the bidders are required to demonstrate the following critical and transformational minimum requirements on their valid B-BBEE Certificate:

#### Functional Mandatory Requirements

**Proof of Third Party Liability Insurance** valued at a minimum of \$ 1 billion (US dollars)

- In the event of a catastrophic loss of a large aircraft such as an A340-600 due to off specification/contaminated fuel or the fueling process; the claim against the airline could exceed \$1 Billion
- Therefore SAA insurers require our supplier of jet fuel to hold third party liability insurance in order for them to indemnify SAA

**Quality Compliance:** it is mandatory for the prospective Jet fuel supplier to provide evidence that:

➤ The Jet A-1 Fuel meets the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)

- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)
- The ASTM (American Standard of Testing Method) D 1655 (latest issue)

➤ The Jet A-1 Fuel is traceable to the point of manufacture and that it meets the required Conductivity Limits (a crucial parameter) at point of delivery to the aircraft.

**Clientele Profile:** it is mandatory for the prospective Jet Fuel supplier to provide evidence that:

- The Jet fuel supplier is able to provide refuelling services to large commercial aircraft (which ability is demonstrable through supplying of jet fuel to an IATA accredited airline. Accordingly, contactable references are to be provided to verify the claim, alternatively;
- The Jet Fuel supplier has the necessary infrastructure (at Location/s selected by the Supplier), or that the company has a working arrangement which permits sharing of the infrastructure with others in order to provide into plane services delivery. Furthermore, the company needs to have essential expertise backed up by technical assistance from other experienced Jet Fuel suppliers, from both technical and operational perspective. *(This requirement is not applicable to new entrants)*

**Critical B-BBEE Mandatory Requirements (For the 20% Volume allocation)**

Black-ownership as per B-BBEE Codes	51% or more
Black-women-ownership as per B-BBEE Codes	30% or more
B-BBEE Recognition Level	Level 2 or more

Below is the illustration of how the allocation principle will be applied:

Bidder Profile	Total Volumes to be allocated
Meets all functional mandatory requirements, Does not meet all the critical B-BBEE mandatory requirements. (still required to submit the Supplier Development Plan) – (Oil majors)	Eligible for 80% of the total volumes available for contracting
Meets all functional mandatory requirements, and Meets all the B-BBEE mandatory requirements. - (Respondents shortlisted from RFI)	Eligible for 20% of the total volumes available for contracting.



## 9.1 Enterprise and Supplier Development Plan

To achieve the Transformation end state envisaged by SAA within the Into Plane sector, Current Jet Fuel suppliers (Oil majors) who do not meet the the B-BBEE mandatory requirements will be required to submit the **Supplier Development Plan** (Refer to Annexure C).

## 9.2 Confinement of the Request for Proposal (RFP)

The RFP will be confined to the shortlisted respondents of the RFI (RFI-GSM002/16) as well as the current suppliers of Jet A-1 to SAA.

## 9.3 The applicable Price Evaluation Formula

For SAA's Domestic Locations:

Evaluation Elements		Percentage
1.	<b>PRICE: Total Cost of Ownership</b>	<b>90%</b>
	<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2.	<b>BBBEE</b>	<b>10%</b>
	<input type="checkbox"/> Bidders are to provide a valid BBBEE Certificate	
	<b>TOTAL:</b>	<b>100%</b>

## 9.4 The Scope of Work

The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' Domestic Locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS);
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue);
- The ASTM (American Standard of Testing Method) D 1655 (latest issue).

Furthermore, the Jet Fuel must be traceable to the point of manufacture and that it meets the required conductivity limits (a crucial parameter) at point of delivery to the aircraft; while the Jet fuel supplier must adhere to all relevant Joint Inspection Group (JIG) regulations, governing Jet fuel quality control, fuelling operations and inspections.

### 9.5 Quantities

Quantities provided are estimates which are calculated based on SAA's best data and available information. Those quantities are projections and do not constitute an exact volume obligation on SAA or its Affiliates.

Jet A-1 requirements for Domestic locations will be as follows:

Domestic Locations Indicative Volume	
Jet A-1	
Lt per Year	MAG per Year
780 595 671	206.21

### 9.6 Timelines

The timelines for this project are outlined on **Annexure D**.

### 9.7 The Jet Fuel Cross Functional Sourcing Team Members

The Jet Fuel CFST operates on an on-going basis and thus manages all aspects of the relevant Jet Fuel Supply Chain, i.e.: from sourcing, financial, operational, risk and legal perspective, to ensure uninterrupted Jet A1 Fuel supply and delivery to SAA and its Affiliates locations.

DIVISION AND DESIGNATION	NAME
GSM: Commodity Manager Energy	Thamsanqa Sogwazile
Fuel Management: Head	Mark Vaughan
Fuel Technical and Operations Manager	Molefi Boroko
Fuel Management: Fuel, Financial Manager	Debra Sibande
Legal, Risk and Compliance: Enterprise Risk Management	Joseph Makoro
Treasury	Thami Ntiwane
Legal, Risk and Compliance: Legal Advisor	Ephraim Lusenga

## 10. MOTIVATION

The RFI was issued with the understanding that no award will be made following this RFI process; however in line with the SCM policy the subsequent process that will follow after the evaluation of the RFI is a Request for Proposals (RFP) that will be confined to the RFI respondents from which an award may be made

It is the transformation objective of SAA in partnership and co-operation with the oil majors to open up this market and grant access to South African companies in pursuit and support of government's goal to promote small-medium micro rural, urban and township enterprises with significant Black ownership and owned by Women, Youth, Military Veterans and People with Disabilities.

## 11. COUNTERPARTY

All the relevant counterparties have been consulted, i.e. Finance, Risk, GSM, Legal and Operations.

## 12. FINANCIAL IMPLICATIONS

The domestic jet fuels spend for the previous financial year (1 April 2015 – 31 March 2016) amounted to R 3 971 365 070.

## 13. PFMA IMPLICATIONS

This RFP is in line with the Government's transformation and empowerment policies including BBBEE and it supports the objectives of the Black Industrialist policy. In order to comply with the PFMA provisions and SAA's SCM policy it is requested that the BAC support the confinement and award of the contracts for the supply and delivery of jet fuel at domestic locations for a period of three (3) years.

## 14. APPROVAL PROCESS

- Board Approval

## 15. RISK FACTORS

The domestic contracts are on a month to month basis as per the Board resolution. This is putting a strain on the business as suppliers are dealing with uncertainty.



**16. MITIGATING FACTOR/S**

Not applicable at this point in time.

**17. NATIONAL TREASURY REGISTER OF TENDER DEFAULTERS**

Not applicable at this point in time.

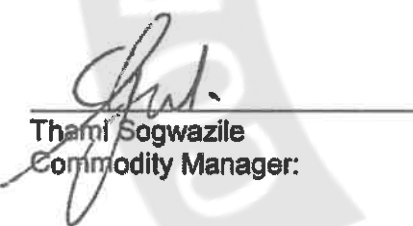
**18. RECOMMENDATION**

It is recommended that the SAA Board of Directors approve the following:

- The final shortlist of a panel for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location;
- The issuing of a confined tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliate's domestic locations.

**19. SIGNATURES**

Compiled and verified that the confinement is in line with the SAA SCM Policy:

  
Thami Sogwazile  
Commodity Manager:

Date

16/05/2016

Recommended by:

  
Mark Vaughan  
HOD Fuel Management

Date

16/5/16



**Supported by:**

  
Lester Peter  
Acting Chief Procurement Officer

Date 15/05/2016

  
Phumeza Nhantsi  
Acting Chief Financial Officer

Date 16/05/2016

  
Musa Zwane  
Acting Chief Executive Officer

Date 16/05/2016

**Relevant Annexures:**

- Annexure A: BOARD resolution on critical and evaluation criteria for the RFI January 2016
- Annexure B: Evaluation Spread-sheet for RFI-GSM002/16
- Annexure C: Enterprise and Supplier Development Plan
- Annexure D: Timelines for the RFP

**ANNEXURE C: The Enterprise and Supplier Development Plan** is to be delivered by each bidding oil major must include but is not limited to the elements outlined in the table below:

	(A) Element of Enterprise and Supplier Development Plan (to be submitted by Bidder)	(B) Relevance to Transformation of Jet Fuel Procurement	(C) Significance for the SAA B-BBEE Scorecard
1	<p><b>Current EME and QSE Ownership Stake:</b> How many and what is the collective shareholding of EMEs and QSEs (with &gt;51% Black Ownership) in the oil major and how many of these EMEs and QSEs currently participate in the Jet Fuel supply chain of the oil major (EME and QSE data to be shown separately).</p>	<p>It is through the focus on <b>EMEs and QSEs</b> (i.e. growing their number) that the process of transforming the current Into Plane industry structure can be driven in conjunction with initiative 6 and 7 in Column 'A'.</p>	<p>The higher the number of EMEs and QSEs especially those with &gt;51% Black Ownership and or better still &gt;30% Black Women Ownership, the bigger the positive impact on SAA's B-BBEE scorecard.</p>
2	<p><b>Current Total Spend on EMEs and QSEs:</b> What is the bidder's audited spend in the last financial year on procurement from &gt;51% Black Owned and &gt;30% Black Women Owned EMEs and QSEs as a proportion of total procurement spend.</p>	<p>Proof of spend on &gt;51% Black owned EMEs and QSEs will help give an indication (baseline) to SAA of the investment an oil major has made historically into EME and QSE development thus a signal of the willingness, appetite and minimum future investment threshold oil majors would have to make in response to SAA's Jet Fuel procurement transformation.</p>	<p>The impact of would be better realized if the oil majors were to increase their procurement spend on EMEs and QSEs and as a consequence SAA's BEE scorecard would also improve from increased procurement spend on a much bigger base of EMEs and QSEs.</p>
3	<p><b>Current Jet Fuel Spend on EMEs and QSEs:</b> What is the bidder's audited spend in the last financial on procurement from Jet Fuel related &gt;51% Black Owned and &gt;30% Black Women Owned EME and QSE suppliers as a proportion of total Jet Fuel revenue.</p>	<p>Oil majors' spend on EMEs and QSEs a key driver of Into Plane supply chain transformation.</p>	<p>The higher the number of EMEs and QSEs SAA procures from and the larger the procurement spend on this category of suppliers, the more profound the positive impact on</p>

<p>4 <b><u>Ownership Stake and Support of EMEs and QSEs Going Forward:</u></b> How a bidder plans expand its total base of EMEs and QSEs, thus grow ownership stake of this category of entities over a 1-2 year time commencing from tender award:</p> <ul style="list-style-type: none"> <li>• In the oil major's <u>total</u> RSA net assets:</li> <li>• <u>ownership</u> and / or <u>access</u> to:             <ol style="list-style-type: none"> <li>i. joint or shared physical operational facilities;</li> <li>ii. technical support and maintenance, e.g. product quality control;</li> <li>iii. financial facilities;</li> </ol> </li> </ul> <p>all (i, ii and iii) which are critical for the proper functioning of an Into Place operation and supply chain.</p>	<p>This requirement directly addresses SAA's goal of transforming the structure of the supply chain of Into Plane and is intended to ensure that the change (increase share of Black Ownership beyond 51%) or equity stake is supported by the necessary technical and financial support without which ownership alone would not achieve the sustainable transformation goal envisaged by both SAA and the Liquid Fuels Charter.</p>	<p>SAA's BEE scorecard, considering that Enterprise &amp; Supplier development (EMEs and QSEs part thereof) carries the highest weight or score of all elements (twice as much as the second highest) of the amended BEE scorecard.</p>
<p>5 <b><u>Spend on EMEs and QSEs Going Forward:</u></b> How a bidder, over a 1-2 year time commencing from tender award, plans to: Grow share of oil major's <u>spend</u> on &gt;51% Black Owned and &gt;30% Black Women Owned EMEs and QSEs in the Into Plane sector of the industry.</p>		
<p>6 <b><u>"Empowering Supplier":</u></b> How a bidder intends to pursue and achieve the status of "<u>Empowering Supplier</u>" in terms of the DTI amended BEE Codes of Good Practice and subsequently issued DTI regulations pertaining to "<u>Empowering Supplier</u>", specifically w.r.t achieving: i. "At least 25% "transformation of raw material / beneficiation..." ii. "Spend at least 12 days per annum or productivity deployed assisting Black Owned EMEs and QSEs"</p> <p>Both (i) and (ii) stipulated in amended B-BBEE codes.</p>	<p>It is through procuring Jet Fuel from oil majors with an "Empowered Supplier" BEE status that SAA's contribution towards promoting Local Manufacturing (albeit indirectly) will be enhanced.</p>	<p>Value oil major's BEE level to SAA's own will be seriously compromised should an oil major (as a Large Enterprise) fails to comply with 3 of the 4 sub-elements of "Empowering Supplier" element of Enterprise &amp; Supplier Development (E&amp;SD) element of amended BEE scorecard. The oil major would not receive points for E&amp;SD.</p>



*[Handwritten signature]*







Late: 7.4

**BID ADJUDICATION COMMITTEE (BAC)****DECISION RECORD**

Date: .....16 May 2014.....

**Title of Proposal:** REQUEST BAC APPROVAL TO CONFINE THE TENDER FOR THE SUPPLY AND DELIVERY OF JET FUEL AT DOMESTIC LOCATIONS

**Project Owner:** Mark Vaughan

**Procurement Representative:** Thami Sogwazile

**Subject Description/Purpose:** : The purpose of this submission is to obtain the BAC support regarding

- The final shortlist of a panel for the for the Supply and Delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) Location;
- The issuing of a confinement tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliates domestic locations.

**Decision Required:** It is hereby recommended that the BAC approves

**Committee Resolution:**

Approved ☐

Recommended CEO/EXCO/AUDIT/PTPC for Recommendation to Board ☒

Referred Back for Rework ☐

Declined ☐

Noted ☐

**Conditions/Follow-up Actions:**

- Subject to getting all the outstanding
- outstanding CEST/BSL signatures.



**Member(s):**

Ms. N. Memela (Chair)

Mr. T. Lehasa (Deputy Chair)

Mr. J. Luthuli

Mr C. Mc Quirk

Mr. M. Kleyn

Ms. Z. Sadulla

Mr. V. Maharaj

Ms. K Tshose

Mr.L. Moonsamy

**Alternate Member(s):**

Mr. J. Louw

Ms. B. Mfihlo

Mr. D. Erriah

Mr. L. Hudson

Ms. K. Thipe

Ms. L. Jordaan

**Ex Officio Member(s):**

Adv Lester Peter (Acting CPO)



## Annexure “5”





**SOUTH AFRICAN AIRWAYS**  
FLYSAA.COM

South African Airways  
Company Secretary  
Suite 2, 6<sup>th</sup> Floor  
Airways Park  
1627

Private Bag X13  
ORT International Airport  
1627

Tel: 27 11 978-6553  
Fax: 27 11 978-5919

Email:  
[ruthkibuyika@flysaa.com](mailto:ruthkibuyika@flysaa.com)

**EXCERPT FROM THE DRAFT MINUTES MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF SOUTH AFRICAN AIRWAYS SOC LTD (SAA) (2016/03), HELD ON FRIDAY 27 MAY 2016, IN THE MAIN BOARDROOM, 6<sup>TH</sup> FLOOR, AIRWAYS PARK, 1 JONES ROAD, KEMPTON PARK AT 17H55**

#### 10.4 SUPPLY OF FUEL AT DOMESTIC LOCATIONS

**RESOLVED that:**

- a) the final shortlist below of a panel for the Supply and Delivery of Jet A – 1 Fuel at OR Tambo International Airport be and is hereby approved:

Shortlisted Respondents		
Bidder no.	Bidder Name	BBBEE Classification
2	Black Dot Investments cc	EME
3 & 43	KM Petroleum	
4	LIPG (Pty) Ltd	EME
6	BarCo Petroleum	EME
7	Women in Oil & Energy SA Kekoil C	EME
8	COGT (Pty) Ltd	EME
9	ECON Oil & Energy (Pty) Ltd	Generic
10	Wassa Gasses	QSE
11	SMB Investment	EME
13	Lalita Investments (Pty) Ltd	EME
14	Afric Oil (Pty) Ltd	EME
15	Mapimpa Group	EME
16	Mulemba Construction & Distribution cc	EME
17	Kriek Business Enterprises	EME
18	Finesse Energy (Pty) Ltd (JV)	EME
19	Insika Resources	EME
20	ZY Holdings (Pty) Ltd I/a Amandla We Octane	EME
21	Cubidex (Pty) Ltd	Generic
22	Richarp Trading	EME
23	Petroleum Life (Pty) Ltd	EME
24	Mcuswa Trading cc	
25	Setoil Trading	Generic

26	Mzantsi Veterans Petroleum & Lubrican TS (Pty) Ltd	EME
28	JOJO EC Trading & Projects cc	EME
29	Makwande Energy Trading (Pty) Ltd	EME
30	Balimi Barui Trading (Pty) Ltd t/a BBT Trading	QSE
31	WOA Fuels & Oil	Generic
32	Galela Telecommunication Holdings (Pty) Ltd	QSE
33	GTL Petroleum (Pty) Ltd	Generic
34	KAMOS Wholesaler & Liquid Fuels & Gas	EME
35	Petapoint cc	EME
36	Matsoba Business Enterprises	EME
37	Mmapho Gas & Energy	EME
38	HDI Support National (Pty) Ltd	Generic
39	YemYem Petroleum	QSE
40	Qtique27 (Pty) Ltd Sikamo Wanamke Supplier Maintenance & Projects (Pty) Ltd (JV)	Generic
41	SRS Aviation Cargo	EME
42	Delphicap cc	EME
43 & 3	KM Petroleum	EME
44	Kukhanya Marketing	Generic
45	Palloscore (Pty) Ltd (JV)	EME
46	Sedibeng SA Bophelo	EME
47	Pakile Global Trading (Pty) Ltd	EME
48	Iconic Ventures (Pty) Ltd	QSE
50	Infinit Enegy Petroleum & Gas (Pty) Ltd	EME
51	Bahlaloga Technologies	EME
52	Barleda 697	EME
53	TrippleAction ER Fort General Trading (Pty) Ltd	EME
54	EML Energy	
55	Liltha Oils (Pty) Ltd	EME
56	Mueletshedzi Logistics	EME
61	Bele Holdings	EME
62	Lamanjolo Investments (Pty) Ltd	QSE
64	Nchai & KK Holdings	QSE
65	Ntaka Obusi Petroleum	EME
66	Ndjow Global	EME
67	LTE House	EME
68	Essential Fuels (Pty) Ltd	EME
69	Ramashu Supply & Services	EME
70	National Eagles	EME
71	Kgothlano Trading Enterprises cc	EME
72	Dirane Trading	EME
75	WATB Energy Group	EME
78	Dikopane Project Management cc	EME
81	Govhani & Associates (Pty) Ltd	EME
82	Sunset Oil Services & Logistics (Pty) Ltd	EME
84	Phisemo Fuels & Logistics cc	EME
85	Marale Finance Services	EME

86	Variable Oil & Gas	EME
87	Mtha Aviation	EME
88	Maponya Africa & Seraj Transport JV (M&S JV)	EME
89	Gulfstream Energy	
90	Sozala Mendi	EME
92	Fuel Serve Petroleum (Pty) Ltd	EME
93	ST2 Trading & Projects cc	EME
97	SBM Energy (Puma)	EME

- b) the issuing of a confined tender for the Supply and Delivery of Jet A - 1 Fuel at SAA's and its affiliates' domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes) be and is hereby approved; and
- c) the tender evaluation criteria and weightings of the request for proposal (RFP) for the supply and delivery of Jet A - 1 Fuel at SAA's and its affiliates' domestic locations be and is hereby approved.

True extract from the DRAFT minutes



**Mduzani Nyoni**

**Deputy Company Secretary**

**Date:**





## Annexure “6”





**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER 

**REQUEST FOR PROPOSAL  
FOR  
THE SUPPLY AND DELIVERY OF JET A-1 FUEL  
AT DOMESTIC LOCATIONS**

**The Bid Number: RFP: GSM047/16**

**SOUTH AFRICAN AIRWAYS (SOC) LIMITED**

**REGISTRATION NO.: 1997/022444/30**

**OR TAMBO INTERNATIONAL AIRPORT**  
(Hereinafter referred to as "SAA")

**1. INVITATION TO BID**

You are hereby invited to submit a Proposal for the following:

**RFP NUMBER: GSM 047/16**

**RFP DESCRIPTION: Request for Proposal for the supply and delivery of Jet A-1 Fuel at Domestic Locations**

<b>Issue Date:</b>	<b>31/05/2016</b>
<b>Closing Date for Questions:</b>	<b>16/06/2016</b>
<b>Closing Date for RFP:</b>	<b>28/06/2016</b>
<b>Closing Time:</b>	<b>11h00 am; local, SA Time (GMT + 2h)</b>
<b>Compulsory Briefing</b>	<b>Yes</b>
<b>Date/Time/Place for the Briefing</b>	<b>14/06/2016 - 10h00 am – SAA Airways Park Auditorium</b> <b>Note: Not more than two representatives per company are allowed. There will be an attendance register.</b>
<b>Validity Period of Bid Submission</b>	<b>150 days</b>

**2. PROPRIETARY INFORMATION**

SAA considers this RFP: **GSM 047/16** and all related information, either written or verbal, which is provided to the respondents, to be proprietary to SAA. It shall be kept confidential by the respondent and its officers, employees, agents and representatives. The respondent shall not disclose, publish or advertise this specification or related information to any third party without the prior written consent of SAA.

**3. GROUNDS FOR DISQUALIFICATION**

All communication and attempts to obtain information of any kind with regards to this Bid should be channeled to Thami Sogwazile: *Commodity Manager Energy*, telephone number (+27) 011 – 978-6831 and e-mail [ThamiSogwazile@flysaa.com](mailto:ThamiSogwazile@flysaa.com).

SAA reserves the right to **disqualify** any respondent from this Bid process if any attempts are made by that respondent to solicit information of any kind relative to this

Bid/Proposal or subsequent evaluation from any other source in SAA other than the contact person as mentioned above.



A handwritten signature in black ink, followed by a checkmark, is located in the bottom right corner of the page.





**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER 

**TABLE OF CONTENTS FOR RFB: GSM047/16**

<b>Part</b>	<b>Title</b>
	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
7	Deviations From the Request for Bid/Proposal
8	Tax Clearance Requirements
9	Pre-Bid Briefing / Site Inspection Certificate (not applicable)
10	General Conditions of Contract and/or Special Conditions of Contract
11	Preference Claim Form
12	Declaration Certificate for Local Production and Content (not applicable)
13	Certificate of Independent Bid Determination
14	National Industrial Participation Programme (not applicable)

## **PART 1**

### **INFORMATION SCHEDULE**

**FOR**

**RFP: GSM 047/16 Tender**



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

TO : Thami Sogwazile  
South African Airways (Proprietary) Limited  
Global Supply Management

E-MAIL : [ThamiSogwazile@flysaa.com](mailto:ThamiSogwazile@flysaa.com)

RE : RFP: GSM 047/16

DATE : .....

NAME OF BIDDER : \_\_\_\_\_

ENTITY NAME : \_\_\_\_\_

CONTACT PERSON : \_\_\_\_\_

TEL NUMBER : \_\_\_\_\_

FACSIMILE NUMBER : \_\_\_\_\_

CELLULAR NUMBER : \_\_\_\_\_

E-MAIL ADDRESS : \_\_\_\_\_



## **PART 2**

### **BID CONDITIONS AND INSTRUCTIONS TO BIDDERS**

**FOR**

**RFP: GSM 047/16 Tender**





## 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 Policy Framework Act (PPPFA);
- 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..

- 2.2 SAA reserves the right to undertake physical evaluations on shortlisted Bidder/s.
- 2.3 The Bidder/s agree that during the contract period prices based on the impact of volumes, productivity improvements and sharing of risk may be negotiated.
- 2.4 The Agreement will be a non-exclusive Agreement and SAA reserves the right to purchase at its discretion service from any other service provider. SAA does not warrant that it will use any minimum quantity of the service from the successful Bidder/s.
- 2.5 During evaluation of the bids, additional information may be requested in writing from bidders. Replies to such request must be submitted, within 5 (five) working days or as otherwise indicated. Failure to comply, may lead to your bid being disqualified.

### **3.0 INTELLECTUAL PROPERTY, INVENTIONS AND COPYRIGHT**

- 3.1 The specification is the intellectual property of SAA.
- 3.2 Copyright of all documentation relating to this assignment belongs to SAA. The successful bidders may not disclose any information, documentation or products to other clients without the written approval of the accounting authority or the delegate.
- 3.3 All the intellectual property rights arising from the execution of this Agreement shall vest in SAA and the Bidder undertakes to honor such intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.
- 3.4 In the event that the Bidder would like to use any information or data generated in terms of the Services, the prior written permission must be obtained from SAA.
- 3.5 SAA shall own all materials produced by the Bidder during the course of, or as part of the Services including without limitation, deliverables, computer programs (source code and object code), programming aids and tools, documentation, reports, data, designs, concepts, know-how and other information whether capable of being copyrighted or not ("IP") which IP SAA shall be entitled to freely cede and assign to parties nominated by SAA.
- 3.6 This clause 3.0 shall survive termination of this Agreement.

### **4.0 GENERAL GUIDELINES ON COMPLETION OF SUBMISSION**

- 4.1 Bidders must indicate compliance or non-compliance on a paragraph-by-paragraph basis. Indicate compliance with the relevant bid requirements by marking the YES box and non-compliance by marking the NO box. If the contents of the paragraph only need to be noted, please mark the NOTED box. The bidder must clearly state if a deviation from these requirements are offered and the reason therefor. If an explanatory note is provided, the paragraph reference must be attached as an appendix to the bid submission. Bids not completed in this manner may be considered incomplete and rejected. Should bidders fail to indicate agreement/compliance or otherwise, SAA will assume that the bidder is not in compliance or agreement with the statement(s) as specified in this bid.

- 4.2 SAA will interpret YES as full compliance/acceptance to the applicable paragraph. NO will be interpreted that the Bidder/s has/have read and understood the paragraph, but the Bidder/s does/do not comply/accept the content of the applicable paragraph.
- 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 a 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 *Bidders 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 Bid should be submitted in writing to SAA at the following address:

**Attention:** Thami Sogwazile: Commodity Manager Energy  
**Email:** [ThamiSogwazile@flysaa.com](mailto:ThamiSogwazile@flysaa.com)

## 9.0 QUESTIONS AND CLARIFICATIONS

- 9.1 Enquiries should reference the Bid number, section, document and paragraph number, where appropriate.
- 9.2 The questions and clarifications must be 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 BID

10.1 Bids must be submitted in a sealed enveloped marked:

Tender number: : RFB: GSM 047/16  
Tender for: : Supply and Delivery of Jet A-1 Fuel at Domestic Locations

Closing Date / Time : 28/06/2016; at 11h00 am; SA Time (GMT + 2h)

Name & Address of the Bidder : (Postal or Physical Address)

10.2 Bids must be deposited in the Bid Box situated at:

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

10.3 Bids can be delivered between 08H00 and 16H30, Monday to Friday, prior to the closing date and between 08H 00 and 11H 00 on the closing date.

10.4 Submissions will be kept unopened in safe custody until the Closing Date and Time for the Bid. Where a Bid is received without a Bid number on it, it will be opened, the Bid number ascertained, the envelope sealed and the Bid number written on the envelope.

Please note that all prospective Jet Fuel Suppliers must indicate, on the cover of each document, whether it is the Original or a Copy.

**An Original Submission as well as 1 extra hard copy of this Submission is required.**

10.5 For the purpose of this Tender (RFP: GSM 047/16), electronic submission of Bids is NOT permitted. However, two (2) hard copies must be subsequently delivered / posted, while the Bidder needs to indicate, on the cover of each document, whether it is the Original or a Copy.

10.5 Unless specifically provided for in the bid documents, tenders submitted by means of telegraph, telex, fax or similar means will not be accepted.

10.6 All bids must be submitted in English.

10.7 On submission of the completed bid document, a non-refundable fee of ----- will be charged. This fee should be deposited directly into SAA's bank account and the deposit slip should be supplied with the bid. The banking details are as follows:

**Standard Bank Greenstone  
Branch Code: 016342  
Account Number: 022771263  
Reference: 1028**

**Bidders should ensure that bids are delivered before the closing date and time to the correct address.**



**If the bid is late, it will not be accepted for consideration.**

## **11.0 LATE BID SUBMISSIONS**

- 11.1 Late submissions of Bids will NOT be considered for evaluation and will be returned un-opened to the Bidder/s at the Bidders' own costs accompanied by an explanation to the effect that it is late.
- 11.2 A submission will be considered late if it arrives one second after 11:00 or any time thereafter. The bid box shall be locked at exactly 11:00 and bids arriving late will not be accepted under any circumstances. Bidders are therefore strongly advised to ensure that bids be dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.

## **12.0 PAYMENTS**

- 12.1 Final payment terms will be negotiated with the successful bidder before awarding the bid.
- 12.2 SAA will pay the successful Bidder the Fee as set out in the final contract. No additional amounts will be payable by SAA to the successful Bidder.
- 12.3 The successful Bidder shall from time to time during the duration of the contract, invoice SAA for the services rendered. No payment will be made to the successful Bidder unless an invoice complying with section 20 of VAT Act No 89 of 1991 has been submitted to SAA.
- 12.4 Payment shall be made into the successful bidder's bank account normally 30 days after receipt of an acceptable, valid invoice. (Banking details must be submitted as soon as this bid is awarded).
- 12.5 The successful Bidder shall be responsible for accounting to the appropriate authorities for its Income Tax, VAT or other moneys required to be paid in terms of applicable law.

## **13.0 WARRANTIES**

- 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.

## 16.0 NEGOTIATIONS

- 16.1 SAA has the right to enter into negotiation with a prospective bidder or prospective bidders regarding any terms and conditions, prices, BEE, technical/functionality requirements, etc.
- 16.2 SAA shall not be obliged to accept the lowest priced bid, quotation, offer or proposal.

## 17.0 BID PRESENTATIONS

- 17.1 SAA reserves the right to invite bidders for presentations before the award of the bid.

## 18.0 FORMAT OF BIDS

- 18.1 Fully comprehensive service documentation shall be supplied in English by each Bidder, which shall explicitly and in detail describe the service/s offered. This documentation shall include sufficient detail to clearly give the reader a precise and

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unambiguous description of the service/s offered. Incomplete or incomprehensible service documentation will result in rejection of the offer.

- 18.2 The following documentation forms part of the Bid and must be duly completed & returned in the Bidders response to this RFB

**18.2.1 Part 1: Information Schedule**

Bidders must complete and submit the Information Schedule.

**18.2.2 Part 2: Technical/Functionality Proposal & Compliance**

Refer to Part 4 of this document.

**18.2.3 Part 3: SARS Tax Clearance Certificate(s)**

A valid original SARS Tax Clearance Certificate must accompany the proposal. In case of a consortium/joint venture, or where sub-contractors are utilised, a valid original SARS Tax Clearance Certificate for each consortium/ joint venture member and/or sub-contractor (individual) must be submitted.

Each consortium/joint venture must submit its own valid original Tax Clearance Certificate.

**18.2.4 Part 4: Declaration of Interest**

Bidders must complete and submit the Declaration of Interest Form.

**18.2.5 Part 5: Briefing Session or Site Inspection Certificate**

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**

**(Refer to Annexure A – Pricing Schedule and Volumes)** Bidders must submit a detailed costing schedule. All prices submitted must 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 3**

### **SCOPE OF WORK / SPECIFICATION**

**FOR**

**RFP: GSM047/16 TENDER**





The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' Domestic Locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)
- The ASTM (American Standard of Testing Method) D 1655 (latest issue)
- The Jet A-1 Fuel must be traceable to the point of manufacture and must meet the required Conductivity Limits (a crucial parameter) at point of delivery to the aircraft.
- The supplier must adhere to all relevant Joint Inspection Group (JIG) Regulations, governing: Jet A-1 Fuel Quality Control, Fuelling Operations and Inspections.

*NB.: The volume requirements (**Annexure A – Pricing Schedule and Volumes**) are estimates only; thus calculated upon SAA's best data and information available to date. The estimated volumes do not constitute an exact volume obligation on SAA; i.e. to purchase the quantities specified above.*

Additional volume that may be required during the duration of the agreement (or during subsequent periods of its extension - if applicable) shall be supplied under the same terms and conditions.

**SAA intends to contract with the successful bidders for a period of three (3) years.**

## **PART 4**

### **EVALUATION CRITERIA FOR**

**RFP: GSM047/16 Tender**

**Please see attached Annexures:**

***Annexure A – Pricing Schedule and Volumes***

***Annexure B – Enterprise and Supplier Development Plan***

## EVALUATION CRITERIA

All bid submissions will be evaluated against a set of pre-determined critical criteria and additional evaluation criteria:

- Bidders who are prequalified already, thus currently members of SAA's Panel of Jet A-1 Fuel Suppliers shall be evaluated on the basis of Price and where applicable BBEE only. (The current suppliers will also be required to complete the **Enterprise and Supplier Development Plan – Annexure B**)

- Note: Transformation commitments made by bidders in response to the Enterprise Development plan (required in Annexure B will constitute a material element of the supply agreement between SAA and successful Bidder(s).

- However, Bidders who have not been prequalified yet, will be first assessed regarding their operational capabilities, thus in line with the Critical Criteria below; and subsequently (once prequalified), their Bids shall be opened for SAA's consideration.

The Two Phase Approach as set out below will be used to evaluate:

- Phase 1: Critical and Functional Criteria Evaluation
- Phase 2: Bidding and Negotiating Phase.

### The Two Envelope Bidding Process

- In the Two Stage Envelope Bidding Process the Bidders shall be expected to submit two sealed envelopes/files simultaneously (as part of their Response):
  - The first envelope/file must contain all documentation required in order to be pre-approved (Critical and Functional Criteria)
  - The Second Envelope must contain the Bid / Offer.

Only the Bids of the Jet Fuel Suppliers who meet the Critical and Functional Criteria requirements shall be opened for the Bid Evaluation Committee consideration, together with all the Bids of the Jet Fuel Suppliers who have been preapproved/prequalified.

## 1. PHASE 1: CRITICAL AND FUNCTIONAL CRITERIA EVALUATION

The following Critical Criteria will be used for the Prequalification of the prospective Jet Fuel Suppliers, who to date have not been prequalified by SAA so as to become members of the established SAA's Panel of Preapproved Jet A-1 Fuel Suppliers.

No.	Requirement	Respondents Evidence
1.	Fuel Wholesale License	Proof of Valid Fuel Wholesale license issued by the Department of Energy.
2.	Security of Supply	A letter confirming product allocation from refiners / Jet Fuel Supplier(s) – the letter must specifically refer to Jet A-1 product and the letter must mention the bidding company's name.
3.	Third Party Liability Insurance	The supplier shall effect and at all times during the term of this Agreement maintain Airline Aviation General Third Party Liability Insurance for a combined single limit of \$ 1 billion (US dollars), for each and every occurrence per aircraft. All prospective Jet Fuel Suppliers are requested to furnish SAA with evidence of the insurance cover required.
4.	Quality Compliance	It is mandatory for the prospective Jet fuel supplier to provide evidence that: <ul style="list-style-type: none"> <li>➤ <u>The Jet A-1 Fuel meets the following Quality and Control Standards:</u> <ul style="list-style-type: none"> <li>• Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)</li> <li>• The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)</li> <li>• The ASTM (American Standard of Testing Method) D 1655 (latest issue)</li> </ul> </li> <li>➤ The Jet A-1 Fuel is traceable to the point of manufacture and that it meets the required Conductivity Limits (<u>a crucial parameter</u>) at point of delivery to the aircraft.</li> </ul>
5.	BBBEE Requirements	Confirmation of BBBEE compliance (Certified Copy of BBBEE Certificate, EME Affidavit or confirmation of BBBEE status from a registered accountant or accredited verification agency). – refer to <b>section 22.2.6</b>
<b>Critical B-BBEE Mandatory Requirements (For the 20% Volume allocation)</b>		
6.	Black-ownership as per B-BBEE Codes	51% or more
7.	Black-women ownership as per B-BBEE Codes	30% or more
8.	B-BBEE Recognition Level	Level 2 or more



No.	Requirement	Respondents Evidence
9.	SARS Tax Clearance	Valid original Tax Clearance Certificate.
<p><i>Note:</i></p> <ul style="list-style-type: none"> <li>- <i>Military Veterans must appear on the database of military veterans administered by the Department of Military Veterans.</i></li> <li>- <i>Submissions by companies owned by People Living with Disabilities should be accompanied by a supporting letter from a registered Health Practitioner*.</i></li> </ul>		

**Suppliers who do not meet the requirements of the Critical and Functional Criteria will be disqualified from further evaluation; i.e. assessment of the submitted Bid / Offer.**

Below is the illustration of how the allocation principle will be applied:

Bidder Profile	Total Volumes to be allocated
Meets all functional mandatory requirements, Does not meet all the critical B-BBEE mandatory requirements. (still required to submit the Supplier Development Plan) – <b>(Current suppliers)</b>	Eligible for 80% of the total volumes available for contracting
Meets all functional mandatory requirements, and Meets all the B-BBEE mandatory requirements. - <b>(Respondents shortlisted through RFI)</b>	Eligible for 20% of the total volumes available for contracting.

Regarding the 20% domestic volume, SAA will give preference to Bidders shortlisted through the RFI process who are:

- 51% majority or more Black owned companies;
- 30% majority or more Black women owned companies;
- Black youth owned companies;
- Companies owned by Military Veterans; and
- Companies owned by People with Disabilities

## 2. PHASE 2: PRICE AND B-BBEE EVALUATION

### 1. Price Evaluation Formula for Domestic Locations:

Evaluation Elements	Percentage
1. <b>PRICE:</b> Total Cost of Ownership	90%
<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2. <b>BBBEE</b>	10%
<input type="checkbox"/> Bidders are to provide a valid BBBEE Certificate	
<b>TOTAL:</b>	100%

### **Annexure A – Pricing Schedule and Volumes**



## **PART 5**

### **DECLARATION OF INTEREST**

**For**

**RFP: GSM047/16 Tender**



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.

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- 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

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- 2.3 Are you, or any person connected with the Bidder, aware of any relationship (family, friend, other) between the Bidder and any person employed by the principal who may be involved with the evaluation and or adjudication of this Bid? YES/NO

2.3.1 If so, state particulars

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### 3. DECLARATION

I \_\_\_\_\_, THE UNDERSIGNED CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPH 2.1 TO 2.3.1 ABOVE IS CORRECT. I ACCEPT THAT THE PRINCIPAL MAY ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

Signature

Date

Position

Name of Bid der

Bid Number





**PART 6****VENDOR INFORMATION FORM****FOR****RFP: GSM047/16 Tender**

You are kindly requested to complete this document accurately as the information contained herein is required 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.

Please complete all pages.

<b>Name of Company:</b>	
<b>Company Registration No:</b>	
<b>Vat Registration Number:</b>	
<b>Tax Registration No:</b>	

<b>Postal Address:</b>	
------------------------	--

<b>Physical Address:</b>	
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<b>Telephone No:</b>		<b>Mobile Telephone No:</b>	
<b>Fax No:</b>		<b>E-mail Address:</b>	

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.

An original valid Tax Clearance Certificate must be attached to this form –. Failure to do so may disqualify the bid.

An original valid B-BBEE Certificate or a letter from the Auditor or Accounting Officer or a certified copy thereof.

In the case of a Joint Venture or Consortium, a joint B-BBEE Certificate fulfilling the above requirements should be submitted

In case of a Consortium/Joint Venture, full details on Consortium/Joint Venture members (if applicable):

<b>Name of Company:</b>	
<b>Vat Registration Number:</b>	
<b>Tax registration No:</b>	

<b>Name of Company:</b>	
<b>Vat Registration Number:</b>	
<b>Tax Registration No:</b>	

Name of contracting entity in case of a consortium/joint venture (if applicable):

<b>Name of Company:</b>	
<b>Postal address:</b>	
<b>Street address:</b>	
<b>Contact person on behalf of a Consortium/Joint Venture:</b>	
<b>Tele-phone Number:</b>	
<b>Cell-phone Number:</b>	
<b>Email Address:</b>	

**1. Participation Capacity** (tick one box)

<input type="checkbox"/> Prime contractor	<input type="checkbox"/> Supplier
<input type="checkbox"/> Sub-contractor	<input type="checkbox"/> Professional services
<input type="checkbox"/> Manufacturer	<input type="checkbox"/> Joint Venture partner
<input type="checkbox"/> Other, specify .....	

**2. Type of Firm** (tick one box)

<input type="checkbox"/> Partnership	<input type="checkbox"/> One person business/sole trader
<input type="checkbox"/> Close corporation	<input type="checkbox"/> Company
<input type="checkbox"/> Pty Ltd.	
<input type="checkbox"/> Other, specify .....	

**3. State Business Activities** (tick one box)

<input type="checkbox"/> Security	<input type="checkbox"/> Construction
<input type="checkbox"/> Catering	<input type="checkbox"/> Consulting
<input type="checkbox"/> Manufacturer	<input type="checkbox"/> Retailer/Distributor
<input type="checkbox"/> Other, specify .....	

**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 type="checkbox"/> Finance and business services	<input type="checkbox"/> Commercial Agents and other trade
<input type="checkbox"/> 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 type="checkbox"/> Professional service provider
<input type="checkbox"/> Other, specify .....	

Products or services to offer to SAA (fill in)


6. Total number of years the Firm has been in Business: \_\_\_\_\_

7. Total number of Employees:

Full time: \_\_\_\_\_ Part time: \_\_\_\_\_

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

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9. Do you share any facilities? YES/NO

If yes, which facilities are shared? \_\_\_\_\_

With whom do you share facilities? (the name of Firm/Individuals).

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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)

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11. Detail all Trade Associations in which you have a membership:

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12. Did the Firm exist under a previous name? YES / NO

If yes, what was its previous name? \_\_\_\_\_

Who were the Owners/Partners/Directors?

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13. Identify any owner or Management Officer who has an interest in another Firm:

Name	Duties as Employee in other Firm	Name and Address of other Firm	Type of Business of other Firm

*Handwritten signature*



**14. Indicate whether your company is an:**

- a. Exempted Micro Enterprise (EME)  
 b. Qualifying Small Enterprise (QSE)  
 c. Generic/ Large Supplier


**15. What is the enterprise's average annual Turnover (excl. VAT) during the lesser of the period for which the business has been operating or the previous three Financial Years?**

R \_\_\_\_\_

**NB.** Please submit your most recent set of annual financial statements (AFS) that are audited and signed by the directors not older than six months. If your auditable financial statements are older than 6 months, please submit your latest 6 months Management Accounts (Income Statement, Balance Sheet and Cash Flow) signed by the directors.

**Please complete the following:**

Checklist for required financial statements	Response	Comments
<b>For a company and co-operative</b> - Submission of most recent set of audited annual financial statements (AFS) signed by the directors and auditors. <b>For a Close Corporation</b> – Submission of the most recent set of annual financial statements (AFS) signed by the member(s) and accounting officer / independent reviewer.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do the AFS have: 1. Signed audit/accounting office report and directors/members report 2. Balance sheet 3. Income statement 4. Cash flow statement	<input type="checkbox"/> Yes <input type="checkbox"/> No	
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do the Management accounts or interim AFS have: 1. Balance sheet 2. Income statement 3. Cash flow statement	<input type="checkbox"/> Yes <input type="checkbox"/> No	
AFS Language Medium is English	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Obtain letter of support for subsidiary company if holding company's AFS was supplied	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Did we get the following for a Joint Venture or Partnership: 1. Copy of each participant's AFS 2. Joint venture or partnership agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No	

**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 Yes / No
- ☐ In a Sound Financial Condition Yes / No
- ☐ Have the financial & operational capacity to fulfil the contract requirements:  
Yes / No

Signature \_\_\_\_\_

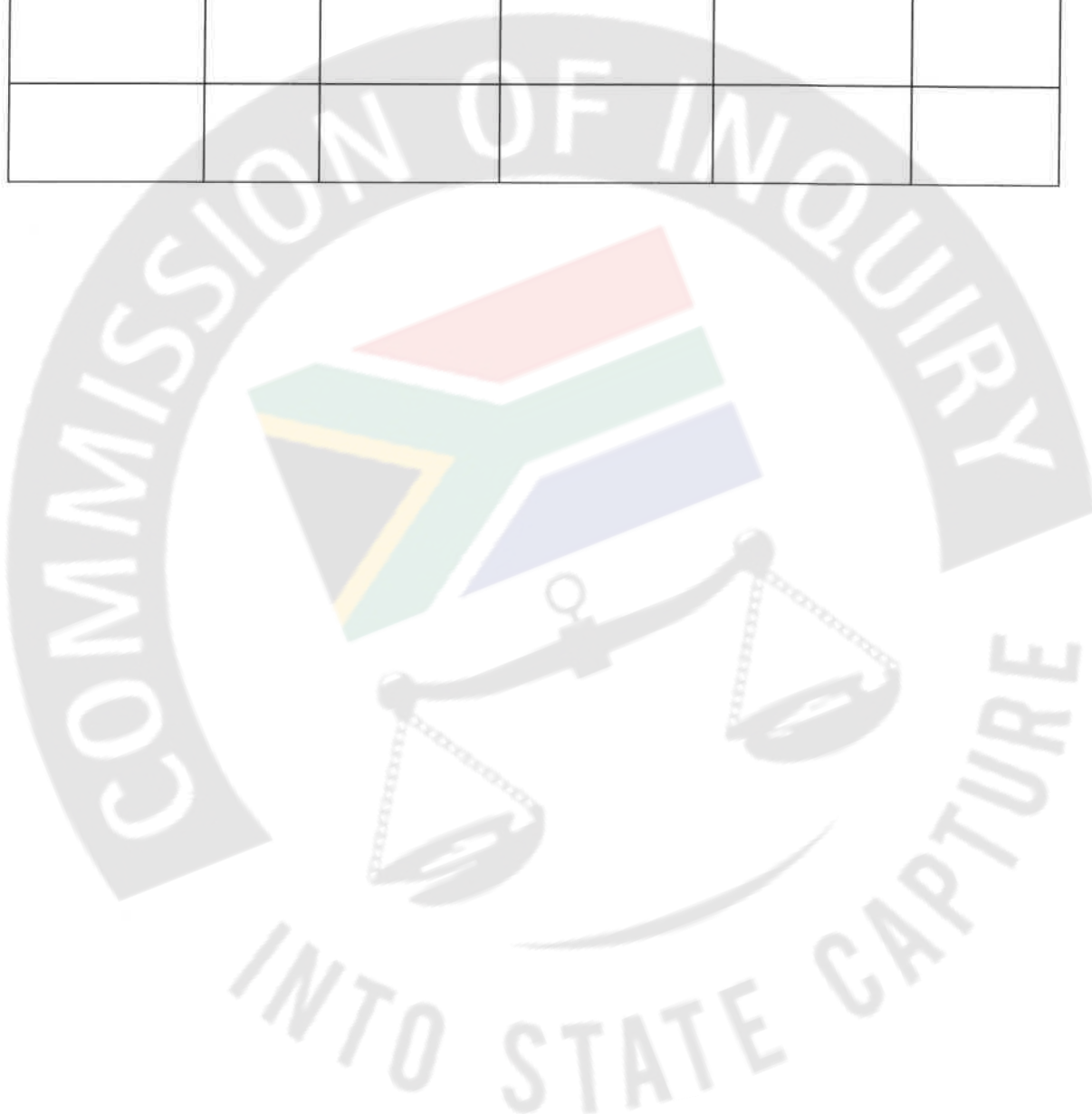
Capacity \_\_\_\_\_

**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.**

ACTIVITY	NAME	RACE	GENDER M / F	DISABLED? YES / NO *	LENGTH OF SERVICE (YEARS)
<b>FINANCING DECISIONS</b>					
Cheque Signing					
Acquisition of lines of credit					
Sureties					
Major Purchase or Acquisitions					
Signing Contracts					

**18. Black Equity Ownership**

NAME	GENDER M / F	DISABLED? YES / NO *	I.D. NUMBER	NATIONALITY	% BLACK OWNERSHIP



A handwritten signature in black ink, located in the bottom right corner of the page.

19. List the four largest contracts/assignments completed by your Firm in the last three years. Please provide projects that are similar to SAA's requirement.

Work performed?	For whom?	Contact person and Telephone Number	Contract Fee/Amount

**\* Payment transactions:**

Alternative Payee (This field is only to be filled in if payments are not to be made directly to the vendor to whom the payment is owed)	
---	--

**\* Contact person: (Sales Person)**

Name		Telephone Number	
------	--	------------------	--

**Bank Details:**

Country (Where Bank is located)	
Name of bank	
Bank Key (Branch Number)	
Bank account (Account Number)	
Account Holder (Only to be filled in if the name of the account holder is not the same as the name of the	
Name of Account (Type of Account)	

**Date stamp of bank**  
**Certified as correct**

**Initials and Surname (Bank official):** \_\_\_\_\_

**Signature (Bank official):** \_\_\_\_\_

**Telephone Number (Bank Official):** \_\_\_\_\_

*Handwritten mark*

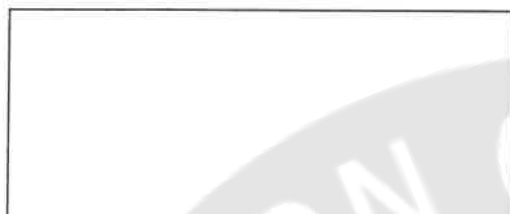


Signature \_\_\_\_\_ duly authorised to sign on behalf of  
\_\_\_\_\_ (Name of organisation) address  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No. \_\_\_\_\_ Date \_\_\_\_\_

**COMMISSIONER OF OATHS:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**STAMP**

**MUST BE DATE STAMPED AND SIGNED BY A  
COMMISSIONER OF OATHS**



**PART 7****DEVIATIONS FROM THE REQUEST FOR BID****FOR****RFP: GSM047/16**



**PART 8**

**TAX CLEARANCE REQUIREMENTS**

**FOR**

**RFP: GSM047/16 Tender**





**1. IT IS A CONDITION OF BIDDING THAT**

- 1.1 The taxes of the successful bidder must be in order, or that satisfactory arrangements have been made with the Receiver of Revenue to meet his/her tax obligations.
- 1.2 The attached form "Application for Tax Clearance Certificate (in respect of bidders)" must be completed in all respects and submitted to the Receiver of Revenue where the bidder is registered for tax purposes. The Receiver of Revenue will then furnish the bidder with a Tax Clearance Certificate that will be valid for a period of twelve (12) months from date of issue. This Tax Clearance Certificate must be submitted in the original together with the bid. Failure to submit the original and valid Tax Clearance Certificate may invalidate the bid.
- 1.3 In bids where Consortia/Joint Ventures/Sub-contractors are involved, each party must submit a separate Tax Clearance Certificate. Copies of the Application for Tax Clearance Certificates are available at any Receiver's office.

**Application for Tax Clearance Certificate  
(IN RESPECT OF BIDDERS)**

1. Name of Taxpayer/Bidder: \_\_\_\_\_

2. Trade Name: \_\_\_\_\_

3. Identification Number: \_\_\_\_\_

4. Company/Close Corporation Registration Number: \_\_\_\_\_

5. Income Tax Reference Number: \_\_\_\_\_

6. VAT Registration Number (if applicable): \_\_\_\_\_

7. PAYE employer's Registration Number (if applicable): \_\_\_\_\_

Signature of contact person requiring Tax Clearance Certificate: \_\_\_\_\_

Name: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Code

Number

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

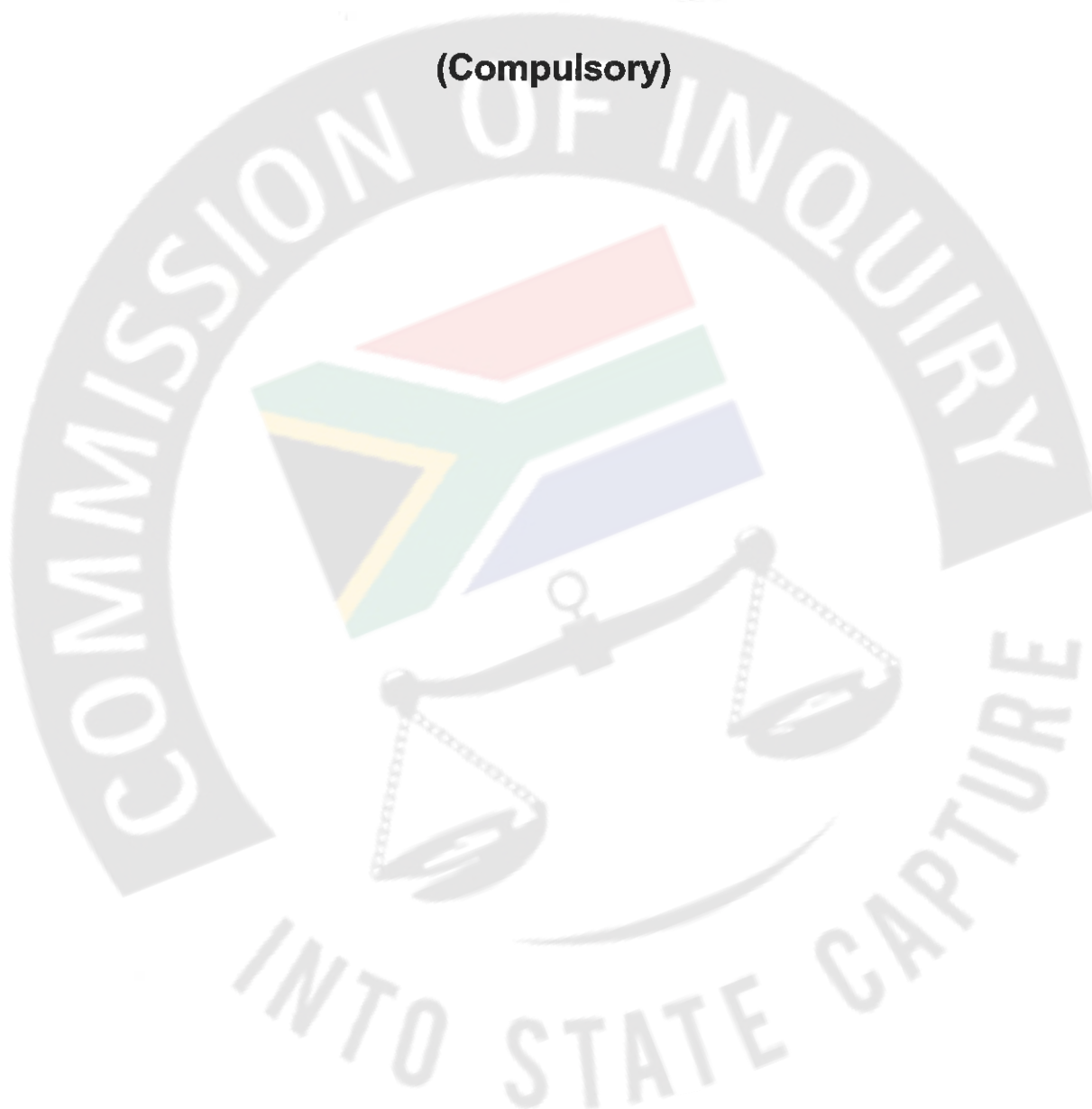
Date: 20...../...../.....

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 LEVIE 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.

## **PART 9**

### **PRE-BID BRIEFING**

**(Compulsory)**



22

South African Airways (SOC) Ltd

This is to certify that I, \_\_\_\_\_

representing and duly authorised by (Bidder) \_\_\_\_\_

of (Address) \_\_\_\_\_

Attended the bid briefing/site inspection on (Date) \_\_\_\_\_

Having prior to this bid briefing/site inspection carefully examined the bid document; I confirm that I was given unrestricted access to inspect those sections of the Site necessary for the execution and or delivery of goods, services or works.

I further confirm that I am completely satisfied with the scope of Purchase as explained by the SAA representatives, and I am fully aware of all Site conditions and regulations of whatsoever nature that could influence the preparation of our bid.

I therefore append my signature below in agreement that we will not institute any claim against SAA, after submission of our bid based on lack of knowledge of site conditions or regulations appertaining to the execution of the Contract.

**For and on behalf of the Bidder, being duly authorised;**

\_\_\_\_\_  
Name Date

\_\_\_\_\_  
Signature

**For and on behalf of SAA:**

\_\_\_\_\_  
Name Date

\_\_\_\_\_  
Signature





## **PART 10**

### **GENERAL CONDITIONS OF CONTRACT and/or SPECIAL CONDITIONS OF CONTRACT FOR RFP: GSM047/16 Tender**

#### **Supply Agreement Terms and Conditions:**

Sales of Jet A-1 Fuel to South African Airways shall be governed by the Aviation Fuel Supply Agreement Terms and Conditions and Location Agreement; Version 3, dated January 2009.

All prospective Jet Fuel Supplier/s are requested to attach to their submission the Aviation Fuel Supply Agreement, which needs to demonstrate strict alignment with the IATA's 2009 Model Supply Agreement (matter to be verified by SAA Legal).



## **PART 11**

### **PREFERENCE CLAIM FORM**

**FOR**

**RFP: GSM047/16 Tender**



**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 90:10 Preference Point System shall be applicable to the Domestic portion of this Tender: RFB / GSM067/13; i.e. to all Bidders who are to quote for SAA's Domestic Locations.

- The 90:10 Preference Point System is applicable to Tenders with a Rand value above R500 000 (all applicable Taxes included).

The Value of this Bid is estimated:

1.2 Preference Points for this Bid shall be awarded for:

- (a) Price
- (b) BBBEE Status Level of Contribution.

1.3.1 **The Maximum Points for this Bid are allocated as follows:**

1.3.1.1 **POINTS (insert appropriate Points)** .....

1.3.1.2 **PRICE (insert appropriate Points)** .....

1.3.1.3 **BBBEE Status Level of Contribution:** .....

**Total points for Price and BBBEE must not exceed 100**

1.4 Failure on the part of a Bidder to fill in and/or to sign this form and submit a BBBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the Bid, will be interpreted to mean that preference points for BBBEE status level of contribution are not claimed.

1.5. The Purchaser reserves the right to require of a Bidder, either before a Bid is adjudicated or at any time subsequently, to substantiate any claim in regard to Preferences, in any manner required by the Purchaser.

## 2. DEFINITIONS

- 2.1 **"All Applicable Taxes"** includes value-added tax, pay as you earn, Income Tax, unemployment insurance fund contributions and skills development levies;
- 2.2 **"BBBEE"** means Broad Based Black Economic Empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- 2.3 **"BBBEE Status Level of Contributor"** means the BBBEE status received by a measured entity based on its overall performance using the relevant scorecard contained 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;
- 2.4 **"Bid "** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive Bid ding processes or proposals;
- 2.5 **"Broad Based Black Economic Empowerment Act"** means the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.6 **"Comparative Price"** means the Price after the factors of a non-firm Price and all unconditional discounts that can be utilised have been taken into consideration;
- 2.7 **"Consortium or Joint Venture"** 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;
- 2.8 **"Contract"** means the agreement that results from the acceptance of a Bid by an Organ of State;
- 2.9 **"EME" or exempt micro enterprise** means any enterprise with an annual turnover of up to R5 million;
- 2.10 **"Firm Price"** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- 2.11 **"Functionality"** means the measurement according to predetermined norms, as set out in the Bid documents, of a Service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a Bidder;
- 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;.
- 3.3 Points scored must be rounded off to the nearest 2 decimal places.
- 3.4 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 BBEE.
- 3.5 However, when Functionality (not applicable to this Tender) is part of the Evaluation Process and two or more Bids have scored equal points including equal Preference Points for BBEE, the successful Bid must be the one scoring the highest score for Functionality.
- 3.6 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 (applicable to SAA’s Domestic locations only)

#### 4.1 THE 90:10 PREFERENCE POINT SYSTEMS

A maximum of 90 Points is allocated for Price on the following basis:

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

Where

$P_s$  = Points scored for comparative Price of Bid under consideration

$P_t$  = Comparative Price of Bid under consideration

P<sub>min</sub> = Comparative Price of lowest acceptable Bid

## 5. Points awarded for BBEE Status Level of Contribution

- 5.1 In terms of Regulation 5 (2) and 6 (2) of the Preferential Procurement Regulations, 2011 preference points must be awarded to a Bidder for attaining the BBEE status level of contribution in accordance with the table below:

<b>BBEE Status Level of Contributor</b>	<b>Number of Points (90/10 System)</b>
<b>1</b>	<b>10</b>
<b>2</b>	<b>9</b>
<b>3</b>	<b>8</b>
<b>4</b>	<b>5</b>
<b>5</b>	<b>4</b>
<b>6</b>	<b>3</b>
<b>7</b>	<b>2</b>
<b>8</b>	<b>1</b>
<b>Non-compliant Contributor</b>	<b>0</b>

- 5.2 Bidders who qualify as EMEs in terms of the BBEE Act must submit a certificate issued by an Accounting Officer as contemplated in the CCA or a Verification Agency accredited by SANAS or a Registered Auditor. Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with BBEE Status Level Certificates.
- 5.3 Bidders other than EMEs must submit their original and valid BBEE status level verification certificate or a certified copy thereof, substantiating their BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.
- 5.4 A trust, consortium or joint venture, will qualify for points for their BBEE status level as a legal entity, provided that the entity submits their BBEE status level certificate.
- 5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.
- 5.6 Tertiary institutions and public entities will be required to submit their BBEE status level certificates in terms of the specialised scorecard contained in the BBEE Codes of Good Practice.

- 5.7 A person will not be awarded points for BBBEE 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 BBBEE 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 BBBEE Status Level of Contribution must complete the following:

## 7. BBBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

- 7.1 BBBEE Status Level of Contribution: ..... = ..... (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 BBBEE 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?  
.....%
  - (ii) the name of the Sub-Contractor?  
.....
  - (iii) the B-BBEE status level of the Sub-Contractor?  
.....
  - (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
- 9.2 VAT Registration Number : .....
- 9.3 Company Registration Number  
.....

**9.4 TYPE OF COMPANY/ FIRM**

- ☐ Partnership/Joint Venture / Consortium  
☐ One Person Business / Sole Propriety  
☐ Close Corporation  
☐ Company  
☐ (Pty) Limited

[TICK APPLICABLE BOX]

**9.5 DESCRIBE STATE BUSINESS ACTIVITIES**

.....  
 .....  
 .....

**9.6 COMPANY CLASSIFICATION**

- ☐ Manufacturer  
☐ Supplier  
☐ Professional Service Provider  
☐ Other Service Provider/s: e.g. transporter, etc.  
 [TICK APPLICABLE BOX]

**9.7 MUNICIPAL INFORMATION**

Municipality where business is situated .....  
 Registered Account Number.....  
 Stand Number .....

**9.8 TOTAL NUMBER OF YEARS THE COMPANY/FIRM HAS BEEN IN BUSINESS?**

.....

9.9 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the BBBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct;
- (ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- (iv) If the BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have:
- (a) disqualify the person from the Bidding Process;

- (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
- (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 Bid der 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. ....

.....  
SIGNATURE(S) OF BIDDER(S)

2. ....

DATE:.....

ADDRESS .....

.....

.....

.....

*Handwritten signature*



## **PART 12**

### **DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT**

**(Not applicable to the RFP: GSM047/16 Tender)**



**PART 13****CERTIFICATE OF INDEPENDENT BID DETERMINATION****FOR****RFP: GSM047/16 Tender**

- 1 This Standard Bidding Document (SBD) must form part of all bids<sup>1</sup> 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).<sup>2</sup> 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:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> 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.

I, the undersigned, in submitting the accompanying bid:

---

(Bid Number and Description)

in response to the invitation for the bid made by:

---

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: \_\_\_\_\_  
that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:

- (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (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.
- <sup>3</sup> 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.**

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.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder



## **PART 14**

### **NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME**

**(Not applicable to the RFP GSM047/16 Tender)**



## Annexure “6.1”





05 February 2016

To Whom It May Concern

SAA RFI-GSM002/16

As you are aware SAA have sent out an open RFI reference by document RFI-GSM002/16 to all qualifying parties interested in bidding for Supply of Jet A1 to SAA. In support of this initiative, Total South Africa has been inundated with calls to support interested parties in the supply of JET A1. The support requested in this regard refers to "a letter confirming product allocation from refiners / Jet Fuel suppliers". In addition Total has been requested by various parties for support or partner with the requirements of the "third party liability insurance".

Dealing with the letter of support to Supply Jet A1, please be advised that such letter will only be issued to qualifying persons who have appropriately been vetted by the Credit Division of Total South Africa. You are thus requested to complete the necessary credit application and hand same together with appropriate supporting documentation to Total so that the necessary vetting process can take place. With regard to payment terms, all sales will be treated as hard cash and must be supported with an appropriate bank guarantee. Applications will only be considered by Total where evidence of a Bank Guarantee of no less, but not limited to 6 Million Rand will be supported by your bank.

Supply of product is limited to the availability of JET A1 at the time of SAA issuing a tender. Total reserves its right to award product to the extent available and not required by Total for its own customers.

With regard to the third party liability insurance, the onus is on the applicant to provide third party liability insurance to SAA as Total will not be involved in such insurance.

Thank you for your understanding and cooperation.

Regards

Diego Mtshali  
Sales Manager: Aviation

P.O. Box 379, Simon - 12132 South Africa  
Tels: (+27 (0) 11 778-2000 Fax: (+27 (0) 11 778-2001

TOTAL HEAD OFFICE:  
TOTAL House, 3 Old - Avenue, Kewbank, 2196, South Africa  
Reg. No: 195159032

BP Southern Africa (Pty) Ltd  
BP House  
10 Junction Avenue  
Parktown  
2183  
PO Box 1554  
Johannesburg 2000  
Tel: +27 11 488 5111  
www.bp.co.za



12 February 2016

Dear Sirs

### CONDITIONAL LETTER OF SUPPLY COVER

This letter serves to confirm that Air BP, the Aviation Fuels Division of BP Southern Africa (Pty) Ltd ("BPSA"), is prepared to enter into a supply only agreement for Jet-A1 with **EML Engineers and Construction** (the "Customer") in the event that the Customer is successfully allocated product volume under the South African Airways ("SAA") Request for Information for the supply and delivery of Jet A1 at OR Tambo International Airport ("ORTIA"). The conclusion of the above mentioned supply agreement shall be conditional upon:

- the Customer being allocated volume to supply SAA with Jet A1 under the RFP and written confirmation of such allocation being provided to BPSA upon request;
- BPSA possessing the logistical and refining capability to supply the Customer with the required volumes of Jet A1, which will include, but not be limited to, (1) BPSA having access to sufficient Jet A1 to meet the Customers demand under the RFP; (2) available modes of transport being sufficient to transport the required volumes of Jet A1 to ORTIA
- the Customer meeting all BPSA vetting requirements as may be applicable to the circumstances (including, but not limited to, available financial resources, BBBEE ownership and verification (including BPSA aspirations on BBBEE partnerships) and compliance with applicable laws, specifically all anti-bribery and corruption and anti-money laundering laws, rules, regulations or equivalent applicable to either the Customer or BP); and
- the Customer and BPSA reaching agreements on the legal and commercial terms (including, but not limited to, price of product, availability of supply and credit terms) which will govern their contractual relationship and such contractual terms being captured in appropriate written form and signed by both the Customer and BPSA.

Please note that in the event that any of the aforementioned conditions are not complied with, BPSA shall be under no obligation to enter into a supply agreement with the Customer and BPSA, its directors, officers, employees, agents and representatives shall not be liable to the Customer for any loss, damage, claims, costs and expenses in any way arising directly or indirectly as a result of such agreement not being concluded (including consequential damages, loss of income or loss of opportunity).

Directors: T Oleya (Chairman)  
F Abrahams S Mokone-Mabane  
D Odigwa T Rondoau  
U Sen I Skoans

Reg.No.1924/002802/07  
Val Reg No. 4430105484



For any further information regarding the above, please contact the writer by phone on 087 357 9322 or by email [Anthony.Leon@za.bp.com](mailto:Anthony.Leon@za.bp.com)

For and on behalf of BP Southern Africa Pty Ltd.



**Anthony Leon**  
General Manager  
AirBP Southern Africa



Directors: T Orlyn (Chairman)  
F Abraham B Mkhomo-Matshane  
D Odopu T Randoau  
U Sen I Ekosana

Reg. No. 1824/092602/07  
Vat Reg No. 4430105484



## Annexure “7”



## FUEL TENDER ANALYSIS NEGOTIATION TEMPLATE FY 2016 / 2017

Airport: DOMESTIC LOCATIONS

FACR: FMS

ATA Code: 100

Tender Vot: 100

Address: 100

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## Annexure “8”



Bid Number: RFP 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic

... TAC Recommendation



**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER 

**Final Supplier Selection  
Recommendation for:**

**Tender description  
RFP: GSM047/16 THE SUPPLY  
AND DELIVERY OF JET A-1  
FUEL AT DOMESTIC  
LOCATIONS**

**Global Supply Management  
23 September 2016**



Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## Contents

1. Purpose .....	3
2. Background .....	4
3. Objective of the Project .....	5
4. Scope of Work .....	6
5. Contract Duration .....	6
6. Bid Evaluation Committee (BEC) members .....	6
7. Critical Criteria .....	7
8. Price and BBBEE Formula .....	9
9. Evaluation Process .....	9
10. Respondents to the RFP .....	10
11. Critical Criteria .....	11
12. Technical Criteria (Quality Compliance) .....	14
13. Pricing .....	14
14. Procurement Transformation .....	19
15. ORTIA Shortfall .....	20
16. Financial Information .....	22
17. Risks and Mitigating factors .....	23
18. Approval Process Required .....	25
19. Details and Motivation for The Recommended Bidders .....	25
20. National Treasury Register for Tender Defaulters and Database of restricted Suppliers .....	25
21. Final Recommendation .....	26
22. Signatures .....	26



Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## Summary of Evaluations

*Detailed evaluation worksheets are available for review.*

ACTIVITY	DETAIL
Tender ref no	RFP- GSM047/16
Issuing date	31 May 2016
Compulsory briefing session	14 June 2016
Closing date	28 June 2016
Validity period from the closing date	150 days
Number of responses received on time	Seventy one (71)
Names of bidders who responded	See Table 2 – List of Respondents
Late responses	No late responses received
Was the Tax Clearance Certificate Valid by closing date?	All submitted Tax Clearance certificates were valid by closing date.
Was the B-BBEE Certificate Valid by closing date?	All submitted BEE certificates were valid by closing date.
Approved budget	ZAR 4 Billion

### 1. Purpose

The purpose of this submission is to obtain the BAC support regarding:

- The 80% total volumes award of the tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates' domestic locations to Engen, Total, Chevron, BP and Shell, for a period of three years (01 November 2016 - 31 October 2019) in line with the outcome of the GSM047/16 Closed Tender process. The estimated cost, annually, for domestic locations is R 3,9 Billion (The oil majors have however indicated they wouldn't be taking up their entire volumes at ORTIA);
- The confinement of the remaining volumes at ORTIA to Puma Energy (as the leading partner of the joint venture between Puma Energy and its BEE partner, Community Oil & Gas Trading (Pty) Ltd) in order to address the shortfall at ORTIA as indicated by the results of GSM047/16 Closed Tender process; and
- The 20% total volumes award of the tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates' domestic locations to Dikopane Project Management cc, Infinite Energy Petroleum & Gas and EML Energy (at ORTIA location), for a period of five years (01 November 2016 - 31 October 2021) in line with the outcome of the GSM047/16 Closed Tender process.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 2. Background

- 2.1 SAA and its affiliates currently currently uplift Jet Fuel from eight (8) of the domestic airports they serve, using approximately 800 million Litres of Jet Fuel per annum. The Domestic Agreements are currently on a month to month basis.
- 2.2 The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts. ORTIA (OR Tambo International Airport) constitutes 90% of the total domestic Jet Fuel uplift.
- 2.3 The domestic market is controlled and dominated by the six oil majors: Shell, Sasol, Chevron, Total, BP and Engen. At OR Tambo International airport, SAA is contracted to these oil majors except for Chevron due to the huge number of volumes.
- 2.4 The current domestic contracts are on a month to month basis. This is putting a strain on the business as suppliers are dealing with uncertainty.

**Table 1: Domestic Volumes and Percentages Table**

Domestic Supply		
Location	Volume Lt per Year	Percentage Split
OR Tambo	644 million	87.05%
Cape Town	62 million	8.38%
King Shaka	13 million	1.76%
Port Elizabeth	9 million	1.22%
East London	8 million	1.08%
Bloemfontein	1.7 million	0.23%
Kimberley	0.2 million	0.26%
George	1.9 million	0.03%
Richards Bay	0.032 million	<0.000043%

Quantities provided are estimates which are calculated based on SAA's best data and available information. Those quantities are projections and do not constitute an exact volume obligation on SAA or its Affiliates.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

### 3. Objective of the Project

Following Board Resolution No. 2015/B48 of August 2015, the SAA Board of Directors, in a subsequent resolution dated 27<sup>th</sup> May 2016, approved the following (Refer to Annexure A):

- The final shortlist of a panel for the supply and delivery of Jet A -1 Fuel at OR Tambo International Airport (ORTIA) location;
- The issuing of a confined tender for the supply and delivery of Jet A1 fuel at SAA's and its affiliates domestic locations for a period of three (3) years (with 20% of the entire domestic volume targeted for transformation purposes);
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's and its affiliate's domestic locations.

The Closed Tender was issued, via e-mail, on 31 May 2016, shortly after the Board of Directors approval was granted.

The RFP was confined to shortlisted respondents of the RFI (RFI-GSM002/16) as well as the current suppliers of Jet A-1 to SAA (Oil Majors).

The key objectives of the SAA Jet Fuel Tender Process have always been the following:

- To ensure the security of supply and delivery of Jet Fuel at all SAA and SAA affiliate locations;
- To ensure that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost element with all other cost elements being highly regulated: i.e. outside the Jet Fuel CFST's control);
- To ensure the product quality and operational safety of the supplied Jet Fuel product remains compliant with all relevant specifications as well as IATA's Operational requirements;
- To ensure mutually beneficial terms and conditions during contracting.
- To promote transformation in the Jet-fuel market by unlocking and facilitating access to viable opportunities for SMEs owned by black youth, women, disabled person and military veterans to participate meaningfully in this market that is historically dominated by the mainly and majority foreign owned oil majors already described above.



Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

#### 4. Scope of Work

The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' Domestic Locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS);
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue);
- The ASTM (American Standard of Testing Method) D 1655 (latest issue).

Furthermore, the Jet Fuel must be traceable to the point of manufacture and that it meets the required conductivity limits (a crucial parameter) at point of delivery to the aircraft; while the Jet fuel supplier must adhere to all relevant Joint Inspection Group (JIG) regulations, governing Jet fuel quality control, fuelling operations and inspections.

#### 5. Contract Duration

Three (3) years (1<sup>st</sup> November 2016 - 31 October 2019) for oil majors (including confinement to the PUMA joint venture), with volume and prices being reviewed annually, and five (5) years (01 November 2016 - 31 October 2021) for the three BEE companies.

6. Bid Evaluation Committee (BEC) members who were part of the negotiations concur with the recommendation set out below:

DIVISION AND DESIGNATION	NAME	SIGNATURES
Fuel Management: Head	Mark Vaughan	pp [Signature]
GSM: Commodity Manager Energy	Thamsanqa Sogwazile	[Signature]
Fuel Technical and Operations Manager	Molefi Boroko	[Signature]
Fuel Management: Fuel, Financial Manager	Debra Sibande	[Signature]
Internal Audit	Amit Bhagwan	[Signature]
GSM: Supplier Development	Nico Mookelisi	[Signature]

Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

**7. Critical Criteria**

The SAA Board of Directors approved the following critical criteria and the evaluation criteria on the 27 May 2016.

No.	Requirement	Respondents Evidence
1.	Fuel Wholesale License	Proof of Valid Fuel Wholesale license issued by the Department of Energy.
2.	Security of Supply	A letter confirming product allocation from refiners / Jet Fuel Supplier(s) – the letter must specifically refer to Jet A-1 product and the letter must mention the bidding company's name.
3.	Third Party Liability Insurance	The supplier shall effect and at all times during the term of this Agreement maintain Airline Aviation General Third Party Liability Insurance for a combined single limit of \$ 1 billion (US dollars), for each and every occurrence per aircraft. All prospective Jet Fuel Suppliers are requested to furnish SAA with evidence of the insurance cover required.
4.	Quality Compliance	It is mandatory for the prospective Jet fuel supplier to provide evidence that: ➤ <u>The Jet A-1 Fuel meets the following Quality and Control Standards:</u> <ul style="list-style-type: none"> <li>• Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQJOS)</li> <li>• The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)</li> <li>• The ASTM (American Standard of Testing Method) D 1655 (latest issue)</li> </ul> ➤ The Jet A-1 Fuel is traceable to the point of manufacture and that it meets the required Conductivity Limits ( <u>a crucial parameter</u> ) at point of delivery to the aircraft.
5.	BBBEE Requirements	Confirmation of B-BBEE compliance (Certified Copy of B-BBEE Certificate, EME Affidavit or confirmation of B-BBEE status from a registered accountant or accredited verification agency).



Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

No.	Requirement	Respondents Evidence
<b>Critical B-BBEE Mandatory Requirements (For the 20% Volume allocation)</b>		
6.	Black-ownership as per B-BBEE Codes	51% or more
7.	Black-women ownership as per B-BBEE Codes	30% or more
8.	B-BBEE Recognition Level	Level 2 or more
9.	SARS Tax Clearance	Valid original Tax Clearance Certificate.
<p><b>Note:</b></p> <ul style="list-style-type: none"> <li>- <i>Military Veterans must appear on the database of military veterans administered by the Department of Military Veterans.</i></li> <li>- <i>Submissions by companies owned by People Living with Disabilities should be accompanied by a supporting letter from a registered Health Practitioner*.</i></li> </ul>		

Below is the illustration of how the allocation principle will be applied:

Bidder Profile	Total Volumes to be allocated
Meets all functional mandatory requirements, Does not meet all the critical B-BBEE mandatory requirements. (still required to submit the Enterprise Development Plan) – (Current suppliers)	Eligible for 80% of the total volumes available for contracting
Meets all functional mandatory requirements, and Meets all the B-BBEE mandatory requirements. - (Respondents shortlisted through RFI)	Eligible for 20% of the total volumes available for contracting.

Regarding the 20% domestic volume, SAA will give preference to Bidders shortlisted through the RFI process who are:

- 51% majority or more Black owned companies;
- 30% or more Black Women owned companies;
- Black Youth owned companies;
- Companies owned by Military Veterans; and
- Companies owned by Persons with Disabilities.

Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 8. Price and B-BBEE Formula

For SAA's Domestic Locations:

Evaluation Elements		Percentage
1.	<b>PRICE: Total Cost of Ownership</b>	90%
	<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2.	<b>B-BBEE</b>	10%
	<input type="checkbox"/> Bidders are to provide a valid B-BBEE Certificate	
<b>TOTAL:</b>		100%

## 9. Evaluation Process

All bid submissions were evaluated against a set of pre-determined critical criteria and additional evaluation criteria:

- Bidders who are prequalified already, thus currently members of SAA's Panel of Jet A-1 Fuel Suppliers were evaluated on the basis of Price and where applicable B-BBEE only. (The current suppliers were also required to complete the Enterprise Development Plan)

- **Note:** Transformation commitments made by bidders in response to the Enterprise Development plan will constitute a material element of the supply agreement between SAA and successful Bidder(s).

- However, Bidders who have not been prequalified yet, were firstly assessed regarding their operational capabilities, thus in line with the Critical Criteria; and subsequently their Bids were opened for SAA's consideration.

The Two Phase Approach as set out below was used to evaluate:

- Phase 1: Critical and Technical Criteria Evaluation
- Phase 2: Bidding and Negotiating Phase.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 10. Respondents to the RFP

A total number of seventy one (71) respondents to RFP- GSM047/16 for the Supply and Delivery of Jet A -1 Fuel at Domestic Locations were received.

**Table 2: List of respondents**

Bidder no.	Bidder Name
1	HDI Support National (Pty) Ltd
2	Ntaka Obusi Petroleum
3	Petapoint cc
4	Chevron
5	WOA Fuels & Oils
6	Mueletshedzi Logistics
7	Mmapho Gas & Energy (Pty) Ltd
8	Delphicap cc
9	Dakile Global (Pty) Ltd
10	Kekoil
11	Lilitha Oils (Pty) Ltd
12	Sifikile LTE Consortium
13	Matsoba Business Enterprises
14	KM Petroleum (Pty) Ltd
15	Fuelserve Petroleum
16	Setoil (Pty) Ltd
17	Lamanjolo Investment (Pty) Ltd
18	ZY Holdings 1/2 Amandla we octane
19	Maponya Africa & Seraj Transport JV
20	Mzantsi Petroleum Life (Pty) Ltd
21	Makwande Energy Trading (Pty) Ltd
22	Petroleum Life (Pty) Ltd
23	Cubidex (Pty) Ltd
24	Sunset Oil Services & Logistics (Pty) Ltd
25	SRS Aviation Cargo (Pty) Ltd
26	Wasaa Gasses
27	Mapimpa Group
28	Gulfstream Energy
29	WATB
30	Infinite Energy Petroleum & Gas
31	ECON Oil & Energy
32	Qtique & Shikamo JV
33	Kamoso Fuel & Gas
34	Dikopane Project Management cc
35	Mcuswa Trading
36	Lalita Investment (Pty) Ltd
37	Iconic Ventures (Pty) Ltd



Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

Bidder no.	Bidder Name
38	Balimi Barui Trading
39	Ramashu Supply & Services
40	Engen Petroleum Ltd
41	Insika Resources
42	Lonyuko Innovative Partners Group
43	Variable Oils & Gas (Pty) Ltd
44	JoJo EC Trading & Projects cc
45	Divane Trading (Pty) Ltd
46	Barieda 697 cc
47	Biotight (Pty) Ltd
48	EML Energy
49	Afric Oil (Pty Ltd (JV)
50	Sozala-Mendi Consortium
51	ST2 Trading & Projects cc
52	Nchai & KK Holdings (Pty) Ltd
53	Kukhanya Marketing
54	MTHA Aviation
55	NDJW Global Imports & Exports
56	BP Southern Africa (Pty) Ltd
57	Kghohlano Trading Enterprises cc
58	Community Oil & Gas Trading (Pty) Ltd
59	SBM Energy (Pty) Ltd
60	Total South Africa
61	Galela Telecommunication Holdings
62	Govhani & Associates (Pty) Ltd
63	SBM Investment JV
64	Puma Energy SA (Pty) Ltd
65	Shell Downstream SA (Pty) Ltd
66	Yem Yem Petroleum (Pty) Ltd
67	GTL Petroleum (Pty) Ltd
68	Kriek Business Enterprises
69	WNM Petroleum
70	Tripple action ER Fort General Trading
71	Bele Holdings (Pty) Ltd

### 11. Critical Criteria

Seventy one bidders were evaluated against the Board approved critical criteria set out on page 7 of this document. A total number of thirty six (36) bidders satisfied/complied with the critical criteria and moved on the next stage of Technical criteria as outlined on the table below. (Refer to Annexure B – Critical & Technical Evaluation Sheet).

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

**Table 3: Critical Criteria**

Bidder no.	Bidder Name	Complied	Reason / Missing Document
1	HDI Support National (Pty) Ltd	N	Fuel Wholesale Licence and Security of Supply
2	Ntaka Obusi Petroleum	Y	Complied
3	Petapoint cc	Y	Complied
4	Chevron	Y	Complied
5	WOA Fuels & Oils	Y	Complied
6	Mueletshedzi Logistics	N	Third Party Liability Insurance
7	Mmapho Gas & Energy (Pty) Ltd	N	BEE – Level 3
8	Delphicap cc	Y	Complied
9	Dakile Global (Pty) Ltd	N	Third Party Liability Insurance and No BEE Certificate
10	Kekoil	Y	Complied
11	Lilitha Oils (Pty) Ltd	Y	Complied
12	Sifikile LTE Consortium	Y	Complied
13	Matsoba Business Enterprises	Y	Complied
14	KM Petroleum (Pty) Ltd	N	BEE – Level 3
15	Fuelserve Petroleum	Y	
16	Setoil (Pty) Ltd	N	Security of Supply
17	Lamanjolo Investment (Pty) Ltd	N	No Original Tax Clearance Certificate
18	ZY Holdings t/a Amandla we octane	Y	Complied
19	Maponya Africa & Seraj Transport JV	N	Third Party Liability Insurance
20	Mzantsi Petroleum Life (Pty) Ltd	Y	Complied
21	Makwande Energy Trading (Pty) Ltd	N	Third Party Liability Insurance
22	Petroleum Life (Pty) Ltd	N	Third Party Liability Insurance
23	Cubidex (Pty) Ltd	N	Third Party Liability Insurance and Security of Supply
24	Sunset Oil Services & Logistics (Pty) Ltd	N	BEE – Level 3
25	SRS Aviation Cargo (Pty) Ltd	Y	Complied
26	Wasaa Gasses	Y	Complied
27	Mapimpa Group	N	Fuel Wholesale Licence and Third Party Liability Insurance
28	Gulfstream Energy	N	BEE – Level 4
29	WATB	Y	Complied
30	Infinite Energy Petroleum & Gas	Y	Complied
31	ECON Oil & Energy	Y	Complied
32	Otique & Shikamo JV	N	Third Party Liability Insurance and Security of Supply
33	Kamoso Fuel & Gas	N	Third Party Liability Insurance



Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

Bidder no.	Bidder Name	Complied	Reason / Missing Document
34	Dikopane Management cc Project	Y	Complied
35	Mouswa Trading	N	Third Party Liability Insurance
36	Latita Investment (Pty) Ltd	Y	Complied
37	Iconic Ventures (Pty) Ltd	Y	Complied
38	Balimi Barui Trading	N	Security of Supply
39	Ramashu Supply & Services	N	Security of Supply
40	Engen Petroleum Ltd	Y	Complied
41	Insika Resources	Y	Complied
42	Lonyuko Innovative Partners Group	Y	Complied
43	Variable Oils & Gas (Pty) Ltd	Y	Complied
44	JoJo EC Trading & Projects cc	N	BEE – Level 3
45	Divane Trading (Pty) Ltd	Y	Complied
46	Barleda 697 cc	N	Third Party Liability Insurance
47	Biotight (Pty) Ltd	N	No BBBEE Certificate
48	EML Energy	Y	Complied
49	Afric Oil (Pty Ltd (JV)	N	No consolidated BBBEE Certificate
50	Sozala-Mendi Consortium	N	Third Party Liability Insurance
51	ST2 Trading & Projects cc	Y	
52	Nchai & KK Holdings (Pty) Ltd	N	Third Party Liability Insurance and BEE – Level 3
53	Kukhanya Marketing	N	Third Party Liability Insurance and Security of Supply
54	MTHA Aviation	Y	
55	NDJW Global Imports & Exports	N	Third Party Liability Insurance
56	BP Southern Africa (Pty) Ltd	Y	Complied
57	Kghohlano Trading Enterprises cc	N	Third Party Liability Insurance and BEE – level 3
58	Community Oil & Gas Trading (Pty) Ltd	N	Third Party Liability Insurance and No BBBEE Certificate
59	SBM Energy (Pty) Ltd	N	BEE – Level 3
60	Total South Africa	Y	Complied
61	Galela Telecommunication Holdings	Y	Complied
62	Govhani & Associates (Pty) Ltd	N	Security of Supply
63	SBM Investment JV	Y	Complied
64	Puma Energy SA (Pty) Ltd	N	Tender confined
65	Shell Downstream SA (Pty) Ltd	Y	Complied
66	Yem Yem Petroleum (Pty) Ltd	Y	Complied
67	GTL Petroleum (Pty) Ltd	Y	Complied
68	Kriek Business Enterprises	N	Thrd Party Liability Insurance and BEE – level 3
69	WNM Petroleum	N	Thrd Party Liability Insurance and BEE – level 3

Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

Bidder no.	Bidder Name	Complied	Reason / Missing Document
70	Tripple action ER Fort General Trading	N	Thrd Party Liability Insurance
71	Bele Holdings (Pty) Ltd	Y	Complied

## 12. Technical Criteria (Quality Compliance)

Thirty six (36) bidders were evaluated in terms of the Technical criteria. A total number of thirty four (34) bidders satisfied/complied with the quality compliance test and thus qualified for the next stage of Pricing. Five (5) of these bidders were oil majors namely Engen, Total, Chevron, BP and Shell. This meant twenty nine (29) BEE companies proceeded onto the next evaluation stage of Pricing. (Refer to Annexure B – Critical & Technical Evaluation Sheet)

The two (2) bidders below failed the quality compliance test..

**Table 4: Quality Compliance**

Bidder no.	Bidder Name	Complied	Reason
12	Sifikile LTE Consortium	N	Jet Fuel provided by another wholesaler with no supporting documentation.
43	Variable Oils & Gas (Pty) Ltd	N	External source. No documentation to support traceability of product

## 13. Pricing

The Bid Evaluation Committee (BEC) ensures that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost element with all other cost elements being highly regulated.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

### 13.1 Pricing Schedule – 80% Portion

Table 5: Pricing Schedule - Oil majors (For ORTIA)

	Bidder 40 (ENGEN)	Bidder 56 (BP)	Bidder 60 (TOTAL)	Bidder 65 (SHELL)
<b>Vol Bid</b>	48 000 000	70 200 000	48 000 000	177 600 000
<b>Price Basis</b>	BFP	BP BFP	Durban BFP	SHELL BFP
<b>Price</b>	657.46971	650.40990	645.521631	657.53848
<b>Month</b>	M-1		M-1	M-1
<b>Differential – cents/litre</b>				
<b>First Offer</b>	50.00000	16.83000	11.00000	14.90000
<b>Second Offer</b>	35.00000	15.85000	11.00000	14.00000
<b>Third Offer</b>	25.00000	15.65000	10.00000	13.80000
<b>Taxes &amp; Fees</b>	44.50400	44.50000	53.50000	44.50400
<b>Invoicing Frequency</b>	Weekly	Weekly	Daily	Daily
<b>Payment Terms</b>	21 Days	12 Days	21 Days	14 Days
<b>Currency</b>	ZAR	ZAR	ZAR	ZAR
<b>Total Intoplane- CAG (A)</b>	726.9737	710.5599	709.0216	715.8424
<b>Credit Factor (B)</b>	4.13850	3.17106	3.86977	3.86977
<b>BBBEE RATING</b>	7	2	4	3
<b>BBBEE POINTS (10%)</b>	2	9	5	8
<b>PRICE POINTS (90%)</b>	86.92	88.91	89.19	88.32
<b>Adjusted Cost (A – B)</b>	722.83521	707.38884	705.15186	711.97271

Shell also offered a package deal which had a total adjusted cost of 711.9251 cents/Lt. To view the pricing schedules for all other domestic locations refer to Annexure C – Pricing Evaluation Sheet.

Chevron did not submit a bid for ORTIA location.



Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

### 13.2 Pricing Schedule – 20% Portion

Twenty nine (29) bidders reached the pricing stage of the evaluation process. The following seven (7) bidders failed to submit competitive prices. This was deemed to be part indication of lack of understanding of the Jet Fuel supply chain.

**Table 6: Bidders who failed to submit competitive pricing or pricing at all**

Bidder no.	Bidder Name	Comment
2	Ntaka Obusi Petroleum	Price not competitive
10	Kekoil	Price not competitive
25	SRS Aviation Cargo (Pty) Ltd	Price not competitive
29	WATB	Price not competitive
41	Insika Resources	Price not competitive
45	Divane Trading (Pty) Ltd	No pricing submitted
71	Bele Holdings (Pty) Ltd	Price not competitive

Twenty two (22) bidders remained following the disqualification of seven (7) from the total of twenty nine (29) that had qualified for the Price Evaluation stage of the bidding process. Financial due diligence negotiations were held with all twenty two (22) bidders to also assess their track record in the liquid fuels supply industry and to understand the pricing proposals submitted by bidders to SAA.

**Table 7: The twenty-two bidders SAA negotiated with**

Bidder no.	Bidder Name	Comment
3	Petapoint cc	No BWO or Military veterans or People living with Disability ownership
5	WOA Fuels & Oils	100% BWO
8	Delphicap cc	No BWO or Military veterans or People living with Disability ownership
11	Lilitha Oils (Pty) Ltd	100% BO, Strategic Partnership with Military Veterans,
13	Matsoba Business Enterprises	70% BWO
15	Fuelserve Petroleum	No financial statements of partner
18	ZY Holdings t/a Amandla we octane	Never transacted before in energy space
20	Mzantsi Petroleum Life (Pty) Ltd	Strategic partnership with Military Veterans
26	Wasaa Gasses	76% BWO
30	Infinite Energy Petroleum & Gas	Strategic partnership with Military Veterans



Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

Bidder no.	Bidder Name	Comment
31	ECON Oil & Energy	90 % BWO, owned by a Military Veteran
34	Dikopane Project Management cc	100% BO, Military Veterans own 30% Stake of company
36	Latita Investment (Pty) Ltd	100% BWO
37	Iconic Ventures (Pty) Ltd	51% BWO
42	Lonyuko Innovative Partners Group	New Entity, no historical records
48	EML Energy	Strategic partnership with Military Veterans
51	ST2 Trading & Projects cc	New entity, no historical records
54	MTHA Aviation	100% white owned partner
61	Galela Telecommunication Holdings	30.33% BWO
63	SBM Investment JV	81.25% BWO
66	Yem Yem Petroleum (Pty) Ltd	100%BWO
67	GTL Petroleum (Pty) Ltd	90% BWO

Since all companies were 51% or more Black owned, Preference was given to:

- 30% or more Black Women owned companies;
- Black Youth owned companies;
- Companies owned by Military Veterans; and
- Companies owned by Persons with Disabilities.

Having regard to the considerations outlined above (a, b, c and d above), fourteen (14) of the twenty (22) companies that made the Pricing stage of the evaluation process remained that were:

- 30% or more Black Women owned (BWO) companies; and
- Companies owned by Military Veterans.

**Table 8: Lists the fourteen (14) bidders that are BWOs or owned by Military Veterans**

Bidder no.	Bidder Name	Ownership
5	WOA Fuels & Oils	100% BWO
13	Matsoba Business Enterprises	70% BWO
20	Mzantsi Petroleum Life (Pty) Ltd	Strategic partnership with Military Veterans
26	Wasaa Gasses	76% BWO
30	Infinite Energy Petroleum & Gas	Strategic partnership with Military Veterans
31	ECON Oil & Energy	90 % BWO, owned by a Military Veteran
34	Dikopane Project Management cc	Military Veterans own 30% Stake of company
36	Latita Investment (Pty) Ltd	100% BWO
37	Iconic Ventures (Pty) Ltd	51% BWO

Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

Bidder no.	Bidder Name	Ownership
48	EML Energy	Strategic partnership with Military Veterans
61	Galela Telecommunication Holdings	30.33% BWO
63	SBM Investment JV	81.25% BWO
66	Yem Yem Petroleum (Pty) Ltd	100%BWO
67	GTL Petroleum (Pty) Ltd	90% BWO

The table below shows that the three (3) recommended bidders will source their jet fuel from Total SAA on the basis of the Letter of Commitment (supply undertaking) this oil major has given to these entities, hence the use of the Total BFP in the computation of figures in Pricing Table 9.

Table 9: Pricing Schedule – BEE Companies (For ORTIA):

	Bidder 30 (INFINIT ENERGY)	Bidder 34 (DIKOPANE PROJECTS)	Bidder 48 (EML ENERGY)
<b>Vol Bid</b>	102 700 000	102 700 000	102 700 000
<b>Price Basis</b>	TOTAL BFP	TOTAL BFP	TOTAL BFP
<b>Price</b>	645.52163	645.52163	645.52163
<b>Month</b>	M-1	M-1	M-1
<b>Differential – cents/litre</b>			
<b>First Offer</b>	53	7	36
<b>Second Offer</b>	15	35	18
<b>Third Offer</b>	0	14	18
<b>Final Offer</b>	7.5	7	8
<b>Taxes &amp; Fees</b>	67	67	67
<b>Invoicing Frequency</b>	Weekly	Weekly	Daily
<b>Payment Terms</b>	15 Days	21 Days	30 Days
<b>Currency</b>	ZAR	ZAR	ZAR
<b>Total intoplane- CAG (A)</b>	720.02	719.52	720.52
<b>Credit Factor (B)</b>	4.48	4.48	5.24
<b>BBBEE RATING</b>	1	1	1
<b>BBBEE POINTS (10%)</b>	10	10	10
<b>PRICE POINTS (90%)</b>	89.94	90.00	89.97
<b>Adjusted Cost (A – B)</b>	715.54	715.04	715.28
<b>Ranking</b>	2	1	3
<b>Majors - Average Price</b>	707.95	707.95	707.95
<b>Difference between Majors and Bidders</b>	12.07	11.57	12.57

Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

To view the pricing schedules for all other bidders refer to **Annexure C – Pricing Evaluation Sheet**.

It should be noted that there might be additional costs should the Into-plane fee be higher than 10cents/Lt. The cost of insurance is also dependent on volume, so the cost of insurance that the bidders have provided is dependent on them getting the full volume that they bid for, should SAA allocate to more bidders then the cost of insurance will increase as each bidder will then have less volume.

In summary the Domestic awards are as follows:

**Table 10: Domestic awards**

Location	Bidder
OR Tambo	Total, Engen, Shell, BP, Puma, Dikopane, Infinite Energy and EML
Cape Town	Chevron, Total
King Shaka	Shell
Port Elizabeth	Shell
East London	BP
Bloemfontein	Engen
Kimberley	Engen
George	BP
Richards Bay	BP

#### 14. Procurement Transformation

**Annexure D: Procurement Transformation** outlines the following:

- Procurement Transformation Objectives and Rationale;
- Brief Background on Domestic Jet Fuel Procurement; and
- The proposed way forward



## 15. ORTIA Shortfall

The evaluation results indicate that there is a shortfall at ORTIA of 87.5 million Lt.

- a. The required volumes at ORTIA equate to 513.5 million Lt.
- b. Total, Engen, BP and Shell are only prepared to offer 82.96% of the volume required at ORTIA even after they were requested to consider extra volume.
- c. Puma Energy subsequently approached SAA with a proposal for the supply of Jet A1 at ORTIA. Puma Energy committed to 120 million Lt per year which makes up in full for the shortfall referred to above, thus creating 100% coverage of the volume required to meet the entire uplift for SAA and its affiliates at ORTIA.
- d. All supply of Jet Fuel in South Africa at the moment is sourced from the six oil majors and their refineries and on occasion is imported mainly through Durban harbour.
- e. Puma Energy imports fuel through Maputo Harbour where the Mozambique Government imposes a 26.88 cents per Lt Valarum Tax. Once the PUMA import terminal in Richards Bay is complete (which is in its final phase, due for completion early next year), Puma will be able to do away with the Valarum Tax and this will position them as the most competitive bidder after SASOL with whom SAA currently has a two year contract.
- f. All other airports in South Africa have 100% volume coverage.
- g. The following is the total pricing ranking including normalisation for payment terms using SASOL's current two year contract at ORTIA as a base line:
  - 1<sup>st</sup> PUMA 0.81% more (Excluding Valarum Tax)
  - 2<sup>nd</sup> TOTAL 0.9% more
  - 3<sup>rd</sup> Air BP 1.22% more
  - 4<sup>th</sup> SHELL 1.87% more
  - 5<sup>th</sup> ENGEN 3.43% more



Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

### 15.1 Puma Energy

Puma Energy is currently SAA's biggest supplier per location. The entity currently has fourteen (14) jet fuel contracts regionally with SAA amongst the twenty six (26) airports served by the airline on the African continent, outside South Africa. The contracts are for Accra, Blantyre, Cotonou, Dar es Salaam, Gaborone, Lubumbashi, Harare, Lilongwe, Lusaka, Luanda, Livingstone, Ndola, Victoria Falls and Windhoek locations. These contracts expire on the 31<sup>st</sup> December 2016. Puma Energy has been doing business with SAA for the past six (6) years.

As already stated, the RFP was confined to shortlisted respondents of the RFI (RFI-GSM002/16) as well as the current suppliers of Jet A-1 to SAA (Oil Majors). Ordinarily, this means that Puma Energy would not qualify to participate on this RFP (GSM047/16).

As a mitigating strategy, it is in the best interest of SAA to confine the remaining ORTIA volumes to an oil major like Puma Energy which has recently entered the South African oil market. Section 15.2 hereunder is an outline of Puma's Enterprise and Supplier Development programme which they have put forward to complement their pricing proposal to SAA.

### 15.2 Puma's Enterprise Development Plan (Refer to Annexure D: Puma – COGT MoU)

In order to support the transformation mandate, Puma Energy has decided to partner in a form of a joint venture with Community Oil & Gas Trading (Pty) Ltd (COGT). COGT is an Exempted Micro Enterprise (EME) at Level 1 playing in the energy space. The joint venture will highlight the development plan with timelines

Currently the two parties have signed the Memorandum of Understanding (MoU) which a binding agreement, which sets out an intended collaboration between the parties and outlines the obligations of each party. This agreement lays the platform for a formal agreement to be concluded, should Puma be awarded volume to supply SAA at ORTIA.

The final intended structure has not been finalized, but will be described in detail in the formal agreement following this.

Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

As far as the initial collaboration is concerned, please refer to Clause 6 of the MoU. Some highlights however:

- Puma will remain the contracting party with SAA;
- Puma will manage all technical aspects including product quality and operations, including the relationship with the Fuel JV;
- Puma will provide the required insurance and credit to SAA;
- Puma will provide extensive training to COGT through a formalized training program including both technical and commercial aspects;
- COGT will manage the front office relationship with Transnet and SAA; and
- COGT will provide SAA with a quarterly enterprise development report.

#### 16. Financial information

The domestic jet fuel spend for the previous financial year (1 April 2015 – 31 March 2016) amounted to R 3 971 365 070.

It is projected that the spend on domestic jet fuel from the three (3) recommended bidders will generate an estimated additional cost of about R18 million per annum (at least) or R90 million for the proposed five (5) year contract period. This additional estimated cost, calculated by SAA Fuel Management is mainly a factor of:

- The average 2% premium of the recommended bidders' latest cents per litre price (Cpl) in comparison with the average Cpl of the oil majors' quoted price.
- The insurance cost which correlates with the level of volume delivered per bidder, whereby the cost would be lower (estimated at R14 million per annum) if only one bidder were appointed to deliver the entire 20% volume. However, such cost has increased as more bidders are appointed to deliver the same volume, with the result that each bidder will deliver a lower volume quantity albeit at a higher insurance cost.

In their email dated 20 September 2016, Fuel Management state that *"The cost of insurance is dependent on volume, so the cost of insurance that the bidders have provided is dependent on them getting the full volume that they bid for, should we allocate to more bidders then the cost of insurance will increase as each bidder will then have less volume"*.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

#### 17.4 Mitigating Factors

a) One way of doing this is to set the **Minimum Economic Volume (MEV)** to be supplied per each new entrant at a certain level of cents per litre or percentage margin on the bases of assumed but realistic minimum operating and CAPEX costs, over carefully considered supply contract duration. Working out the MEV will require modelling the financials of the envisaged new market entrants (domestic SAA Jet Fuel Suppliers).

In her email dated 20 September 2016, the SAA Financial Manager Fuel Management states that "should we allocate to more bidders then the cost of Insurance *[to be borne by new suppliers]* will increase as each bidder will then have less volume *[or a smaller share of the 20% total volume]*".

NB: The potential (positive / negative) impact the MEV decision and by extension the number of new suppliers could have on the probable viability of new suppliers can be best informed by financial modelling based sensitivity analysis.

Therefore, the recommended number (three suppliers) in section 19 below is an important decision that, other than the satisfactory compliance of these bidders to the full evaluation criteria as outlined in this submission, is to be informed by the financial modelling briefly outlined above.

b) Considering that the new category of domestic jet fuel suppliers would comprise SME entities that are majority owned (except Puma) by B-BBEE beneficiaries whose annual turnover with including their share of SAA's 20% domestic jet fuel revenue would be below the R50 million B-BBEE Codes stipulated threshold of SMMEs, SAA will need to include these suppliers into the list of those whose invoices enjoy the Early Settlement concession.

The Early Settlement arrangement, available already to other SAA SMME suppliers (whose SMME status is B-BBEE certified), is intended to assist SMMEs to maintain a positive cash flow thus improve their liquidity, measured particularly in terms of current ratio. In addition to this benefit, the Early Settlements also contribute points towards SAA's Enterprise & Supplier Development element of the airline's B-BBEE Scorecard.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 17. Risks and Mitigating factors

### 17.1 Current Risk

a) The domestic contracts are on a month to month basis as per the Board resolution of 26 August 2016. This is putting a strain within the supply chains as oil major suppliers prefer dealing with longer term client commitments which help to reduce uncertainty and improve their procurement of jet fuel inputs (for example, crude) and efficiencies particularly of refinery operations. Also failures to address the shortfall at ORTIA would create a serious (high probability, high impact) risk of security of supply considering that this airport is our hub.

b) There may be a risk of an increase to the cost already inherent, therefore prevalent, in what Fuel Management refers to as "*under-pricing*" regarding the latest revised price quotes tendered by some of the bidders. The probability and timing of such a risk materialising and precise quantified impact thereof is unknown at this stage. Its likely area of impact would be to inflate the R18 million referred to section 16 above.

### 17.2 Mitigation Factors

Whilst it may not be a comprehensive mitigation mechanism on its own, the development and application of a financial model to conduct sensitivity analysis as explained at length in section 17.3 hereunder could be helpful in trying to assess the impact of the risk of further price or cost increase outlined in 17.1(b) above.

### 17.3 Future Risk

The determination of right number of new non-oil major suppliers that SAA will eventually appoint for the purpose of supplying the 20% of the airline's domestic jet fuel uplift needs to be done in a manner that contributes towards the viability and sustainability of this category of suppliers, therefore helps to reduce the risk of business failure on the part of the new suppliers whose causal factors could be linked to the SAA domestic jet fuel supply.



Bid Number: RFP GSM 047/16

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

Contributing towards ensuring the positive financial performance of new domestic jet fuel suppliers is vital for the integrity of SAA's Procurement Transformation efforts. Allocating a well-considered MEV is one of the significant ways SAA can make such an important contribution.

Eligibility for the early payment will become invalid if a supplier's turnover grows beyond the R50 million SMME threshold, an eventuality that is likely to materialise as these entities' ZAR value of jet fuel supply to SAA cumulatively increases in one financial year, thus effectively altering the status of these suppliers from SMMEs to Large Enterprises, a development that will be confirmed by way of a B-BBEE certificate.

#### 18. Approval Process Required

- BAC Support
- FIPCO Support
- Board of Directors Approval

#### 19. Details and Motivation for Recommended Bidder

The three new entrants that are recommended for the 20% volumes, Dikopane Project Management cc, Infinite Energy Petroleum & Gas and EML Energy are 100% Black owned businesses that have strategic partnerships with Military Veterans. Awarding them will go a long way in contributing towards transforming the into-plane jet fuel industry in South Africa. The commitment made by Puma Energy with regard to their Enterprise Development (ED) is robust and sets the bar as SAA will again engage the oil majors and encourage them to participate in meaningful ways in changing this dynamic industry.

#### 20. National Treasury Register for Tender Defaulters and Database of restricted Suppliers

As at 10 September 2016 it has been verified that none of the recommended bidders are appearing on both the list of Tender Defaulters and the database of Restricted Suppliers.

Bid Number: RFP GSM 047/16  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 21. Final Recommendation

It is recommended that the BAC approves the following:

- The **80% total volumes** award of the tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates' domestic locations to Engen, Total, Chevron, BP and Shell, for a period of three years (01 November 2016 - 31 October 2019) in line with the outcome of the **GSM047/16** Closed Tender process. The estimated cost, annually, for domestic locations is R 3,9 Billion (The oil majors have however indicated they wouldn't be taking up their entire volumes at ORTIA);
- The confinement of the remaining volumes at ORTIA to Puma Energy (as the leading partner of the joint venture between Puma Energy and its BEE partner, Community Oil & Gas Trading (Pty) Ltd) in order to address the shortfall at ORTIA as indicated by the results of **GSM047/16** Closed Tender process; and
- The **20% total volumes** award of the tender for the Supply and delivery of Jet A1 fuel at SAA's and its affiliates' domestic locations to Dikopane Project Management cc, Infinite Energy Petroleum & Gas and EML Energy (at ORTIA location), for a period of five years (01 November 2016 - 31 October 2021) in line with the outcome of the **GSM047/16** Closed Tender process.

## 22. Signatures

Compiled and verified that the confinement is in line with the SAA SCM Policy:

  
 Thami Segwazile  
 Commodity Manager:

22/04/2016  
 Date

Confirmation of Budget or corrective measure to ensure no overspend:

  
 Lindsay Oltzki  
 HOD Financial Accounting

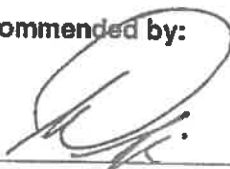
22/4/16  
 Date

Bid Number: RFP GSM 047/16

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

Recommended by:

  
 Mark Vaughan  
 HOD Fuel Management

Date 22/9/16

Supported by:

  
 Rhumeza Nhantsi  
 Interim Chief Financial Officer

Date 22/9/16

  
 Thapelo Lehasa  
 HOD: Group Transformation

Date 22/09/2016

  
 Mzolisi Rungqo  
 Acting Compliance Manager

Date 22/09/2016

Relevant Annexures:

- Annexure A: BOARD resolution on RFP- GSM047/16
- Annexure B: Critical & Technical Evaluation Sheet
- Annexure C: Pricing Evaluation Sheet
- Annexure D: Procurement Transformation
- Annexure E: Puma – COGT MoU
- Annexure F: (RFP responses from Oil Majors) Enterprise Development Plan
- Annexure G: (Total) Enterprise and Supplier Development Plan
- Annexure H: (Oil Majors) Enterprise and Supplier Development Plan



*m*



## Annexure “8.1”



**Mark Vaughan**

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**From:** Thapelo Lehasa  
**Sent:** Wednesday, 21 September 2016 18:27  
**To:** Thami Sogwazile  
**Cc:** Lester Peter; Debra Sibande; Mark Vaughan; Nico Mooketsi; Mzolisi Rungqu  
**Subject:** BAC SUBMISSION - DOMESTIC JET FUEL - THAPELO's INPUT and PROPOSED AMENDMENTS  
**Attachments:** BAC SUBMISSION - DOMESTIC JET FUEL SUPPLY- DRAFT - THAPELO's proposed amendments.doc  
**Importance:** High

Sir.

Please find above with my both my input and proposed amendments in red font and red shading for the latter. You will see that I went beyond your written and verbal brief by making comments over and above Section 14 / Transformation as I had to ensure that I have a good grasp of the entire content of the submission, that I concur with all the content, considering that I would need to be one of the signatories of the document in its entirety.

My proposed amendments also include grammatical, typographical, spelling and general executive writing style, especially in view of the main intended readership of this document, e.g. BAC (which I am part of as you know), the new members of FIPCO and largely new Board.

I am also of the view that our individual and collective responsibility at operational / CFST / BEC / Business level is to ensure that we are transparent and disclose all the important information via this submission to the readership, notwithstanding what we think / feel about such disclosure, e.g. info on potential Risks and as near to 100% accurate as possible the full or true envisaged TOTAL COST OF OWNERSHIP of that would result as a direct consequence of this transaction. Needless to say that such disclosure is a responsible thing to do so that the decision makers draw whatever deductions / conclusions and most important make the final decisions on the bases of as much reliable and credible information as possible. Such disclosure is not obstructionist nor undermining of the pursuit of the broader business goals, Transformation included.

My emphasis of this point is not an insinuation that the initial draft submission deliberately omitted certain information, not at all.

Please take note of the proposal I am making in the submission for a Five (5) year contract (instead of the 3 for Total and 6 for B-BBEE recommended bidders) for both the bidders and Total, to run concurrently, for reasons I have mentioned in the submission.

Will send you a little later tonight the two pages comprising Annexure E and Annexure F which I am still crafting.

Trusting that all comments made above in this email and in the above attached submission are taking in the positive, constructive, noble and well-meaning spirit intended.

Please feel free to call anytime, should you wish to.

Regards.

Thapelo Lehasa | SAA

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<p>&gt;51% Black Owned and &gt;30% Black Women Owned EMEs and QSEs in the Into Plane sector of the industry.</p>	<p><b>"Empowering Supplier":</b> How a bidder intends to pursue and achieve the status of "Empowering Supplier" in terms of the DTI amended BEE Codes of Good Practice and subsequently issued DTI regulations pertaining to "Empowering Supplier", specifically w.r.t achieving: • "At least 25% transformation of raw material / beneficiation..." • "Spend at least 12 days per annum or productivity deployed assisting Black Owned EMEs and QSEs" Both (i) and (ii) stipulated in amended B-BBEE codes.</p>	<p>It is through procuring Jet Fuel from oil majors with an "Empowered Supplier" BEE status that SAA's contribution towards promoting Local Manufacturing (albeit indirectly) will be enhanced.</p>	<p>Our Current Transformation Strategy or Plan, is based on the achievement of Empowering Supplier Status as a pre requisite for our business (100% Crude Oil beneficiation and other Petroleum product beneficiation locally in South Africa), and our Enterprise Development Plan ensures supporting achieving the 12 day training required.</p>	<p>The requirement: At least 25% of the cost of sales excluding labour cost and depreciation must be procured from local producers or local suppliers in SA. For service industry labour, cost are included but capped to 15%.</p> <p>Engen's commitment:</p> <ul style="list-style-type: none"> <li>Engen entered into tripartite agreement with PETCO and WASAA a 100% Black female owned Company, to supply 25-30% of its Crude Requirements.</li> <li>Engen sources about 20% of its Petroleum Products from its local black owned supplier 20%</li> </ul> <p>The Requirement: Spend at least 12 days per annum or productivity deployed assisting Black Owned EMEs and QSEs</p> <p>Engen's Commitment: At minimum, both the Engen Pitch and Polish Programme and the Engen Prospector, provide far more than 12 days of employee productivity deployed in assisting black EMEs. Our Supplier Development interventions go a long way to fulfil this requirement beyond the legislated 12 days.</p>	<p>ensure that in our database we have EMEs and QSEs that are 51% black owned and 30% black women owned companies.</p> <p>Due to the large volume that we buy the challenge is the low threshold as per the new codes</p>	<p>achieve 40% and 15% respectively</p>	<p>In 2015, BPSA (Pty) Ltd provided 12 days targeted training to one of our incumbent BO EME suppliers to improve their performance, and we will continue to provide targeted support to our BO and BWO, QSE and EME suppliers to allow them to improve the quality of service and add value to the goods and services they supply to us and to their other clients.</p>	<p>Total South Africa are already an "Empowering Supplier" with 51% black ownership recognition.</p>	<p>compulsory to only do business with suppliers that are 51% Black Owned and 30% Black Women Owned. Any deviation from this would require GM approval before a contract can be signed. All current suppliers who are minority owned and falls short of our Policy have been requested to submit improvement plans in order to ensure they meet our requirements.</p> <p>SDSA was verified on the Amended Codes of Good Practice and achieve Empowering Supplier Status. Every Quarter SDSA reports on all Transformation related activities our targets and this include Empowering Supplier Status.</p>
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Note: Transformation commitments made by bidders in response to the Enterprise Development plan (required in Annexure F will constitute a material element of the supply agreement between SAA and successful Bidder(s).



## SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

## ANNEXURE F

A) Element of Enterprise and Supplier Development Plan (to be submitted by Bidder)		(B) Relevance to Transformation of Jet Fuel Procurement	(C) Significance for the SAA B-BBEE Scorecard	(D) Bidder Commitment (bidder to state their commitment and attach supporting documents)	Bidder 40 (Engen)		Bidder 56 (BP)	Bidder 60 (Total)	Bidder 65 (Shell)																																																											
Current EME and QSE Ownership Stake: How many and what is the collective shareholding of EMEs and QSEs (with >51% Black Ownership) in the oil major and how many of these EMEs and QSEs currently participate in the Jet Fuel supply chain of the oil major (EME and QSE data to be shown separately).		It is through the focus on EMEs and QSEs (i.e. growing their number) that the process of transforming the current Into Plane industry structure can be driven in conjunction with initiative 6 in Column 'A'.	<p>The higher the number of EMEs and QSEs especially those with &gt;51% Black Ownership and or better still &gt;30% Black Women Ownership, the bigger the positive impact on SAA's B-BBEE scorecard.</p> <p>The impact of would be better realized if the oil majors were to increase their procurement spend on EMEs and QSEs and as a consequence SAA's BEE scorecard would also improve from increased procurement spend on a much bigger base of EMEs and QSEs.</p> <p>The higher the number of EMEs and QSEs SAA procures from and the larger the procurement spend on this category of suppliers, the more profound the positive impact on SAA's BEE scorecard, considering that Enterprise &amp; Supplier development (EMEs and QSEs part thereof) carries the highest weight or score of all elements</p>	<p>Currently our company is not owned by or does not have BEE Shareholders with &gt;51% Black Ownership and or better still &gt;30% Black Women Ownership. We however sold our business Retail Assets to Branded Marketers equivalent to 5% Black Ownership of our assets.</p>	<p>The following BBBEE suppliers are registered to trade with Engen across all bulk fuels, including Jet, when required:</p> <table><thead><tr><th>Entity Size</th><th>Recognition level</th><th>Trading Industry</th><th>Black Ownership</th><th>Black Women Owned</th></tr></thead><tbody><tr><td>Generic 2</td><td></td><td>Product</td><td>100%</td><td>100%</td></tr><tr><td>EME 1</td><td></td><td>Product</td><td>51%</td><td>0%</td></tr><tr><td>Generic 3</td><td></td><td>Product</td><td>51.67%</td><td>15.50%</td></tr><tr><td>QSE 2</td><td></td><td>Product</td><td>70.00%</td><td>30.00%</td></tr><tr><td>Generic 4</td><td></td><td>Product</td><td>51%</td><td>30%</td></tr><tr><td>QSE 1</td><td></td><td>Product</td><td>100%</td><td>100%</td></tr><tr><td>EME 3</td><td></td><td>Product</td><td>100%</td><td>33%</td></tr><tr><td>EME 1</td><td></td><td>Product</td><td>100%</td><td>100%</td></tr><tr><td>Generic 2</td><td></td><td>Product</td><td>26%</td><td>13%</td></tr><tr><td>Generic 2</td><td></td><td>Product</td><td>69.61%</td><td>40.78%</td></tr><tr><td>Generic 2</td><td></td><td>Crude</td><td>100%</td><td>100%</td></tr></tbody></table> <p>It has to be noted that due to the volumes Engen Supply Trading &amp; Optimisation (STO) buys, it is extremely difficult to maintain the EME/QSE status as one deal can take the vendor over the threshold.</p>	Entity Size	Recognition level	Trading Industry	Black Ownership	Black Women Owned	Generic 2		Product	100%	100%	EME 1		Product	51%	0%	Generic 3		Product	51.67%	15.50%	QSE 2		Product	70.00%	30.00%	Generic 4		Product	51%	30%	QSE 1		Product	100%	100%	EME 3		Product	100%	33%	EME 1		Product	100%	100%	Generic 2		Product	26%	13%	Generic 2		Product	69.61%	40.78%	Generic 2		Crude	100%	100%	<p>BPSA (Pty) Ltd does not have EME and QSE Stake. It is however exciting to mention BPSA (Pty) Ltd involvement with the EME and QSE. The total monetary investment paid to Supplier Development program was R26.7m contribution. BPSA started a road transport SD Project in which 2 new companies were adopted as SD beneficiary, awarded a 3 year road transport contract and BP funded these companies operations through a combination of as interest free loan of R20.8m; grant of R2.4m. Furthermore BPSA provided training &amp; mentorship to more than 10 companies to a total of R3.5m. BPSA also provides other non-monetary support which includes preferential pricing to hydrocarbon suppliers amongst others.</p>	<p>No</p> <p>None</p>	<p>EME – 16 SDSA Suppliers who are more than 51% &amp; BO in the last financial year. QSE 11 Suppliers who are more than 51% &amp; BO in the last financial year.</p>
Entity Size	Recognition level	Trading Industry	Black Ownership	Black Women Owned																																																																
Generic 2		Product	100%	100%																																																																
EME 1		Product	51%	0%																																																																
Generic 3		Product	51.67%	15.50%																																																																
QSE 2		Product	70.00%	30.00%																																																																
Generic 4		Product	51%	30%																																																																
QSE 1		Product	100%	100%																																																																
EME 3		Product	100%	33%																																																																
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Generic 2		Product	69.61%	40.78%																																																																
Generic 2		Crude	100%	100%																																																																
Current Total Spend on EMEs and QSEs: What is the bidder's audited spend in the last financial year on procurement from >51% Black Owned and >30% Black Women Owned EMEs and QSEs as a proportion of total procurement spend.		Proof of spend on >51% Black owned EMEs and QSEs will help give an indication (baseline) to SAA of the investment an oil major has made historically into EME and QSE development thus a signal of the willingness, appetite and minimum future investment threshold oil majors would	The weighted procurement for QSEs amounted to R9,757,468,883 (18.09%) and EMEs was determined to be R426,354,280 (0.79%). 51% black-owned procurement was R10,820,566,856 (20.06%) while 30% black women-owned procurement was R9,297,631,825 (17.24%).	R 10 211 964 232 or R10.2 Billion, across entire Value Chain, with majority from Crude Oil related procurement.	The weighted procurement for QSEs amounted to R9,757,468,883 (18.09%) and EMEs was determined to be R426,354,280 (0.79%). 51% black-owned procurement was R10,820,566,856 (20.06%) while 30% black women-owned procurement was R9,297,631,825 (17.24%).	The spend was as follows: QSE=+R4.7b; EME=+R3.1b; BO=+R7.9b; BWO=+R6.9b	602 million rand (1.5%)	B-BBEE Procurement Spend from QSEs- R 3816 382 484.55																																																												
Current Jet Fuel Spend on EMEs and QSEs:		future investment threshold oil majors would	R14,864,907 from less than 51% Black Owned	The following are details of Jet that was purchased from one of the companies above in 2015 financial year. The volumes	BBBEE spend was on crude of which Aviation	None	B-BBEE Procurement Spend																																																													

## SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

What is the bidder's audited spend in the last financial year on procurement from Jet Fuel related >51% Black Owned and >30% Black Women Owned EME and QSE suppliers as a proportion of total Jet Fuel revenue.	have to make in response to SAA's Jet Fuel procurement transformation. Oil majors' spend on EMEs and QSEs a key driver of Into Plane supply chain transformation.	(twice as much as the second highest) of the amended BEE scorecard.  Value oil major's BEE level to SAA's own will be seriously compromised should an oil major (as a Large Enterprise) fails to comply with 3 of the 4 sub-elements of "Empowering Supplier" element of Enterprise & Supplier Development (E&SD) element of amended BEE scorecard. The oil major would not receive points for E&SD.	and 30% Black Women suppliers/s.	will be small due to Engen only buying import Jet during the Refinery shut down as we produce all our Jet at the Refinery. The below represents the total Jet purchases done during the 2015 shut down- 100% of requirement sourced from the BBBEE supplier. <table><tr><th>Date Purchased</th><th>Volume Litres</th><th>Value ZAR</th><th>Value US\$</th><th>Volume Bbls</th></tr><tr><td>13-Jul-15</td><td>13 345</td><td>68 906</td><td>5 524</td><td>83550</td></tr><tr><td></td><td>152</td><td>404</td><td>445</td><td></td></tr></table> This excludes other bulk fuel purchases done to support BBBEE companies on the list above.	Date Purchased	Volume Litres	Value ZAR	Value US\$	Volume Bbls	13-Jul-15	13 345	68 906	5 524	83550		152	404	445		fuel was one of the components yielded from the crude	from QSEs - R 338 121 799.88 B-BBEE Procurement Spend from EMEs- R 44 829 144.34
Date Purchased	Volume Litres	Value ZAR	Value US\$	Volume Bbls																	
13-Jul-15	13 345	68 906	5 524	83550																	
	152	404	445																		
4 <b>Ownership Stake and Support of EMEs and QSEs Going Forward:</b> How a bidder plans expand its total base of EMEs and QSEs, thus grow ownership stake of this category of entities over a 1-2 year time commencing from tender award: <ul style="list-style-type: none"><li>In the oil major's total RSA net assets:<ul style="list-style-type: none"><li>ownership and / or access to:<ul style="list-style-type: none"><li>i. joint or shared physical operational facilities;</li><li>ii. technical support and maintenance, e.g. product quality control;</li><li>iii. financial facilities;</li></ul></li></ul></li><li>all (i, ii and iii) which are critical for the proper functioning of an Into Plane operation and supply chain</li></ul>	This requirement directly addresses SAA's goal of transforming the structure of the supply chain of Into Plane and is intended to ensure that the change (increase share of Black Ownership beyond 51%) or equity stake is supported by the necessary technical and financial support without which ownership alone would not achieve the sustainable transformation goal envisaged by both SAA and the Liquid Fuels Charter.	We are currently running Enterprise and Supplier Development programme targeted at suppliers or beneficiaries with >51% Black Owned and >30% Black Women Owned EMEs and QSEs. This will increase capacity of these groups and their participation over the years. The programme is not specific to Aviation business, but broad.		The weighted procurement for QSEs amounted to R9,757,468,883 (18.09%) and EMEs was determined to be R428,354,280 (0.79%), 51% black women-owned procurement was R9,297,631,825 (17.24%)	Air BP will work to support BEE entities in the SAA and other Aviation sectors e.g the military. Longer term we will work with ACSA in support of throughputers as allowed per the lease Agreement.	None at the moment.	SDSA has identified 10 categories to transform and to increase spend to EME and QSE suppliers. These categories are: 1. Primary and Secondary Road Transport 2. LSC Road Transport & Warehousing of Packed Lubricants 3. Lubes Additives 4. 3rd Party Storage 5. Coastal Shipping- Barging and Time Charter 6. Facilities Management 7. Customs Clearing and Freight Forwarding 8. Cargo Inspection and Testing Services 9. Oil and Gas Construction SDSA Procurement Policy has been revised and is pending sign off. The new policy makes it														
5 <b>Spend on EMEs and QSEs Going Forward:</b> How a bidder, over a 1-2 year time commencing from tender award, plans to: Grow share of oil major's spend on		Jet fuels forms part of the overall procurement (not treated in isolation), the plan going forward is to ensure that in our database we have EMEs and QSEs that are 51% black owned and 30% black owned companies.  Due to the large volume that we buy the challenge is to	R Billion across entire value chain suppliers, not limited to Into Plane only	Jet fuels forms part of the overall procurement (not treated in isolation), the plan going forward is to ensure that in our database we have EMEs and QSEs that are 51% black owned and 30% black owned companies.  Due to the large volume that we buy the challenge is to	BPSA intends to maintain its target of 30% on BWO and 21% on QSE (which are both above the DTI target) and increase its spend on BO and EME to	There is a plan to increase spend from 1.5% to 3.0% of total spend.	SDSA Procurement Policy has been revised and is pending sign off. The new policy makes it														

## Annexure D

### Jet Fuel Procurement Transformation

#### a) Procurement Transformation Objectives and Rationale:

SAA's **procurement transformation**, a key Shareholder's Compact KPI and Group Balanced Scorecard performance measure, primarily manifests in benchmarked and measurable **improvement** on the following:

- Access to SAA's supply chain opportunities.
- Diversity in the airline's supply chain:
  - B-BBEE profile of SAA's supplier base
  - Growth of procurement spend across all categories of B-BBEE Designated Beneficiaries\*
  - Level of preferential procurement spend across the majority of SAA's commodities.
- Magnitude and quantum of total preferential procurement spend,
- Preferential procurement spend in relation to Shareholder's Compact commitments,
- Overall Preferential Procurement score at the time of official B-BBEE verification audit.

*\*B-BBEE designated beneficiaries include SMMEs comprising Exempt Micro Enterprises (EMEs), Qualifying Small Enterprises (QSEs), Black, Black Women, Military Veterans, Youth, Rural Communities and Persons with Disabilities owned businesses.*

Cognisant of these performance measures, SAA set out to leverage domestic jet fuel procurement (the largest operational procurement spend commodity) guided by its developmental mandate as an organ of state wherein such a mandate is informed by various legislative, policy and regulatory instruments including but not limited to the National Development Plan, B-BBEE Act, Section 217 of Act 108 of 1996 (The Constitution), PPPF Act and 2015 State of the Nation Address (SONA) especially Part



7 of its Nine Point Plan relating to the "*Unlocking the potential of SMMEs, cooperatives, townships and rural enterprises*",

b) Brief Background on Domestic Jet Fuel Procurement

On the strength of Board 2015/B48 (mentioned in Section 3 of the main document), procurement transformation requirements were included to a less extent in the RFI for non-refining (B-BBEE) suppliers, with more requirements stipulated (specifically for oil majors) in the subsequent RFP open tender, the latter issued in May 2016, wherein oil majors in particular had to furnish specific transformation related information which would constitute a material element of the supply agreement. These requirements were informed by the relevant public sector procurement regulatory framework.

Annexure F outlines in detail the responses of the oil majors to the specific transformation requirements. In summary, whilst oil majors have furnished information that attests to the level of their preferential procurement spend, various Enterprise & Supplier Development initiatives (E&SD), accomplishment (Shell and Total) of the important "*Empowering Supplier*" status (a stringent requirement in terms of new B-BBEE codes) and their plans to intensify focus in these areas, none have disclosed information that confirms E&SD investment that specifically addresses the aviation sub-sector, for example, meaningfully facilitating access for SMMEs and / or companies owned by any of the B-BBEE beneficiaries to the *Into Plane* segment of the liquid fuels industry. Engen states in their submission that "*We are currently running Enterprise and Supplier Development programme targeted at suppliers...with >51% Black Owned and >30% Black Women Owned EMEs and QSEs. This will increase capacity of these groups and their participation over the years. The programme is not specific to Aviation business, but broad.*"

c) Way Forward

Pursuant to the Board resolutions regarding domestic jet fuel procurement transformation and Shareholder's Compact commitments and considering that all the three (3) recommended non-refining majority B-BBEE owned suppliers have supply undertakings from the same oil major, namely; Total, the following set of transformation requirements are put forward for fulfilment by Total on one hand



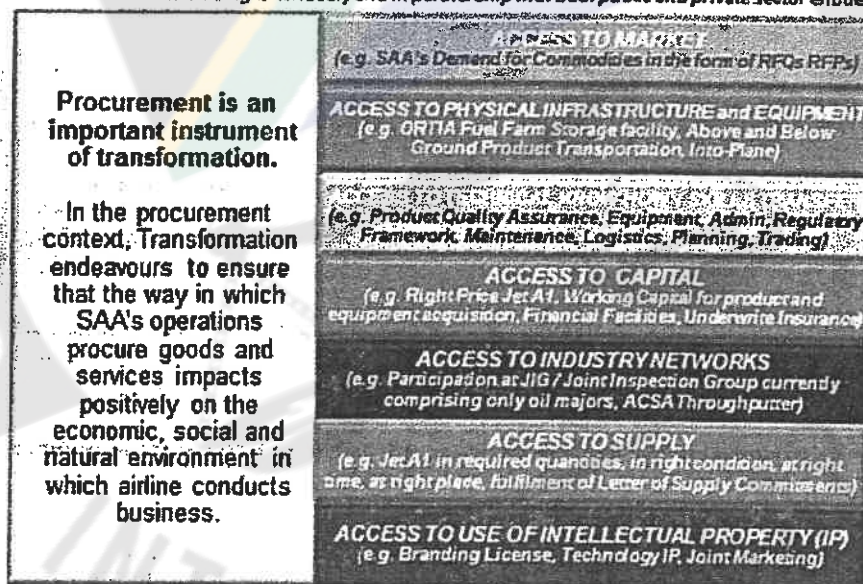
and another set of deliverables for the rest of the other oil majors (including Puma Energy) on the other hand.

**Annexures G and H** (Enterprise & Supplier Development Plan) are templates that have to be completed by Total (**Annexure G**) and other oil majors (**Annexure H**). Completion of the relevant template by oil majors will constitute a material condition of award of a part of the Domestic Jet Fuel tender and a commitment by the oil major to meaningfully contribute towards the developmental support of SAA's 20% BEE Domestic Jet Fuel supply and delivery tender and that of the general aviation fuels supply chain.

Central to this developmental support is the need to promote access to economic realistic opportunities specifically for SMMEs and entities owned by B-BBEE Designated Beneficiaries. In the context of Domestic Jet Fuel Procurement, Procurement Transformation through facilitation and enablement of access is illustrated in the diagram below.

**Domestic Jet Fuel Transformation seeks to overcome barriers, to sustainably facilitate and enable ACCESS to opportunities within SAA's Supply Chain.**

**This SAA sets out to do single-handedly and in partnership with both public and private sector entities.**



Both **Annexure G** and **H** are to be used by **Total (Annexure G)** and the other oil majors (**Annexure H**) to indicate the specific type(s) of Access by way of an E&SD Programme undertakes to deliver to capacitate the new non-refining B-BBEE Jet A1 suppliers to be able to meet the operational requirements across the entire supply chain of Into Plane.

It is the view of the BEC that SAA should conclude five (5) supplier agreements with both Total and the three (3) non-refining B-BBEE suppliers with both sets of contracts synchronised to run concurrently and also as recognition to Total for the extraordinary E&SD support they will have to provide to these new suppliers on the basis of the Letters of Confirmation.

The duration of five (5) is envisaged to be adequate to develop especially Access to Technical Knowhow, Access to Networks and Access to Physical Infrastructure at the level of the three (3) recommended bidders. Total will outline in **Annexure G** the specifics of the E&SD plan and the milestones thereof over the five (5) year contract period that it will implement to ensure that this form of access does materialise.



**ANNEXURE "G"****Enterprise and Supplier Development Plan**

(Template for completion by Oil Major/s whose non-refining B-BBEE / SMME distribution partner/s are on SAA's recommended list of bidders for the 2016 tender)

Commitment by the oil major/s to meaningfully contribute towards reinforcement of overall capacity and capabilities of the B-BBEE SMME non-refining supplier so that SMME is able to meet the Domestic Jet Fuel Tender Terms and Conditions of the Supply Agreement stipulated in the bid document and supply agreement.

<b>A</b>		<b>B</b>	<b>C</b>	<b>D</b>
<b>CATEGORY OF ACCESS NECESSARY TO CAPACITATE SMME / B-BBEE ENTITY</b>		<b>Key E&amp;SD Activity intended to enable the ACCESS required and Outcome of E&amp;SD Intervention</b>	<b>Indication of Timeline</b>	<b>KPI / Measure (Evidence of enablement of ACCESS)</b>
<b>1) ACCESS TO TECHNICAL KNOW-HOW / SKILLS TRANSFER</b> (e.g. Product Quality Assurance, Equipment, Administration, Regulatory Framework, Equipment Maintenance, Logistics, Planning, Trading)				
<b>2) ACCESS TO SUPPLY</b> (e.g. Consistent / reliable supply of Jet A1 in required quantities, in right condition, at right time, at right place, in fulfillment of Letter of Supply Commitments, SAA front office relationship management)				
<b>3) ACCESS TO PHYSICAL INFRASTRUCTURE and EQUIPMENT</b> (e.g. ORTIA Fuel Farm Storage facility, Above and Below Ground Product Transportation, Into-Plane)				
<b>4) ACCESS TO INDUSTRY NETWORKS</b> (e.g. Participation at JIG / Joint Inspection Group and / or ORTAFS currently comprising only oil majors, ACSA Throughputter)				
<b>5) ACCESS TO CAPITAL</b> (e.g. Jet A1 at right price, Working Capital for product and equipment acquisition, Financial Facilities, Underwrite Insurance)				
<b>6) ACCESS TO USE OF INTELLECTUAL PROPERTY (IP)</b> (e.g. Branding license, Technology IP, Joint Marketing)				
<b>7) ACCESS TO MARKET / DEMAND</b> (e.g. Supply opportunities for liquid fuels / petroleum products with other non-SAA competing entities) to help improve viability of B-BBEE supplier				

**NOTES:**

Commitments made on this Annexure € will constitute material terms and conditions of the supply agreement with the Oil Major.

Oil major to aim for Enablement / ACCESS to materialise in the early years of the supply agreement with SAA so as to allow for assessment of impact of the E&SD intervention and for such enablement to benefit SAA, the SMME supplier and Oil Major for the better part of the supply agreement.



## ANNEXURE "H"

## Enterprise and Supplier Development Plan

(To be completed by Oil Majors who do not have non-refining B-BBEE distribution partners that are on SAA's recommended list of bidders for the 2016 tender)

Commitment by the oil major to meaningfully contribute towards the development support of SAA's 20% BEE Domestic Jet Fuel supply and delivery tender and contribute towards the establishment of the next generation of Into-Plane B-BBEE suppliers, through interventions such as skills transfers and technical support, providing mentorship and training on the jet fuel/ aviation fuels supply chain, and financial facilities.

Intervention	Number of beneficiaries	Name of beneficiaries	B-BBEE Level of Beneficiaries	Black Ownership	Black Women Ownership	Disabled Ownership	Black Youth	Military Veterans
<b>Technical support and skills transfers</b>								
<b>Intervention outcome:</b> Technically skilled beneficiaries on maintenance and product quality controls								
<b>Mentorship and training on the jet fuel/ aviation fuels value chain</b>								
<b>Intervention outcome:</b> End to end understanding the jet fuel/ aviation fuels supply value chain								
<b>Financial facilities</b>								
<b>Intervention outcome:</b> Access to financial facilities (credit facility)								



## Annexure “9”





**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF SOUTH AFRICAN AIRWAYS SOC LTD (SAA) (2017/07), HELD ON FRIDAY 07 APRIL 2017, IN THE MAIN BOARDROOM, 6<sup>TH</sup> FLOOR, AIRWAYS PARK, 1 JONES ROAD, KEMPTON PARK AT 10H00**

**Resolution No./**

**For Attention**

**1. OPENING, WELCOME, EVACUATION PROCEDURE, CONSTITUTION OF THE MEETING AND SIGNING OF THE ATTENDANCE REGISTER**

**Present:**

Ms T Ramano	Non-Executive Director (Deputy Chairperson) (Participated by Teleconference)
Mr P Maluleka	Non-Executive Director
Ms S Tshabalala	Non-Executive Director
Mr M Malunga	Non-Executive Director
Ms G Sepamla	Non-Executive Director (Participated by Teleconference)
Mr A Moosa	Non-Executive Director (Participated by Teleconference)
Ms N Moola	Non-Executive Director (Participated by Teleconference)
Mr P Tshisevhe	Non-Executive Director (Participated by Teleconference)
Mr M Zwane	Acting Group CEO

**In Attendance:**

Ms R Kibuuka	Company Secretary
Ms L Olitzki	Head: Financial Accounting
Ms M Makgatho	Interim Group Treasurer
Mr G Aschenbach	Seabury Corporate Advisory LLC/ Chief Restructuring Office
Mr M Mason	Seabury Corporate Advisory LLC/ Chief Restructuring Office
Mr M Nyoni	Deputy Company Secretary

**Apologies:**

Ms D Myeni	Non-Executive Director (Chairperson)
Mr S Buthelezi	Non-Executive Director
Dr M Mbatha	Non-Executive Director
Ms T Mgoduso	Non-Executive Director
Ms P Nhantsi	Interim CFO

**CONFIDENTIAL**

Page 2 of 11

The quorum requirement of the meeting having been met and due notice of the meeting having been given, the meeting was declared duly constituted. The Deputy Chairperson was nominated to Chair the proceedings. She welcomed all present and declared the meeting open.

The attendance register was circulated and signed.

**2. APOLOGIES**

Apologies were noted from Mr Buthelezi, Mses Myeni, Mgoduso and Nhantsi as well as Dr Mbatha.

**3. ADOPTION OF THE AGENDA**

The order of the agenda was amended. The Board decided to consider the following resolutions which had been issued to the Board by the round robin process over the last month:

- i. International and Domestic Fuel Supply under Item 5.1 and 5.2 respectively;
- ii. Appointment of Ms Sepamla to the Mango Board under Item 5.3; and
- iii. Approach to the Organisation Undoing Tax Abuse (OUTA) and SAA Pilots Association (SAAPA) Summons under Item 5.8.

**4. DECLARATION OF INTEREST**

The Members and all present declared that they did not have any personal interest in relation to any of the items to be discussed at the meeting.

The declarations by Mses Moola and Tshabalala on their roles as employee and Non-Executive Director (NED) for SAA's lenders Investec Asset Management and Standard Bank respectively, on Item 5.6 were noted. Ms Sepamla's declaration in respect of Item 5.3 was also noted.

**5. MATTERS FOR CONSIDERATION****5.1 Approval of the Recommended Suppliers for Supply and Delivery of Jet A1 Fuel at SAA's International Locations**

The Board considered the request to approve the awarding of the tender

**CONFIDENTIAL****Page 3 of 11**

with regard to the supply and delivery of Jet A1 fuel at SAA's international locations for a period of six months, as recommended by the Finance Committee. This submission had been issued to the Board as Written Resolution 2017/B09.

**RESOLVED** that the awarding of the tender for the supply and delivery of Jet A1 Fuel at SAA's international locations to Air BP, World Fuel Services, OMV Duetschland GmbH and Swissport Fuelling Inc. for a period of six months from 01 April 2017 to 30 September 2017, with an option to extend in line with the GSM002/17 Open Tender, be and is hereby approved.

**2017/07/01**

**5.2 Approval of the Supply and Delivery of Jet A1 at Domestic Locations**

The Board considered the request to approve the awarding of the tender with regard to the supply and delivery of Jet A1 fuel at SAA's domestic locations for a period of six months as per the recommendation of the Finance Committee. This submission had been issued to the Board as Written Resolution 2017/B10.

**RESOLVED** that the awarding of the tender for the supply and delivery of Jet A1 Fuel at SAA's domestic locations to Shell, BP, Puma, Engen, Total and Chevron, for a period of six months from 01 January 2017 to 30 June 2017, be and is hereby approved.

**2017/07/02**

**5.3 Appointment of Ms Sepamla as a Non-Executive Director of Mango**

The Board was requested to approve the recommendation of the Remunerations, Human Resources and Nominations Committee, to appoint Ms Gugu Sepamla as an NED of Mango. This submission had been issued to the Board as Written Resolution 2017/B07.

**RESOLVED** that Ms Gugu Sepamla be and is hereby appointed as a Non-Executive Director of Mango effective from 07 April 2017.

**2017/07/03**

**5.4 LTTS Review Report including the Quick-Win Initiatives Report**

The Board considered the LTTS Review Report including the respective proposed quick-win initiatives as recommended by the LTTS Committee.



## CONFIDENTIAL

Page 11 of 11

in the future.

The Board deliberated on the pros and cons of any approach to be followed by SAA on the summons by OUTA and SAAPA.

*Ms Tshabalala left the proceedings at this stage. The quorum requirement of the meeting was lost.*

The Members of the Board were encouraged to communicate their decision on the matter by responding to the Written Resolution.

6. **CLOSURE**

There being no additional items for discussion, the Chairperson thanked all present and declared the meeting closed.



CHAIRPERSON

DATE: 2017/05/30.



SECRETARY

DATE: 30/05/2017

## Annexure “10”





**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF SOUTH AFRICAN AIRWAYS SOC LTD (SAA) (2017/14), HELD ON MONDAY 30 JUNE 2017, IN THE MAIN BOARDROOM, 6<sup>TH</sup> FLOOR, AIRWAYS PARK, 1 JONES ROAD, KEMPTON PARK AT 09H00**

**Resolution No./  
For Attention**

**1. OPENING, WELCOME, EVACUATION PROCEDURE, CONSTITUTION OF THE MEETING AND SIGNING OF THE ATTENDANCE REGISTER**

**Present:**

Ms D Myeni	Non-Executive Director (Chairperson) (Participated by Teleconference)
Ms T Ramano	Non-Executive Director (Deputy Chairperson) (Participated by Teleconference) (Only Item 5.2) only item
Mr P Maluleka	Non-Executive Director (Participated by Teleconference)
Mr S Buthelezi	Non-Executive Director (Participated by Teleconference)
Mr A Moosa	Non-Executive Director (Participated by Teleconference)
Ms N Moola	Non-Executive Director (Participated by Teleconference)
Ms S Tshabalala	Non-Executive Director (Participated by Teleconference)
Ms T Mgoduso	Non-Executive Director (Participated by Teleconference)
Mr P Tshisevhe	Non-Executive Director (Participated by Teleconference)
Mr M Zwane	Acting Group CEO (Participated by Teleconference)
Ms P Nhantsi	CFO

**In Attendance:**

Ms R Kibuuka	Company Secretary
Mr T Makhetha	GM: Cargo
Ms U Fikelepi	GM: Legal, Risk and Compliance
Mr J Makoro	Acting Manager: Group CEO's Office
Mr M Nyoni	Deputy Company Secretary
Mr M Mason	Seabury Corporate Advisory LCC/ Chief Restructuring Office
Mr J Gumbrevicius	Seabury Corporate Advisory LCC/ Chief Restructuring Office

**Apologies:**

**CONFIDENTIAL**

Page 10 of 12

The section will subsequently be approved through a round robin process, to be circulated on 30 June 2017.

*The CRO (Seabury) left the proceedings at this stage.*

**5.3 Supply and Delivery of Jet A1 Fuel at Domestic Locations**

The submission was tabled. The submission had been circulated to the Board through the round robin process, on 28 June 2017. The quorum requirement required for the resolution to be reached was not met, hence this submission being tabled at this meeting. The Board was requested to approve the supply and delivery of jet fuel from the oil majors, namely Shell, PB, Puma, Engen, Total and Chevron, for a six-month period, commencing on 01 July 2017, for SAA and its affiliates at the domestic locations. It was noted that a similar submission, in respect of the period ending 30 June 2017, had been considered by the Board on 07 April 2017.

It was reported that SAA was currently facing an emergency, as a result of shortages of fuel at OR Tambo International Airport. It was noted that this had prompted the Company to secure any volumes on offer from the oil majors.

Furthermore, it was pointed out that FINCO had considered this submission on 27 June 2017, and had recommended the approval of the oil majors be granted. An explanatory note was added, namely, that the shortfall in jet fuel was not due to real volume shortfalls from the oil majors, but was a result of the request by SAA to the suppliers to reduce the fuel uplift.

In the deliberations which ensued, the Chairperson expressed concern on the timing of submitting the proposal for consideration by the Board. She highlighted that the submission was made to the Board for consideration at the 11<sup>th</sup> hour. She proceeded to indicate that the first extension of the supply and delivery of jet fuel had been granted to allow the Members of FINCO, which had oversight over the procurement function, an understanding of the Company and its transactions.

The Chairperson went on to comment on the background of resolution 2016/03/16, reached by the Board on 27 May 2016 to enhance the Company's





## CONFIDENTIAL

Page 11 of 12

transformation agenda, aimed at enhancing inclusive participation. The Chairperson proceeded to touch on the previous Board's initiatives in 2015, with the Department of Trade and Industry (DTI) to change the status of only 2% of SAA's procurement being awarded to historically disadvantaged persons, in line with the Broad-Based Black Economic Empowerment Act, as South Africa belonged to everyone who lived in it. She indicated that it was important for FINCO to highlight to the Board how they have familiarised themselves with the transformation agenda.

The Chairperson indicated that the previous Board had made significant strides in improving inclusive participation at SAA, a State-owned Company, to previously disadvantaged communities, for instance in the ground-handling function, and fuel was the next area of focus.

The Chairperson highlighted that there was a view that the current Board's way of handling this transaction, was to continue to grant the supply of jet fuel to the oil majors, which was not in line with resolution 2016/03/16 (taken on 25 May 2016 whereby the shortlisted panel of fuel suppliers for use by SAA and its affiliates for the supply and delivery of Jet A – 1 Fuel at OR Tambo International Airport was approved) She proposed that, if that was the case, there was a need for the Board to rescind resolution 2016/03/16. She indicated that subsequent to the rescinding of the said resolution, she would, in her capacity as the Chairperson of the former Board, engage the stakeholders who had been previously engaged by the former Board in the transformation workshops held with DTI, of the resolution of the current Board to continue procuring fuel to the oil majors due to the current financial challenges. The Chairperson highlighted that approving the delivery and supply of jet fuel, would result in the consolidated period of one year.

The Board engaged on the submission, and the Chairperson's views. It was noted that the Board supported the transformation agenda but had no obligation to engage prospective tenderers directly or even to create any expectations. It was further pointed out that the decision not to contract for periods beyond six months was informed by legislation as well as operational performance, and SAA had not been successful in resolving this matter, to

**CONFIDENTIAL**

Page 12 of 12

review this position. The Chairperson highlighted that she understood the principle of not engaging suppliers directly. She added that the Deputy Chairperson engaged suppliers directly in an engagement with oil majors.

The proposal by the Chairperson to engage the general public in respect of the transformation agenda with reference to the delivery and supply of jet fuel to SAA, was not supported by certain Members of the Board. Instead, it was proposed that Management should instead do that on behalf of the Company. The Chairperson availed herself to explain the rationale of her proposal to engage the stakeholders outside the meeting.

No conclusion was reached regarding the Chairperson's proposal that the Board rescind resolution 2016/03/16.

The Board **RESOLVED** that, the supply and delivery of Jet A1 Fuel with the oil majors namely Shell, PB, Puma, Engen, Total and Chevron, for a period of six-months commencing 01 July 2017 to 31 December 2017, be and is hereby approved. 2017/14/02

# 6. CLOSURE

There being no additional items for discussion, the Chairperson thanked all present and declared the meeting closed.

  
CHAIRPERSON

DATE: 2018/02/22



SECRETARY

DATE: 22/02/2018

## Annexure “11”





**MINUTES OF THE SPECIAL MEETING OF THE SOUTH AFRICAN AIRWAYS (SAA OR THE COMPANY) BOARD OF DIRECTORS (2017/23), HELD ON MONDAY, 11 DECEMBER 2017, IN THE 6<sup>TH</sup> FLOOR BOARDROOM, AIRWAYS PARK, JONES ROAD, KEMPTON PARK, AT 09H00**

**Resolution No./  
For Attention**

**1. WELCOME, CONSTITUTION OF THE MEETING, NOTING OF THE EVACUATION PROCEDURE, APOLOGIES AND SIGNING OF ATTENDANCE REGISTER**

**Present:**

Mr JB Magwaza	Non-Executive Director (Chairperson)
Ms N Fakude	Non-Executive Director (Deputy Chairperson)
Mr G Rothschild	Non-Executive Director (Participated by Teleconference)
Mr P Tshisevhe	Non-Executive Director
Mr M Kingston	Non-Executive Director
Mr A Bassa	Non-Executive Director
Mr A Moosa	Non-Executive Director
Ms S Tshabalala	Non-Executive Director
Ms T Mgoduso	Non-Executive Director
Mr P Maluleka	Non-Executive Director
Ms T Mhlari	Non-Executive Director
Mr V Jarana	Group CEO
Ms P Nhantsi	Chief Financial Officer

**In Attendance:**

Ms R Kibuuka	Company Secretary
Mr M Nyoni	Deputy Company Secretary

**Apologies:**

None

*[Signature]*

*[Signature]*



**CONFIDENTIAL**

Page 11 of 18

No decision was made on this matter due to the unavailability of the Board submission.

### 6.2.3 Supply and Delivery of Jet A1 at SAA's Domestic Locations

The Board was requested to approve the:

- i. short-term extension of jet fuel supply contracts from 1 January 2018 to 30 June 2018 with major oil companies (Shell, BP, Puma, Engen, Total and Chevron); and
- ii. retraction of the domestic tender (RFP-GSM047/16), as the validity period has elapsed and to go out on a new tender.

In the discussions that ensued, it was proposed that the Group CEO must sign off the communication to the major oil companies.

**RESOLVED THAT** the Board hereby approves:

2017/23/09

- i. the short-term extension of jet fuel supply contracts from 1 January 2018 to 30 June 2018 with major oil companies (Shell, BP, Puma, Engen, Total and Chevron); and
- ii. retraction of the domestic tender (RFP-GSM047/16), as the validity period had elapsed and to go out on a new tender;

subject to the approval of the respective communication in respect of the retraction of the domestic tender by the Group CEO.

### 6.2.4 iCargo System Maintenance and Support contract

The Board was requested to approve the confinement of the contract in respect of the maintenance and support of the iCargo System, to IBS Software Services (Pty) Ltd, for a period of six months effective 01 October 2017 – 30 March 2018, at an estimated cost of US\$ 151 125.00.

**RESOLVED THAT** the confinement of the contract in respect of the maintenance and support of the iCargo System, to IBS Software Services (Pty) Ltd, for a period of six months effective 01 October 2017 – 30 March 2018, at an estimated cost of US\$ 151 125.00, be and is hereby approved and ratified.

2017/23/10




## CONFIDENTIAL

Page 18 of 18

**6.8 Air Chefs Matters****6.8.1 First Quarter Report**

The consideration of the quarterly report of Air Chefs for the period ended 30 June 2017 was deferred to the next meeting.

**6.8.2 Second Quarter Report**

The consideration of the quarterly report of Air Chefs for the period ended 30 September 2017 was deferred to the next meeting.

**7. GOVERNANCE MATTERS****7.1 Notification and Ratification of Round Robin Resolutions**

The ratification of round robins from November 2016 to 11 December 2017 was deferred to the next scheduled meeting.

**7.2 Group Governance Cycle for the 2018 Calendar Year**

The Board was requested to approve the Governance Cycle for the SAA Group for the 2018 Calendar Year.

The Group Governance Cycle for the 2018 calendar year was noted. It was agreed Co Sec that the Governance Cycle be circulated to the Board to allow the Members to respond thereto.

**7.3 AGM Notice and Submissions**

The Board was requested to approve the notice and submissions for the upcoming 2017 Annual General Meeting, which is scheduled to be held on 19 January 2018.

It was decided that the approval of the AGM notice and submissions be deferred until the finalisation of the FY2016/17 audit.

**8. CLOSURE**

There being further no further items for discussions on the agenda, the Chairperson thanked all present and declared the meeting closed.

  
CHAIRPERSON

DATE: 22/02/2018



SECRETARY

DATE: 22/02/2018

## Annexure “12”





**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER 

**REQUEST FOR PROPOSAL  
FOR  
THE SUPPLY AND DELIVERY OF JET A-1 FUEL  
AT DOMESTIC LOCATIONS**

**The Bid Number: RFP: GSM034/18**





## SOUTH AFRICAN AIRWAYS (SOC) LIMITED

REGISTRATION NO.: 1997/022444/30

**OR TAMBO INTERNATIONAL AIRPORT**  
(Hereinafter referred to as "SAA")

### 1. INVITATION TO BID

You are hereby invited to submit a Proposal for the following:

**RFP NUMBER:** GSM GSM034/18

**RFP DESCRIPTION:** Request for Proposal for the supply and delivery of Jet A-1 Fuel at Domestic Locations

<b>Issue Date:</b>	<b>03/05/2018</b>
<b>Closing Date for Questions:</b>	<b>11/05/2018</b>
<b>Closing Date for RFP:</b>	<b>17/05/2018</b>
<b>Closing Time:</b>	<b>11h00 am; local, SA Time (GMT + 2h)</b>
<b>Pre - Bid Briefing</b>	<b>Not applicable</b>
<b>Date/Time/Place for the Briefing</b>	<b>Not applicable</b>
<b>Validity Period of Bid Submission</b>	<b>150 days</b>

### 2. PROPRIETARY INFORMATION

SAA considers this RFP: **GSM034/18** and all related information, either written or verbal, which is provided to the respondents, to be proprietary to SAA. It shall be kept confidential by the respondent and its officers, employees, agents and representatives. The respondent shall not disclose, publish or advertise this specification or related information to any third party without the prior written consent of SAA.

### 3. GROUNDS FOR DISQUALIFICATION

All communication and attempts to obtain information of any kind with regards to this Bid should be channeled to Thami Sogwazile: *Commodity Manager Energy*, telephone number (+27) 011 – 978-6831 and e-mail [ThamiSogwazile@flysaa.com](mailto:ThamiSogwazile@flysaa.com).

SAA reserves the right to disqualify any respondent from this Bid process if any attempts are made by that respondent to solicit information of any kind relative to this Bid/Proposal or subsequent evaluation from any other source in SAA other than the contact person as mentioned above.



SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER 

## TABLE OF CONTENTS FOR RFB: GSM034/18

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
7	Deviations From the Request for Bid/Proposal
8	Tax Clearance Requirements
9	Pre-Bid Briefing / Site Inspection Certificate
10	General Conditions of Contract and/or Special Conditions of Contract
11	Preference Claim Form
12	Declaration Certificate for Local Production and Content
13	Certificate of Independent Bid Determination
14	National Industrial Participation Programme

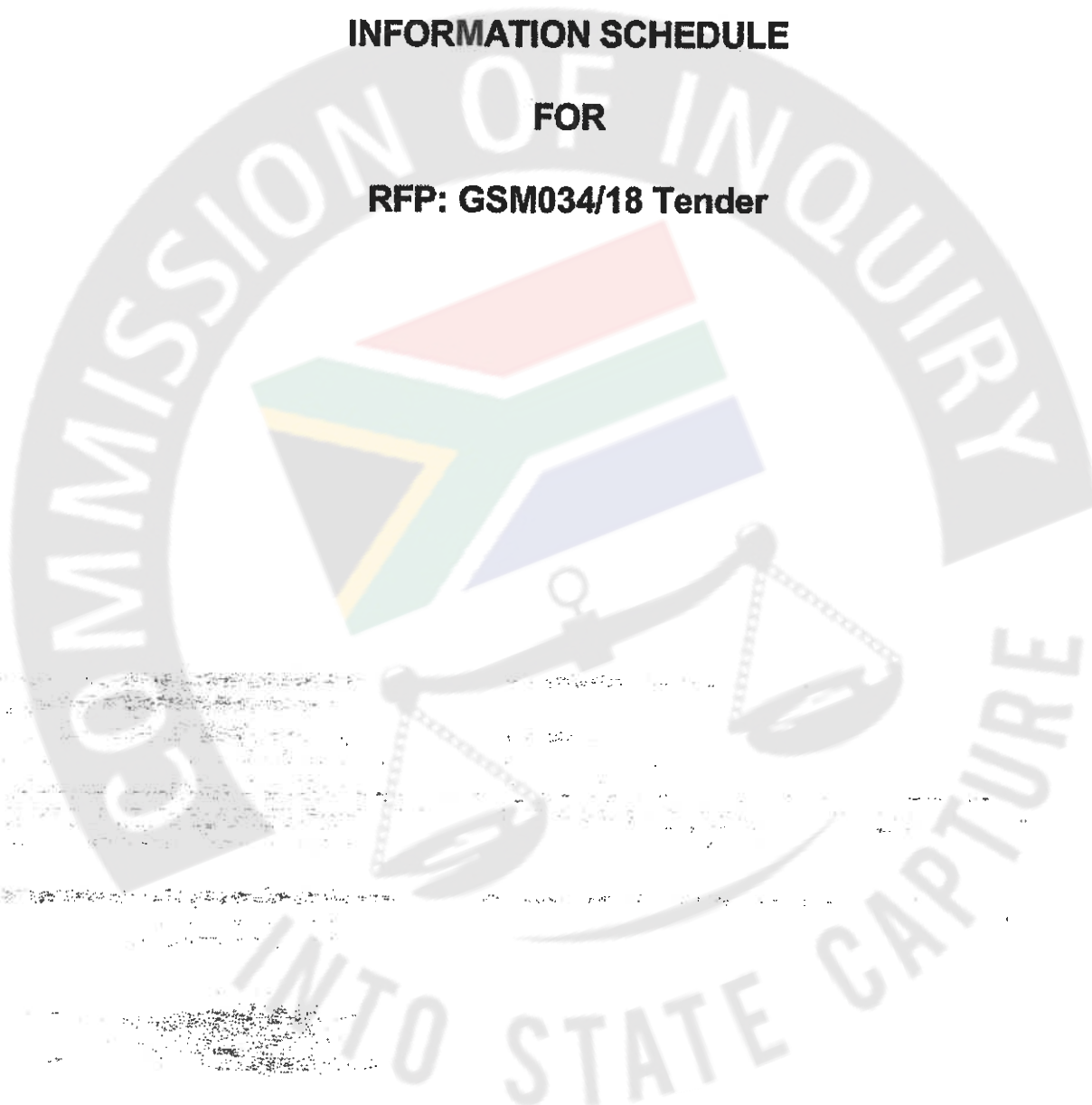


**PART 1**

**INFORMATION SCHEDULE**

**FOR**

**RFP: GSM034/18 Tender**



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

TO : Thami Sogwazile  
South African Airways (Proprietary) Limited  
Global Supply Management

E-MAIL : ThamiSogwazile@flysaa.com

RE : RFP: GSM034/18

DATE : .....

NAME OF BIDDER : \_\_\_\_\_

ENTITY NAME : \_\_\_\_\_

CONTACT PERSON : \_\_\_\_\_

TEL NUMBER : \_\_\_\_\_

FACSIMILE NUMBER : \_\_\_\_\_

CELLULAR NUMBER : \_\_\_\_\_

E-MAIL ADDRESS : \_\_\_\_\_



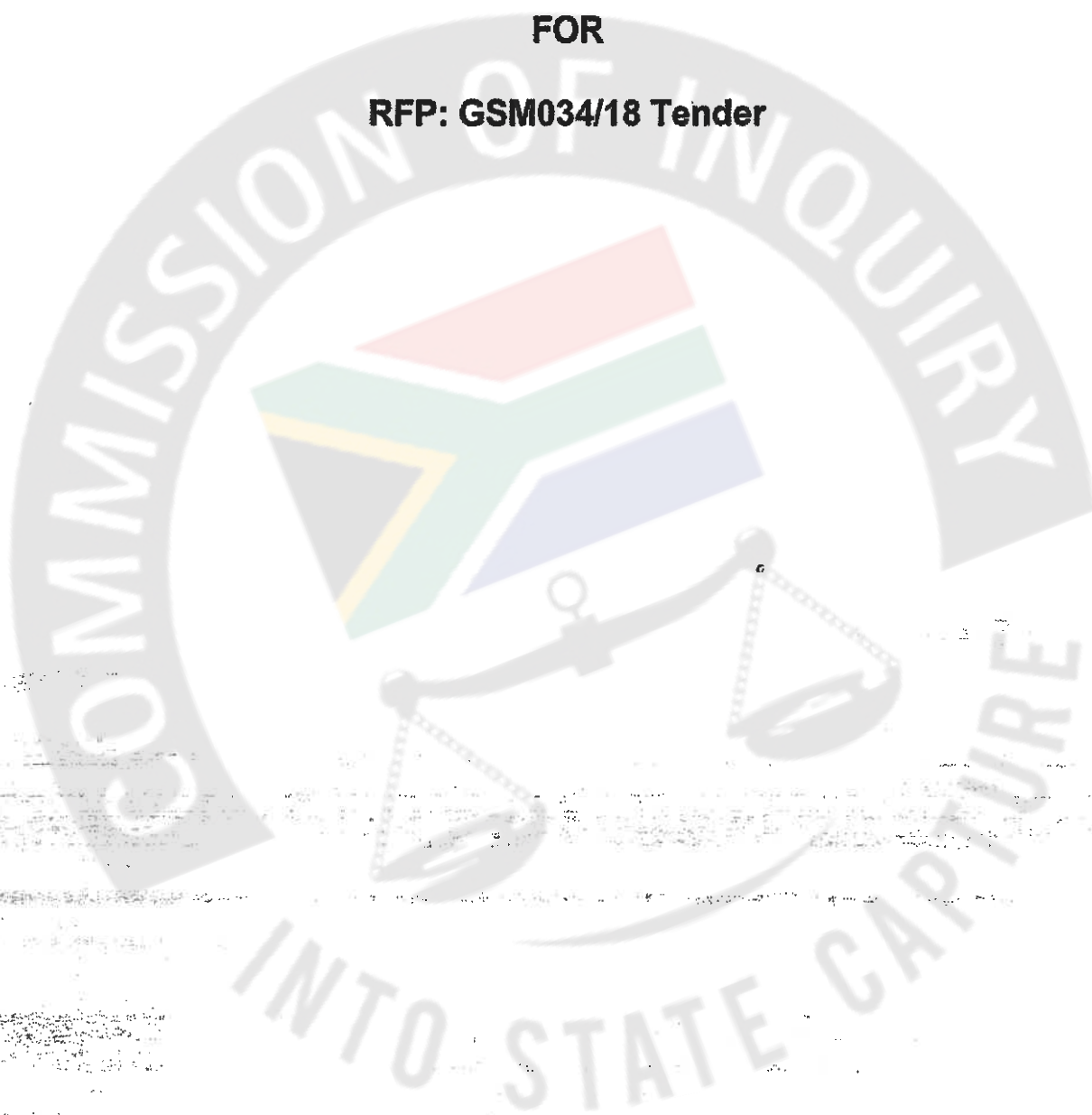


## **PART 2**

### **BID CONDITIONS AND INSTRUCTIONS TO BIDDERS**

**FOR**

**RFP: GSM034/18 Tender**



## 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 Policy Framework Act (PPPFA);
- 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..

- 2.2 SAA reserves the right to undertake physical evaluations on shortlisted Bidder/s.
- 2.3 The Bidder/s agree that during the contract period prices based on the impact of volumes, productivity improvements and sharing of risk may be negotiated.
- 2.4 The Agreement will be a non-exclusive Agreement and SAA reserves the right to purchase at its discretion service from any other service provider. SAA does not warrant that it will use any minimum quantity of the service from the successful Bidder/s.
- 2.5 During evaluation of the bids, additional information may be requested in writing from bidders. Replies to such request must be submitted, within 5 (five) working days or as otherwise indicated. Failure to comply, may lead to your bid being disqualified.

### **3.0 INTELLECTUAL PROPERTY, INVENTIONS AND COPYRIGHT**

- 3.1 The specification is the intellectual property of SAA.
- 3.2 Copyright of all documentation relating to this assignment belongs to SAA. The successful bidders may not disclose any information, documentation or products to other clients without the written approval of the accounting authority or the delegate.
- 3.3 All the Intellectual property rights arising from the execution of this Agreement shall vest in SAA and the Bidder undertakes to honor such intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.
- 3.4 In the event that the Bidder would like to use any information or data generated in terms of the Services, the prior written permission must be obtained from SAA.
- 3.5 SAA shall own all materials produced by the Bidder during the course of, or as part of the Services including without limitation, deliverables, computer programs (source code and object code), programming aids and tools, documentation, reports, data, designs, concepts, know-how and other information whether capable of being copyrighted or not ("IP") which IP SAA shall be entitled to freely cede and assign to parties nominated by SAA.
- 3.6 This clause 3.0 shall survive termination of this Agreement.

### **4.0 GENERAL GUIDELINES ON COMPLETION OF SUBMISSION**

- 4.1 Bidders must indicate compliance or non-compliance on a paragraph-by-paragraph basis. Indicate compliance with the relevant bid requirements by marking the YES box and non-compliance by marking the NO box. If the contents of the paragraph only need to be noted, please mark the NOTED box. The bidder must clearly state if a deviation from these requirements are offered and the reason therefor. If an explanatory note is provided, the paragraph reference must be attached as an appendix to the bid submission. Bids not completed in this manner may be considered incomplete and rejected. Should bidders fail to indicate agreement/compliance or otherwise, SAA will assume that the bidder is not in compliance or agreement with the statement(s) as specified in this bid.

- 4.2 SAA will interpret YES as full compliance/acceptance to the applicable paragraph. NO will be interpreted that the Bidder/s has/have read and understood the paragraph, but the Bidder/s does/do not comply/accept the content of the applicable paragraph.
- 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 a copy. The Bidder/s may alternatively send the bids by e-mail to: [MandyCoetser@flysaa.com](mailto:MandyCoetser@flysaa.com). 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 *Bidders 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 Bid should be submitted in writing to SAA at the following address:

**Attention:** Thami Sogwazile: Commodity Manager Energy  
**Email:** [ThamiSogwazile@flysaa.com](mailto:ThamiSogwazile@flysaa.com)

## 9.0 QUESTIONS AND CLARIFICATIONS

- 9.1 Enquiries should reference the Bid number, section, document and paragraph number, where appropriate.
- 9.2 The questions and clarifications must be 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 BID

### 10.1 Bids must be submitted in a sealed enveloped marked:

Tender number: : RFB: GSM034/18  
 Tender for: : Supply and Delivery of Jet A-1 Fuel at Domestic Locations

Closing Date / Time : 17/05/2018; at 11h00 am; SA Time (GMT + 2h)

Name & Address of the Bidder : (Postal or Physical Address)

OR You can also send the bids by e-mail to: MandyCoetser@flysaa.com

### 10.2 Bids must be deposited in the Bid Box situated at:

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

### 10.3 Bids can be delivered between 08H00 and 16H30, Monday to Friday, prior to the closing date and between 08H 00 and 11H 00 on the closing date.

### 10.4 Submissions will be kept unopened in safe custody until the Closing Date and Time for the Bid. Where a Bid is received without a Bid number on it, it will be opened, the Bid number ascertained, the envelope sealed and the Bid number written on the envelope.

Please note that all prospective Jet Fuel Suppliers must indicate, on the cover of each document, whether it is the Original or a Copy.

**An Original Submission as well as 1 extra hard copy of this Submission is required.**

### 10.5 For the purpose of this Tender (RFP: GSM034/18), electronic submission of Bids is permitted. However, two (2) hard copies must be subsequently delivered / posted, while the Bidder needs to indicate, on the cover of each document, whether it is the Original or a Copy.

### 10.5 Unless specifically provided for in the bid documents, tenders submitted by means of telegraph, telex, fax or similar means will not be accepted.

### 10.6 All bids must be submitted in English.

### 10.7 Bidders should ensure that bids are delivered before the closing date and time to the correct address.

If the bid is late, it will not be accepted for consideration.

## 11.0 LATE BID SUBMISSIONS

- 11.1 Late submissions of Bids will NOT be considered for evaluation and will be returned un-opened to the Bidder/s at the Bidders' own costs accompanied by an explanation to the effect that it is late.
- 11.2 A submission will be considered late if it arrives one second after 11:00 or any time thereafter. The bid box shall be locked at exactly 11:00 and bids arriving late will not be accepted under any circumstances. Bidders are therefore strongly advised to ensure that bids be dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.

## 12.0 PAYMENTS

- 12.1 Final payment terms will be negotiated with the successful bidder before awarding the bid.
- 12.2 SAA will pay the successful Bidder the Fee as set out in the final contract. No additional amounts will be payable by SAA to the successful Bidder.
- 12.3 The successful Bidder shall from time to time during the duration of the contract, invoice SAA for the services rendered. No payment will be made to the successful Bidder unless an invoice complying with section 20 of VAT Act No 89 of 1991 has been submitted to SAA.
- 12.4 Payment shall be made into the successful bidder's bank account normally 30 days after receipt of an acceptable, valid invoice. (Banking details must be submitted as soon as this bid is awarded).
- 12.5 The successful Bidder shall be responsible for accounting to the appropriate authorities for its Income Tax, VAT or other moneys required to be paid in terms of applicable law.

## 13.0 WARRANTIES

- 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.

*M* ✓

## 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.

## 16.0 NEGOTIATIONS

- 16.1 SAA has the right to enter into negotiation with a prospective bidder or prospective bidders regarding any terms and conditions, prices, BEE, technical/functionality requirements, etc.
- 16.2 SAA shall not be obliged to accept the lowest priced bid, quotation, offer or proposal.

## 17.0 BID PRESENTATIONS

- 17.1 SAA reserves the right to invite bidders for presentations before the award of the bid.

## 18.0 FORMAT OF BIDS

- 18.1 Fully comprehensive service documentation shall be supplied in English by each Bidder, which shall explicitly and in detail describe the service/s offered. This documentation shall include sufficient detail to clearly give the reader a precise and unambiguous description of the service/s offered. Incomplete or incomprehensible service documentation will result in rejection of the offer.

- 18.2 The following documentation forms part of the Bid and must be duly completed & returned in the Bidders response to this RFB

**18.2.1 Information Schedule**

Bidders must complete and submit the **Information Schedule**. Refer to Part 1 of this document.

**18.2.2 Technical/Functionality Proposal & Compliance**

Refer to Part 3 of this document.

**18.2.3 SARS Tax Clearance Certificate(s)**

A valid original SARS Tax Clearance Certificate must accompany the proposal. In case of a consortium/joint venture, or where sub-contractors are utilised, a valid original SARS Tax Clearance Certificate for each consortium/ joint venture member and/or sub-contractor (individual) must be submitted.

Each consortium/joint venture must submit its own valid original Tax Clearance Certificate.

**18.2.4 Declaration of Interest**

Bidders must complete and submit the Declaration of Interest Form.

**18.2.5 Briefing Session or Site Inspection Certificate**

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

**18.2.6 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 Pricing Schedule.**

Bidders must submit a detailed costing schedule. All prices submitted must include all applicable taxes.

**18.2.8 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 3**

### **SCOPE OF WORK / SPECIFICATION**

**FOR**

**RFP: GSM034/18 TENDER**

The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' domestic locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)
  - The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)
  - The ASTM (American Standard of Testing Method) D 1655 (latest issue)
- The Jet A-1 Fuel must be traceable to the point of manufacture and must meet the required Conductivity Limits (a crucial parameter) at point of delivery to the aircraft.
  - The supplier must adhere to all relevant Joint Inspection Group (JIG) Regulations, governing: Jet A-1 Fuel Quality Control, Fuelling Operations and Inspections.

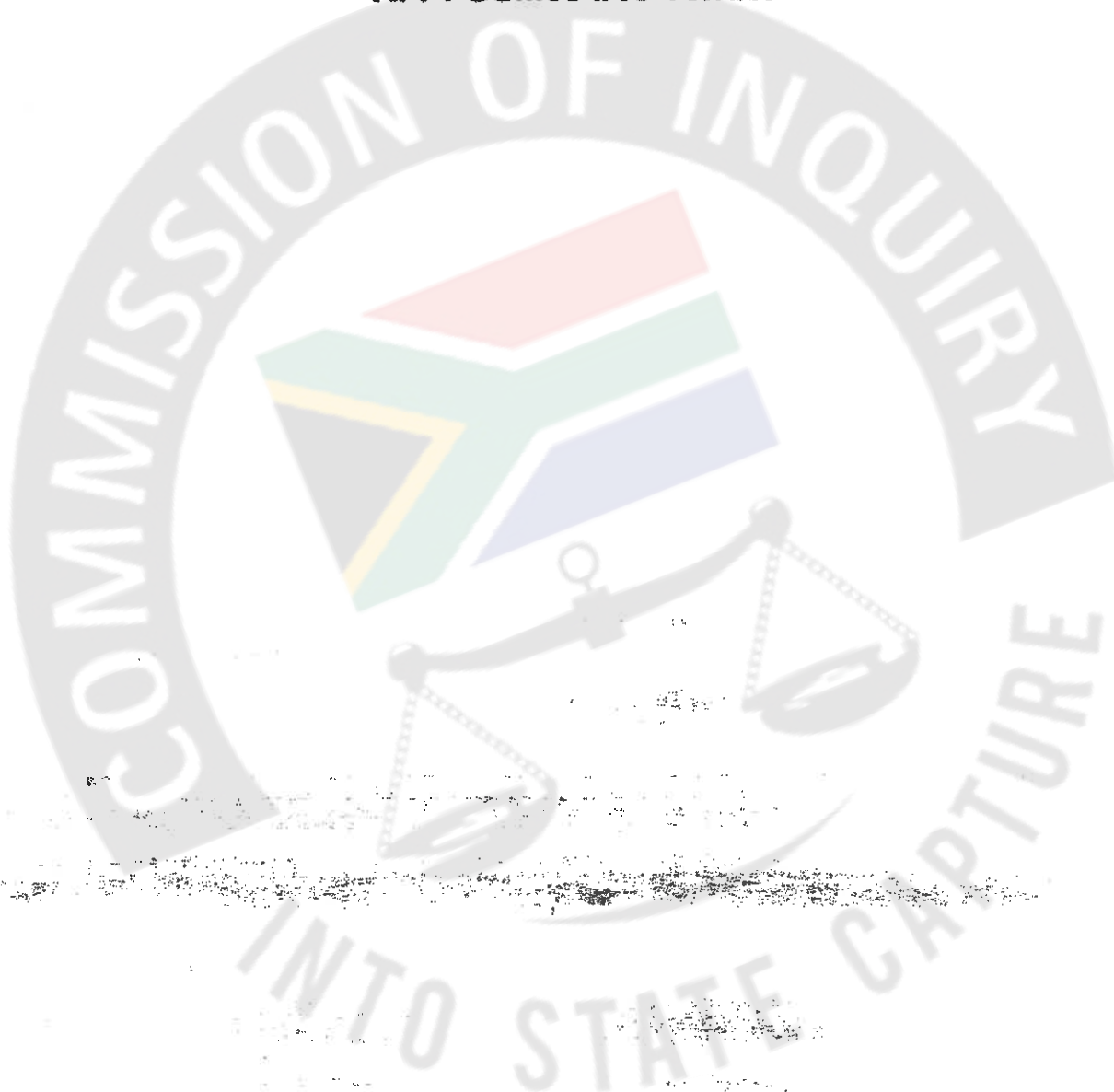
*NB.: The volume requirements are estimates only; thus calculated upon SAA's best data and information available to date. The estimated volumes do not constitute an exact volume obligation on SAA; i.e. to purchase the quantities specified below*

	Volume in millions of Lt per Year				MAG per Year
Location	SAA	SAC	SAX	Grand total in Millions of Lt	Grand total MAG
OR Tambo	471.5	6.3	24.5	502.3	132.7
Cape Town	20.9	0.5	9.6	31.0	8.2
King Shaka	3.4	0.1	3.4	6.8	1.8
Port Elizabeth	2.6	0.02	2.3	5.0	1.3
East London	2.2	0.1	1.7	4.0	1.1
Bloemfontein	-	-	2.09	2.09	0.55
Richards Bay	-	-	0.018	0.018	0.005
Kimberley	-	-	0.36	0.36	0.09
George	-	-	1.44	1.44	0.38

Additional volume that may be required during the duration of the agreement (or during subsequent periods of its extension - if applicable) shall be supplied under the same terms and conditions.

**SAA intends to contract with the successful bidders for a period of one year starting from the 1<sup>st</sup> of July 2018.**

**SAA welcomes multi – year and package deals.**

**PART 4****EVALUATION CRITERIA  
FOR****RFP: GSM034/18 Tender**

## EVALUATION CRITERIA

All bid submissions will be evaluated against a set of pre-determined critical criteria and additional evaluation criteria:

The Two Phase Approach as set out below will be used to evaluate:

- Phase 1: Critical and Functional Criteria Evaluation
- Phase 2: Pricing and Negotiating Phase

### 1. PHASE 1: CRITICAL CRITERIA EVALUATION

Functional Mandatory Requirements	
Proof of Third Party Liability Insurance valued at a minimum of \$ 1 billion (US dollars)	
➤	In the event of a catastrophic loss of a large aircraft such as an A340-600 due to off specification/contaminated fuel or the fueling process; the claim against the airline could exceed \$1 Billion
➤	Therefore SAA Insurers require our supplier of jet fuel to hold third party liability insurance in order for them to indemnify SAA

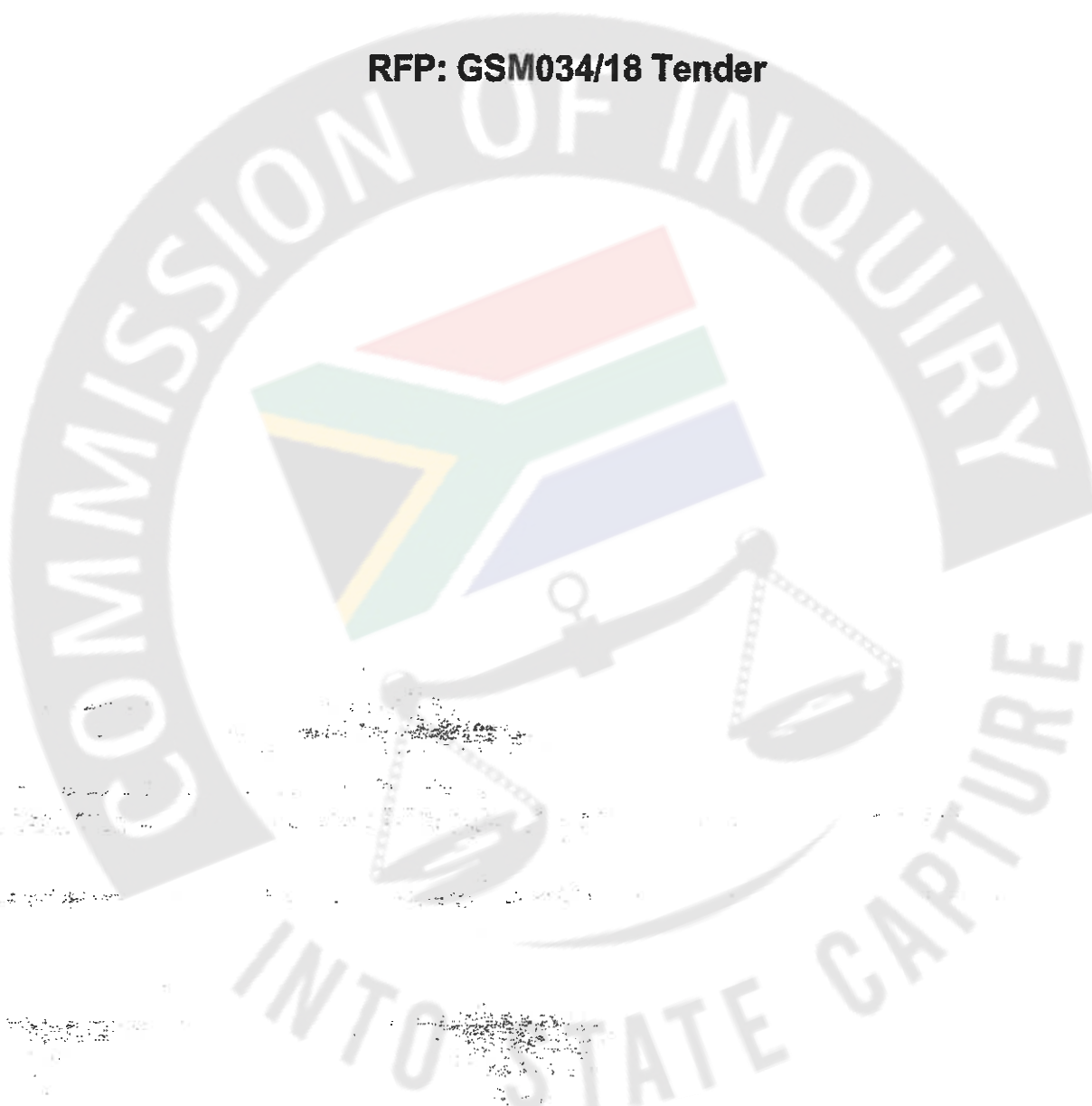
***Bidders who do not meet the requirements of the Critical Criteria (Third party liability insurance certificate/documentation) will be disqualified from further evaluation; i.e. assessment of the submitted Bid / Offer. This documentation should be submitted by the bidder before the closing date of the tender.***

### 2. PHASE 2: Pricing and Negotiating Phase

#### 1. Price Evaluation Formula for Domestic Locations:

Evaluation Elements		Percentage
1.	<b>PRICE:</b> Total Cost of Ownership	90%
	<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2.	<b>BBBEE</b>	10%
	<input type="checkbox"/> Bidders are to provide a valid BBBEE Certificate	
	<b>TOTAL:</b>	<b>100%</b>



**PART 5****DECLARATION OF INTEREST****For****RFP: GSM034/18 Tender**

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.

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- 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

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- 2.3 Are you, or any person connected with the Bidder, aware of any relationship (family, friend, other) between the Bidder and any person employed by the principal who may be involved with the evaluation and or adjudication of this Bid? YES/NO

*Handwritten signature*

2.3.1 If so, state particulars

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### 3. DECLARATION

I \_\_\_\_\_, THE UNDERSIGNED CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPH 2.1 TO 2.3.1 ABOVE IS CORRECT. I ACCEPT THAT THE PRINCIPAL MAY ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Position \_\_\_\_\_

Name of Bidder \_\_\_\_\_

GSM034/18  
Bid Number \_\_\_\_\_

**PART 6****VENDOR INFORMATION FORM****FOR****RFP: GSM GSM034/18 Tender**



You are kindly requested to complete this document accurately as the information contained herein is required 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.

Please complete all pages.

<b>Name of Company:</b>	
<b>Company Registration No:</b>	
<b>Vat Registration Number:</b>	
<b>Tax Registration No:</b>	

<b>Postal Address:</b>	
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<b>Physical Address:</b>	
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<b>Telephone No:</b>		<b>Mobile Telephone No:</b>	
<b>Fax No:</b>		<b>E-mail Address:</b>	

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.

An original valid Tax Clearance Certificate must be attached to this form -. Failure to do so may disqualify the bid.

An original valid B-BBEE Certificate or a letter from the Auditor or Accounting Officer or a certified copy thereof or Sworn Affidavit if it is a EME or QSE.

In the case of a Joint Venture or Consortium, a joint B-BBEE Certificate fulfilling the above requirements should be submitted

In case of a Consortium/Joint Venture, full details on Consortium/Joint Venture members (if applicable):

<b>Name of Company:</b>	
<b>Vat Registration Number:</b>	
<b>Tax registration No:</b>	

<b>Name of Company:</b>	
<b>Vat Registration Number:</b>	
<b>Tax Registration No:</b>	

Name of contracting entity in case of a consortium/joint venture (if applicable):

Name of Company:	
Postal address:	
Street address:	
Contact person on behalf of a Consortium/Joint Venture:	
Tele-phone Number:	
Cell-phone Number:	
Email Address:	

**1. Participation Capacity (tick one box)**

<input type="checkbox"/>	Prime contractor	<input type="checkbox"/>	Supplier
<input type="checkbox"/>	Sub-contractor	<input type="checkbox"/>	Professional services
<input type="checkbox"/>	Manufacturer	<input type="checkbox"/>	Joint Venture partner
<input type="checkbox"/>	Other, specify .....		

**2. Type of Firm (tick one box)**

<input type="checkbox"/>	Partnership	<input type="checkbox"/>	One person business/sole trader
<input type="checkbox"/>	Close corporation	<input type="checkbox"/>	Company
<input type="checkbox"/>	Pty Ltd.	<input type="checkbox"/>	
<input type="checkbox"/>	Other, specify .....		

**3. State Business Activities (tick one box)**

<input type="checkbox"/>	Security	<input type="checkbox"/>	Construction
<input type="checkbox"/>	Catering	<input type="checkbox"/>	Consulting
<input type="checkbox"/>	Manufacturer	<input type="checkbox"/>	Retailer/Distributor
<input type="checkbox"/>	Other, specify .....		

**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 type="checkbox"/>	Finance and business services	<input type="checkbox"/>	Commercial Agents and other trade
<input type="checkbox"/>	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 type="checkbox"/>	Professional service provider
<input type="checkbox"/>	Other, specify .....		

*M*

**Products or services to offer to SAA (fill in)**


**6. Total number of years the Firm has been in Business:** \_\_\_\_\_

**7. Total number of Employees:**

**Full time:** \_\_\_\_\_ **Part time:** \_\_\_\_\_

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

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**9. Do you share any facilities? YES/NO**

If yes, which facilities are shared? \_\_\_\_\_

With whom do you share facilities? (the name of Firm/Individuals).

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**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)

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**11. Detail all Trade Associations in which you have a membership:**

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**12. Did the Firm exist under a previous name? YES / NO**

If yes, what was its previous name? \_\_\_\_\_

**Who were the Owners/Partners/Directors?**

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**13. Identify any owner or Management Officer who has an interest in another Firm:**

Name	Duties as Employee in other Firm	Name and Address of other Firm	Type of Business of other Firm

22



**14. Indicate whether your company is an:**

- a. Exempted Micro Enterprise (EME)
- b. Qualifying Small Enterprise (QSE)
- c. Generic/ Large Supplier


**15. What is the enterprise's average annual Turnover (excl. VAT) during the lesser of the period for which the business has been operating or the previous three Financial Years?**

R \_\_\_\_\_

**NB.** Please submit your most recent set of annual financial statements (AFS) that are audited and signed by the directors not older than six months. If your auditable financial statements are older than 6 months, please submit your latest 6 months Management Accounts (Income Statement, Balance Sheet and Cash Flow) signed by the directors.

**Please complete the following:**

Checklist for required financial statements	Response	Comments
<b>For a company and co-operative</b> - Submission of most recent set of audited annual financial statements (AFS) signed by the directors and auditors. <b>For a Close Corporation</b> – Submission of the most recent set of annual financial statements (AFS) signed by the member(s) and accounting officer / independent reviewer.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do the AFS have: 1. Signed audit/accounting office report and directors/members report 2. Balance sheet 3. Income statement 4. Cash flow statement	<input type="checkbox"/> Yes <input type="checkbox"/> No	
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do the Management accounts or interim AFS have: 1. Balance sheet 2. Income statement 3. Cash flow statement	<input type="checkbox"/> Yes <input type="checkbox"/> No	
AFS Language Medium is English	<input type="checkbox"/> Yes <input type="checkbox"/> No	



Obtain letter of support for subsidiary company if holding company's AFS was supplied	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Did we get the following for a Joint Venture or Partnership: 1. Copy of each participant's AFS 2. Joint venture or partnership agreement	<input type="checkbox"/> Yes <input type="checkbox"/> No	

**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 Yes / No
- ☐ In a Sound Financial Condition Yes / No
- ☐ Have the financial & operational capacity to fulfil the contract requirements: Yes / No

Signature \_\_\_\_\_

Capacity \_\_\_\_\_

**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.**

ACTIVITY	NAME	RACE	GENDER M / F	DISABLED? YES / NO	LENGTH OF SERVICE (YEARS)
<b>FINANCING DECISIONS</b>					
Cheque Signing					
Acquisition of lines of credit					
Sureties					
Major Purchase or Acquisitions					
Signing Contracts					

*Handwritten signature*

**18. Black Equity Ownership**

NAME	GENDER M/F	DISABLED? YES/NO*	I.D. NUMBER	NATIONALITY	% BLACK OWNERSHIP



19. List the four largest contracts/assignments completed by your Firm in the last three years. Please provide projects that are similar to SAA's requirement.

Work performed?	For whom?	Contact person and Telephone Number	Contract Fee/Amount

**\* Payment transactions:**

Alternative Payee (This field is only to be filled in if payments are not to be made directly to the vendor to whom the payment is owed)	
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**\* Contact person: (Sales Person)**

Name	Telephone Number
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**Bank Details:**

Country (Where Bank is located)	
Name of bank	
Bank Key (Branch Number)	
Bank account (Account Number)	
Account Holder (Only to be filled in if the name of the account holder is not the same as the name of the	
Name of Account (Type of Account)	

**Date stamp of bank**  
**Certified as correct**

Initials and Surname (Bank official): \_\_\_\_\_

Signature (Bank official): \_\_\_\_\_

Telephone Number (Bank Official): \_\_\_\_\_

*m*

Signature \_\_\_\_\_ duly authorised to sign on behalf of  
\_\_\_\_\_ (Name of organisation) address  
\_\_\_\_\_  
\_\_\_\_\_

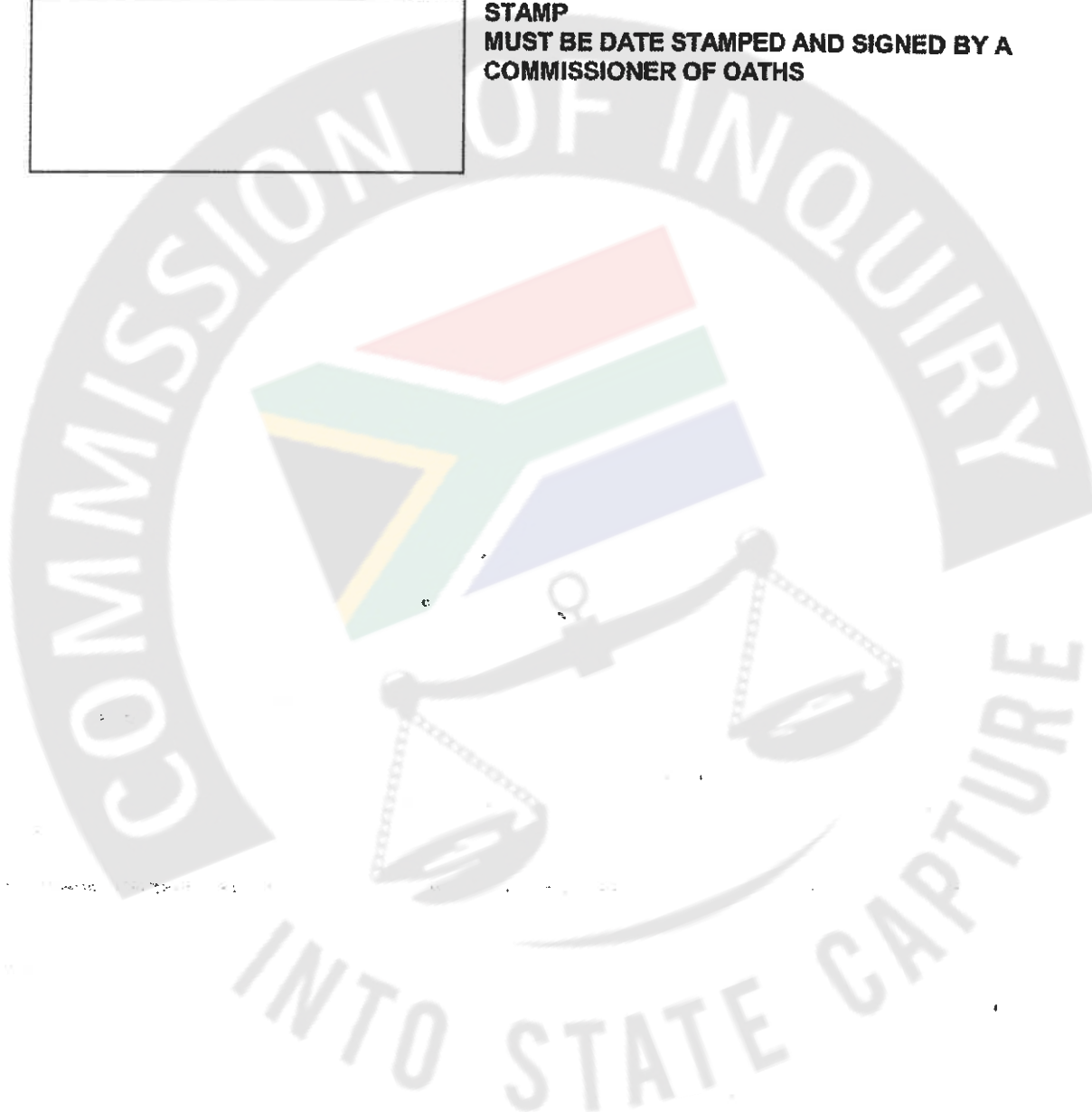
Telephone No. \_\_\_\_\_ Date \_\_\_\_\_

**COMMISSIONER OF OATHS:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**STAMP  
MUST BE DATE STAMPED AND SIGNED BY A  
COMMISSIONER OF OATHS**





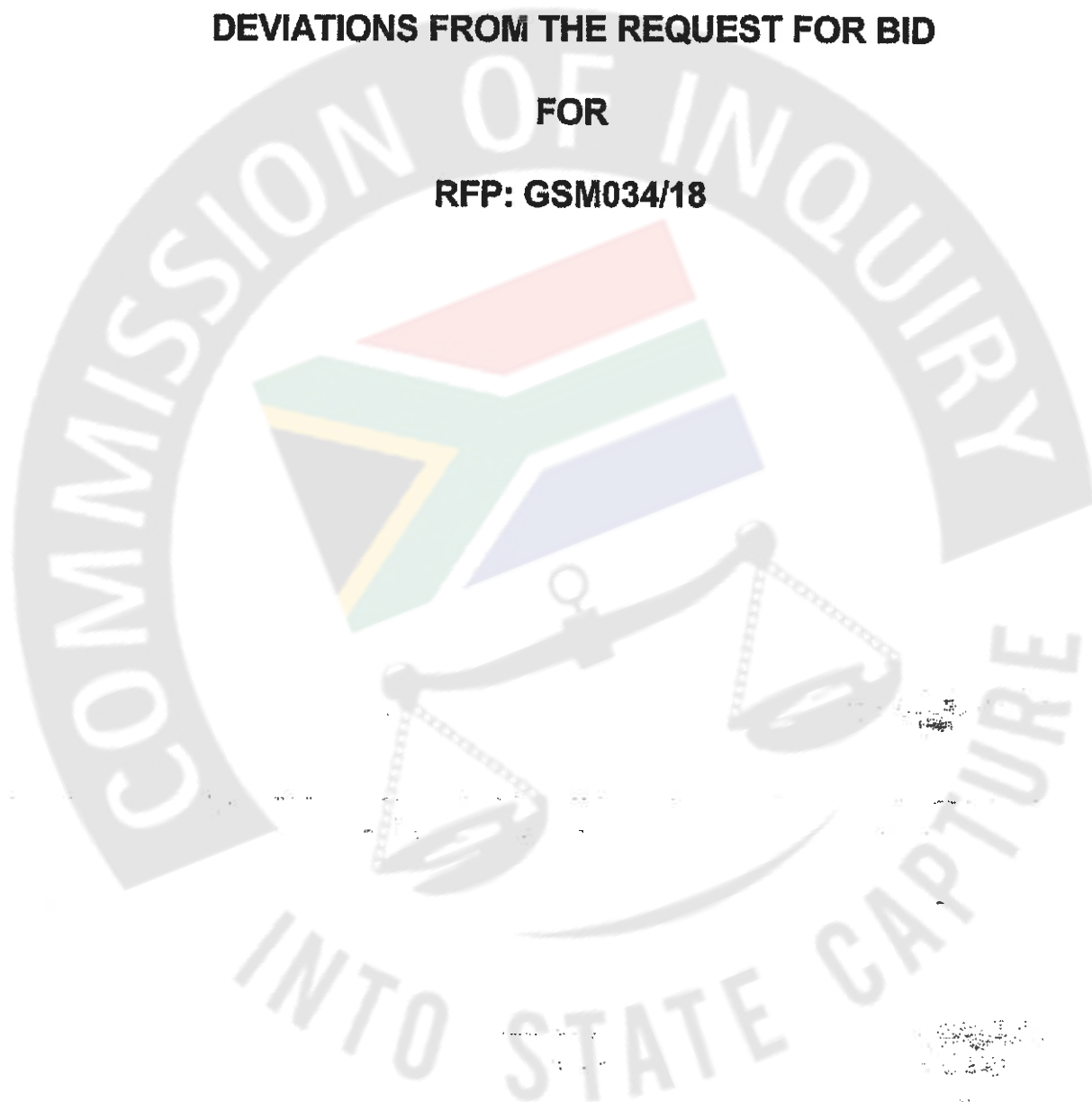


## **PART 7**

### **DEVIATIONS FROM THE REQUEST FOR BID**

**FOR**

**RFP: GSM034/18**





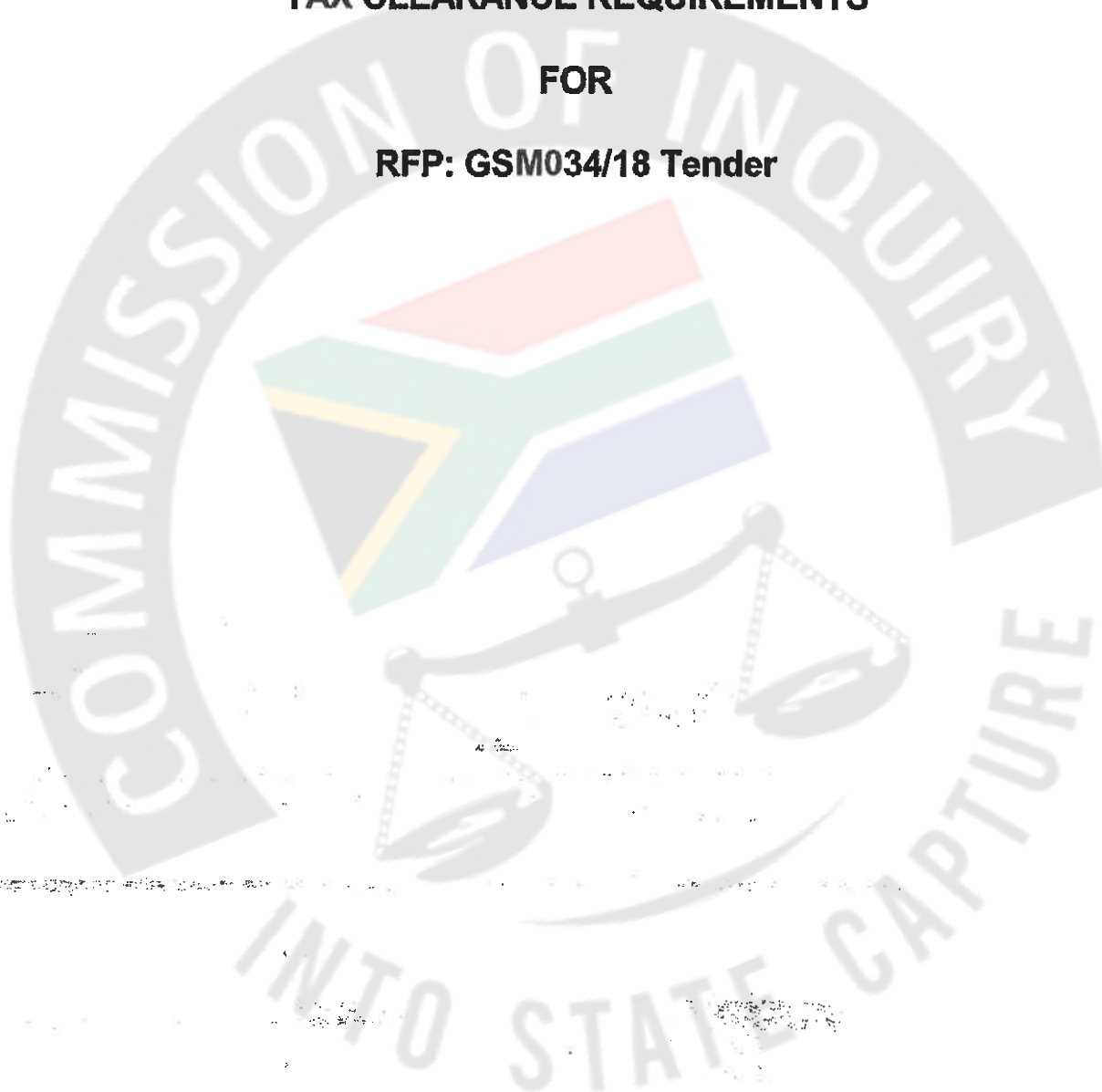


**PART 8**

**TAX CLEARANCE REQUIREMENTS**

**FOR**

**RFP: GSM034/18 Tender**



**1. IT IS A CONDITION OF BIDDING THAT**

- 1.1 The taxes of the successful bidder must be in order, or that satisfactory arrangements have been made with the Receiver of Revenue to meet his/her tax obligations.
- 1.2 The attached form "Application for Tax Clearance Certificate (in respect of bidders)" must be completed in all respects and submitted to the Receiver of Revenue where the bidder is registered for tax purposes. The Receiver of Revenue will then furnish the bidder with a Tax Clearance Certificate that will be valid for a period of twelve (12) months from date of issue. This Tax Clearance Certificate must be submitted in the original together with the bid. Failure to submit the original and valid Tax Clearance Certificate may invalidate the bid.
- 1.3 In bids where Consortia/Joint Ventures/Sub-contractors are involved, each party must submit a separate Tax Clearance Certificate. Copies of the Application for Tax Clearance Certificates are available at any Receiver's office.



**Application for Tax Clearance Certificate  
(IN RESPECT OF BIDDERS)**

1. Name of Taxpayer/Bidder: \_\_\_\_\_

2. Trade Name: \_\_\_\_\_

3. Identification Number: \_\_\_\_\_

4. Company/Close Corporation Registration Number: \_\_\_\_\_

5. Income Tax Reference Number: \_\_\_\_\_

6. VAT Registration Number (if applicable): \_\_\_\_\_

7. PAYE employer's Registration Number (if applicable): \_\_\_\_\_

Signature of contact person requiring Tax Clearance Certificate: \_\_\_\_\_

Name: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Code

Number

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: 20...../...../.....

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 LEVIBLE 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.



## **PART 9**

### **PRE-BID BRIEFING**

**(Not applicable to the RFP GSM034/18 Tender)**



South African Airways (SOC) Ltd

This is to certify that I, \_\_\_\_\_

representing and duly authorised by (Bidder) \_\_\_\_\_

of (Address) \_\_\_\_\_

Attended the bid briefing/site inspection on (Date) \_\_\_\_\_  
Having prior to this bid briefing/site inspection carefully examined the bid document; I confirm that I was given unrestricted access to inspect those sections of the Site necessary for the execution and or delivery of goods, services or works.

I further confirm that I am completely satisfied with the scope of Purchase as explained by the SAA representatives, and I am fully aware of all Site conditions and regulations of whatsoever nature that could influence the preparation of our bid.

I therefore append my signature below in agreement that we will not institute any claim against SAA, after submission of our bid based on lack of knowledge of site conditions or regulations appertaining to the execution of the Contract.

**For and on behalf of the Bidder, being duly authorised;**

\_\_\_\_\_  
Name Date

\_\_\_\_\_  
Signature

**For and on behalf of SAA:**

\_\_\_\_\_  
Name Date

\_\_\_\_\_  
Signature



## **PART 10**

### **GENERAL CONDITIONS OF CONTRACT and/or SPECIAL CONDITIONS OF CONTRACT FOR RFP: GSM034/18 Tender**

#### **Supply Agreement Terms and Conditions:**

Sales of Jet A-1 Fuel to South African Airways shall be governed by the Aviation Fuel Supply Agreement Terms and Conditions and Location Agreement; Version 3, dated January 2009.

All prospective Jet Fuel Supplier/s are requested to attach to their submission the Aviation Fuel Supply Agreement, which needs to demonstrate strict alignment with the IATA's 2009 Model Supply Agreement (matter to be verified by SAA Legal).



**PART 11****PREFERENCE CLAIM FORM****FOR****RFP: GSM034/18 Tender**

**PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL  
PROCUREMENT REGULATIONS 2017**

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, 2017**

**1. GENERAL CONDITIONS**

**1.1** The 90:10 Preference Point System shall be applicable to the Domestic portion of this Tender: RFB / GSM034/18; i.e. to all Bidders who are to quote for SAA's Domestic Locations.

- The 90/10 Preference Point System is applicable to Tenders with a Rand value above R50 million, inclusive of all applicable taxes.

The Value of this Bid is estimated:

**1.2** Preference Points for this Bid shall be awarded for:

- (a) Price
- (b) BBBEE Status Level of Contribution.

**1.3.1** The Maximum Points for this Bid are allocated as follows:

**1.3.1.1 POINTS (insert appropriate Points)** .....

**1.3.1.2 PRICE (insert appropriate Points)** .....

**1.3.1.3 BBBEE Status Level of Contribution:** .....

**Total points for Price and BBBEE must not exceed 100**

**1.4** Failure on the part of a Bidder to fill in and/or to sign this form and submit a Sworn Affidavit if the bidder is an EME or QSE, BBBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the Bid, will be interpreted to mean that preference points for BBBEE status level of contribution are not claimed.

**1.5.** The Purchaser reserves the right to require of a Bidder, either before a Bid is adjudicated or at any time subsequently, to substantiate any claim in regard to Preferences, in any manner required by the Purchaser.

## 2. DEFINITIONS

- 2.1 **"All Applicable Taxes"** includes value-added tax, pay as you earn, Income Tax, unemployment insurance fund contributions and skills development levies;
- 2.2 **"BBBEE"** means Broad Based Black Economic Empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- 2.3 **"BBBEE Status Level of Contributor"** means the BBBEE status received by a measured entity based on its overall performance using the relevant scorecard contained 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;
- 2.4 **"Bid "** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive Bid ding processes or proposals;
- 2.5 **"Broad Based Black Economic Empowerment Act"** means the Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.6 **"Comparative Price"** means the Price after the factors of a non-firm Price and all unconditional discounts that can be utilised have been taken into consideration;
- 2.7 **"Consortium or Joint Venture"** 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;
- 2.8 **"Contract"** means the agreement that results from the acceptance of a Bid by an Organ of State;
- 2.9 **"EME" or exempt micro enterprise** means any enterprise with an annual turnover of up to R5 million;
- 2.10 **"Firm Price"** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- 2.11 **"Functionality"** means the measurement according to predetermined norms, as set out in the Bid documents, of a Service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability; viability and durability of a service and the technical capacity and ability of a Bidder;
- 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;.
- 3.3 Points scored must be rounded off to the nearest 2 decimal places.
- 3.4 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 BBBEE.
- 3.5 However, when Functionality (not applicable to this Tender) is part of the Evaluation Process and two or more Bids have scored equal points including equal Preference Points for BBBEE, the successful Bid must be the one scoring the highest score for Functionality.
- 3.6 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 (applicable to SAA's Domestic locations only)

#### 4.1 THE 90:10 PREFERENCE POINT SYSTEMS

A maximum of 90 Points is allocated for Price on the following basis:

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

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

Where

- $P_s$  = Points scored for comparative Price of Bid under consideration
- $P_t$  = Comparative Price of Bid under consideration



$P_{min}$  = Comparative Price of lowest acceptable Bid

## 5. Points awarded for BBEE Status Level of Contribution

5.1 The following table must be used to calculate the points out of 10 for B-BBEE::

BBEE Status Level of Contributor	Number of Points (90/10 System)
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant Contributor	0

- 5.2 A bidder must submit proof of its B-BBEE status level of contributor.
- 5.3 A bidder failing to submit proof of B-BBEE status level of contribution or is a non-compliant contributor to B-BBEE may not be disqualified, but-
- A) may only score points out of 90 for price; and
- B) score 0 points out of 10 for B-BBEE.
- 5.4 A Bidder may not be awarded points for B-BBEE status level of contributor if the bidder documents indicate that the bidder intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the bidder qualifies for, unless the intended subcontractor is an EME that has the capacity to execute the subcontract.
- 5.5 The points scored by a bidder for B-BBEE contribution in terms of sub regulation (2) must be added to points scored for under sub regulation (1).
- 5.6 Subject to sub regulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.
- 5.7 a) if the price offered by a bidder scoring the highest points is not market-related, SAA as the organ of state may not awarded the contract to that bidder.
- 5.8 SAA as the organ of state may-
- Negotiate a market-related price with the bidder scoring the highest points or cancel the tender;
  - If the tender does not agree to a market-related price, negotiate a market-related price with the tender scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the bidder scoring the third highest points or cancel the tender
  - If a market-related price is not agreed as envisaged in paragraph (b)(iii), SAA as the organ of state must cancel the tender.

- 5.9 Bidders who qualify as EMEs or QSEs in terms of the BBBEE Act must submit Sworn Affidavit.
- 5.10 Bidders other than EMEs & QSEs must submit their original and valid BBBEE status level verification certificate or a certified copy thereof, substantiating their BBBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.
- 5.11 A trust, consortium or joint venture, will qualify for points for their BBBEE status level as a legal entity, provided that the entity submits their BBBEE status level certificate.
- 5.12 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-B-BEE scorecard as if they were a group structure and that such a consolidated B-B-BEE scorecard is prepared for every separate bid.
- 5.13 Tertiary institutions and public entities will be required to submit their B-BBEE status level certificates in terms of the specialised scorecard contained in the B-BBEE Codes of Good Practice.
- 5.14 A bidder may 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.
- 5.15 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.

5.16

## 6. BID DECLARATION

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

## 7. BBBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

- 7.1 BBBEE Status Level of Contribution: ..... = ..... (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 Sworn Affidavit if it is a EME or QSE, any other a BBBEE 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?

..... %

(ii) the name of the Sub-Contractor?

.....  
(iii) the B-BBEE status level of the Sub-Contractor?

.....  
(iv) whether the sub-contractor is an EME or QSE?  
**YES / NO** (delete which is not applicable)

## 9. DECLARATION WITH REGARD TO COMPANY/FIRM

9.1 Name of Firm

9.2 VAT Registration Number : .....

9.3 Company Registration Number  
.....

### 9.4 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium  
☐ One Person Business / Sole Propriety  
☐ Close Corporation  
☐ Company  
☐ (Pty) Limited  
[TICK APPLICABLE BOX]

### 9.5 DESCRIBE STATE BUSINESS ACTIVITIES

.....  
.....  
.....

### 9.6 COMPANY CLASSIFICATION

- ☐ Manufacturer  
☐ Supplier  
☐ Professional Service Provider  
☐ Other Service Provider/s: e.g. transporter, etc.  
[TICK APPLICABLE BOX]

### 9.7 MUNICIPAL INFORMATION

Municipality where business is situated .....

Registered Account Number.....

Stand Number .....

**9.8 TOTAL NUMBER OF YEARS THE COMPANY/FIRM HAS BEEN IN BUSINESS?**

.....

**9.9** I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the BBBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct;
- (ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- (iv) If the BBBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have:
  - (a) disqualify the person from the Bidding Process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - (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 Bid der 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. ....

.....  
SIGNATURE(S) OF BIDDER(S)



2. ....

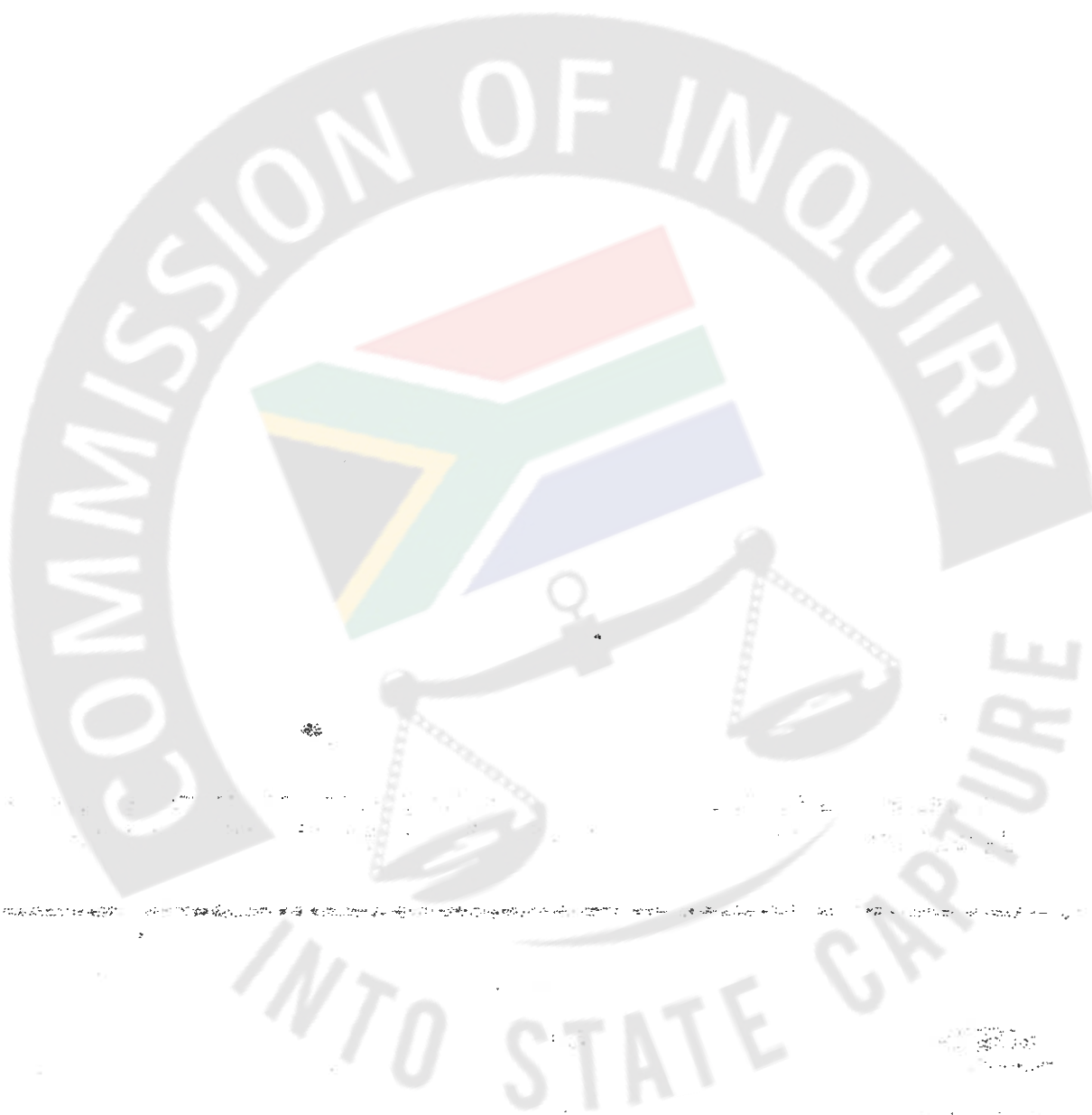
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ADDRESS .....

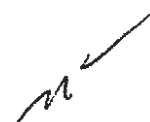
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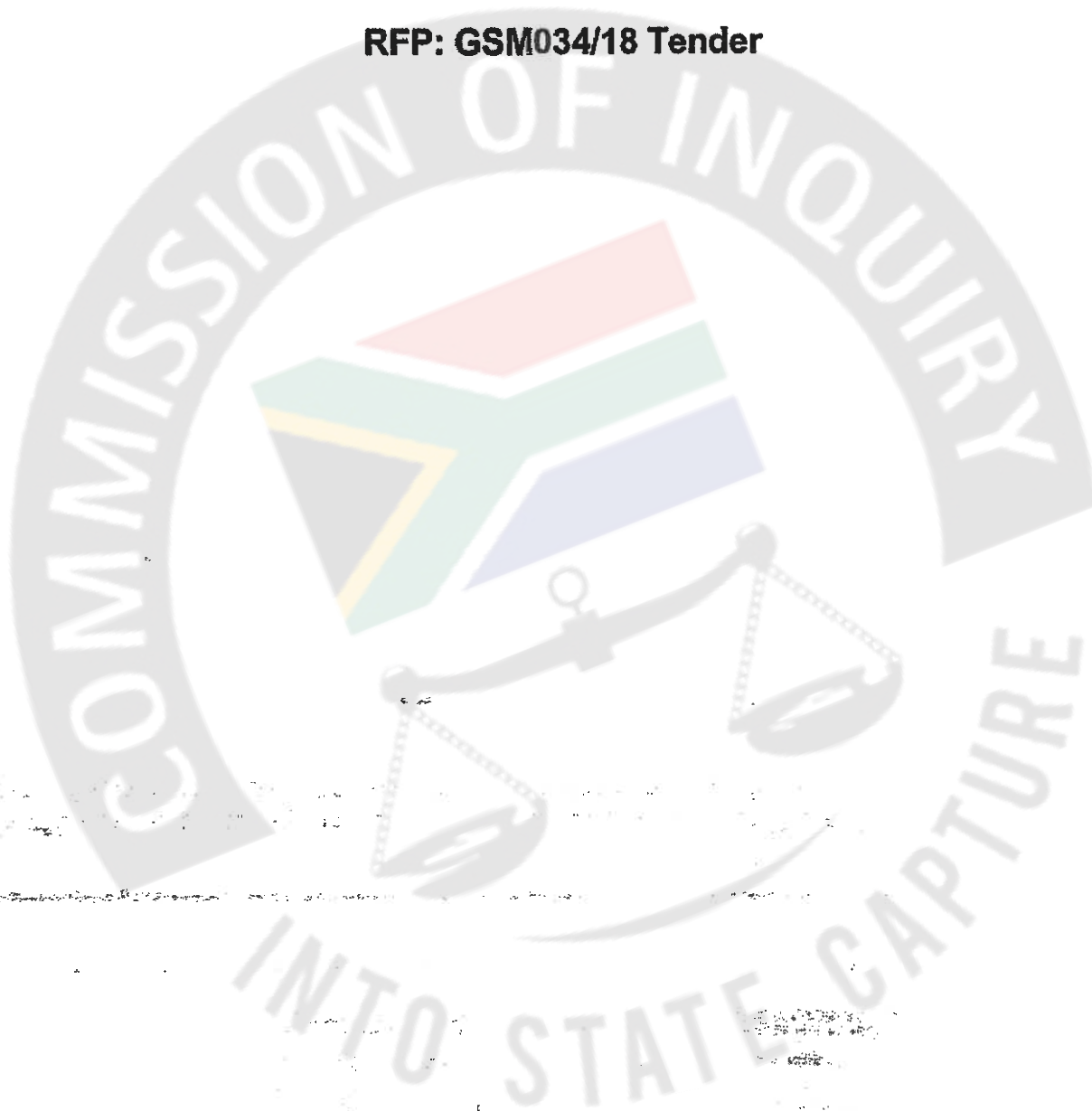
.....

.....



*m*

**PART 12****DECLARATION CERTIFICATE FOR LOCAL PRODUCTION  
AND CONTENT****(Not applicable to the RFP: GSM034/18 Tender)**

**PART 13****CERTIFICATE OF INDEPENDENT BID DETERMINATION****FOR****RFP: GSM034/18 Tender**

- 1 This Standard Bidding Document (SBD) must form part of all bids<sup>1</sup> 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).<sup>2</sup> 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:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> 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.



I, the undersigned, in submitting the accompanying bid:

---

(Bid Number and Description)

in response to the invitation for the bid made by:

---

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of:

that:

---

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:

- (a) prices;
- (b) geographical area where product or service will be rendered (market allocation)
- (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.

**\* 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.**

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.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

*Handwritten signature*



## **PART 14**

### **NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME**

**(Not applicable to the RFP GSM034/18 Tender)**



## Annexure “13”







**EXCERPT FROM THE MINUTES OF THE SPECIAL MEETING OF THE SOUTH AFRICAN AIRWAYS (SAA) BOARD OF DIRECTORS (2018/09), HELD ON SUNDAY 15 APRIL 2018, IN THE KHANYA ROOM 2, SOUTHERN SUN, OR TAMBO INTERNATIONAL AIRPORT, KEMPTON PARK, AT 16H00**

**4.2 Supply and Delivery of Jet A1 Fuel for Domestic Locations**

After due consideration of the request, the Board **RESOLVED THAT** the 2018/09/01 following are approved:

- (a) The issuance of a confined tender for the supply and delivery of domestic jet fuel for a period of one year, with effect from 1 July 2018;
- (b) The tender evaluation criteria and weightings of the Request for a Proposal for the abovementioned confined tender are noted and the removal of the subcontracting requirements from the pre-qualification requirements of this tender is approved; and
- (c) The confinement of this tender to only approved and ACSA licensed suppliers.

  
Mauduzi Nyoni

Company Secretary

Date: 04/05/2018

INTO STATE CAPTURE



## Annexure “14”





**AIRPORTS COMPANY**  
SOUTH AFRICA

25 October 2017

**EML ENGINEERS AND CONSTRUCTION**

**T/A EML ENERGY**

13 Acacia Avenue

The Orchards

Johannesburg

Per email: [Tshenolo@emlenergy.com](mailto:Tshenolo@emlenergy.com)

Dear Sirs

**EML ENGINEERS AND CONSTRUCTION T/A EML ENERGY ("EML") THROUGHPUTTER APPLICATION AT O.R. TAMBO INTERNATIONAL AIRPORT ("ORTIA")**

1. Reference is made to the Application submitted by EML to become a Throughputter at ORTIA. We confirm that same was considered and submitted to the Airports Management Committee Meeting ("AM Manco") which Committee sat on 19 October 2017.
2. We are pleased to announce that EML's application to become a Throughputter has been approved by the AM Manco. Accordingly, EML will be able to provide services to the Airline(s) you have and/or will contract with. This approval is valid until 31 March 2019, which can be extended at the sole discretion of Airports Company South Africa.
3. Please take note the approval is based on the conditions listed below, should you fail to adhere to the requirements listed below prior to commencement of the services or during the duration of the services, ACSA reserves its right to revoke the approval or terminate the contract should the infringement occur during the life of the contract. The conditions are:
  - 3.1. Provide ACSA and the Consortium a copy of the contract concluded or to be concluded with the airline(s) for the provision of fuel, which contract must reflect that the duration of the services is for a period of not exceeding 31 March 2019.
  - 3.2. Provide ACSA with copies of the agreements to be concluded between subcontractor(s) should that occur.

Tel +27 11 723 1400 Fax +27 11 453 9354

The Maples, Riverwoods, 24 Johnson Road, Bedfordview, Gauteng, South Africa, 2008

P O Box 75480, Gardenview, Gauteng, South Africa, 2047

[www.airports.co.za](http://www.airports.co.za)

Page 1 of 3



**AIRPORTS COMPANY**  
SOUTH AFRICA

- 3.3. Ensure that at all times the fuel stock for the airline(s) EML has contracted with is at 5 (five) days, and should the number of usable stock drop below 3 (three) days, EML will be in breach of this approval.
- 3.4. EML will only be a Throughputter and will not provide Into-Plane services.
- 3.5. Ensure that EML's Certificates and Policies are always valid, for example but not limited to BBBEE rating certificate, JIG certificate, Department of Energy Licence etc.
- 3.6. Conclude the Throughputter contract, attached hereto, between EML and Airports Company South Africa.
- 3.7. Conclude the contract between EML and the Consortium.
- 3.8. At all times EML shall ensure that it will only conclude contracts with airlines within its financial means.
- 3.9. EML will make available its financials upon request.
- 3.10. EML shall secure and maintain, on terms and conditions reasonably acceptable to Airports Company South Africa and for the duration of this agreement, the required Insurance Cover.
4. Once you have considered the above, confirm the contents herein by signing below and returning a copy to the writer.

Yours faithfully

Mbalenhle Lembede  
Senior Legal Counsel





AIRPORTS COMPANY  
SOUTH AFRICA

**ACCEPTANCE OF THIS LETTER AND ITS CONTENTS BY EML ENGINEERS AND  
CONSTRUCTION T/A EML ENERGY**

Signature:

Name and Surname:

ISHEMOLO LEBEKO

Designation:

COO

Date:

25 OCTOBER 2017

**(The person above confirms by signing this acceptance that he/she is duly authorised to  
represent and legally bind EML ENGINEERS AND CONSTRUCTION T/A EML ENERGY)**

## Annexure “15”


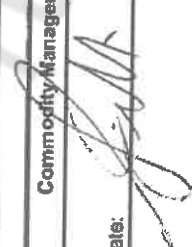




## Annexure "16"





<b>Tender/Project No.:</b> <b>Tender/Project Name / Description:</b> request BAC to support the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations to BP, Shell, Total, Sasol, Puma, ENL, Engen and Chevron, in line with the outcome of the GSM034/18 tender process <b>Commodity Manager/Manager:</b> Thami Sogwazile <b>Tender/Project Start Date:</b> - 01 July 2018 <b>Tender/Project End Date:</b> - 30 June 2019 / 2020 <b>Value of Contract:</b> R 4.367 billion <b>Value of Budget:</b> R 4.367 billion <b>Value of Cost Saving:</b> <b>B-BBEE Level:</b> (e.g. 2): N/A <b>Business Unit:</b> Fuel Management				 <b>SOUTH AFRICAN AIRWAYS</b> A STAR ALLIANCE MEMBER		
<b>BAC Submission Checklist</b>						
<b>A</b>		<b>Key evidence of submission compliance:</b>		<b>Complete: Yes (✓) / No (X)</b>	<b>Evidence attached: Yes (✓) / No (X)</b>	<b>Comments (incl. if no evidence is provided)</b>
A1	Purpose - a clear description of the purpose of the submission to the BAC and the approvals required			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A2	Confirmation of a signed Business Case and/or confirmation of approved funding, including evidence of demand for the goods/service procured (the detailed Business Case as approved by the Business unit and approved in line with the Delegation of Authority to be attached as an Annexure)			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A3	Details of the tender, number of bidders and acceptance of bids based on the critical criteria. (Tender documentation to be attached as an Annexure)			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A4	Bid evaluation - evaluation criteria, evaluation outcomes and process followed, including due diligence conducted on the potential suppliers (detailed evaluation sheets to be attached as Annexures)			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A5	Financial due diligence			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A6	Bidder does not appear on the List of Tender Defaulters and the Database of Restricted Suppliers as published by National Treasury or Country's blacklisting database			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A7	Bid award recommendation			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A8	Financial impact assessment			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A9	Assessment of fair value			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A10	Risk assessment			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A11	Contracting terms and conditions			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A12	Final recommendation			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
A13	All required signatures received			<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>Comments:</b>						
<b>I certify that the SAA BAC submission requirements has been met.</b>						
<b>Commodity Manager/Sourcing Specialist/Manager</b>  <b>Signature and Date:</b> 27/06/2018			<b>Acting Strategic Sourcing Manager/Senior Manager</b>  <b>Signature and Date:</b>			

SAA BAC Recommendation

**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER The Star Alliance logo, consisting of three stylized stars.

**Final Supplier Selection  
Recommendation for:****Tender description  
RFP: GSM034/18 THE SUPPLY  
AND DELIVERY OF JET A-1  
FUEL AT DOMESTIC  
LOCATIONS****Global Supply Management  
12 June 2018**

Bid Number: RFP GSM034/18

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## Contents

1. Purpose .....	3
2. Background .....	3
3. Objective of the Project .....	4
4. Scope of Work .....	5
5. Contract Duration .....	6
6. Bid Evaluation Committee (BEC) members .....	6
7. Critical Criteria .....	6
8. Price .....	7
9. Evaluation Process .....	7
10. Respondents to the RFP .....	7
11. Critical and Functional Criteria .....	8
12. Pricing .....	8
13. Financial Information .....	10
14. Risks and Mitigating factors .....	11
15. Approval Process Required .....	11
16. Details and Motivation for The Recommended Bidders .....	11
17. National Treasury Register for Tender Defaulters and Database of restricted Suppliers ...	11
18. Final Recommendation .....	11
19. Signatures .....	12

8

✓

Bid Number: RFP GSM034/18

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

**Summary of Evaluations***Detailed evaluation worksheets are available for review.*

ACTIVITY	DETAIL
Tender ref no	RFP- GSM034/18
Issuing date	03/05/2018
Compulsory briefing session	Not applicable
Closing date	17/05/2018
Validity period from the closing date	150 days
Number of responses received on time	Ten (10)
Names of bidders who responded	See Table 2 – List of Respondents
Late responses	No late responses received
Was the Tax Clearance Certificate Valid by closing date?	All submitted Tax Clearance certificates were valid by closing date. (Refer to notes on Sasol on page 8)
Was the B-BBEE Certificate Valid by closing date?	All submitted BEE certificates were valid by closing date.
Approved budget	ZAR 4.367 billion

**1. Purpose**

The purpose of this submission is to request the BAC to support the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations to BP, Shell, Total, Sasol, Puma, EML, Engen and Chevron, in line with the outcome of the GSM034/18 tender process. (Subject to tax compliance by Sasol)

**2. Background**

- 2.1 SAA and its affiliates currently operate in various domestic locations, using approximately 510 million Litres of Jet Fuel per annum. The Domestic Agreements will expire on the 30<sup>th</sup> June 2018.
- 2.2 The domestic uplifts of Jet Fuel constitute approximately 62% of SAA's total Jet Fuel uplifts. It must be noted that of the total fuel spend of R 3.452 billion per annum only about 3-4% can realistically be influenced with the major cost element determined from the market. (Refer to Annexure A: Jet Fuel Cost Elements)
- 2.3 SAA's Jet Fuel Tender Process takes place on an annual basis having regard to the fact that jet fuel suppliers are reluctant to bind themselves into long term supply agreements owing to the extreme volatility of Jet Fuel markets from a pricing perspective.



Bid Number: RFP GSM034/18

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

**2.4 Quantities**

Quantities provided are estimates which are calculated based on SAA's best data and available information. Those quantities are projections and do not constitute an exact volume obligation on SAA or its Affiliates.

**Table 1: Jet A-1 requirements for domestic locations**

Location	Volume in millions of Lt per Year				MAG per Year
	SAA	SAC	SAX	Grand total in Millions of Lt	Grand total MAG
OR Tambo	471.5	6.3	24.5	1	132.7
Cape Town	20.9	0.5	9.6	31.0	8.2
King Shaka	3.4	0.1	3.4	6.8	1.8
Port Elizabeth	2.6	0.02	2.3	5.0	1.3
East London	2.2	0.1	1.7	4.0	1.1
Bloemfontein	-	-	2.09	2.09	0.55
Richards Bay	-	-	0.018	0.018	0.005
Kimberley	-	-	0.36	0.36	0.09
George	-	-	1.44	1.44	0.38

**3. Objectives of the Project**

The SAA Board of Directors, in a special meeting held on the 15<sup>th</sup> April 2018, approved the following (Refer to Annexure B):

- The issuing of a confined tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations for a period of one (1) year, effective from the 1<sup>st</sup> of July 2018 and
- The tender evaluation criteria and weightings of the RFP for the supply and delivery of Jet A1 Fuel at SAA's domestic locations and the removal of subcontracting requirements from the pre-qualification requirements and
- The issuing of this tender only to ACSA licensed suppliers.

Bid Number: RFP GSM034/18

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

The key objectives of the SAA Jet Fuel Tender Process have always been the following:

- To ensure the security of supply and delivery of Jet Fuel at all SAA and SAA affiliate locations;
- To ensure that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost with all other cost determined from the market);
- To ensure the product quality and operational safety of the supplied Jet Fuel product remains compliant with all relevant specifications as well as IATA's Operational requirements; and
- To ensure mutually beneficial terms and conditions during contracting.

#### 4. Scope of Work

The supply and delivery of Jet A-1 Fuel at all of SAA and its affiliates' domestic locations in order to ensure uninterrupted product and service delivery and to guarantee continuity of operations and in line with the following Quality and Control Standards:

- Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS);
- The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue);
- The ASTM (American Standard of Testing Method) D 1655 (latest issue).

Furthermore, the Jet Fuel must be traceable to the point of manufacture and that it meets the required conductivity limits (a crucial parameter) at point of delivery to the aircraft; while the Jet fuel supplier must adhere to all relevant Joint Inspection Group (JIG) regulations, governing Jet fuel quality control, fuelling operations and inspections.


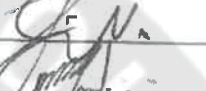



Bid Number: RFP GSM034/18  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

## 5. Contract Duration

One year (01 July 2018 - 30 June 2019). The domestic contracts shall have a thirty (30) day termination clause.

## 6. Bid Evaluation Committee (BEC) members who were part of the negotiations concur with the recommendation set out below:

DIVISION AND DESIGNATION	NAME	SIGNATURES
Fuel Management: Head	Mark Vaughan	
GSM: Commodity Manager Energy	Thamsanqa Sogwazile	
Fuel Technical and Operations Manager	Molefi Boroko	
Fuel Management: Fuel, Financial Manager	Faizal Peer	
Enterprise Development, GSM	Nico Mooketsi	

## 7. Critical Criteria

All bid submissions are evaluated against a set of pre-determined critical criteria. The tender was confined to ACSA approved through-putters, meaning they all adhere to the Joint Inspection Group (JIG) regulations governing Jet fuel quality control, fuelling operations and inspections.

It is however SAA's responsibility to ensure that their third party liability insurance of the bidders hasn't expired. In essence the only required document to satisfy the critical criteria is a Third party liability certificate.

### Mandatory Requirements

**Proof of Third Party Liability Insurance** valued at a minimum of \$ 1 billion (US dollars)

- > In the event of a catastrophic loss of a large aircraft such as an A340-600 due to off specification/contaminated fuel or the fueling process; the claim against the airline could exceed \$1 Billion
- > Therefore SAA insurers require our supplier of jet fuel to hold third party liability insurance in order for them to indemnify SAA

Bid Number: RFP GSM034/18

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

Bidders who do not meet the requirements of the Critical Criteria (Third party liability insurance certificate/documentation) are disqualified from further evaluation; i.e. assessment of the submitted Bid / Offer.

## 8. Price

For SAA's Domestic Locations:

Evaluation Elements		Percentage
1.	<b>PRICE: Total Cost of Ownership</b>	<b>90%</b>
	<input type="checkbox"/> Relative Competitiveness of Proposed Price	
2.	<b>BBBEE</b>	<b>10%</b>
	<input type="checkbox"/> Bidders are to provide a valid BBBEE Certificate	
<b>TOTAL:</b>		<b>100%</b>

## 9. Evaluation Process

The Two Phase Approach as set out below was used to evaluate:

- Phase 1: Critical and Functional Criteria Evaluation
- Phase 2: Pricing and Negotiating Phase (Three rounds)

## 10. Respondents to the RFP

A total number of ten (10) respondents to RFP- GSM034/18 for the Supply and Delivery of Jet A-1 fuel at domestic locations were received.

**Table 2: List of respondents**

Bidder no.	Bidder Name
1	Chevron
2	Shell
3	EML Energy
4	Engen
5	COGT
6	Total
7	BP



Bid Number: RFP GSM034/18

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

Bidder no.	Bidder Name
8	Wassa Gasses
9	Puma Energy
10	Sasol

Bidder 5: Community Oil Gas (COGT) was disqualified from further participation in this tender as they do not have a through-put agreement with ACSA. That left nine (9) bidders in the process.

### 11. Critical and Functional Criteria

Nine bidders were evaluated against the Board approved critical criteria set out on page 6 of this document. All nine (9) bidders satisfied/complied with the critical and functional criteria and moved on the next stage of Pricing as outlined on the table below. (Refer to Annexure C – Critical & Functional Evaluation Sheet).

Table 3: Critical Criteria

Bidder no.	Bidder Name	Complied	Reason / Missing Document
1	Chevron	Y	Complied
2	Shell	Y	Complied
3	EML Energy	Y	Complied
4	Engen	Y	Complied
6	Total	Y	Complied
7	BP	Y	Complied
8	Wassa Gasses	Y	Complied
9	Puma Energy	Y	Complied
10	Sasol	Y	Complied

### 12. Pricing

The Bid Evaluation Committee (BEC) ensures that SAA secures the most competitive price, i.e. reflective of the Total Cost of Ownership; inclusive of the Differential (the Differential component being the only negotiable cost element with all other cost determined from the market). To view the pricing schedules for all the bidders inclusive of savings refer to Annexure D.

Subsequently, it transpired that Sasol is not currently tax compliant on the National Treasury Central Supplier Database portal. This is despite them having a valid tax clearance certificate.

Bid Number: RFP GSM034/18

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

To address the impact of this potential compliance risk, two scenarios have been developed to illustrate the impact of the disqualification of Sasol from the process and they are presented below.

**Scenario 1: Domestic Awards and Savings (with Sasol included)**

Location	Current Supplier → Recommended Supplier	Current Add on Costs ZAR	Newly Negotiated Add on Costs ZAR	Savings ZAR
OR Tambo	BP, Shell, Total, Sasol, Puma, Engen → BP, EML, PUMA, Sasol, Total, Shell	3 383 367 187	3 330 289 097	53 078 090
Cape Town	Chevron → Chevron	8 860 544	6 737 044	2 123 500
King Shaka	Shell → Engen	45 197 574	44 219 945	977 629
Port Elizabeth	Shell → Shell	3 425 000	4 392 500	-967 500
East London	BP → BP	5 728 520	5 875 300	-146 780
George	BP → BP	2 552 850	2 601 000	-48 150
Bloemfontein	Engen → Engen	2 717 000	3 762 000	-1 045 000
Kimberley	Engen → Engen	468 000	666 000	-198 000
Richards Bay	BP → Puma	190 334	144 282	46 052
<b>Total Savings ZAR</b>				<b>53 819 841</b>

**Security of Supply on Scenario 1:**

It is to be noted that Sasol opted to retain all their volumes they had offered to Wassa Gasses. That left Wassa Gasses with no security of supply at ORTIA (Refer to Annexure E2 for email from Sasol).

Total opted not to sell volumes offered to EML directly to SAA. Total stated reasons why they won't be able to sell the additional volumes to SAA (Refer to Annexure E3 for email from Total).

Bid Number: RFP GSM034/18  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

**Scenario 2: Domestic Awards and Savings (with Sasol excluded)**

Location	Current Supplier → Recommended Supplier	Current Add on Costs ZAR	Newly Negotiated Add on Costs ZAR	Savings ZAR
OR Tambo	BP, Shell, Total, Sasol, Puma, Engen → BP, EML, PUMA, Total, Shell	3 383 367 187	3 395 732 280	-12 365 093
Cape Town	Chevron → Chevron	8 860 544	6 737 044	2 123 500
King Shaka	Shell → Engen	45 197 574	44 219 945	977 629
Port Elizabeth	Shell → Shell	3 425 000	4 392 500	-967 500
East London	BP → BP	5 728 520	5 875 300	-146 780
George	BP → BP	2 552 850	2 601 000	-48 150
Bloemfontein	Engen → Engen	2 717 000	3 762 000	-1 045 000
Kimberley	Engen → Engen	468 000	666 000	-198 000
Richards Bay	BP → Puma	190 334	144 282	46 052
<b>Total Savings ZAR</b>				<b>-11 623 342</b>

From Scenario 2 it is clear that SAA will be faced with a projected increased cost over the next twelve months of an additional R11,6 m should Sasol not become tax compliant.

It is recommended that the award as per Scenario 1 be approved, with the provision that SASOL volume uptake be delayed for one month to allow for SASOL to address their tax compliancy issue. This matter will be regularly followed up to ensure closure. In the event that SASOL does not obtain tax compliance it is recommended that Scenario 2 be implemented

### 13. Financial information

The current estimated cost of fuel per year is R 4.367 billion (based on Jan 17 to Dec 17 fuel prices) for Domestic Locations.

Savings of about R 53,8 million, based on the current volume and price baseline have been realised during the negotiation process (Refer to Annexure D – Scenario 1). In the event that the Sasol Tax Compliance matter is not resolved then SAA Jet Fuel cost will increase by an estimated R 11 623 million the next twelve months. (Refer to Annexure D – Scenario 2)

SAA has entered into a strategic partnership with ACSA and the Central Energy Fund (CEF) in order to secure additional 10% savings and address security of supply in the near future. The partnership with the CEF is already unfolding with the Memorandum of Cooperation (MOC)

Bid Number: RFP GSM034/18

SAA BAC Recommendation

Bid Name: Jet Fuel Supply and Delivery Domestic Locations

already prepared. The MOC commits the Parties and their subsidiaries to co-operate in a collaborative manner in order to develop sustainable commercial strategies in pursuance of economic development and economic transformation in South Africa for:

- Liquid fuels security of supply at all major airports;
- Development of liquid fuels infrastructure at all major airports;
- Technical and intellectual development where necessary; and
- Operational collaborations.

#### 14. Risks and Mitigating factors

The contracts for the supply and delivery of Jet A-1 Fuel at domestic locations need to be placed for the commencement of the services on the 1<sup>st</sup> July 2018.

#### 15. Approval Process Required

- BAC Support
- FINCO Support
- Board of Directors Approval

#### 16. Details and Motivation for Recommended Bidder

The bidders recommended are our current suppliers at various locations. Their long standing relationship with SAA is further solidified by their proven track record with SAA.

#### 17. National Treasury Register for Tender Defaulters and Database of restricted Suppliers

As at 25 May 2018 it has been verified that none of the recommended bidders are appearing on both the list of Tender Defaulters and the database of Restricted Suppliers.

#### 18. Final Recommendation

It is recommended that the BAC support the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations to BP, Shell, Total, Sasol, Puma, EML, Engen and Chevron, in line with the outcome of the GSM034/18 tender process. (Subject to tax compliance by Sasol)



Bid Number: RFP GSM034/18  
 Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

### 19. Signatures

Compiled and verified that the confinement is in line with the SAA SCM Policy:

  
 Thami Sogwazile  
 Commodity Manager:

12/06/2018  
 Date

Confirmation of Budget or corrective measure to ensure no overspend:

  
 Lindsay Olitzki  
 HOD Financial Accounting

12/6/18  
 Date

Recommended by:

  
 Mark Vaughan  
 HOD: Fuel Management

12/6/18  
 Date

Supported by:

  
 Mathane Makgatho  
 Interim HOD: Group Treasury

12/6/2018  
 Date

Supported by:

  
 Reinetta Slabbert  
 Acting Compliance Manager

12/6/2018  
 Date

Supported by:

  
 Kenneth Pillay  
 Acting Chief Procurement Officer

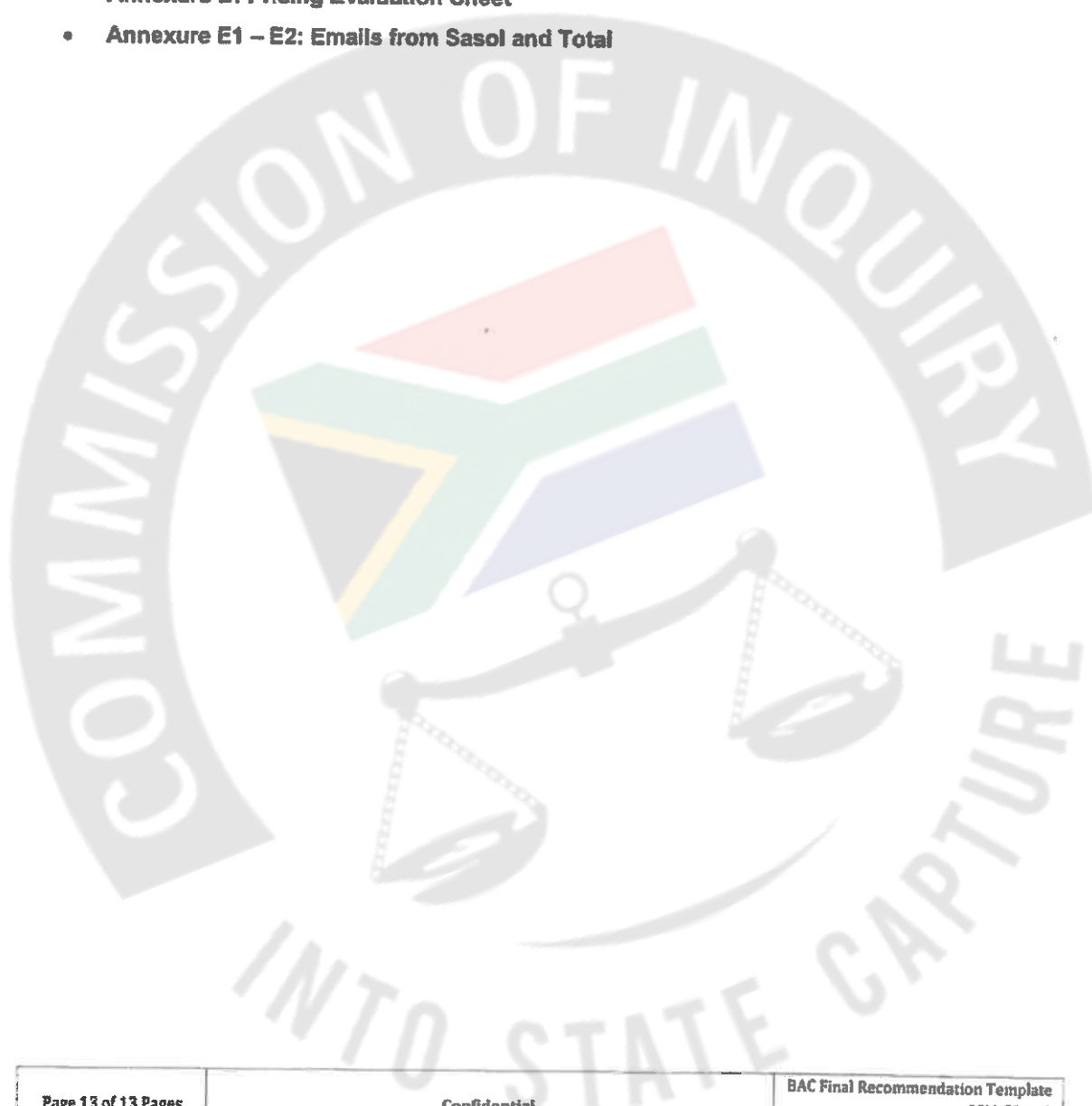
12/6/2018  
 Date

Bid Number: RFP GSM034/18  
Bid Name: Jet Fuel Supply and Delivery Domestic Locations

SAA BAC Recommendation

**Relevant Annexures:**

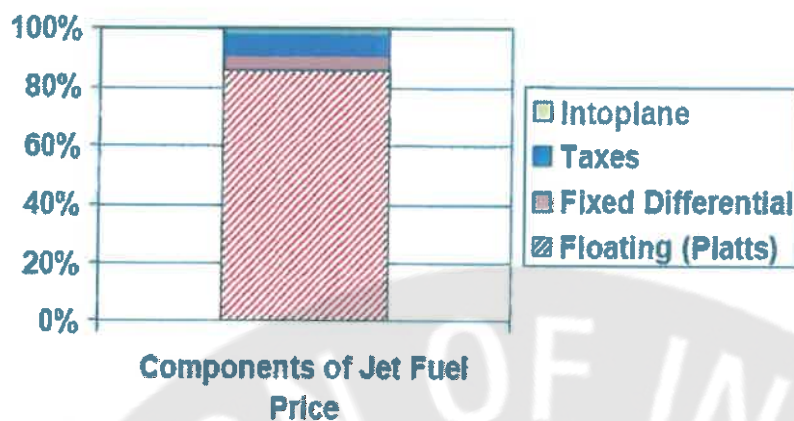
- **Annexure A: Jet Fuel Cost Elements**
- **Annexure B: BOARD resolution**
- **Annexure C: Critical & Functional Evaluation Sheet**
- **Annexure D: Pricing Evaluation Sheet**
- **Annexure E1 – E2: Emails from Sasol and Total**





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## Annexure A: Jet fuel Cost Elements



The different components of Jet fuel price are indicated above:

- **Jet fuel Commodity/Product Price:** = +/- 90% of the Jet Fuel bill
  - No negotiation possible (Price set by the relevant Market); thus the only protection is Risk Management (hedging)
  - Risk Management is kept on an Airline level (considering Star Alliance represents a forum of Best Practice exchange within the legal framework)
  - The Index Price is the largest, underlying element of the Jet fuel price, mostly regulated by the daily quoted price on the Commodity Market, e.g. BFP (Basic Fuel Price), etc.
  - This Price Index can also represent a PLATTS Formula Price (e.g. Durban BFP), a Government fixed Refinery Price (e.g. Sogara Refinery Price) or a Post Airfield price (PAP) which is also independently fixed.
  - It should be noted that Index Prices, applicable to a particular Station/Location, have been used in arriving at the estimated Total Bid Value (in line with the relevant Total Cost of Ownership) for each presented Offer.



➤ **Taxes/Fees/Charges: = 2 - 3 % of the Jet fuel bill**

- Airports, countries (Governments) and other relevant authorities are 'very creative' in generating those taxes and fees, thus often the relevant charges lack any substantial background/justification
- Fighting those charges which are of a regulatory nature, thus not controllable, often remains the domain of IATA (as official Airlines body)

➤ **Differential, Logistic Costs & Supplier Margin**

- The only negotiable element of the total Price of Jet Fuel, representing the Supplier Marketing arm cost recovery (e.g. Cost of Capital) and Profit Margin; normally representing between 2% and 3% of the Total Cost of Ownership. At times Differential includes certain additional charges, otherwise quoted separately, which has the benefit of securing a Fixed Cost at the Supplier's risk, preventing any further increases of that Cost element during the specified contract period.
- In addition to the underlying Commodity Price of Jet A1 Fuel and the Differential, there are various Taxes, Duties, Pipeline Fees, Airport Operations Fees, Transportation Fees, Hydrant Fees etc. These charges are highly regulated by relevant Governments and have a tendency to change during Contract period; something which is out of the airline's control. In principle, all Additional Charges are quoted separately; however, from time to time some of them are included in the quoted Differential.
- In general, Differential comprises of the following: Cost of Capital, Service Cost + Supplier's Margin.
- A single Bid/Offer Value = Index Price + Differential Cost + Additional Charges Costs; in that way representing the Total Invoiced Purchased Price, payable to Suppliers by the Airline.
- The impact of Payment and Credit Terms (where the aforesaid excludes the Interest Cost, based upon quoted Payment and Credit Terms); thus to arrive at a recommendation to award business at a particular location, the benefit of extended Credit shall be factored in, using appropriate interest rates to 'normalise' Bids for comparative purposes.

It is to be noted that from time to time normalisation of Bids may result in recommendation of an award to a Bidder who offered marginally more expensive Differential but better Payment and Credit Terms; in comparison with a Bidder who managed to offer slightly better Differential but worse Payment and Credit Terms.

- Interest Rates used during the 'normalization of Bids process' are provided by SAA Treasury; e.g. in 2017, applicable to SAA Interest Rates, of 10% Interest Cost for International bids were used.



A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a single continuous stroke.



**SOUTH AFRICAN AIRWAYS**

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O.R. Tambo International Airport  
Republic of South Africa, 1627

Tel: 27 11 978-6009  
Email: Tenders@flysaa.com

**EXCERPT FROM THE ROUND-ROBIN APPROVAL PROCESS OF THE SAA BID ADJUDICATION COUNCIL (BAC) HELD ON 13 JUNE 2018**

**SUPPLY OF JET A1 FUEL AT DOMESTIC STATIONS**

**THE BAC RESOLVED AS FOLLOWS:**

- To support the award of the tender for the supply of Jet 1A Fuel at SAA's Domestic stations for a period of twelve (12) months, effective 01 July 2018, ending 30 June 2019, to the following companies:

- BP
- Shell
- Sasol
- Total
- Puma
- EML
- Engen
- Chevron

Subject to SASOL addressing their tax non-compliance issue as per the *Treasury Notice 9 – Tax compliance status verification*.

True excerpt of the round-robin.

**BAC Chairperson**

**Kagiso Tshose**



**BAC Secretariat**

**Reinette Slabbert**

**Directors**

JB Magwaza\* (Chairperson), N Fakude\* (Deputy Chairperson), V Jarana (Group Chief Executive Officer), P Nhantsi (Chief Financial Officer), ML Kingston\*, HP Makuleka\*, AI Basse\*, TN Mgoduso\*, AH Moosa\*, T Mhlani\*, BS Tshabalala\*, MP Tshisevhe\*, G Rothschild\*

\*Non-Executive Director

Company Secretary - RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER



*[Handwritten signature]*



## Annexure “17”





**MINUTES OF THE SPECIAL MEETING OF THE SAA BOARD OF DIRECTORS (2018/14) HELD ON  
FRIDAY 29 JUNE 2018, AT THE 6<sup>TH</sup> FLOOR BOARDROOM, AIRWAYS PARK, JONES ROAD,  
KEMPTON PARK, AT 14H00**

**Resolution No./  
For Attention**

**1. WELCOME, CONSTITUTION OF THE MEETING, NOTING OF THE EVACUATION  
PROCEDURE, APOLOGIES AND SIGNING OF THE ATTENDANCE REGISTER**

**Present:**

Ms N Fakude	Non-Executive Director (Deputy Chairperson)
Mr A Bassa	Non-Executive Director (Participated by Teleconference)
Mr M Kingston	Non-Executive Director
Mr P Maluleka	Non-Executive Director
Ms T Mgoduso	Non-Executive Director (Participated by Teleconference)
Mr A Moosa	Non-Executive Director (Participated by Teleconference)
Mr G Rothschild	Non-Executive Director
Ms S Tshabalala	Non-Executive Director (Participated by Teleconference)
Mr P Tshisevhe	Non-Executive Director
Mr V Jarana	Group CEO

**In Attendance:**

Mr R Head	Interim Chief Financial Officer
Mr P Davies	Chief Restructuring Officer
Ms M Qofa	Interim Chief Legal Officer
Mr E Lusenga	Legal Advisor
Mr K Pillay	Acting Chief Procurement Officer
Mr M Nyoni	Deputy Company Secretary
Ms M Makhakhe	Deputy Company Secretary

**Apologies:**

Mr JB Magwaza	Non-Executive Director (Chairperson)
Ms T Mhlari	Non-Executive Director
Ms R Kibuuka	Company Secretary

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Page 5 of 11

Management explained that the submissions were critical for the business and the fuel tenders had a one-month termination notice clause.

#### 4.2 Supply and Delivery of Jet A1 Fuel for Domestic Locations

The Board was requested to approve the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations to BP, Shell, Total, Sasol, Puma, EML, Engen and Chevron, in line with the outcome of the GSM034/18 tender process. It was reported that the Sasol tax issue which previously existed, was resolved on 20 June 2018.

**RESOLVED THAT** the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's domestic locations to BP, Shell, Total, Sasol, Puma, EML, Engen and Chevron, for a period of one year commencing on 01 July 2018 to 30 June 2019, in line with the outcome of the GSM034/18 tender process be and is hereby approved. 2018/14/01

#### 4.3 Supply and Delivery of Jet A1 Fuel for International Locations

The Board was requested to approve the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's international locations to BP, World Fuel Services (WFS) and OMV Deutschland GmbH, for a period of one year commencing on 01 July 2018 to 30 June 2019, in line with the outcome of the GSM029/18 tender process.

**RESOLVED THAT** the awarding of the tender for the supply and delivery of Jet A1 fuel at SAA's international locations to BP, World Fuel Services (WFS) and OMV Deutschland GmbH, for a period of one year commencing on 01 July 2018 to 30 June 2019, in line with the outcome of the GSM029/18 tender process, be and is hereby approved. Management was requested to explore the viability of contracting with a single supplier with global reach for international fuel for economies of scale and cost saving purposes, going forward. 2018/14/02  
Group CEO/  
Acting CPO

#### 4.4 Revised Supply Chain Management Policy

The Board was requested to approve the following:

- i. the revised SAA Group Supply Chain Management (SCM) Policy effective from 01 July 2018; and
- ii. SAA be granted the necessary mandate to engage National Treasury (NT) to approve further provisions of the SCM Policy which sought deviation from




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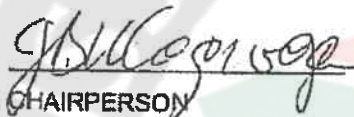
Page 11 of 11

proposed approach and agreed that Mr Ezra Davids and a junior lawyer with the support of a Senior Counsel with special expertise on company law be used. Management was advised to work towards capping the legal fees of the proposed legal team to assist SAA in advising the Board on going concern, reckless trading, liquidity and related matters.

In another matter, the Group CEO informed the Board about SAA's proposed plans for the Nelson Mandela Centenary Celebrations commencing in July to December 2018. He indicated that SAA was working with BrandSA on this marketing and PR exercise. He undertook to advise the Board accordingly when the plan had been finalised.

## 5. CLOSURE

There being no further matters to discuss, the Chairperson thanked all present and declared the meeting closed.

  
CHAIRPERSON

DATE: 31/8/2018



SECRETARY

DATE: 31/8/2018



## Annexure “18”



## BUSINESSREPORT

# SA Express paid R2.4 billion for fuel to a music promoter

ECONOMY / 28 MAY 2018, 12:03PM / STAFF REPORTER



File image: SA Express. IOL.

CAPE TOWN - SA Express reportedly paid R2.4 billion to music promoter, Eldrige Mothlake after he was awarded a three-year contract to supply the airline with fuel.

According to reports by the Sunday Times, two of the airline's executives, Sam Vilakazi and Merriam Mochoele allegedly orchestrated the deal with EML Energy which is owned by Mothlake.

The deal was reportedly struck without any formal procedures such as a tender process and consultation with SA Express board and management.

Despite the deal, the airline reportedly did not receive any fuel. The contract is now reportedly under investigation.

Meanwhile, the Minister of Public Enterprises Pravin Gordhan announced on May 24 that South African Airways (SAA), SA Express and Mango are to merge.

"Bringing the airlines together and rationalising their routes are important. Rationalising the kind of aircraft needed at a particular time and day – that's the experience we're beginning to learn from airlines around the world," he said.

"It's that synergy and savings. Our net guess is that by putting the airlines together, we can go through a transition period where there are going to be difficulties."

6/2/2019

SA Express paid R2.4 billion for fuel to a music promoter | IOL Business Report

"If you have something dysfunctional and (you) try to sell it, you will get little for it. The real challenge is putting the right people in the right places both on boards and management teams, and having the right oversight," he said.

Additionally, Gordhan announced the appointment of a new SA Express board, chaired by Mmakeaya Magoro Tryphosa Ramano.

A briefing by South African Airways (SAA) to Parliament's finance committee was called off on May 23 after MPs from the African National Congress (ANC) and the Democratic Alliance (DA) clashed on whether the meeting should be closed to the public.

Acting finance committee chairwoman Thandi Tobias stopped SAA executives from presenting its fourth-quarter results, saying a decision was taken at the last meeting of the committee that the meeting be closed, something the DA said never happened.

**READ MORE: SAA, SA Express and Mango will merge - Gordhan**

**ALSO READ: SAA to support passengers of grounded SA Express, unions worried about jobs**

**TOP STORY: Former drug addict became a key player in property sector**

**- BUSINESS REPORT ONLINE**



## Annexure “19”







**SOUTH AFRICAN AIRWAYS**  
FLYSAA.COM

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Room 401, Block A  
Airways Park, Jones Road  
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Private Bag X13  
O.R. Tambo International Airport  
Republic of South Africa, 1627

Tel: 27 11 978-3891  
Fax: 27 11 978-3115

Email: Kenneth.Pillay@flysaa.com

**TO: EML ENERGY**

O.R. Tambo International Airport Precinct  
3-8 Atlas Road, Office D3, Denel  
Kempton Park  
Johannesburg 2000

E-mail: [eric@emlenergy.com](mailto:eric@emlenergy.com)

Attention: EML Motlhake

**RE: LETTER OF AWARD REGARDING THE JET FUEL SUPPLY AND DELIVERY AT OR TAMBO INTERNATIONAL AIRPORT**

Dear Sir,

South African Airways SOC Ltd (SAA) hereby confirms the award to **EML ENERGY** ("EML"), regarding the provision of the Jet Fuel supply and delivery at O.R. Tambo International Airport, East London and George, with effect from the 1<sup>st</sup> July 2018, until 30<sup>th</sup> June 2019 in line with the Tender (GSM034/18) Evaluation and Negotiation Process outcome

**This Letter of Award (LOA) is subject to the following conditions:**

This LOA sets forth SAA's understanding of the terms and conditions of the contract, including the nature and scope of the services to be provided to SAA, in order to ensure that both parties understand their responsibilities in relation to this engagement,

This LOA and any other correspondence dealing with the subject-matter also constitute the essential elements of the terms of SAA and EML engagement up to and including the date of signing of the relevant Location Agreement. In the event of any inconsistency, the Location Agreement shall prevail.

No communication of this award shall be made to any third parties, whatsoever, prior to signing of the applicable Location Agreement.

**Supply Agreement Terms and Conditions:** Sales to SAA shall be governed by Aviation Fuel Supply Agreement and the relevant Location Agreement (still to be updated and signed by both parties), which will recognise the ability of the SAA Group's right to contract and purchase product at the most competitive price offered to any SAA Group company.

**Directors**

JB Magwaza\* (Chairperson), N Fakude\* (Deputy Chairperson), V Jarana (Group Chief Executive Officer), P Nhantshi (Chief Financial Officer)  
ML Kingston\*, HP Maluleka\*, TN Mgoduso\*, T Mhlari\*, AH Moosa\*, G Rothschild\*, BS Tshabalala\*, MP Tshisevhe\*

AI Access\*

A STAR ALLIANCE MEMBER

\*Non-Executive Director

Company Secretary – RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

The salient points of this undertaking are underlined in the Table below:

**Stations allocation:**

No.	IATA Code	Station	Contract Date from:	Contract Date to:	*Tender Volume (mag) per year	Price Basis	**Base Price	Diff.	Unit
1	JNB	Johannesburg	1 <sup>st</sup> July 2018	30 <sup>th</sup> June 2019	6.34	TOTAL BFP	MOPAG (Platts) + Freight & Insurance	23.1	zac/l

\*These are estimated volumes

\*\* The date for the base price: Price changes the 1st of each month

**Product:**

- The Jet Fuel meets the following Quality / Safety and Specification Control Standards:
  - Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS)
  - The British Ministry of Defence Specification, DEFSTAN 91-91 (latest issue)
  - The ASTM (American Standard of Testing Method) D 1655 (latest issue)
- The Jet Fuel is traceable to the point of manufacture.
- The company adheres to a recognized Global Standard: e.g. Joint Inspection Group (JIG), ATA103, governing: Jet Fuel, Quality Control, Fuelling Operations and Inspections.

**Supply Period:** as indicated in the table above

**Invoicing Frequency:** weekly

**Payment Terms:** 21 days from the date of invoice

**Pricing:** as mentioned in the Table above; however, the Price is exclusive of VAT at 15% for domestic flights, transport in JNB currently at 47zac per Lt and into plane cost of 9zac per Lt.

**Price Change Basis:** Prior Monthly

**Delivery Method:** on an into plane basis

**Defueling Fee/Charges:** 30 zac/l

**Additional Charges:** as indicated in the Final Offer

**Third party Liability Insurance:** 1billion USD per incident.

We hereby extend our congratulations to EML and look forward to continue a mutually beneficial business relationship and excellent service.

Please signify your acceptance of this Letter of Extension by signing below and returning by e-mail to: [thamisogwazile@flysaa.com](mailto:thamisogwazile@flysaa.com)

Should you require any further information and clarification regarding the contents hereof, kindly contact Thami Sogwazile on (+27) 11 978 6831

Yours sincerely,

PP 

Kenneth Pillay: Acting Chief Procurement Officer (Global Supply Management)  
South African Airways, SOC, Ltd

Accepted and agreed to by EML ENERGY

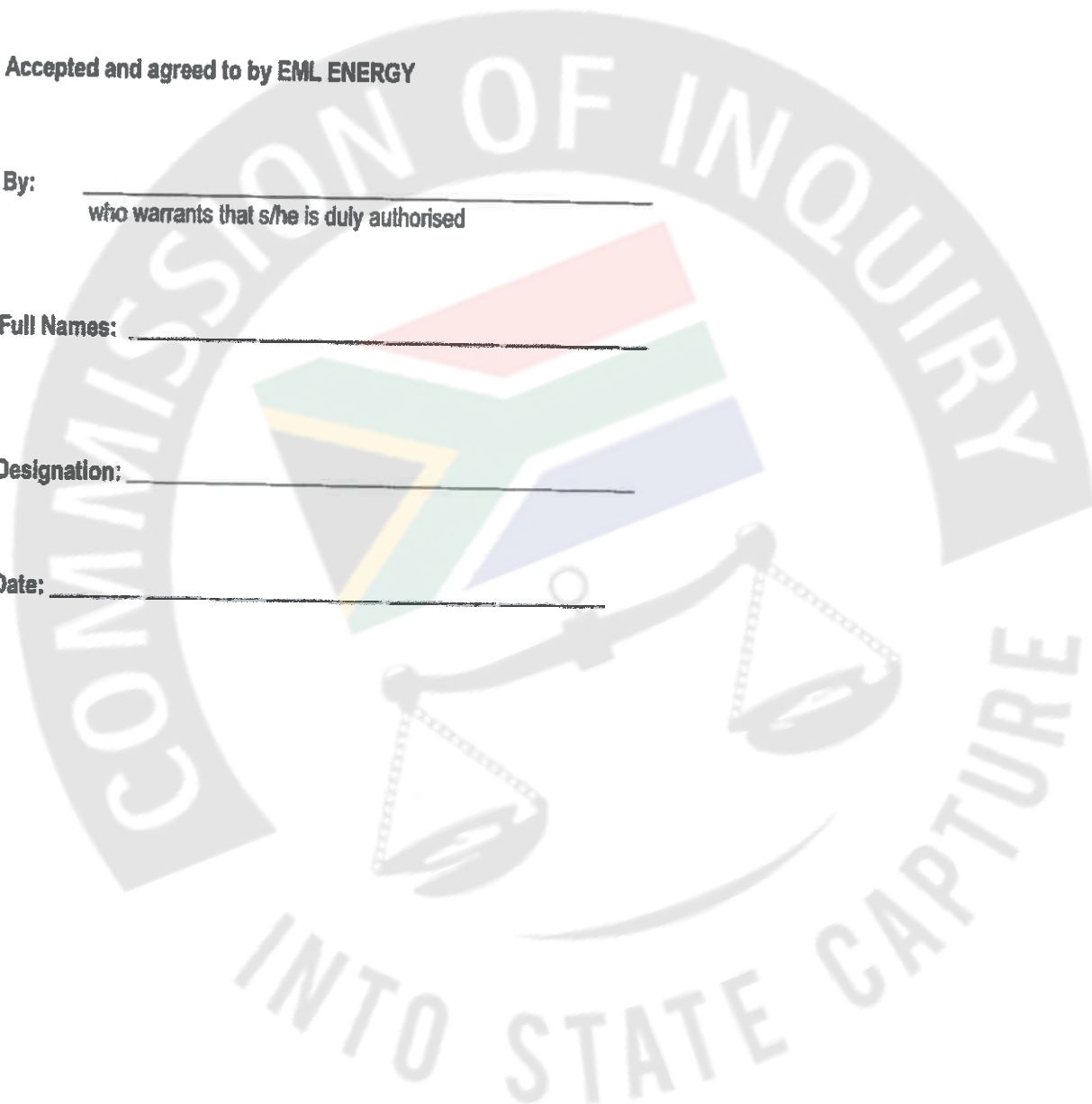
By: \_\_\_\_\_

who warrants that s/he is duly authorised

Full Names: \_\_\_\_\_

Designation: \_\_\_\_\_

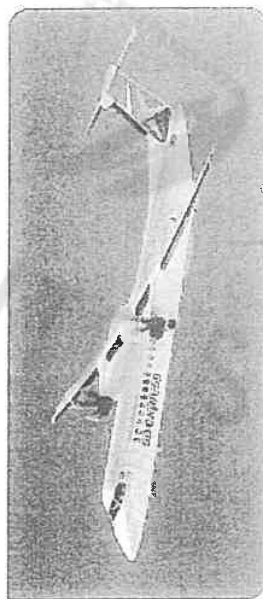
Date: \_\_\_\_\_





**Thami Sogwazile**

**From:** Samuel Vilakazi <samvilakazi@flyexpress.aero>  
**Sent:** 15 December 2017 01:07 PM  
**To:** Mark Vaughan  
**Cc:** Thami Sogwazile; Adv. Nontsasa Memela  
**Subject:** FUEL VOLUMES ALLOCATION TO EML ENERGY  
**Attachments:** S60C-7e171215131110.pdf



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Hi Mark

Attached find a letter in respect of Fuel volumes allocation to EML Energy.

Regards  
 Sam

**Samuel Vilakazi**  
**Chief Procurement Officer**

2nd Floor  
 E Block Offices  
 Airways Park

D: 011 978 5022

F: +27 86 743 2314

C: 083 400 0050

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1 Jones Road

Please note that this e-mail and the contents thereof is subject to the standard SA Express E-mail disclaimer which may be found on [www.flyexpress.aero](http://www.flyexpress.aero)

**Non Executive Directors:** G N Mothema (Chairperson), T Abrahams, B P B Dibate, R Naithani, J N Nkabinde, P Ramosebudi, G R Sibiya  
**Executive Directors:** D V Xaba (Acting Chief Executive Officer), M R Shelley (Chief Financial Officer)  
**Company Secretary:** M Gie

South African Express Airways SOC Ltd Co.Reg. No. 1990/007412/30 Vat Reg No. 4400140499





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South Africa  
www.flyexpress.aero

To : Mr. Mark Vaughan  
Head of Department: Fuel Management  
[markVaughan@flysaa.com](mailto:markVaughan@flysaa.com)

Cc : Mr. Thami Sogwazile  
Adv Nontsasa Memela

#### FUEL VOLUMES ALLOCATION TO EML ENERGY

Please note that EML Energy has been appointed by South African Express as jet fuel supplier since July 2017 on a limited scope. Subsequent to this appointment, management has taken a decision to expand the scope of EML as part of empowerment drive. In this regard South African Express is considering apportioning 1, 822 357 (Monthly volumes) to EML consolidated at ORTIA subject to internal processes being finalized and approval granted.

I trust you will find the above in order.

Yours sincerely

Dr. Sam Vilakazi  
Chief Procurement Officer

Date: 15/12/2017

**Thami Sogwazile**

**From:** Mark Vaughan  
**Sent:** 15 December 2017 03:01 PM  
**To:** Samuel Vilakazi  
**Cc:** Thami Sogwazile; Adv. Nontsasa Memela  
**Subject:** RE: FUEL VOLUMES ALLOCATION TO EML ENERGY

Dear Dr Vilakazi,

Thank you for the e-mail. I would just like to confirm the volume in your letter, is it 1.822357 cubic meters per month and will this be in effect from 1 January 2018?

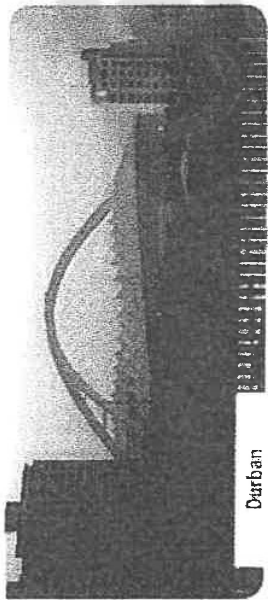
If it is 1.82 cubic meters this make up 90% of SAX indicative volume in JNB. In addition as per Thami's mail we would need to exclude SAX volume from the LOE that are going out to current suppliers for extensions 1 January 2018 to 30 June 2018.

Best regards  
Mark

Mark Vaughan | Head of Department | Fuel Management

Mobile: 083 447 2850 | Phone: (+27 11-978-1101) | Fax: +2711-978-1244 | E-Mail: [MarkVaughan@flysaa.com](mailto:MarkVaughan@flysaa.com)  
Room 422, Floor 4, Block C, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

**From:** Samuel Vilakazi [<mailto:samvilakazi@flvexpress.aero>]  
**Sent:** 15 December 2017 01:07 PM  
**To:** Mark Vaughan  
**Cc:** Thami Sogwazile; Adv. Nontsasa Memela  
**Subject:** FUEL VOLUMES ALLOCATION TO EML ENERGY



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Hi Mark

Attached find a letter in respect of Fuel volumes allocation to EML Energy.

Regards  
Sam

**Samuel Vilakazi**  
**Chief Procurement Officer**

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**Company Secretary:** M Gie

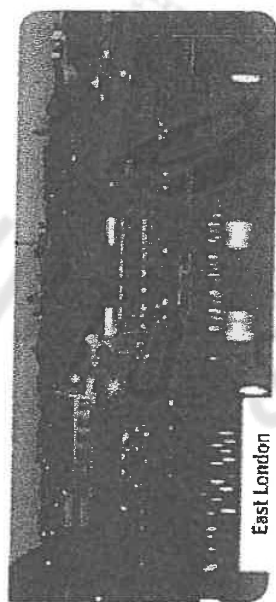
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**Thami Sogwazile**

**From:** Samuel Vilakazi <samvilakazi@flyexpress.aero>  
**Sent:** 15 December 2017 03:15 PM  
**To:** Mark Vaughan  
**Cc:** Thami Sogwazile; Adv. Nontsasa Memela  
**Subject:** Re: FUEL VOLUMES ALLOCATION TO EML ENERGY



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Hi Mark

It should be liters. Can I revert back to you shortly about the timeliness taking into account the holiday period.

Regards  
Sam

Sent from my Samsung Galaxy smartphone.

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

**From:** Mark Vaughan <MarkVaughan@flysaa.com>  
**Date:** 2017/12/15 14:58 (GMT+02:00)