EXHIBIT BB 7

(a) and (b)

STATEMENT & ANNEXURE

OF

GERHARDUS JOHANNES JACOBUS VAN DER WESTHUIZEN

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

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STATEMENT

I, the undersigned,

Gerhardus Johannes Jacobus Van der Westhuizen

do hereby state that:

1. I have been requested by the Commission to provide a statement regarding certain contracts and transactions that were concluded between Transnet SOC Ltd ("Transnet"), and Neotel (Pty) Ltd ("Neotel") and the role I played in respect of the aforesaid contracts and transactions.

2. The facts contained in this statement are both true and correct, and within my personal knowledge, unless the context provides otherwise.

3. Where I attach documents to this affidavit, such documents, unless the contrary appears from the context, were provided to me by the investigators ("the investigators") for the State Capture Commission (SCC).

INTRODUCTION

4. I am a qualified Chartered Accountant (SA) with 15 years post article experience. My experience includes external audit, internal audit, process improvement, information technology audits, financial management, reporting, and vendor management.

5. I joined Transnet in 2007 and resigned in December 2014. During my tenure at Transnet I was deployed in a number of different roles. A brief summary of the different roles that I fulfilled are set out below:

5.1. *Manager: Internal Control and Special Projects (2007 - 2009).* I reported to Garry Pita and my key responsibilities included oversight and control of projects launched to remedy defects identified by the internal control department or by internal audit.

5.2. *Group Head of Internal Control (2009 - mid 2012).* I reported to Anoj Singh ("Singh") and my key responsibilities included oversight and control of the Internal Control Department as well as management and control over Ernst and Young, to whom the internal audit function was outsourced.

5.3. From mid-2012 to April 2013 I was on secondment to the Enterprise Information Management Services Department ("EIMS"). I still reported to Singh and my key responsibilities included oversight of the process to deal with the network security breach and later to manage the vendors involved, specifically Neotel and T-Systems South Africa (Pty Ltd) ("T-Systems").

5.4. From April 2013 to December 2014 I was appointed as the Executive Manager: Office of the Chief Information Officer ("CIO"). I reported initially to Ken Jarvis as acting CIO and later Dr Mantsika Matooane as CIO. The objective of the role was to support the Group CIO and specific responsibilities included, inter alia, ICT procurement, vendor management, financial management for Group ICT, change management with in Group ICT and project management office.

KEY CONTRACTS BETWEEN TRANSNET AND NEOTEL

6. During the period January 2007 to December 2014 Transnet concluded the following three key contracts/transactions with Neotel that are relevant for purposes of this statement:

6.1. 2007 Master Network Services Agreement (the "2007 MSA");

6.2. Procurement of Cisco Equipment (the "Cisco Transaction") ; and

6.3. 2014 Master Network Services and Asset Buyback Agreement (the 2014 MSA").

7. In December 2007 Transnet concluded the 2007 MSA agreement with Neotel in terms of which Neotel would provide network services to Transnet for a period of 5 years. The contract was effective from 1 April 2008 until 31 March 2013. ***(See Annexure A).***

8. It is worth noting that the network services were previously provided by Transtel (Pty) Ltd (a subsidiary or division of Transnet), but Transnet had sold this entity as a going concern to Neotel, before the 2007 MSA was concluded. After the sale of Transtel, Transnet found itself in the unenviable position where its IT network, upon which it relied completely for the conduct of its business was owned and managed by Neotel as an external service provider.

9. In light of the fact that the 2007 MSA was due to expire in March 2013, Transnet commenced a process in early 2012 to engage Detecon Consulting ("Detecon") to assist the Transnet with the development of an IT Network Sourcing Strategy. The strategy was indeed developed and later approved by the Transnet Board. Transnet furthermore procured the service of another consulting firm, Gartner, to assist with the development of a request for proposals (RFP) for the IT network services. Effectively this meant that Transnet would not renew the 2007 MSA with Neotel, but would put the IT Network contract out to open tender.

10. The two processes described in the preceding paragraph were cumbersome and time consuming, which necessitated the extension of the existing 2007 MSA with Neotel. The Transnet Sourcing Team proposed to ~~the~~ executive management a 21 month extension to the 2007 MSA Agreement, but ~~the~~ executive management decided to propose only a 15 month extension and the

Transnet Board ultimately approved only a 5 month extension. ***(See Annexure B)***

11. The Transnet Sourcing Team was acutely concerned regarding the short extension approved by the Board and shortly after receipt of the decision from the Board, the team submitted an updated proposal to the Board Acquisition and Disposal Committee wherein significant risks associated with the short timeframe was highlighted. Regardless of the risks highlighted by the team, the decision of the Board stood. ***(See Annexure C1-C2 and D2)***

AWARD OF THE IT NETWORK SERVICES TENDER TO T-SYSTEMS

12. Pursuant to the authority obtained from the Board, Group Strategic Sourcing compiled a memorandum dated 29 May 2013 from Singh and Garry Pita to the Group Chief Executive, Mr Brian Molefe ("Molefe") to approve the Network Services Sourcing Strategy, the RFP and the advertisement, and to grant authority to advertise and issue the RFP to the open market for the provision of IT Network Services to Transnet for a period of three (3) years with an option to extend for two (2) year. ***(See Annexure D1-D4)***

13. At the time, Garry Pita (Pita) was the head of Group Strategic Sourcing and reported to Singh in his capacity as Group Chief Financial Officer. The request was approved by Molefe when he signed the aforesaid memorandum on 9 June 2013.

14. The RFP was issued on 14 June 2013 with an initial closing date of 16 July 2013. The closing date was extended twice, from 17 July 2013 to 30 July 2013 and then from 31 July 2013 to 13 August 2013. ***(See Annexure E1-E3)***

15. As reflected in the Transnet Acquisition Council Memo, attached as ***(See Annexure F)***, the following 5 bidders submitted proposals in response to the RFP before the extended closing date of 13 August 2013 at 12:00

15.1. Neotel (Pty) Ltd;

15.2. Telkom SA SOC;

15.3. Dimension Data;

15.4. Vodacom (Pty) Ltd; and

15.5. T-Systems South Africa (Pty) Ltd in collaboration with Broadband Infraco SOC Ltd (BBI).

16. The fact that the process of award would not be completed by 31 August 2013, mainly due to extensions requested by the bidders, necessitated a further extension of the contract which was granted to Neotel from 1 September 2013 to 31 October 2013. ***(See Annexure G1-G2)***

17. The entire process relating to the evaluation of bids and the recommendation of the successful bidder is comprehensively set out in the aforementioned TEAR Report. In the TEAR Report, Neotel was recommended as the preferred bidder. ***(See Annexure H3)***

18. I wish to draw attention to the fact that during the final clarification session held with the bidders, T-Systems indicated that their Joint Venture Partner (Broadband Infraco) might be able to negotiate optimization with its

shareholders which would result in an overall reduction of R248m on their tendered pricing, however this was not taken into consideration by the evaluation team. (See Annexure page 15 Tear Report) ***(See Annexure L2 and H3)***

19. In a memorandum dated 30 October 2013 from Mohammed Mahomedy, Mantsika Matooane (Matooane) and Pita to the Acting GCE at the time, Sharla Pillay (Pillay), was requested to:

19.1. approve the procurement process and award of business to Neotel;

19.2. Sign the Letter of Intent for the preferred bidder ;

19.3. Sign Letters of Regret to the Four Unsuccessful Bidders; and

19.4. Sign the letter to extend the current Neotel contract.

20. On 31 October 2013, Sharla Pillay, in her capacity as Acting Group Chief Executive, after having satisfied herself that a proper procurement process had been followed, duly approved the process and the issuing of a letter of intent (LOI) to award the network services contract to Neotel, by signing the memorandum. A copy of the full set of the memorandum is attached as ***(See Annexure H1-H7)***

21. The letter of intent as well as the 4 letters of regret were also signed by Sharla Pillay on 31 October 2013. ***(See Annexure I1-I7)***

22. I was subsequently informed by Pita that these letters were not going to be issued to the bidders as he was instructed by Singh not to do so on the instruction of Molefe. As I recall, Molefe was abroad at that stage and he apparently wished to review the process upon his return. ***(See Annexure J)***

23. During November 2013, I was called to a meeting with the GCE (Molefe), together with the CIO, Mantsika Matooane, Edward Thomas (Group Supply Chain) and Singh. There may have been others which I can't recall. ***(See Annexure K1)***

24. When we arrived for the meeting we were requested by Molefe's personal assistant, if I recall correctly, to hand over our cellular phones to her before we entered his office. We all did so.

25. I found the request to hand over my cellular phone to be strange due to the fact that I had previously attended at least one other meeting in Molefe's office, on which occasion I was not requested to hand in my cellular telephone.

26. Molefe indicated that he did not support the recommendation to issue a letter of intent to Neotel as the preferred bidder and that he intended to award the tender to T-Systems as he was of the view that the R248million discount offered by T-Systems (referred to in Annexure H3) was valid and should have been taken into account. He also advanced other considerations.

27. I did not agree with the reasons advanced by Molefe during the aforesaid meeting. In this regard:

27.1. Even if the R248million discount offered by T-Systems was taken into account, T-Systems would still only be the 2nd best bidder, after Neotel.

27.2. I informed the meeting that the objection by Molefe that there would be "concentration risk as Transnet is Neotel's largest client" was without merit. I explained that to award the tender to T-Systems would constitute a higher concentration risk. At that stage T-Systems already managed Transnet's Data Centre and it would make no sense, from a concentration risk perspective, to award the tender to T-Systems. Molefe ignored my objection and carried on with the meeting.

27.3. Molefe further informed the meeting that he had received a letter from one of Neotel's B-BBEE partners/shareholders which contained an allegation that Neotel was busy diluting its shareholders to the detriment of its B-BBEE partners/shareholders. I informed the meeting that a mere allegation of the nature alluded to by Molefe should not give rise to the reconsideration of a tender award. Again Molefe ignored my objection.

28. I then realised that my objections were not being well received. I remember feeling at the time that, for me to proceed with the verbalisation of my objections would be tantamount to professional suicide. In simple terms, I felt that I would be placing my career at risk if I did not shut my mouth there and then. Upon this realisation I did not take any further active part in the meeting.

29. As far as I can recall, none of the other attendees of the meeting took issue with Molefe's objections.

30. After the meeting I was instructed by Singh to draft a memorandum to record the essence and outcome of the meeting. Despite the fact that I had already made it clear in the meeting that I did not agree with Molefe's views, I had no option but to carry out the instruction from Singh. ***(See Annexure K2)***

31. I prepared a draft memorandum, which after input and assistance from Group Strategic Sourcing, culminated in the memorandum which is attached as ***Annexure K2*** which Molefe signed. It is clear from this memorandum that Molefe had effectively overturned the decision by Sharla Pillay to award the tender to Neotel and he unilaterally decided to award the tender to T-Systems despite the recommendations contained in the TEAR report as discussed above.

32. Pursuant to Molefe's decision, letters of regret were issued to Neotel, Telkom, Dimension Data and Vodacom and a letter of intent was issued to T-Systems. ***(See Annexure K3-K4)***

33. I wish to highlight the fact that T-Systems tender was submitted in collaboration with Broadband Infraco SOC Ltd (BBI). The company registration documents for the latter company shows that Salim Essa was a director of BBI and resigned as a director on 14 October 2010. My understanding is that BBI was

a state owned entity and it was tendering with T-Systems for the contract. ***(See Annexure L1)***

34. After receipt of the letter of regret, Neotel addressed a letter to Molefe to obtain clarity on the reasons advanced in the letter of regret addressed to them. "Business risk" was advanced in the letter of regret as a vague reason not to award the tender to Neotel. ***(See Annexure M1-M4)***

35. With input from me, being the relevant vendor manager and the legal department, Strategic Sourcing drafted a response to the Neotel letter which expanded on the risk identified in the letter of regret. The letter was signed by Molefe and transmitted to Neotel. ***(See Annexure N1-N2)***

36. During this time I was still in constant contact with Neotel due to the fact that Neotel was still managing the ICT network. At this stage the relationship was strained and there was palatable resentment and anger on the side of Neotel.

37. During this time I was concerned that any spending on the now-expired 2007 MSA could be regarded as irregular expenditure in terms of the Public Finance Management Act. I was also concerned that Neotel could stop/suspend their services as the 2007 MSA had expired. A cessation of services would have had disastrous results for Transnet and the country as a whole.

38. I raised my concerns via email with Garry Pita and Singh and Singh informed me that, pursuant to discussions between himself and Sunil Joshi (Neotel's CEO at the time), Neotel would continue to render its services in terms of the 2007 MSA, despite it having lapsed. ***(See Annexure J)***

39. I cannot clearly recall the exact detail of all further events during this tumultuous time but I can state that, during December 2013:

39.1. The 2007 MSA was extended for a period of 12 (twelve) months; ***(See Annexure O1-O3)***

39.2. Neotel, obviously being upset and in a strong negotiating position initially proposed a significantly inflated monthly charge. I recall a figure of approximately R58m per month being proposed **(Annexure O2)**;

39.3. Neotel advised that certain network equipment had reached end-of-life and that it was crucially important that these assets should be replaced. It was advanced that Neotel would be unable to deliver the required levels of service if the equipment was not replaced forthwith. I deal further with this aspect below ~~(from paragraph 100)~~.

39.4. After negotiations an agreement was concluded with Neotel to continue providing services to Transnet at a monthly rate of R50m; and **(Annexure O3)**

40. Neotel finally accepted the outcome of the tender process and the award of the tender to T-Systems. **(Annexure O3)**

REVERSAL OF THE DECISION TO AWARD THE TENDER TO T-SYSTEMS

41. If I recall correctly Singh requested that we obtain an opinion on the process and reversal of the proposed award by Molefe with a senior counsel. I recall that myself, Peter Volmink and Ndiphiwe Silinga attended a meeting with Gilbert Marcus in Sandton in December 2013. I provided him with a high level summary of the process and the reversal and although I can't recall the exact details of the discussion I recall that Gilbert Marcus was very concerned with the process followed by Transnet and more specifically the decision by Molefe to overturn the recommendation to award the RFP to Neotel and the likely non-compliance with the PFMA. I gave Singh verbal feedback post this meeting. ***(See Annexure P)***

42. During the early part of 2014, Singh informed me that he had received a report from or had a discussion with Transnet's External Auditors who had obtained a legal opinion which concluded that the decision by Molefe to award the tender to T-Systems was not in compliance with the PFMA.

43. The specific concerns were subsequently set out in a memorandum from Singh and Garry Pita to Molefe. The purpose of this memorandum was to request the approval of Molefe to revoke T-System's status as preferred bidder. Molefe approved the request by signing the memorandum on 6 June 2014. ***(See Annexure Q1)***

44. Pursuant to Molefe signing the memorandum, a letter of revocation was issued to T-Systems. Furthermore, a letter of intent to "negotiate the MSA for the provision of network services to Transnet SOC Ltd." was issued by Molefe to Neotel on 18 August 2014 and subsequently accepted by Neotel on 10 September 2014 on certain terms and conditions. ***(See Annexure Q1-Q4 and R1-R2)***

45. I tendered my resignation to Transnet on 30 September 2014. In terms of my letter of resignation my last day of employment with Transnet would be 31 October 2014. I had discussions with both Mantsika Matooane and Singh who requested me to stay on in my position and to steer the conclusion of the MSA with Neotel to finality. ***(See Annexure S1-S2)***

46. I agreed to the request subject to my remuneration for the additional time being increased in order for me not to be in a worse position than I would have been had I taken up employment with my prospective employer on 1 November 2014, and a pro-rata payment of my bonus.

2014 MSA NEGOTIATIONS AND ASSET BUYBACK AGREEMENT

47. There were two streams included in the negotiations with Neotel, namely a commercial stream which was responsible for the negotiation and finalisation of the terms of the 2014 MSA and a technical stream which was responsible for the negotiation of the technical detail of the services to be rendered by Neotel. I was part of the Transnet negotiation team in the commercial stream.

48. The negotiations were protracted and involved numerous representatives of both parties.

49. A contentious issue during the negotiations was the aspect relating to the buyback by Transnet of the assets and infrastructure which constituted its ICT network at the time. The background to this buyback can be briefly summarised as follows:

49.1. As discussed above, Transnet had sold its subsidiary Transtel, as a going concern to Neotel, before the 2007 MSA was concluded. This included most of Transnet network equipment and infrastructure.

49.2. After the sale of Transtel, Transnet found itself in the unenviable position where its IT network, upon which it relied completely for the conduct of its business was owned and managed by Neotel as an external service provider.

49.3. Since Molefe had decided to award the IT Network Service Tender to T-Systems and not Neotel, it was now of paramount importance for Transnet to regain ownership of the equipment and infrastructure that it had previously sold to Neotel as part of the Transtel sale.

49.4. At some stage the negotiating teams reached a stale mate and negotiations came to a standstill. The main issues included the following:

49.4.1. Parent Company Guarantee needed to be finalised;

49.4.2. Certain terms accepted in the initial letter of intent was not being honoured by Neotel. These included transition cost and usage charges on LAN points above the 5% included in the extension letter.

49.4.3. Agreement on the quantum of insurance and professional indemnity;

49.4.4. Application of certain benchmarking prices;

49.4.5. Lack of B-BBEE and Supplier development submissions;

49.4.6. Additional project which according to Neotel did not form part of the Master Services Agreement.

49.4.7. Technical issues:

49.4.7.1. Unwillingness from Neotel to accept Mean time to repair (MTTR) and availability Service Level Agreements (SLA's).

49.4.7.2. Unwillingness from Neotel to accept service credits and weightings

49.4.7.3. Unwillingness from Neotel to accept the at risk amount although this was accepted as part of the RFP process

49.4.7.4. Neotel not supplying the site list;

49.4.7.5. Errors in pricing submissions.

50. Negotiations become very strained toward the end of November and early December to the extent that Transnet was not accepting any further proposed

changes to the draft MSA as we were of the view that Neotel was being opportunistic. ***(See Annexure T1-T2).***

51. The investigators from the Commission presented me with correspondence which reflects that a meeting took place between Francois van der Merwe from Neotel and Singh on 8 December 2014 in Umhlanga. I am not sure what the purpose of this meeting was and why the Transnet CFO would meet directly with the supplier without including anyone from the Transnet negotiating team. This was not normal protocol and what might have been discussed at this meeting is not known to me.

52. In an attempt to resolve the stalemate, Singh became involved as did Sunil Joshi ("Sunil"), the CEO of Neotel. They convened a meeting on 11 December 2014 which took place at "SLOW Lounge" in Sandton attended by myself and Singh from Transnet and Sunil and Francois van der Merwe from Neotel. ***(See Annexure U).***

53. At some stage during this meeting Singh and Sunil separated themselves from Francois and I in order for them to discuss the final terms of the repurchase of the assets and infrastructure from what I recall.

54. No feedback was provided to us after the meeting between Singh and Joshi, but at some point during 11 or 12 December 2014 we must have been instructed to meet on 13 December 2014 to finalise the MSA.

55. The final meeting to finalise the MSA occurred on Saturday 13 December 2014 at the offices of Neotel in Midrand. Singh arrived at the offices of Neotel and I handed him the final draft of the negotiated MSA and relevant approval documents. We exchanged pleasantries and I departed. That was my last day of employment at Transnet.

56. I later learned from media articles that an entity called Homix was paid by Neotel for allegedly "facilitating" negotiations between Neotel and Transnet. I have been presented with two contracts that were ostensibly concluded between Homix and Neotel.***(See Annexure V1-V2).*** Having read these documents and based on my involvement in the negotiations with Neotel, I would like to comment as follows:

56.1. I did not meet any person or representative of Homix during our negotiations with Neotel.

56.2. Transnet had everything to lose and nothing to win by delaying / not signing this MSA as a network transition would have taken years to complete. Only Neotel would have benefitted as they communicated to Transnet that, should the deal not be concluded by expiration of the LOI, the monthly fee would escalate to R57m per month from what I recall. Neotel knew they held all the cards so to speak as they could switch off the Transnet network which would have lead to disastrous consequences for Transnet.

56.3. Transnet knew from the start of the RFP process that any transition would take years and cost Transnet a significant amount of money.

Transnet really did not have any options but to sign this new MSA or to extend the current MSA with Neotel at a significantly inflated cost. At no stage was it a viable option not to sign the new MSA agreement which was business critical to Transnet.

56.4. I fail to understand how any representative from Homix would have been able to get the parties to reach agreement within a single day (Calculated from the day upon which Homix contracted with Neotel (12 December 2014) and the day on which I delivered the MSA in its final form was to Singh (13 December 2014) (See Homix MSA and Asset buy back agreement)The MSA was signed on 15 December 2014 by Transnet. ***(See Annexure V3).***

THE 2014 CISCO EQUIPMENT TRANSACTION

57. The fact that the tender for network services was awarded to T-Systems by Molefe, meant that a transition of network services from Neotel to T-Systems would be necessary, which could expose Transnet to significant business risk due to network outages as a result of the transition. I recall that the risk linked to a network transition was well documented in a number of presentations to the Transnet Exco, BADC and the Transnet Board from what I recall. (One example of this is ***(See Annexure C2)***

58. A meeting was convened between representatives from Neotel, T-Systems, CISCO and Transnet to discuss the status of the network and the equipment

deployed in the network (switches, routers, etc). I attended this meeting together with Yusuf Loonat.

59. It became apparent that certain network equipment deployed by Neotel in the Transnet IT network was approaching end of useful life and software support had expired or was close to expiry on these assets.

60. Transnet engaged with Neotel in an effort to purchase / lease the network related hardware and infrastructure which was deployed in the yards and ports of Transnet. Neotel was not amenable to the sale of these assets due fact that these assets were securitised.

61. Furthermore, Neotel was reluctant to replace any equipment during the extension periods as the duration of the extensions to the 2007 Agreement was uncertain and a moving target.

62. The T-Systems tender submission included the replacement of all the switches in all Transnet ports and yards.

63. The 2007 Agreement contained an exclusivity clause which obligated Transnet to procure network equipment from only Neotel.

64. I then approached Gartner to seek guidance and advice to resolve this impasse and to avoid/mitigate business risk. ***(See Annexure W1).*** The advice from Gartner was that:

64.1. Confirmation had to be obtained from T-Systems that the equipment which Transnet intended to procure complied with the specifications which would be required by T-Systems to ensure service delivery as set out in the RFP submission.

64.2. Transnet should procure the necessary equipment from Neotel;

64.3. T-Systems should then remove the equipment so purchased from the pricing workbook/bill of materials which T-Systems, in terms of the tender, had proposed to supply to Transnet;

65. Pursuant to the advice from Gartner, a quotation was obtained from Neotel for the replacement of the equipment in the ports and yards of Transnet to the value of approximately R300m.

66. The pricing was checked with T-Systems who agreed to reduce their price quoted as part of their tender. T-systems also confirmed that the equipment was similar to what T-Systems intended to supply and would not have a negative impact on future service levels

67. At some stage during this process I engaged Cisco, the suppliers of the equipment directly and negotiated some further discounts.

68. We then followed the normal procurement process and after approval by Yusuf Loonat, Garry Pita and Singh, the equipment was then procured from Neotel. ~~-Was this not a confinement since it had to be procured from Neotel-~~

69. The Commission's investigation team shared correspondence between Homix and Neotel with me (***(See Annexure W3-W4).***) and I would like to comment as follows:

69.1. I did not meet any person or representative from Homix during our interaction with Neotel on the Cisco switches transaction or any other transaction;

69.2. It is unclear to me how Homix would have identified this opportunity as, as far as I am aware, they had no interaction with anyone from Transnet.

69.3. The MSA between Transnet and Neotel includes an exclusivity clause which states that Transnet can only procure network equipment from Neotel, so it is unclear to me what value Homix could have added.

69.4. I formally placed the order with Neotel via email on 21 February 2014 to the value of R302.7m (See e-mail in the Cisco pack of documents), yet there is correspondence between Neotel and Homix on 22 February 2014 in which Neotel sends an acceptance letter and the correspondence states "please find attached acceptance letter and we trust we will close this business soon." after the transaction has already been concluded and committed to by Transnet. ***(See Annexure W2 and W5).***

MATTERS OF SIGNIFICANCE THAT CAME TO MY ATTENTION AS GROUP HEAD OF INTERNAL CONTROL

70. During my tenure at Transnet as Group Head of Internal Control, I followed internal protocols and reported events which, in terms of the policies of Transnet and generally accepted practice, required reporting.

71. I am not aware of any significant events which occurred during such period which I failed to report in circumstances which required of me to do so.

SIGNED AT Silobela ON 25 APRIL 2019

Gerhardus Johannes Jacobus Van der Westhuizen

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE A

edward nathan sonnenbe

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MASTER SERVICES AGREEMENT

entered into between

NEOTEL (PROPRIETARY) LIMITED

(Registration Number: 2004/004619/07)

("Service Provider")

and

TRANSNET LIMITED

(Registration Number: 1990/000900/06)

("Transnet")

COMMISSION OF INQUIRY INTO STATE CAPTURE

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COMMISSION OF INQUIRY INTO STATE CAPTURE

1. INTERPRETATION AND DEFINITIONS

The headings to the clauses in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of, nor modify, nor amplify the terms of this Agreement nor any clause hereof. In this Agreement, unless a contrary intention clearly appears:

1.1. words importing:

1.1.1. anyone gender include the other two genders;

1.1.2. the singular include the plural and *vice versa*; and

1.1.3. natural persons include created entities (corporate or unincorporate) and the state and *vice versa*;

1.2. the following expressions shall have the meanings assigned to them hereunder and cognate expressions shall have a corresponding meaning:

1.2.1. "Accounting Year" means the 12 (twelve) month period reckoned from the Commencement Date and each anniversary thereof for the duration of this Agreement;

1.2.2. "Additional Services" means all Services which may be rendered by the Service Provider from time to time, excluding, for the avoidance of doubt, the Specified Services;

1.2.3. "Agreement" means this master services agreement and includes a reference to all schedules and annexures hereto;

1.2.4. "Benchmarked Price" means the best price available in the South African market for the provision of the Specified Services from operators other than the Service Provider, having regard to:

1.2.4.1. the full Services solution provided by the Service Provider to Transnet (and not, for the avoidance of doubt, determined on a service element by service element basis or on a basis which assesses separately the voice and date service aspects) and which shall encompass due provision for differences in service levels, volumes, technology, geographic spread and payments;

1.2.4.2. volume and other discounts,

determined as a monthly charge;

1.2.5. "Best Price" means the best price offered or applied by the Service Provider to its own end users or customers (but excluding, for the avoidance of doubt, Transnet) in respect of the full Service solution, having regard to the facts, matters and circumstances contemplated in clause 1.2.4 above, determined as a monthly charge provided that any calculation of Best Price offered in respect of state sponsored or project of national importance, such as Sanren, Tenet and 2010 World Cup and community service obligations, shall be ignored;

1.2.6. "Business Day" means any day other than a Saturday, Sunday or public holiday officially recognised as such in the Republic of South Africa;

1.2.7. "Commencement Date" means the commencement date of this Agreement being the **Effective Date** under the SPA;

1.2.8. "Deliverable" means the output of the provision of any Service as more fully described in the Service Level Agreement concerned;

1.2.9. "Dispute" means a deadlock or dispute between the Parties which is incapable of resolution within the time periods stipulated in the Agreement (or within a reasonable time if no time period is specified) which arises in regard to:

1.2.9.1. the interpretation of; or

1.2.9.2. the carrying into effect of; or

1.2.9.3. any of the Parties' rights and obligations arising from; or

1.2.9.4. the termination or purported termination of or arising from the termination of; or

1.2.9.5. the rectification or proposed rectification of,

this Agreement, or out of or pursuant to this Agreement or any matter which in terms of this Agreement requires agreement between the Parties (other than where an interdict is sought or urgent relief may be obtained from a court of competent jurisdiction);

1.2.10. "ECA" means the Electronic Communications Act of 2005, as amended;

1.2.11. "Expert" means an independent expert appointed in terms of clause 29.11;

1.2.12. "ICASA" means the Independent Communications Authority of South Africa, established by Section 3 of the Independent Communications Authority of South Africa Act of 2000, as amended;

1.2.13. "Intellectual Property Rights" means and includes:

1.2.13.1. rights in and in relation to, any patent, design, trade mark, trade or business name (including all goodwill associated with any trade mark, or any trade or business name), copyright, database, domain name, circuit topography design and/or utility model, and including the benefit of all registrations of, applications to register and the right to apply for registration of any of the foregoing items and all rights in the nature of any of the foregoing items, each for their full term (including any extensions or renewals thereof) and wherever in the world enforceable;

1.2.13.2. the right to sue for relief and/or damages in relation to unfair competition or passing off;

1.2.13.3. trade secrets, confidentiality and other proprietary rights, including rights to know-how and other technical information; and

1.2.13.4. all other intellectual property rights and forms of protection of a similar nature or having equivalent or similar effect and which may subsist anywhere in the world;

1.2.14. "Party" means either of the signatories to this Agreement and "Parties" means both of them collectively and shall be deemed to mean and include their respective successors and permitted assigns;

1.2.15. "Pricing Schedule" means the schedule of prices in respect of the provision of the Specified Services as agreed between the Parties as at the Commencement Date, as incorporated in Schedules 1 and 2 hereto, as amended and updated in accordance with the provisions of clause 5 below, from time to time;

1.2.16. "Prime Rate" means a rate of interest per annum which is equal to the published minimum lending rate of interest per annum, compounded monthly in arrears, charged by Standard Bank of Southern Africa Limited ("the Bank") on the unsecured overdrawn current accounts of its most favoured corporate clients in the private sector from time to time. (In the case of a dispute as to the rate so payable, the rate shall be certified by any manager or assistant manager of any branch of the Bank, whose decision shall be final and binding on the parties);

1.2.17. "Service Credits" means the credits to be given by the Service Provider to Transnet in relation to fees payable by Transnet under this Agreement, in the

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manner provided for in the SLA's or in any Service Level Agreement, should the Service Provider fail to provide the Specified Services at the required Service Levels;

1.2.18. "Service Levels" means the level of service required in relation to the provision by the Service Provider of the Specified Services, as set out in a Service Level Agreement;

1.2.19. "Service Provider" means Neotel (Proprietary) Limited (Registration No. 2004/004619/07) of 28 Saddle Drive, Woodmead Office Park, Van Reenens Avenue, Woodmead, subject to the provisions of clause 3 below;

1.2.20. "Services" means those telecommunications and related services specified in Schedule 3 hereto;

1.2.21. "Signature Date" means the date on which this Agreement is signed by the Party signing later in time;

1.2.22. "Site Classification List" means the site classification list attached to each SLA, which specifies in relation to each of the sites at which Specified Services are to be rendered:

1.2.22.1. the nature of the Specified Services to be rendered at such site (this is done by assigning each site a platinum, gold, silver, bronze or other status); and

1.2.22.2. the time periods during which such Specified Services are to be rendered;

1.2.23. "SLA" or "Service Level Agreement" means:

1.2.23.1. the service level agreements appertaining to the Specified Services as defined in clause 1.2.25.1 below, which are Schedules 1 and 2 hereto;

1.2.23.2. the comprehensive service level agreements in respect of the Specified Services contemplated and provided for in clause 1.2.25.2 below once these are finalised and recorded in accordance with the provisions of clause 11 below; and

1.2.23.3. all or any other service level agreements in respect of the provision of the Additional Services as agreed between the Parties in writing

in accordance with the provisions of clause 11 below, from time to time;

1.2.24. "SPA" means the written sale and purchase agreement pursuant whereto Transnet sold and the Service Provider purchased the telecommunications business heretofore conducted by Transtel, as a going concern;

1.2.25. "Specified Services" mean:

1.2.25.1. the voice, data and related telecommunications services more fully described in Schedule 1 hereto;

1.2.25.2. the call centre, video and audio conference and related telecommunications services more fully described in Schedule 2 hereto; and

1.2.25.3. all or any Additional Services which become Specified Services by written agreement of the Parties in accordance with the provisions of clause 11.2 below;

1.2.26. "Third Party IPR" means all Intellectual Property Rights owned by any party other than the Service Provider;

1.2.27. "Telecommunications Act" means the Telecommunications Act of 1996, as amended;

1.2.28. "Termination Date" means the date upon which this Agreement terminates for any reason whatsoever;

1.2.29. "Transnet" means Transnet Limited (Registration No. 1990/000900/06) of Room 4639, Carlton Centre, 150 Commissioner Street, Johannesburg;

1.2.30. "Transnet Divisions" mean the divisions of Transnet more fully described on Schedule 4 hereto;

1.2.31. "Transtel" means the Transtel Division of Transnet;

1.2.32. "VAT" means value-added tax payable in accordance with the Value-Added Tax Act 89 of 1991;

1.3. any reference to an enactment is to that enactment as at Signature Date and as amended or re-enacted from time to time;

1.4. if any provision in a definition is a substantive provision imposing rights or obligations on any Party, notwithstanding that it is only in this clause 1, effect shall be given to it as if it were a substantive provision in the body of the Agreement;

1.5. when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day does not fall on a Business Day, in which case the last day shall be the next succeeding Business Day;

1.6. where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;

1.7. expressions and abbreviations defined in this Agreement shall bear the same meanings in the SLA's, to the extent that the SLA's do not themselves contain their own conflicting definitions;

1.8. reference to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s;

1.9. where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this clause 1;

1.10. the expiry or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiry or termination or which of necessity must continue to have effect after such expiry or termination, notwithstanding that the clauses themselves do not expressly provide for this;

1.11. the rule of construction that a contract shall be interpreted against the party responsible for the drafting or preparation of the contract, shall not apply;

1.12. any reference in this Agreement to a Party shall include a reference to that Party's assigns expressly permitted under this Agreement and, if such Party is liquidated or sequestrated, be applicable also to and binding upon that Party's liquidator or trustee, as the case may be;

1.13. the words "include", "including" and "in particular" shall be construed as being by way of example or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding word/s;

1.14. the words "other" and "otherwise" shall not be construed eiusdem generis with any preceding words where a wider construction is possible;

1.15. references to a statutory provision include any subordinate legislation made from time to time under that provision, and references to a statutory provision include that provision as from time to time modified or re-enacted as far as such modification or re-enactment applies, or is capable of applying to this Agreement or any transaction entered into in accordance with this Agreement;

1.16. a law shall be construed as any law (including common law) or statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, local government, statutory or regulatory body or court;

1.17. terms other than those defined within this Agreement shall be given their plain English meaning, and those terms, acronyms and phrases known in any particular industry to which this Agreement relates will be interpreted in accordance with their generally known meanings;

1.18. any notice required to be given by any Party to any other Party or any request, consent, authority or approval required to be obtained by any Party from any other Party in terms of this Agreement shall be in writing;

1.19. where an obligation pursuant to this Agreement is expressed to be undertaken or assumed by any Party, such obligation shall be construed as requiring the Party concerned to exercise all rights and powers of control over the affairs of any other person which that Party is able to exercise (whether directly or indirectly) in order to secure performance of that obligation; and

1.20. any reference in the SLA's or other Schedules to this Agreement to Transtel Telecoms shall, unless the context clearly otherwise indicates, be deemed to be a reference to the Service Provider.

2. INTRODUCTION

2.1. Pursuant to the implementation of the SPA and with effect from the Commencement Date, the Service Provider shall operate the business, assets and infrastructure heretofore owned by Transnet and operated by Transtel in the provision of voice and data and additional telecommunications services to Transnet and its various divisions.

2.2. Transnet wishes to appoint the Service Provider as the sole supplier of the Specified Services to Transnet upon the terms and subject to the conditions set forth in this Agreement, with effect from the Commencement Date and the Service Provider accepts such appointment.

2.3. The Parties wish to record their agreement in writing and matters incidental thereto.

3. APPOINTMENT

3.1. Transnet hereby appoints the Service Provider to provide the Specified Services, subject to the terms and conditions contained in this Agreement, which appointment the Service Provider hereby accepts.

3.2. Subject always to the provisions of clause 23 below, the Service Provider shall be the sole provider of the Services for the duration of this Agreement during which period Transnet shall not appoint any other party(ies) to provide the Specified Services.

3.3. The Service Provider shall be entitled to appoint any subsidiary of the Service Provider to provide the Services on written notice to Transnet to such effect, provided that the Service Provider shall be and remain liable with such appointee for the due performance by it of all of its duties, functions and obligations under this Agreement, as surety and co-principal debtor, and does hereby renounce the benefits of excussion, division and cession of action.

3.4. In the event of any conflict between the provisions contained in this Agreement (which excludes, for the purposes of this clause, any Service Level Agreement) and the provisions of any Service Level Agreement then the provision of this Agreement, unless otherwise agreed between the Parties in writing, take precedence.

3.5. Nothing contained or implied in this Agreement shall preclude Transnet from self providing (or appointing any third party(ies) to provide those Services designated "excluded" on Schedule 3 hereto).

4. COMMENCEMENT DATE AND DURATION

4.1. This Agreement shall commence on the Commencement Date and endure for a fixed period of 5 (five) years reckoned therefrom, subject to the remaining provisions of this Agreement.

4.2. If Transnet, in its discretion, wishes to extend this Agreement beyond the period specified in clause 4.1 above, then Transnet shall, not less than 12 (twelve) months prior to the expiry of the period in clause 4.1 above, notify the Service Provider in writing of its requirements in respect of the extension of the said period.

4.3. As soon as possible after the Service Provider receives notice under clause 4.2 above, the Parties shall negotiate in good faith to reach agreement on all aspects of the extension of the duration of this Agreement, as expeditiously as possible in the circumstances but in any event within a period of 3 (three) months reckoned from the date of such written notification by Transnet.

4.4. It is expressly recorded and agreed that unless the Parties reach and record their agreement in respect of such extension or renewal then this Agreement shall expire at the end of the period contemplated and provided for in clause 4.1 above.

5. PRICING AND PRICE BENCHMARKING

5.1. The fees payable by Transnet to the Service Provider in respect of the Specified Services as at the Commencement Date shall be as specified and provided for in Schedules 1 and 2 hereto. It is recorded that the prices set out in Schedule 1 hereto indicated prices above market for voice services and below market for data services. This creates a situation where, in order to be competitive in the market, the Service Provider may have to offer lower prices to other voice only customers but will recover such lower pricing in the price of data services, so that the overall price for the full Service solutions will ensure that Transnet will receive the Best Price.

5.2. The Service Provider warrants and undertakes to and in favour of Transnet that:

5.2.1. the price payable by Transnet to the Service Provider in respect of the Specified Services shall, at all times, be the Best Price, subject only to price adjustment in accordance with this clause 5;

5.2.2. it shall keep copies of all contracts and records pertaining to all transactions and arrangements that it has entered into with its own end users, customers and/or other service providers during the currency of this Agreement and for a period of at least 12 (twelve) months reckoned from the Termination Date.

5.3. Unless otherwise agreed between the Parties in writing, the Parties shall jointly initiate a price benchmarking exercise in respect of the Specified Services bi-annually in each Accounting Year, at the commencement thereof, and at the commencement of the seventh month thereof respectively, or as soon as reasonably possible thereafter but such benchmarking exercise shall only commence for the first time on the first anniversary of the Commencement Date.

5.4. The price benchmarking exercise shall be undertaken by an industry specialist appointed by agreement of the Parties and, failing agreement, by the arbitrator in accordance with the provisions of clause 29 below.

5.5. The Parties shall assist and co-operate with each other and do all things and sign all documents reasonably necessary to give effect to the price benchmark processes, in accordance with the provisions and import of this clause 5.

5.6. If the Benchmarked Price is less than the price then charged by the Service Provider to Transnet in respect of the Specified Services as at the commencement of the Accounting Year in question or the seventh month thereof, as the case may be, then the price in respect of the provision of the Specified Services shall be reduced to the Benchmarked Price so determined with effect from the commencement of the Accounting Year in question (or with effect from the commencement of the seventh month thereof, as the case may be), provided, however that:

5.6.1. for the second year, there shall be a deduction of 8% (eight percent) from the Benchmarked Price so determined at the commencement of the second year or the seventh month thereof, as the case may be ;

5.6.2. for the third year, there shall be a deduction of 7% (seven percent) from the Benchmarked Price so determined at the commencement of the third year or the seventh month thereof, as the case may be;

5.6.3. for the fourth year, there shall be a deduction of 5% (five percent) from the Benchmarked Price so determined at the commencement of the fourth year or the seventh month thereof, as the case may be; and

5.6.4. for the fifth year, there shall be a deduction of 3% (three percent) from the Benchmarked Price so determined at the commencement of the fifth year or the seventh month thereof, as the case may be,

and the Service Provider shall repay or refund (as the case may be) all or any amounts then overpaid by Transnet in respect of the provision of the Specified Services during the Accounting Year in question, in cash or other form of payment acceptable to Transnet.

5.7. If the Benchmarked Price is more than the price for the provision of the Specified Services then charged by the Service Provider to Transnet, then the Service Provider shall continue to charge the Service price contemplated and provided for in the Pricing Schedule, together with escalations thereon as specified and provided for in the Pricing Schedule.

5.8. The cost of the industry specialist conducting the price benchmarking exercise(s) in accordance with the provisions of this clause 5 shall be borne by the Parties in equal shares.

5.9. Each Party agrees and undertakes to keep confidential and not to disclose any secret or proprietary information disclosed by the other of them during the course of any price benchmarking exercise and all or any Intellectual Property Rights appertaining to any documentation in any format whatsoever disclosed or made available during any price benchmarking exercise shall be and remain vested in that Party and the other of them shall

acquire no rights and interests in respect thereof, save only in respect of the implementation of the price benchmarking exercise in question.

5.10. It is expressly recorded and agreed that the warranty provided for in clause 5.2 above and the benchmarking provisions in clauses 5.3 to 5.8 above inclusive, shall only apply for such period as the Service Provider is the sole provider of the Specified Services in accordance with the provisions of clause 3.2 above.

5.11. In the event that the cost of the Service Provider of providing any Specified Services should increase arising out of increases in the costs payable by the Service Provider to Transnet in respect of ;

5.11.1. transmission services on fibre and microwave (in accordance with the provisions of the Transnet Transmission Agreement which is Schedule 2 to the SPA); or

5.11.2. the hiring of premises under lease (including the substitution of alternative premises and relocation if desired by Transnet) (in accordance with the Support Services Agreement provided for in the SPA),

over and above the costs (including cost escalations) payable by the Service Provider to Transnet in respect of such transmission services and premises, as specified and provided for in the Transnet Transmission Agreement and Support Services Agreement, respectively (hereinafter referred to as the "Additional Cost") then the Service Provider shall be entitled to increase the fees charged to Transnet under this Agreement, in accordance with the aforegoing provisions of this clause 5.

5.12. It is expressly recorded and agreed that the Service Provider shall be entitled to increase its fees in respect of Additional Costs which:

5.12.1. are imposed by Transnet and not imposed upon Transnet by any landlord, service provider, responsible authority or other third party(ies); and/or

5.12.2. do not arise out of and/or are not incurred by any act or omission on the part of the Service Provider or its officers, employees or agents.

5.13. In the event of any dispute between the Parties as to the amount of any fee increase chargeable by the Service Provider by Transnet hereunder, same shall be referred for determination in accordance with the provisions of clause 29 below.

6. SCOPE OF APPOINTMENT

6.1. This Agreement (read with the SPA) shall not under any circumstances be construed in any way as to:

6.1.1. constitute an employer-employee, agency, joint venture or partnership arrangement in any shape or form between the Parties; or

6.1.2. authorise either Party to incur any liability whatsoever on behalf of the other,

it being agreed that:

6.1.3. the Service Provider shall at all times act as an independent contractor to Transnet; and

6.1.4. in this Agreement both the Service Provider and Transnet act as principals and not as agents for any third party.

6.2. The Service Provider, its employees, contractors and agents will not under any circumstances whatsoever after the Commencement Date be deemed to enjoy the status of an employee of Transnet for the purpose of any benefit available to Transnet employees generally.

6.3. The Service Provider shall comply with all South African laws which relate in any material way to the provision of the Specified Services, and in the event of any such contravention with such laws, the Service Provider undertakes to immediately take such actions as are reasonably necessary to remedy such contravention.

6.4. The Service Provider hereby indemnifies and holds Transnet harmless against any claim or action of any nature whatsoever taken against Transnet by any employee, contractor or agent of the Service Provider, or any of the dependents of the Service Provider's employees, contractors and agents, which relates to any employment dispute arising on or after the Commencement Date or is reasonably connected to a breach by the Service Provider of its obligations under this Agreement.

7. EMPOWERMENT

7.1. Subject to clause 7.2, the Service Provider shall at all times during the term of this Agreement be a level 4 or higher contributor to broad-based black economic empowerment ("B-BBEE") under the B-BBEE Codes of Good Practice published by the Minister for Trade and Industry in terms of clause 9 of the Broad-Based Black Economic Empowerment Act 53 of 2003 ("the Codes") and further shall use its reasonable endeavours to ensure that its

supply of Specified Services under this Agreement is in compliance with any procurement policies of Transnet which have B-BBEE as its aims.

7.2. If the Service Provider's status as a contributor to B-BBEE falls to below level 4 as a result solely of any sale of shares by Transnet, which it may directly or indirectly hold in the Neotel (Proprietary) Limited, then the Service Provider shall within 12 (twelve) months from the effective date of that sale restore its status to a level 4 or higher contributor to B-BBEE.

7.3. The Service Provider shall in connection with its obligations under clause 7.1 above, furnish Transnet with an independent third party verification agent accredited under the Codes of the points which it is entitled to claim under the Codes within 60 days of Transnet requesting same, which request may not be made more than twice a year.

7.4. The Parties recognise that the Service Provider, being a newly established company, is currently estimated to be a level 5 contributor to BBBEE and has targeted to achieve level 4 status by 31 March 2008.

7.5. The Parties anticipate that a compliance certificate will not be available before 31 July 2008 and Transnet undertakes not to request such certificate before 1 August 2008.

7.6. Although the Service Provider will make all reasonable commercial endeavours to achieve level 4 status by 31 March 2008, Transnet will accept the level 5 rating for the year to 31 March 2008.

8. TRANSNET DIVISIONS

8.1. In the event that Transnet (in its discretion) disposes of all or any of the Transnet Divisions after the Commencement Date, the Service Provider shall provide or continue to provide (as the case may be) the Specified Services, upon the terms and subject to the conditions of this Agreement *mutatis mutandis*, to and in favour of such Transnet Division, if so required by Transnet and the purchaser thereof, with effect from the date upon which such disposal becomes effective provided that such purchaser satisfies the Service Provider's reasonable and lawful standard credit and related customer requirements and furthermore agrees to be bound thereby, it being expressly recorded and agreed that the Service Provider shall have no claim against Transnet arising from the provision of such Specified Services to and in favour of such Transnet Divisions in accordance with the provisions this clause 8.

8.2. In the event that Transnet disposes of all or any of the Transnet Divisions having not secured the right to the Service Provider to continue to render such Specified Services for the duration of this Agreement as such Services were heretofore rendered to Transnet, then there shall be an adjustment to the fees payable by Transnet to the Service Provider under this Agreement, determined in accordance with the provisions of Schedule 4 hereto.

8.3. Any fee adjustment under clause 8.2 above shall:

8.3.1. take effect on the date on which the disposal in question results in the Service Provider losing the right to furnish the Specified Services to the Transnet Division concerned;

8.3.2. not apply in circumstances where the Service Provider is in breach of all or any of its duties, functions or obligations under clause 8.1 above.

8.4. In the event of any dispute between the Parties to the amount of any adjustment to the fees payable by Transnet to the Service Provider under this clause 8, same shall be referred for determination in accordance with the provisions of clause 29 below.

9. EVALUATION OF PERSONS ENGAGED IN THE PROVISION OF SERVICES

9.1. The Service Provider shall ensure that:

9.1.1. appropriate background checks ("Checks") have been performed in relation to all employees, contractors or agents engaged by the Service Provider in the provision of the Specified Services; or

9.1.2. where any contractor or agent is not a natural person, Checks have been performed in relation to the natural persons engaged by such contractor or agent in the provision of the Specified Services.

9.2. Such Checks shall include, without limitation, any Checks provided for in the SLA's, as well as the following:

9.2.1. qualifications authenticity;

9.2.2. identity checks;

9.2.3. criminal record checks;

9.2.4. confirmation that any curriculum vitae provided by an employee, contractor or agent is an accurate reflection of such person's profile, career history and experience;

9.2.5. reference checks with previous employers.

9.3. The Service Provider shall on request provide Transnet with the results of any or all Checks performed by the Service Provider in terms of this clause.

9.4. It is expressly recorded and agreed that the provisions of this clause 9 shall not apply in respect of employees taken over by the Service Provider from Transnet under the SPA.

10. SPECIFIED SERVICES

10.1. In the provision of the Specified Services, the Service Provider undertakes that it shall:

10.1.1. exercise due care and skill in all aspects of the provision thereof;

10.1.2. ensure that all staff members engaged in the provision of the Specified Services are suitably qualified, trained and experienced having regard to the nature of the Specified Services;

10.1.3. adhere to and comply with all reasonable and lawful directions and instructions furnished by Transnet in writing, appertaining to the Specified Services and the provision thereof;

10.1.4. co-operate with Transnet in rendering such assistance as Transnet may reasonably require in order to bring, resist and/or defend any claim arising from or relating to the Specified Services;

10.1.5. furnish Transnet with such written reports in respect of the Specified Services as is specified in the SLA's or in any Service Level Agreement, as the case may be, or as may reasonably be requested by Transnet from time to time, provided that where Transnet requires the Service Provider to furnish any report which is not provided for in the SLA's Transnet shall reimburse the Service Provider for the cost which it incurs in producing such report;

10.1.6. ensure that any statutory or other regulations pertaining to the use of any equipment by its staff in the provision of the Specified Services or any of them are complied with at all times; and

10.1.7. comply with the applicable provisions of the ECA, the Telecommunications Act and all other applicable South African laws, any collective agreement or binding arbitration award that regulates terms and conditions of employment, any sectoral determination made in terms of the Basic Conditions of Employment Act of 1997 and any lawful conditions or other lawful requirements of ICASA or the Labour Relations Act of 1995.

10.2. The Service Provider warrants, undertakes and represents to Transnet that:

10.2.1. it has full capacity and authority and has obtained all the necessary approvals to enter into and perform its obligations under this Agreement;

10.2.2. it is experienced in managing and providing services similar to the Specified Services and that, together with its agents and contractors, it possesses all necessary technology, hardware and software to enable the Service Provider to provide the Specified Services;

10.2.3. it shall discharge its obligations under this Agreement in a timely manner and with all due skill, care and diligence; and

10.2.4. all components, equipment, software and hardware provided by the Service Provider and used in the course of the provision of the Specified Services shall be properly licensed by the Service Provider, to the extent that any licence may be required.

11. ADDITIONAL SERVICES AND SERVICE LEVELS

11.1. If Transnet requires all or any of the Additional Services then it shall notify the Service Provider of its requirements in writing and the service level principles required.

11.2. Upon the finalisation and recordal of Service Level Agreements, the Additional Services in question shall be expressly incorporated under this Agreement as Specified Services and the provisions of clause 3.2 above shall, for the avoidance of doubt, apply in respect thereof.

11.3. The Parties shall negotiate in good faith to reach and record Service Level Agreements in respect of the Specified Services under clause 1.2.25.2 above and the Additional Services required by Transnet as soon as reasonable possible in the circumstances.

11.4. The Service Level Agreements in respect of the Specified Services under clause 1.2.25.2 above shall incorporate the service levels principles specified and provided for in Schedule 2 hereto and shall otherwise provide for the rendering of such Specified Services by the Service Provider as a prudent operator and with a level of accuracy, quality, completeness, timeliness, responsiveness and cost efficiency that meets or exceeds the standards of other professional and expert telecommunications and/or information technology infrastructure companies providing similar services to the Specified Services in question and in any event using prompt and diligent efforts in a professional and workmanlike manner and otherwise in accordance with the provisions of this Agreement.

11.5. The Service Level Agreements in respect of the Additional Services shall incorporate the service level principles notified by Transnet to the Service Provider in accordance with the provisions of clause 11.1 above and shall otherwise provide for the rendering of the Additional Services by the Service Provider as a prudent operator and the provisions of clause 11.4 above shall, *mutatis mutandis*, apply.

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11.6. Each Service Level Agreement shall include:

11.6.1. detailed performance outcomes to be achieved;

11.6.2. defined minimum percentage thresholds for each of the Specified Services offered;

11.6.3. clearly defined penalties, service level credits and other remedies (including, but not limited to, the right to self provide or procure such Specified Services from third party(ies) in the event of failure to achieve the Service Levels (it being expressly recorded and agreed that the Service Provider shall not be obliged to issue service credits during the first 6 (six) months reckoned from the Commencement Date);

11.6.4. the Service Credits which Transnet would earn for a failure by the Service Provider to meet the Service Levels agreed in relation to the relevant Deliverable (where applicable);

11.6.5. any other operational provisions agreed between the Parties in writing;

11.6.6. an undertaking to use all reasonable commercial endeavours to procure the availability of properties or the portions thereof under leases or subleases or other forms of tenure reasonably required for the performance under such Service Level Agreement as is contemplated in clause 17.1 of the SPA and Transnet's warranty as seller under clause 1.8 of schedule 6 of the SPA,

subject always to the provisions of clause 3.4 above.

11.7. Transnet undertakes to procure the availability of properties or the portions thereof under leases or sub-leases or other forms of tenure reasonably required for the performance under such Service Level Agreement as contemplated in clause 17.1 of the SPA.

12. INNOVATION

12.1. Without detracting from and in addition to its other duties, functions and obligations under this Agreement, the Service Provider shall undertake research and development into the technology used in providing the Specified Services and advising Transnet on improvements in technology that can improve business efficiencies for Transnet, taking to account (*inter alia*) technical, regulatory or other market evolution.

12.2. The Service Provider shall furthermore:

12.2.1. undertake research on best practice, continuously monitor technical trends through independent research, document and report on products and services with potential use for Transnet as they align with Transnet's business and technology strategy and undertake strategic analysis in respect of each of the Specified Services and share the outcomes with Transnet;

12.2.2. deploy efficient methods to transfer knowledge from it to Transnet through formal information sharing processes, including meetings of the Parties and their employees. Without limitation, the Service Provider undertakes that it shall attend customer strategy meetings scheduled by Transnet on a quarterly basis. The objectives of these meetings shall include the discussion of business strategy that impacts on the Specified Services provided by the Service Provider in terms of this Agreement and the respective SLAs.

12.3. Each Service Level Agreement shall be reviewed annually (or at such other interval(s) as may be required by Transnet in writing) in order to accommodate, take account of and incorporate:

12.3.1. any innovations, enhancements or other changes required by Transnet pursuant to the carrying out by the Service Provider of its duties, functions and obligations in accordance with the aforegoing provisions of this clause 12, and

12.3.2. international best practice,

provided that no amendment(s) to any Service Level Agreement shall be binding unless and until reduced to writing and signed by the Parties.

13. REPORTING

13.1. The Service Provider shall:

13.1.1. prepare written reports in respect of the Specified Services (as may be required) containing such detail and information as may be reasonably requested by Transnet to enable Transnet to rigorously monitor the due performance by the Service Provider of all of its duties, functions and obligations under this Agreement, not less than once per month or at such other interval(s) as may be reasonably by Transnet in writing;

13.1.2. make available senior and suitably qualified representatives to attend meetings with Transnet representatives, not less than once per month (which

representatives shall be mandated with authority to deal effectively and efficiently with all operational matters arising out of such meetings);

13.1.3. prepare minutes, agendas and other documents required for the purposes of such meetings, in accordance with the reasonable written requirements of Transnet.

13.2. Transnet shall prepare a report within 30 (thirty) days of each anniversary of the Commencement Date, detailing to the best of its knowledge and believe and having consulted with the CIO of each core operating division of Transnet, all Specified Services used by Transnet in the previous 12 (twelve) months specifying which Specified Services have been provided by the Service Provider, Third Party(ies) and/or by Transnet itself.

14. FEES

14.1. The Service Provider shall in relation to all fees due under this Agreement provide Transnet with a detailed statement of account (together with all related VAT invoices) setting out:

14.1.1. the fees due by Transnet to the Service Provider;

14.1.2. the Service Credits to be given by the Service Provider in respect of the immediately preceding month;

14.1.3. the net amount due and payable by Transnet to the Service Provider, being fees due less Service Credits given;

14.1.4. all information required in order to substantiate the statement of account prepared and the VAT invoices raised by the Service Provider, such information to be presented in such manner as may reasonably be specified by Transnet in writing from time to time; and

14.1.5. all or any additional fees or charges pursuant to the provisions of clauses 5.11 and 5.12 above.

14.2. All VAT invoices raised under this Agreement shall be marked for the attention of the Transnet's Chief Information Officer, and shall be payable by Transnet within 30 (thirty) days of the date of receipt, by cheque or by electronic funds transfer into a banking account specified by the Service Provider in writing.

14.3. Subject to the provisions of the SLA's, the Parties agree that the Service Provider shall provide Transnet with credit notes for any amounts which it may owe to the Service Provider under this Agreement against amounts owed to it by the Service Provider under this Agreement.

14.4. The Service Provider shall on request provide to Transnet such accounting information and records relating to the calculation of the fees due to the Service Provider under this Agreement and such financial reports as Transnet may request from time to time. All such information, records and reports are to be provided in the form and by the deadlines agreed to by the Parties from time to time.

14.5. In the event that Transnet contends that any VAT invoice is inaccurate, the Service Provider shall, at its own cost, audit such invoice to ensure that it is accurate. In the event that the audit reveals that such invoice is in fact correct, Transnet shall be entitled, at its own cost, to require that such invoice be audited by an auditor of its own choice. If finality is not reached on the matter within 30 (thirty) days of Transnet raising the contention, the dispute will be dealt with in terms of clause 28.

14.6. Transnet may in good faith dispute any charges and withhold payment in respect of any disputed items or amounts on any invoice rendered by the Service Provider in respect of the provision of the Specified Services or any of them, until such time as the Parties have reached agreement in regard to the dispute and provided that Transnet pays all undisputed items on the invoice. The Service Provider may not suspend performance of the Specified Services or any of them where Transnet withholds amounts in good faith subject to the Service Provider's right to charge and be paid interest as contemplated in clause 14.7 on any and all disputed amounts and payments withheld which are subsequently paid or found to be validly due to the Service Provider.

14.7. If the payment of any amount due by either Party ("the Defaulting Party") to the other is overdue, then the Defaulting Party shall pay interest, accruing on a daily basis, on the overdue amount at the prime rate of the Standard Bank of South Africa Limited, such interest to run from the date upon which payment of the relevant amount became due until payment thereof has been made in full by the Defaulting Party, together with interest.

15. NON-SOLICITATION

15.1. The covenant contained in clause 15.2 shall endure for the duration of this Agreement and for a period of two (2) years after the Termination Date.

15.2. The Parties undertake not to make offers of employment to any of the other Party's staff without the prior written consent of such Party, save in circumstances where a staff member applies for a publicly advertised position.

16. INTELLECTUAL PROPERTY RIGHTS

16.1. The Service Provider grants Transnet, with effect from the Commencement Date, a perpetual, irrevocable, non-transferable, non-exclusive license (without the right to

sublicense) for no additional royalty or other consideration to use within the Republic of South Africa (and such other countries in respect of which the Service Provider may supply Specified Services), for its own internal business purposes and subject to the restrictions and limitations provided for in clause 16.2 below, such of the Service Provider IPR (excepting Third Party IPR in respect of which the Service Provider does not have the right to grant the licence envisaged in this clause) as may be required for Transnet to obtain similar services to the Specified Services from a third party service provider or to self provide such Specified Services ("Licensed IPR").

16.2. The licence granted to Transnet in clause 16.1 above (the "Licence") shall be subject to the following conditions, restrictions and limitations:

16.2.1. the Licensed IPR shall not include and Transnet is not granted any licence in relation to the Service Provider's proprietary and documented business processes;

16.2.2. Transnet shall not:

16.2.2.1. rent, lease, sub-license, loan, resell or otherwise distribute the Licensed IPR to any third parties; or

16.2.2.2. create derivative works based on the whole or any part of the Licensed IPR other than in connection with Transnet's internal business requirements;

16.2.2.3. deal in or commercially exploit the Licensed IPR or in any way allow any third parties to do so;

16.2.2.4. use the Licensed IPR to compete with the Service Provider or allow any third parties to do so.

16.2.3. Transnet shall only permit access to, or use of the Licensed IPR by a third party solely for the purpose of allowing that third party to provide similar services to the Specified Services to Transnet and in the provision of such services such third parties shall be permitted to use the Licensed IPR: (i) solely for the benefit of Transnet; and (ii) solely for Transnet's internal business purposes, and Transnet shall at all times be responsible for such third parties' compliance with the terms of this Agreement.

16.2.4. The Licence may be terminated by the Service Provider, if despite written demand of not less than 30 days Transnet fails to remedy any breach of the provisions of clause 16.2.2.

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16.3. At the request of either Party ("the Requester"), the other of them ("the Possessor") shall, subject to the provisions of clause 16.1, return to the Requester all documents in which the Requestor owns the Intellectual Property Rights whether under this clause 16 or otherwise and which are in the Possessor's possession or control.

16.4. Nothing in this Agreement shall be deemed or construed as an assignment by either Party ("the IP Owner") to the other of them of any Intellectual Property Rights which are the property of the IP Owner whether under this clause 16 or otherwise.

16.5. Each Party agrees to do all such things and execute all such documents (at its expense) as the other of them ("the IP Owner") may require to vest in or further assure to the IP Owner all Intellectual Property Rights which are the property of the IP Owner under this clause 16 or otherwise.

17. SAFETY AND SECURITY

17.1. Each Party agrees to comply with the reasonable and lawful written security and safety procedures notified to them by the other of them and with the requirements of the Occupational Health and Safety Act of 1993.

17.2. All access to Transnet sites by the Service Provider and its employees, agents and contractors, shall be in terms of Transnet's safety and security procedures, as amended from time to time.

17.3. Transnet will be entitled to request the Service Provider to remove any employee, agent or contractor from its team if it is of the reasonable opinion that such person is a security or safety risk. Any such request shall be in writing and shall stipulate the reasons why Transnet believes the requested removal is necessary. The Service Provider will remove any such person within the time period stipulated by Transnet.

17.4. Transnet reserves the right to refuse access to a site by any of the Service Provider's employees, contractors or agents who are reasonably deemed to be unsuitable or unsatisfactory by Transnet, which shall advise the Service Provider in writing why it believes such persons are unsuitable or unsatisfactory. If Transnet refuses access to an employee, consultant or agent of the Service Provider, the Service Provider shall be relieved of any breach in performance so caused for such reasonable period of time as it takes the Service Provider to find, engage and deploy an alternative employee, consultant or agent. The Service Provider shall act expeditiously in finding, engaging and deploying an alternative employee, consultant or agent.

18. CANVASSING AND INDUCING EMPLOYEES

18.1. The Service Provider will not under any circumstances offer, promise, give or make any gift, payment, loan, reward, inducement, benefit or other advantage ("Inducement") to any of Transnet's employees, agents or contractors which is intended to materially benefit the Service Provider in any manner whatsoever, without Transnet's prior written approval. If the Service Provider establishes that any of its employees, agents or subcontractors has offered or provided an Inducement it shall promptly:

18.1.1. notify Transnet of the Inducement;

18.1.2. take, in consultation with Transnet, such disciplinary or other actions against the employee/s, agent/s or subcontractor/s in question as may be appropriate;

18.1.3. inform Transnet of all actions taken in relation to clause 18.1.2; and

18.1.4. take all steps necessary to reverse the benefits received by the Service Provider as a consequence of the Inducement.

18.2. If the Service Provide fails to act in the manner contemplated in clauses 18.1.1 to 18.1.4 above this will constitute a material breach of this Agreement and Transnet will be entitled to terminate this Agreement forthwith, without prejudice to any other rights it may have under this Agreement.

18.3. The provisions of clauses 18.1 and 18.2 above shall apply to and be binding to Transnet, *mutatis mutandis*.

19. LIENS AND CLAIMS BY THIRD PARTY

19.1. If a third party makes any claim against Transnet in connection with the provision by the Service Provider of the Specified Services:

19.1.1. the Service Provider will after notification by Transnet where the Service Provider is in breach of its obligations in this Agreement, deal with such claim in such a manner as to avoid all material prejudice to Transnet and shall keep Transnet fully informed of its progress in this regard; or

19.1.2. alternatively, Transnet may in its discretion deal with such claim, in which event the Service Provider will render to Transnet all necessary assistance, the cost of which assistance shall be for Transnet's account where the claims arises otherwise than as a result of the Service Provider's breach of its obligations under this Agreement.

19.2. If Transnet incurs any fair and reasonable expenses or makes any fair and reasonable disbursements in terms of this clause 19, such expenses shall, if the claim arises as a direct result of a breach by the Service Provider of its obligations under this Agreement, become a debt due by the Service Provider to Transnet.

19.3. The provisions of clauses 19.1 and 19.2 above shall apply to and be binding to Transnet, *mutatis mutandis*.

20. TRANSNET PROPERTY IN POSSESSION OF THE SERVICE PROVIDER

20.1. Any Transnet property supplied to the Service Provider in relation to the execution of this Agreement remains the property of Transnet and will at any time be available for inspection by a Transnet representative. Any such property in the possession of the Service Provider will, on completion of this Agreement, at the Service Provider's expense, be returned to Transnet forthwith.

20.2. The Service Provider shall be responsible at all times for any loss of or damage to Transnet property in its possession, and if required the Service Provider will furnish such security for the payment of any such loss or damage as Transnet may reasonably require.

20.3. The provisions of clauses 20.1 and 20.2 above shall apply to and be binding to Transnet, *mutatis mutandis*.

21. INSURANCE

21.1. The Service Provider shall, with effect from the Commencement Date, in relation to mitigating the risks associated with the provision of the Specified Services, effect and maintain in force such insurance cover as is commercially prudent with reference to both the extent and the quantum of cover, with a reputable insurance company.

21.2. As soon as possible after the SPA becomes unconditional (but in any event prior to the Commencement Date) the Service Provider will engage with Transnet to determine an appropriate risk definition and amelioration process in conjunction with the risk management advisors of the Service Provider.

21.3. In determining the perils to be addressed, the quantum of underwriting and self-insurance, and any security provisions, the Parties and their advisors shall recognise the following:

21.3.1. the vital interest of Transnet in ensuring the availability and replacement of key equipment;

21.3.2. the diversification of risk due to the wide geographic distribution of the assets. It is unlikely that any site will have more than R5,000,000 (five million Rand) of assets at risk and all major sites are geographically distant from each other;

21.3.3. the alternate routing available to the Service Provider to substitute for any loss of equipment will limit the effect of any insurable event;

21.3.4. the fact that progressively key assets will not be used exclusively for Transnet, will not be on Transnet property, and will simply form part of the wider business with appropriate back-up and alternate routing;

21.3.5. the intention of such cover is not to substitute for the normal suppliers extensions that organisations similar to Transnet would use as part of their own risk management programmes;

21.3.6. the responsibility for relevant insurance cover for the areas leased by the Service Provider from Transnet will remain that of Transnet as per its risk and insurance policy;

21.3.7. the management of the Service Provider risk is essentially a the Service Provider concern and the Service Provider has sufficient financial capacity to sustain its own risk management decisions;

21.3.8. Transnet has a significant monthly bill against which to offset any costs incurred in substituting for assets lost to an insurable event and not promptly replaced by the Service Provider;

21.3.9. the failure to remedy service interruptions, including those due to insurable events, will prompt Service Credits;

21.3.10. the protection of the rights of the Service Provider's funders.

22. INDEMNITY

22.1. The Service Provider hereby indemnifies and holds Transnet harmless against any loss or damage arising out of any breach or failure by the Service Provider or its employees or representatives in the carrying out of its duties, functions and obligations under this Agreement, but excluding consequential loss.

22.2. Without prejudice to any of its other rights and remedies under this Agreement or in law, Transnet shall be entitled to deduct from and set-off against all or any amounts owing to Transnet by the Service Provider, whether in respect of fees for the provision of Specified Services, or otherwise under this Agreement.

23. DEFAULT AND TERMINATION

23.1. Subject to the provisions of clause 23.5 below, if the Service Provider:

23.1.1. commits a material breach of any provision of this Agreement and fails to remedy such breach within 5 (five) days, or such longer period as may be agreed between the Parties of receipt of written notice to do so: or

23.1.2. breaches or fails to comply with the performance criteria under any Service Level Agreement in circumstances where such breaches or failures result or give rise to service credits calculated at more than 10% (ten percent) of the Annualised Revenues in respect of such service(s), determined in accordance with the provisions of clause 23, *mutatis mutandis*;

23.1.3. is deemed unable to pay its debts within the ambit of Section 345 of the Companies Act, 1973, or enters into compulsory or voluntary liquidation (other than for the purpose of effecting a reconstruction or amalgamation in such manner that the company resulting from such reconstruction or amalgamation if a different legal entity shall agree to be bound by and assume the obligations of the relevant party under this Agreement), or compounds with or convenes a meeting of its creditors or has a receiver or manager or an administrator appointed, or ceases for any reason to carry on business, or takes or suffers any similar action which in the opinion of Transnet means that the Service Provider may be unable to pay its debts, or is liquidated (whether provisionally or finally),

then in all or any of such events, Transnet shall be entitled, but not obliged, without prejudice to any other rights or remedies which it may have in law, including the right to claim damages, to:

23.1.4. cancel this Agreement; or

23.1.5. convert this Agreement to an agreement of indefinite duration (but not exceeding the expiry date stipulated and provided for in clause 4 above) terminable on not less than 30 (thirty) days written notice by Transnet to the Service Provider to such effect; and/or

23.1.6. reduce the duration of this Agreement to a period of 12 (twelve) months reckoned from the date of written notice under this clause 23.1, terminable earlier on not less than 90 (ninety) days written notice by Transnet to the Service Provider to such effect; and

23.1.7. convert this Agreement to a non-exclusive agreement, entitling and enabling Transnet to appoint third party(ies) to provide all or any of the Specified Services; or

23.1.8. claim immediate performance and/or payment of all of the Service Provider's obligations in terms hereof.

23.2. Without in any way limiting the rights and remedies of Transnet under clause 23.1 above, if the breach or failure of the Service Provider under clause 23.1 above relates to certain (but not all) of the Specified Services, then Transnet shall, in accordance with the provisions of clause 23.1.4 above, *mutatis mutandis*, cancel its agreement with the Service Provider in respect of the provision of the Specified Services and Service Level Agreements in question.

23.3. If the Service Level Agreement breached or not complied with, as contemplated in clause 23.1.2 above, accounts for less than 10% (ten percent) of the Annualised Revenues, then Transnet shall, in respect of such breach or non-compliance, have only the right and remedy to cancel such Service Level Agreement(s) and not this Agreement in its entirety. For the avoidance of doubt, Transnet shall, in such circumstances have only the right and remedy to:

23.3.1. cancel the Service Level Agreement(s) in question; or

23.3.2. claim immediate performance and/or payment of all the Service Provider's obligations in terms thereof.

23.4. For the purposes of clause 23.3 above, Annualised Revenues shall mean the aggregated and annualised revenues forecast by the Parties to be earned by the Service Provider in the provision of the Specified Services for the calendar year (1 January to 31 December) in question.

23.5. The cancellation of this Agreement or any component hereof in accordance with the provisions of clauses 23.1 and/or 23.2 above, shall not prejudice the rights of Transnet to claim damages or to obtain any other relief in respect of any breach of the terms and conditions of this Agreement prior to such termination.

23.6. If Transnet commits a material breach (it being recorded that included in the term "material breach" will be the failure by Transnet to make any payment of any amount due and payable) of any provision of this Agreement and fails to remedy such breach within 5 (five) days or such longer period as may be agreed between the Parties of receipt of written notice to do so then the Service Provider shall be entitled, but not obliged, without prejudice to any other rights or remedies which it may have in law, including the right to claim damages, to:

23.6.1. cancel this Agreement; or

23.6.2. claim immediate performance and/or payment of all of Transnet's obligations in terms hereof.

24. TRANSITIONAL PROVISIONS

24.1. In the event of this Agreement being terminated for any reason whatsoever the Service Provider shall:

24.1.1. return to Transnet all documents the Intellectual Property Rights in which are owned exclusively by Transnet and which are in the Service Provider's possession or control;

24.1.2. subject to agreement between the Parties as to the fees, costs and charges due to the Service Provider and to the Service Provider having been paid in full for all amounts which are due, owing and payable, for a period of not less than 1 (one) year:

24.1.2.1. provide Transnet with such reasonable assistance as Transnet may require in order to ensure that it continues to enjoy the level of service which it received under this Agreement in relation to the self-provision or the provision by a third party service provider of services which are of a similar nature to the Specified Services;

24.1.2.2. provide Transnet with any information, documentation or assistance that it may reasonably require so as to prevent the termination of this Agreement from disrupting its business to any material extent.

24.2. The Service Provider shall where it is required to provide any services in terms of clause 24.1.2, which it would have, were it not for the termination of this Agreement, been entitled to charge for, be entitled to continue to charge the fees provided for in this Agreement for such services and to escalate such fees in accordance with the escalation provisions contained in the SLA's.

24.3. In the event of this Agreement being terminated pursuant to the liquidation of the Service Provider (whether provisional or final), then Transnet shall have the irrevocable and unconditional option to purchase, whether collectively or individually, in the discretion of Transnet, the assets, infrastructure and resources owned by the Service Provider and utilised by it in the provision of the Specified Services (as the case may be, upon the following terms and subject to the following conditions:

24.3.1. the purchase price in respect of such Subject Matter shall be the fair market value thereof determined by an industry specialist appointed by agreement of the Parties and, failing agreement, by the arbitrator in accordance with the provisions of clause 29 below;

24.3.2. the said option shall be exercisable on written notice by Transnet to the Service Provider at any time within the period of 30 (thirty) days reckoned from the said cancellation of this Agreement;

24.3.3. Transnet and its representatives shall have reasonable access to the premises and books, records and documents of the Service Provider in order to identify the assets, infrastructure and resources to be purchased by it under this option and generally to give effect to its rights and remedies hereunder;

24.3.4. if any statutory requirements are required to be complied with for the exercise of the said option and the sale and transfer of the said Subject Matter from the Service Provider to Transnet, then the Parties shall assist and cooperate with each other to comply with such requirements as expeditiously as possible and the effective date of any such sale shall be the first day of the month immediately following compliance with such statutory requirements;

24.3.5. payment of the said purchase consideration shall be effected in cash and against delivery of the said Subject Matter on the said effective date.

24.4. As soon as possible after the Commencement Date, the Parties shall co-operate in arranging the porting of all numbers used by Transnet to support the Specified Services.

25. FORCE MAJEURE

25.1. A Party shall not be liable for a failure to perform any of its obligations in terms of this Agreement insofar as it is able to prove that:

25.1.1. such failure was due to an impediment beyond its reasonable control;

25.1.2. it could not reasonably have been expected to have taken such impediment and its effects upon such Party's ability to perform into account at the time of conclusion of this Agreement; and

25.1.3. it could not reasonably have avoided or overcome the impediment or at least its effects,

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and, for purposes of this clause 24, the following events (which enumeration is not exhaustive) shall be deemed to be impediments beyond the control of each of the Parties, namely:

25.1.4. war, whether declared or not, civil war, civil violence, riots and revolutions, acts of piracy, acts of sabotage;

25.1.5. natural disasters such as violent storms, cyclones, earthquakes, floods and destruction by lightning;

25.1.6. explosions, fires and destruction of plant, equipment, machinery and machines and of any kind of installation;

25.1.7. acts of authority, whether lawful or unlawful, apart from acts for which the Party seeking relief has assumed the risk; and

25.1.8. acts or omissions of any telecommunications services provider.

25.2. Relief from liability for non-performance by reason of the provisions of this clause shall commence on the date upon which the Party seeking relief gives notice of the impediment relied upon and shall terminate upon the date upon which such impediment ceases to exist, provided that if the impediment continues for a period of more than 30 (thirty) consecutive days, the other Party shall be entitled to terminate this Agreement by written notice to the Party seeking relief.

26. VALUE-ADDED TAX

Whereas the Parties recognise that no liability for VAT arises in the allocation of costs between the divisions and the implementation of the provisions of this Agreement, it is recorded and agreed, for the avoidance of any doubt, that all fees and considerations quoted and provided for in this Agreement are quoted and provided for exclusive of VAT. Any VAT payable thereon shall be paid by the recipient in respect of such Specified Services, against presentation of a suitable VAT invoice.

27. CONFIDENTIALITY

27.1. Each Party shall at all times keep confidential (and procure that its respective employees, contractors and agents shall keep confidential) any information which it or they may acquire in relation to the business, business processes or affairs of the other Party to this Agreement (including, without limitation, any matter relating or arising out of the terms and conditions of this Agreement) and shall not use or disclose such information except with the prior written consent of that other Party or in accordance with the order of a court of competent jurisdiction.

27.2. The obligations of each of the Parties contained in clause 27.1 shall continue without limit in point of time but shall cease to apply to any information coming into the public domain otherwise than by breach by any such Party of its obligations contained in this Agreement, provided that nothing contained in this clause 27.2 shall prevent any Party from disclosing any such information:

27.2.1. to the extent required in connection with legal proceedings arising out of this Agreement or the implementation thereof;

27.2.2. with the prior written consent of the other Party;

27.2.3. as may be contemplated herein or required in order to give effect hereto;

27.2.4. as may be required by law or any regulatory authority; or

27.2.5. as is required to be disclosed to that Party's professional advisors (including its financial advisors) for the purposes of obtaining advice.

28. DISPUTE RESOLUTION

28.1. Should any Dispute arise, the Parties shall endeavour to resolve such Dispute in an amicable manner.

28.2. In the event that the Dispute is not resolved in terms of clause 28.1 above, such Dispute shall, in the first instance be referred by either Party to the Executive Head of the Service Provider's Customer Facing Business Unit and Transnet's Chief Information Officer for resolution.

28.3. Should these officers be unable to resolve the Dispute by good faith negotiation between them within 10 (ten) days after the date of referral, the Dispute shall be referred for resolution to the Service Provider's Chief Executive Officer and to Transnet's Chief Operating Officer for resolution.

28.4. Should the Dispute remain unresolved, notwithstanding referral to the persons referred to in clause 28.3, it may following expiry of the period referred to in clause 28.3, be referred by either Party to arbitration in terms of clause 29, on notice in writing to the other Party.

28.5. The decision of the person or persons to whom a Dispute is referred to for resolution in terms of this clause 28 shall be final and binding on the Parties.

28.6. The expiration or termination of this Agreement shall not affect this clause 28, which shall survive such expiration or termination.

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29. ARBITRATION

29.1. All arbitrations shall be held:

29.1.1. *mutatis mutandis* in accordance with the latest rules of the Arbitration Foundation of Southern Africa;

29.1.2. in Johannesburg;

29.1.3. in the English language;

29.1.4. with only the legal and other representatives of the Parties present; and

29.1.5. in terms of the Arbitration Act, 1965;

it being the intention of the Parties that the arbitration shall be held and completed as soon as possible.

29.2. The arbitrator shall be, if the Dispute is principally:

29.2.1. a legal matter, a practising senior advocate or attorney of Johannesburg of at least 15 (fifteen) years standing;

29.2.2. an accounting matter, a practising chartered accountant of Johannesburg of at least 15 (fifteen) years standing;

29.2.3. a telecommunications matter, an overseas expert in the field of telecommunications of at least 10 (ten) years standing; and

29.2.4. any other matter, an independent person who is an expert in the field in which the Dispute has arisen;

agreed upon between the Parties, provided that if the arbitrator is not a practising lawyer, he or she shall during the arbitration proceedings be assisted by a practising lawyer of his or her choice.

29.3. If the Parties fail to agree whether the Dispute is principally a legal, accounting, telecommunications or other matter within 5 (five) days after the referral of the Dispute to arbitration, the matter shall be deemed to be a legal matter.

29.4. If either Party is dissatisfied as to the decision of the single arbitrator, such Party may by notice in writing to the other Party within 10 (ten) days of the decision refer the Dispute to an arbitration appeal panel consisting of three arbitrators who shall be chosen as follows:

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29.4.1. each Party shall appoint one arbitrator within 30 (thirty) days of delivery of the notice of appeal; and

29.4.2. the 2 (two) arbitrators thus appointed shall appoint the third arbitrator within 30 (thirty) days of their own appointment.

29.5. The provisions of clause 29.1 shall apply to such arbitration, which shall be by way of a rehearing.

29.6. If any person required to appoint an arbitrator in terms of this clause 29 fails to appoint such arbitrator or appeal arbitrator or if any person required to reach a material decision in relation to any arbitration hereunder or if any person fails to perform any function entrusted under this arbitration procedure, either Party may request the court to take the necessary measures and to grant appropriate relief in that connection.

29.7. The arbitrator shall be entitled to appoint one or more advisors or experts on any matter (including law) to assist in the conduct of the arbitration, but only with the agreement of the Parties, and only if the Parties and such advisors have agreed on the payment of the fees of such advisors or experts directly or by one or both of the Parties.

29.8. The decision of the arbitrator (or the arbitration appeal tribunal, as the case may be) shall be final and binding on the Parties and may be made an order of court at the instance of either of the Parties in terms of the Arbitration Act, 1965. However, either Party may take the arbitrator's award on review if such Party has a reasonable belief that legal grounds exist for taking the arbitrator's award on review.

29.9. If either Party is of the opinion that legal grounds exist for taking the arbitrator's award on review to court, that Party shall give the other Party written notice of its intention to do at least 5 (five) Business Days after the date of receipt of the arbitrator's written award within. Any review proceedings shall commence within 30 (thirty) Business Days of the giving of such notice.

29.10. Subject to clauses 29.8 and 29.9, the Parties hereby exclude all rights of review or appeal which might otherwise be conferred on them by law.

29.11. Expert determination:

29.11.1. Should there be a Dispute relating to any matter under this Agreement which calls for examination and determination by an Expert, the matter shall be referred to:

29.11.1.1. a practising senior advocate or attorney of Johannesburg of at least 15 (fifteen) years standing if the Dispute principally relates to a legal matter; or

29.11.1.2. a practising chartered accountant of Johannesburg of at least 15 (fifteen) years standing if the Dispute principally relates to an accounting matter; or

29.11.1.3. an expert in the field of telecommunications of at least 10 (ten) years standing if the Dispute principally relates to a telecommunications matter; or

29.11.1.4. an independent person who is an expert in the field in which the Dispute has arisen.

29.11.2. Should the Parties to the Dispute fail to agree whether the Dispute is principally a legal, accounting, telecommunications or other matter within 5 (five) days after the matter has been referred for expert determination, the matter shall be deemed to be a legal matter.

29.11.3. Whenever an Expert is appointed in terms of this Agreement to determine a Dispute the following provisions shall apply:

29.11.3.1. the Experts shall have the fullest and freest discretion with regard to the determination and the method to be followed in arriving at their decision, including whether or not to hold a hearing and/or to seek written representations; and

29.11.3.2. the Experts shall, in their determination of the Dispute act as experts and not as arbitrators and their decision shall be final and binding on the Parties.

29.12. Confidentiality:

The Parties agree to keep all expert and arbitration proceedings including the subject matter thereof and the evidence heard during such proceedings confidential and not to disclose same to anyone except for the purposes of such proceedings in terms of this clause 29, any review of an arbitration award and the obtaining of a court order in terms of this clause 29.

29.13. Irrevocable consent and severability:

The provisions of this clause 29:

29.13.1. constitute an irrevocable consent by the Parties to any proceedings in terms of this clause 29 and neither Party shall be entitled to withdraw therefrom or claim at any such proceedings that it is not bound by such provisions; and

29.13.2. are severable from the rest of this Agreement and shall remain in effect despite the termination of or invalidity for any reason of this Agreement, or any part of this Agreement.

30. JURISDICTION

Subject to the provisions of clauses 28 and 29:

30.1. the Parties irrevocably agree that the High Court of South Africa (Witwatersrand Local Division) shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any Dispute and for such purpose irrevocably submit to the jurisdiction of such court.

30.2. Each of the Parties irrevocably waives any objection which it might now or hereafter may have to the court referred to in clause 30.1 being nominated as a forum to hear and determine any suit, action or proceedings and to settle any Dispute and agrees not to claim that any such court is not a convenient or appropriate forum. The Parties agree that the process by which any suit, action or proceeding is commenced may be served on its domicilium under clause 35.

30.3. Nothing herein contained shall affect either Parties right to serve process in any other manner permitted by law.

30.4. The submission to the jurisdiction of the court referred to in clause 30.1 shall not be construed so as to limit the rights of either Party to take proceedings against the other Party in any other court of competent jurisdiction for the purposes of obtaining urgent or interdictory relief.

31. ASSIGNMENT AND CESSION

Except for the cession and assignment contemplated in or changes which might arise as a result of the provisions of clause 3.3 above:

31.1. neither Party shall transfer any rights and/or obligations arising out of this Agreement without the written permission of the other of them; and

31.2. make or allow any material change to its management team or structure, as at the Signature Date, without Transnet's prior written consent, such consent not to be unreasonably withheld or delayed.

32. **SEVERABILITY**

If any clause or term of this Agreement is held to be invalid, unenforceable or illegal, then the remaining terms and provisions of this Agreement shall be deemed to be severable therefrom and shall continue in full force and effect unless such invalidity, unenforceability or illegality goes to the root of this Agreement.

33. **CO-OPERATION**

The Parties undertake to cooperate with each other in all respects in order to give effect to this Agreement according to its intent and purpose.

34. **GOOD FAITH**

In the implementation of this Agreement, the Parties undertake to observe good faith and they warrant in their dealings with each other that they shall neither do anything nor refrain from doing anything which might prejudice or detract from the rights, assets or interests of the other Party.

35. **NOTICES AND DOMICILIA**

35.1. Each of the Parties chooses domicilium citandi et executandi ("domicilium") for the purposes of the giving of any notice, the serving of any process and for any other purposes arising from this Agreement at:

35.1.1. The Service Provider: Attention: Chief Executive Officer

28 Saddle Drive,
Woodmead Office Park
Van Reenens Avenue
Woodmead
Fax number: +27 (0) 11 800-6131
E-mail: transnetmsa@neotel.co.za

With a copy to the same address marked URGENT and for the attention of the "Legal Manager".

35.1.2. Transnet: Attention: Chief Information Officer

47th Floor Carlton Centre
Commissioner Street

Johannesburg Fax number: +27 (0) 11 308 2430
E-mail: neotelmsa1@transnet.net

With a copy to the same address marked URGENT and for the attention of the "General Manager: Legal".

35.2. Each of the Parties shall be entitled from time to time, by written notice to the other to vary its domicilium to any other address within the Republic of South Africa which is not a post office box or poste restante.

35.3. Any notice given and any payment made by a Party to any of the others ("the addressee") which:

35.3.1. is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be presumed, unless the contrary is proved by the addressee, to have been received by the addressee at the time of delivery;

35.3.2. is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's domicilium for the time being shall be presumed, unless the contrary is proved by the addressee, to have been received by the addressee on the fourth day after the date of posting.

35.4. Where, in terms of this Agreement any communication is required to be in writing, the term "writing" shall include communications by electronic mail and/or facsimile. Communications by electronic mail and/or facsimile shall, unless the contrary is proved by the addressee, be deemed to have been received by the addressee 24 (twenty four) hours after the time of transmission.

36. GENERAL PROVISIONS

36.1. No alteration, cancellation, variation of, or addition to this Agreement shall be of any force or effect unless reduced to writing and signed by the Parties to this Agreement or their duly authorised representatives.

36.2. This Agreement contains the entire agreement between the Parties relating to the matters provided for in this Agreement and no Party shall be bound by any undertakings, representations, warranties, promises or the like not recorded in this Agreement.

36.3. No indulgence, leniency or extension of time which any Party ("the Grantor") may grant or show to any other Party, shall in any way prejudice the Grantor or preclude the Grantor from exercising any of its rights in the future.

36.4. This Agreement cancels and supersedes all prior negotiations and agreements entered into between the Parties relating to the matters set forth in this Agreement.

37. **COSTS**

Each Party shall bear its own costs in relation to the drafting, negotiation and finalisation of this Agreement and attendances incidental thereto.

38. **COUNTERPARTS**

This Agreement may be signed in counterparts and accordingly execution by the Parties of separate but identical versions of this Agreement shall constitute the valid execution thereof.

For NEOTEL (PROPRIETARY) LIMITED

Signature: _____
who warrants that he / she is duly authorised thereto

Name: ARUN GUPTA
Date: 06 December 2007
Place: JOHANNESBURG.

Witness: _____

Witness: _____

For TRANSNET LIMITED

Signature: _____
who warrants that he / she is duly authorised thereto

Name: VUYO D. KAHLA
Date: 11/12/2007
Place: Johannesburg

Witness: _____

Witness: _____

Schedule 1: Voice and data SLA, service description, pricing and service levels

(Exhibit 1: Enterprise Communications Service Level Agreement)

K:\Corp\SP001\
Clients\Transnet\Neo

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE B

Network Services Sourcing Strategy (and RFP) options and recommendations

TRANSNET

delivering freight reliably

CONFIDENTIAL

21 May 2013

GJJVDW-067

Purpose of this submission

TRANSNET

- **To request the Group Chief Executive (GCE) to:**
  - Approve the Network Services Sourcing Strategy, RFP and Advert to go out on an open tender;
  - Grant authority to advertise and issue a RFP to the open market for provision of Network Services to Transnet SOC Ltd and its Operating Divisions (OD's) for a period of three (3) years with an option to extend for two (2) years

SOURCE: Team analysis

GJJVDW-068

The creation of a new Network Services Sourcing Strategy incorporating new transformation objectives was recently approved by BADC and Board

TRANSNET

Context

- Transnet SOC Limited entered into a 5 year Network and Communications Agreement with Neotel (Pty) Ltd as part of the sale agreement of Transtel to Neotel in 2008.
- Transtel used to provide the Network and Communications services to all Transnet Operating Divisions as a subsidiary of Transnet.
- Transtel was sold to Neotel as a "going concern" which resulted in the transfer of employees to Neotel as a result of the sale agreement. This agreement commenced on 01 April 2008 and will expire on 31 August 2013.
- Transnet as part of its procurement framework is going out to market to ensure competitive and fair procurement of its Network services Requirements.

Objectives

- There has been significant technological changes in the IT telecoms space over the past 4 years which has resulted in the service offering that Transnet is receiving not being the best the market has to offer.
- There is a need to ensure that Transnet benefits from best market offerings to fulfil its Market Demand Strategy.
- Transnet decided to go out on open tender for Network Services in order to test the market with a view to ensuring successful achievement of its Market Demand Strategy.

GJJVDW-069

Executive Summary

The strategic sourcing assessment leads to the conclusion that outsourcing of key network infrastructure services and a single sourcing model for services offers Transnet the best benefits.

Sourcing Objectives

Sourcing of telecommunication networks & services shall contribute to Transnet's objectives:

- Reduce dependency on a single Service Provider
- Provide transparency / clear ownership of network infrastructure
- Provide more control to Transnet over Network service, quality, performance and price.
- Reduce and control cost for service delivery

Assessment of Sourcing Options

As-Is Model

- Telecommunication network and services are outsourced to Neotel
- Network infrastructure ownership is distributed between Neotel and Transnet
- Constraints in exploiting market and technological advances
- Insufficient monitoring of external service delivery
- Missing centralized service demand management

Complete Insourcing compared to As-Is model over 10 years would

- require recruitment and training of around 460 additional staff
- lead to cumulated cost decrease by 13 mZAR*

Managed Services with a preferred partner based on own infrastructure would

- lead to expected cost decrease by 390 mZAR*
- enable service provider flexibility
- slim line vendor management
- Alignment with international best practice

Recommendation

- Maintain insourcing of passive network infrastructure and sanction ICT use thereof.
- Single sourcing partnership model (Aggregator or sole provider)
- Expand technical core competencies for vendor monitoring
- Establish central service demand and delivery management
- Maximise Transnet's Group Purchasing power

**** cumulated delta case compared to base case (2014-2023) – Detecon***

GJJVDW-070

Business Impact of Network Services

- Currently Transnet has a single service provider strategy by contracting with Neotel for all of its fixed Voice and Data requirements.
- This has meant that Transnet had a high dependence on Neotel as they were the sole provider, furthermore **Transnet has one of the largest privately owned fibre networks** in the country (Rail & Pipeline fibre network) which Transnet have not been leveraging directly for Transnet's benefit as it relates to ICT service provision.
- The above recommended option **pre-supposes that this must change**, and Transnet should **leverage this vast network for ICT service provision** and supplement that with an outsource service provider on a hybrid basis to provide further services, support and maintenance.
- Furthermore a significant amount of **convergence** is happening in the telecommunications industry through mergers & acquisitions/consolidation of technology OEMs or Service providers adopting new business models in search of additional revenue. This means traditional fixed, mobile, voice and data providers are moving to self provision or partnership models to provide mobile services, and traditional mobile providers are looking to provide fixed line voice and data services across an IP (Internet Protocol) network backbone.
- The proposed sourcing strategy positions Transnet to take advantage of this convergence which is expected over the next 2 to 3 years **both on the technology and service provider levels.**
- The proposed sourcing strategy also has Labour implications in terms of Section 197 of the Labour Relations Act 66 of 1995, whereby Transnet would be accountable for the employees which transferred as part of the Transtel sale to Neotel. This implies Transnet could be held accountable for the alternate employment or retrenchment packages of employees affected in the event that Neotel is not the preferred bidder. We have made bidders aware of these implications so as to plan and accordingly.

GJJVDW-071

Proposed deviation from the BADC approved procurement strategy for network services

1 **95% Minimum technical threshold:**

- The RFP preparation team has opted to amend the originally proposed 95% minimum technical threshold with the following minimum criteria:
- Introduce a Prequalification criteria which includes:
  - Coverage of the bidders support capacity
  - Experience in providing technical services
  - Scale of current technical operations compared to Transnet's Geographical footprint
- This was done as the **95% minimum threshold will not be met by any service provider based on information from Gartner and Detecon (Industry experts) during bid evaluation who both suggested a 70%** technical Threshold.

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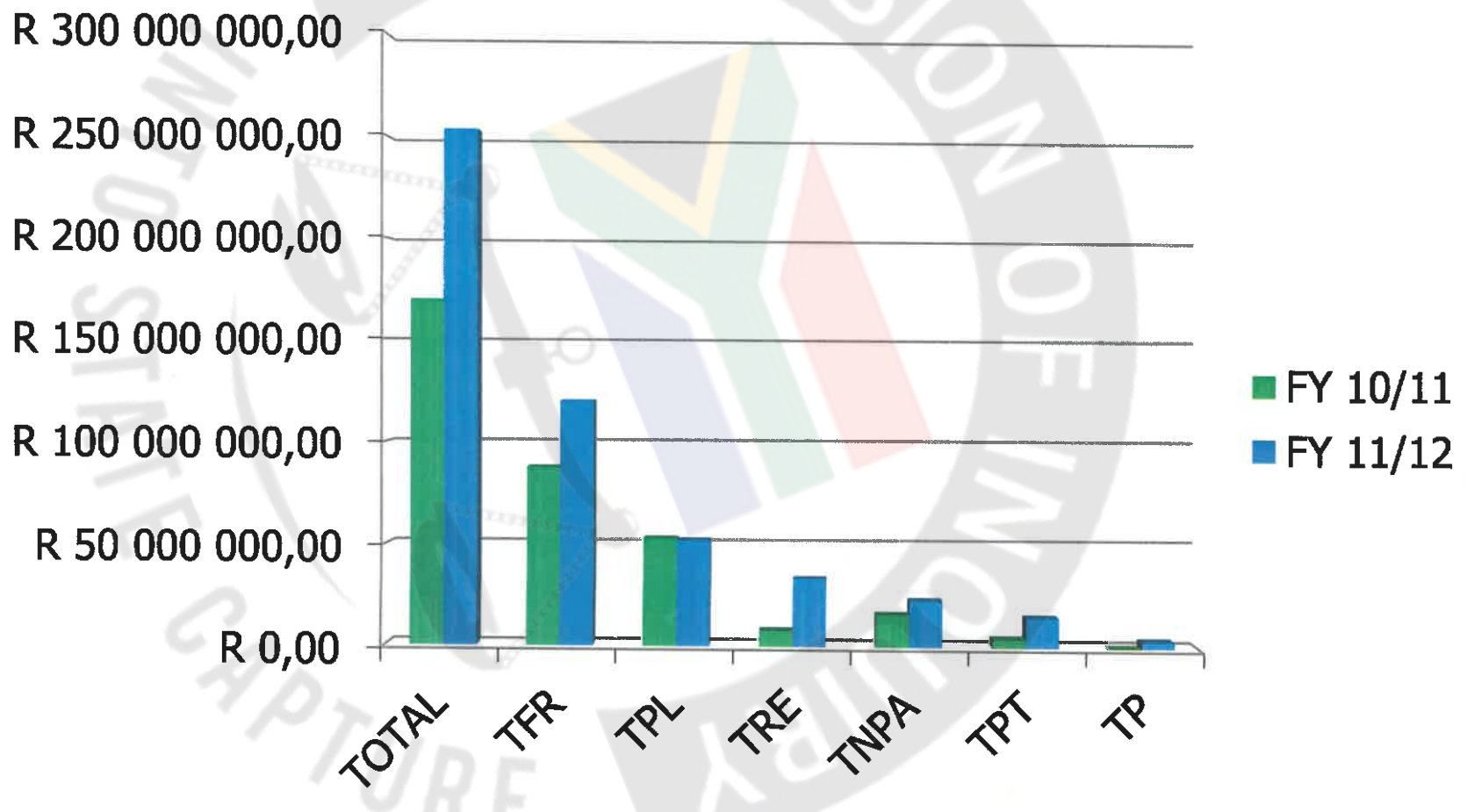
2 **5 year vs. 3+2 Contract Term:**

- Originally a 5 year contract was proposed and approved by the BADC and the BOD. During the RFP preparation it was suggested to amend this slightly by opting for a **three (3) year contract with the option to extend for an additional two (2) years. (Five years in total)**
- The rationale for this was twofold:
  - In the event of Service provider non performance or misalignment between Transnet's growth expectations and the providers delivery capacity, Transnet would have the option of exiting the contract after three years.
  - The Telecommunication and technology environment is going through a significant amount of convergence and consolidation (both in terms of market players and technology vendors) This presents Transnet with a unique opportunity to consolidate service providers at a discounted price e.g. Fixed and mobile voice services

GJJVDW-072

Spend analysis per Operating Division (OD)

Telecoms spend Analysis per Operating Division (Rm)

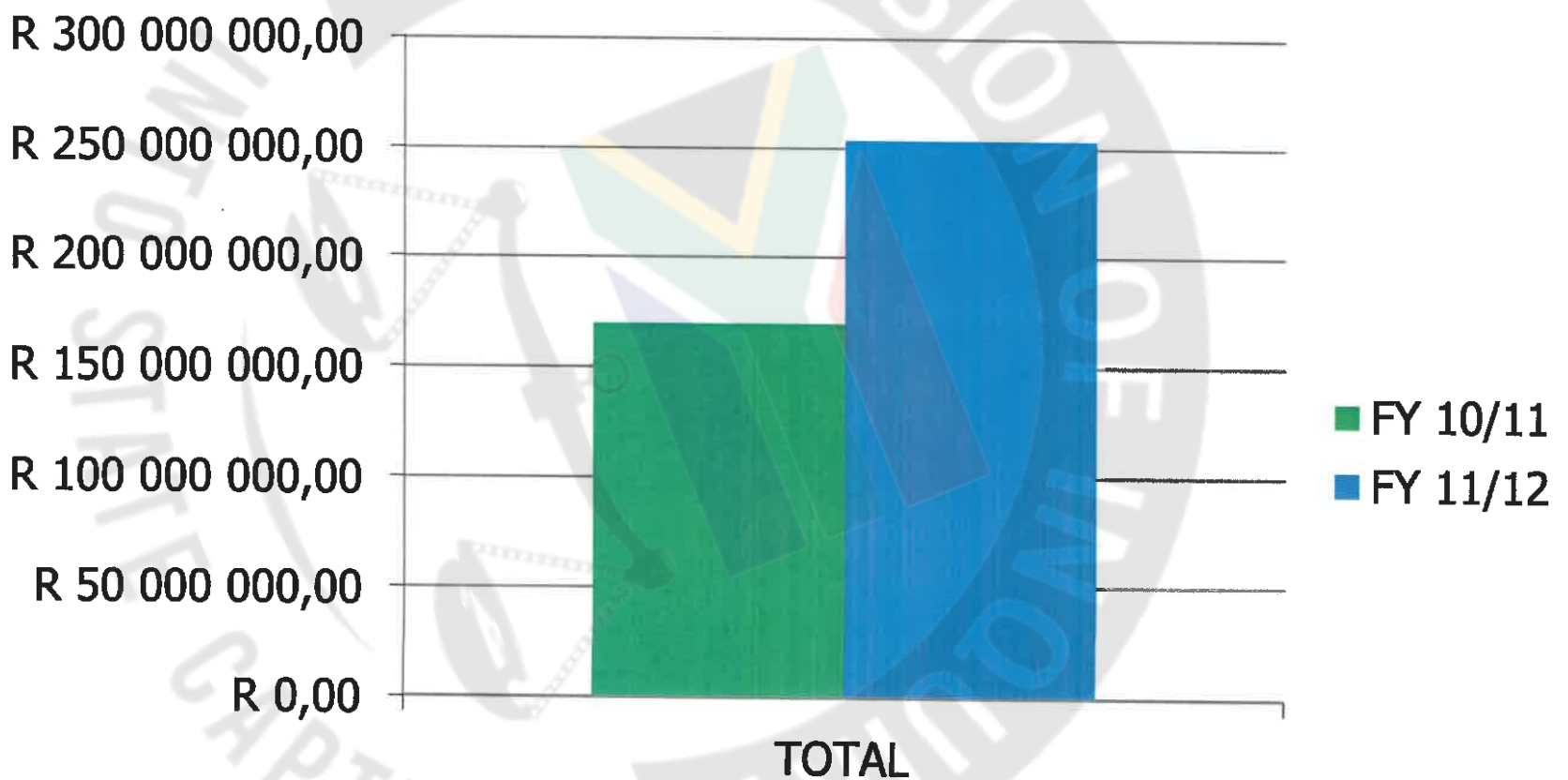


SOURCE: Operating Divisions' spend reports

GJJVDW-073

Spend analysis for two financial years

Telecoms spend Analysis per financial year (Rm)



SOURCE: Operating Divisions' spend reports

GJJVDW-074

A *high level* supplier analysis of the Network & Telecoms market reveals 8 potential suppliers with varying levels of strengths that can supply similar services to those currently being supplied by Neotel

1 Business Connexion
- B-BBEE Level : 3
- Recognition Level = 110%

2 Dimension Data
- B-BBEE Level : 3
- Recognition Level = 110%

3 Gijima AST
- B-BBEE Level : 2
- Recognition Level = 125%

4 IBM
- B-BBEE Level : 4
- Recognition Level = 100%

5 MTN
- B-BBEE Level : 2
- Recognition Level = 125%

6 Telkom
- B-BBEE Level : 4
- Recognition Level = 100%

7 T-Systems
- B-BBEE Level : 3
- Recognition Level = 110%

8 Vodacom
- B-BBEE Level : 4
- Recognition Level = 100%

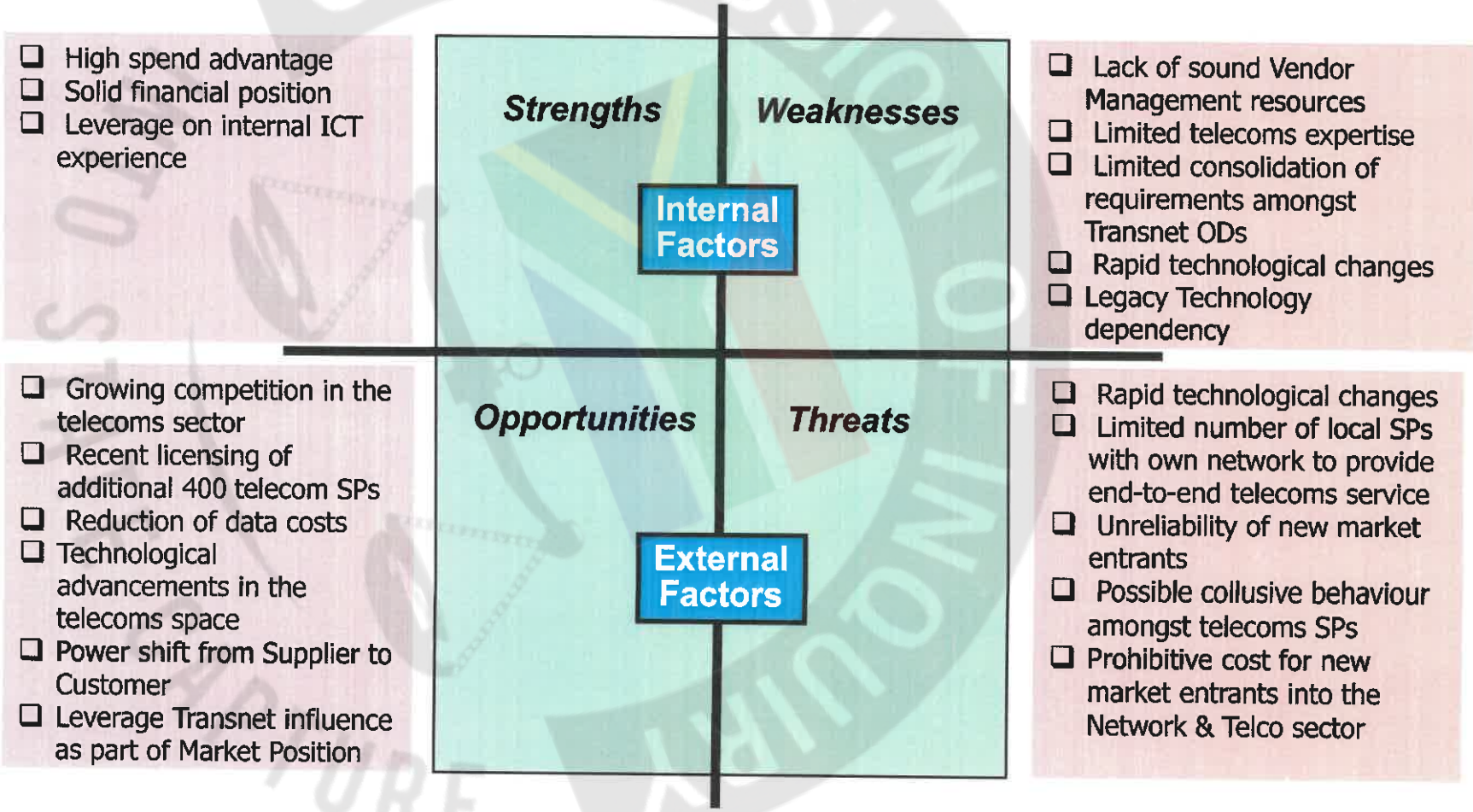
9 Neotel
- B-BBEE Level : 3
- Recognition Level = 110%

SOURCE: Team analysis and websites

GJJVDW-075

SWOT Analysis

TRANSNET



- High spend advantage
- Solid financial position
- Leverage on internal ICT experience

- Lack of sound Vendor Management resources
- Limited telecoms expertise
- Limited consolidation of requirements amongst Transnet ODs
- Rapid technological changes
- Legacy Technology dependency

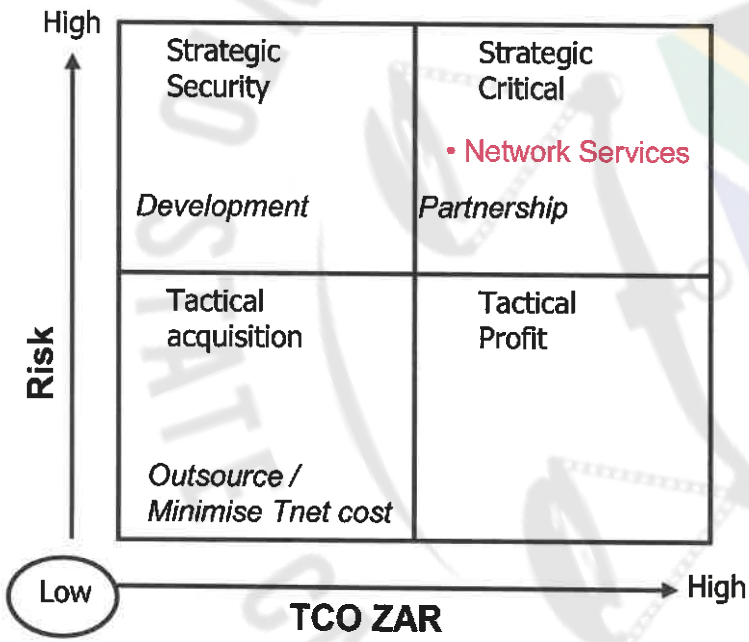
- Growing competition in the telecoms sector
- Recent licensing of additional 400 telecom SPs
- Reduction of data costs
- Technological advancements in the telecoms space
- Power shift from Supplier to Customer
- Leverage Transnet influence as part of Market Position

- Rapid technological changes
- Limited number of local SPs with own network to provide end-to-end telecoms service
- Unreliability of new market entrants
- Possible collusive behaviour amongst telecoms SPs
- Prohibitive cost for new market entrants into the Network & Telco sector

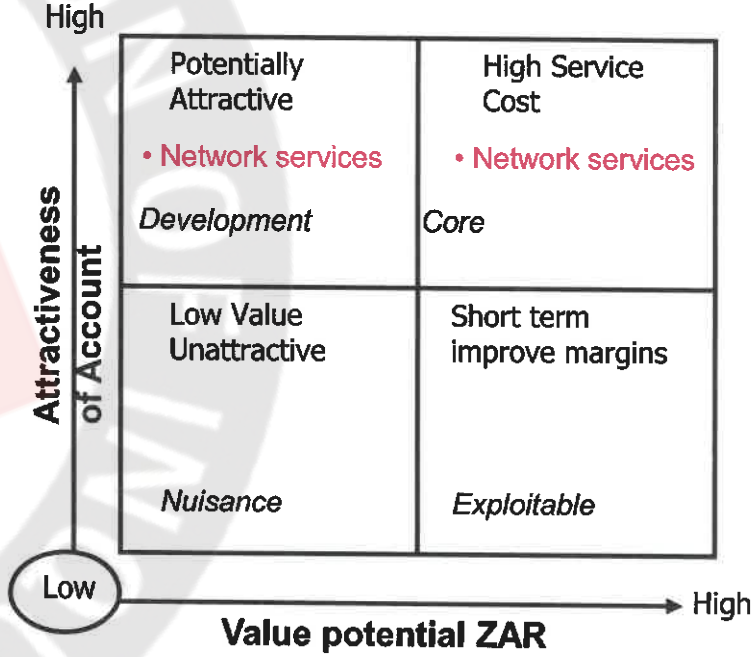
GJJVDW-076

Supplier Positioning

Buyer's view on supplier positioning

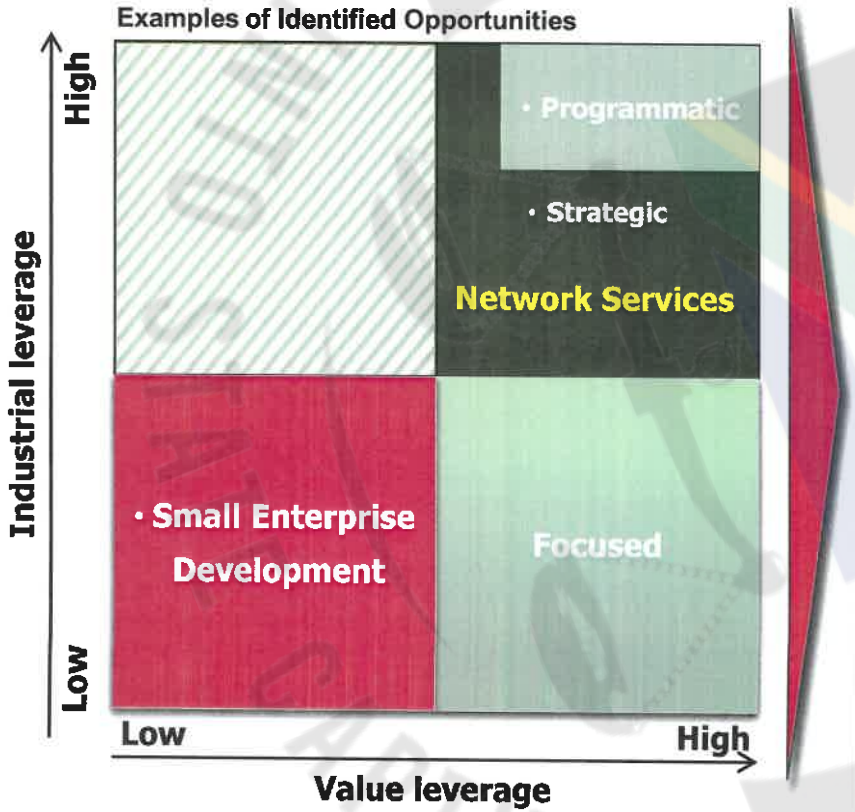


Supplier's view on buyer differentiation



GJJVDW-077

Transnet's SD Strategy – Main focus areas

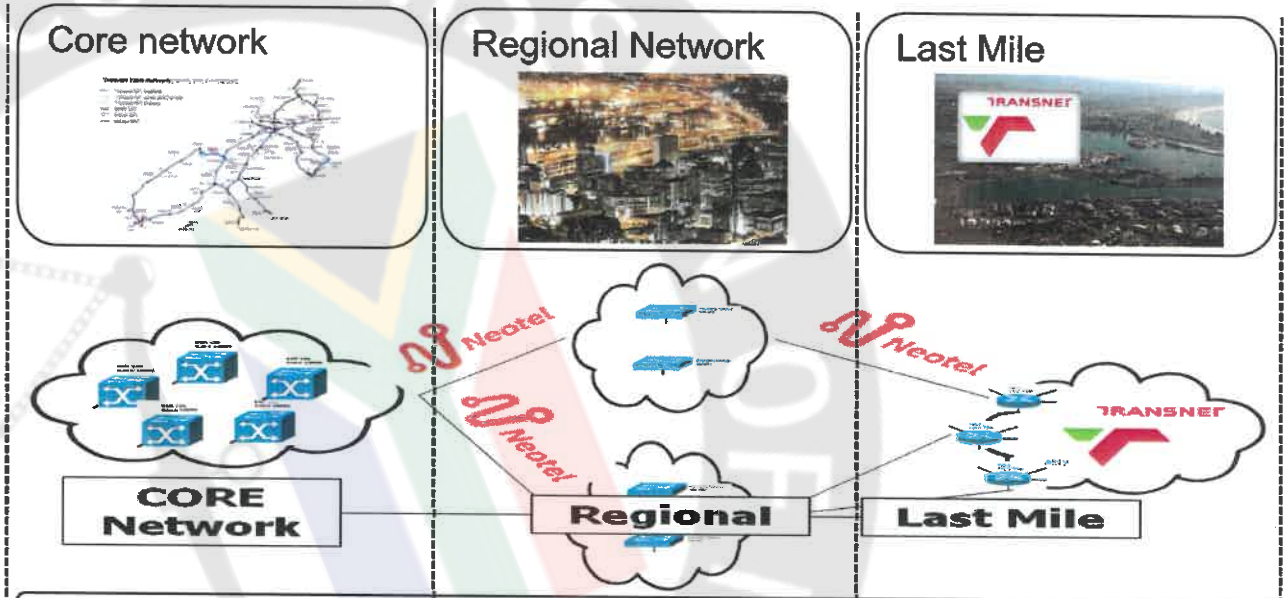


- **Capability and Capacity Building**
  - *Rand value and list of parts and components that are sourced locally as a % of the total bid price*
- **Technology and IPR transfers**
  - *Rand value* of proposed transfers of Technology and methodologies to local Black Owned QSE's, EME's, and start-ups against Award of Contract
  - *Rand value* of other technology initiatives to local Black Owned QSE's, EME's, and start-ups against Award of Contract
- **New skills development**
  - *Number and Rand value* of Black Technicians within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black apprentices within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black Women apprentices to be trained over the Contract Period
  - *Number and Rand value* of tertiary education bursaries and/or scholarships in the same sector to be offered by your company.
- **Job creation and/or job preservation**
  - *Number and Rand value* of new skilled and unskilled jobs to be created for Blacks due to Award of Contract
  - *Number* of jobs of blacks which would be preserved through Award of Contract
  - *Number* of jobs to be created for Black youth, Black women and Blacks with disabilities through Award of Contract
- **Small business promotion**
  - % of your projected procurement spend from Black businesses with an annual turnover of less than R35 million (QSEs, EMEs and start-up companies)
  - % of the estimated contract value which would be subcontracted to preferably Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including Military Veterans and Black People with Disabilities
- **Training**
  - *Number of hours technical training to be offered to Black owned EME'S,QSE"S and Start-Ups Employees (not less than 10) in the same industry*
  - *Number of hours soft skills training to be offered to Black owned EME"S, QSE"S and Start-Ups Employees (not less than 10) in the same industry*
- **Rural integration and regional development**
  - *Number* of Black people employed from within the town/city of operation
  - *Rand value* spent on Black businesses within the town/city of operation
  - *Number* and *Rand value* of Black rural businesses that the Service Provider plans to develop as a result of the contract

GJJVDW-078

Transnet's current dependency on Neotel

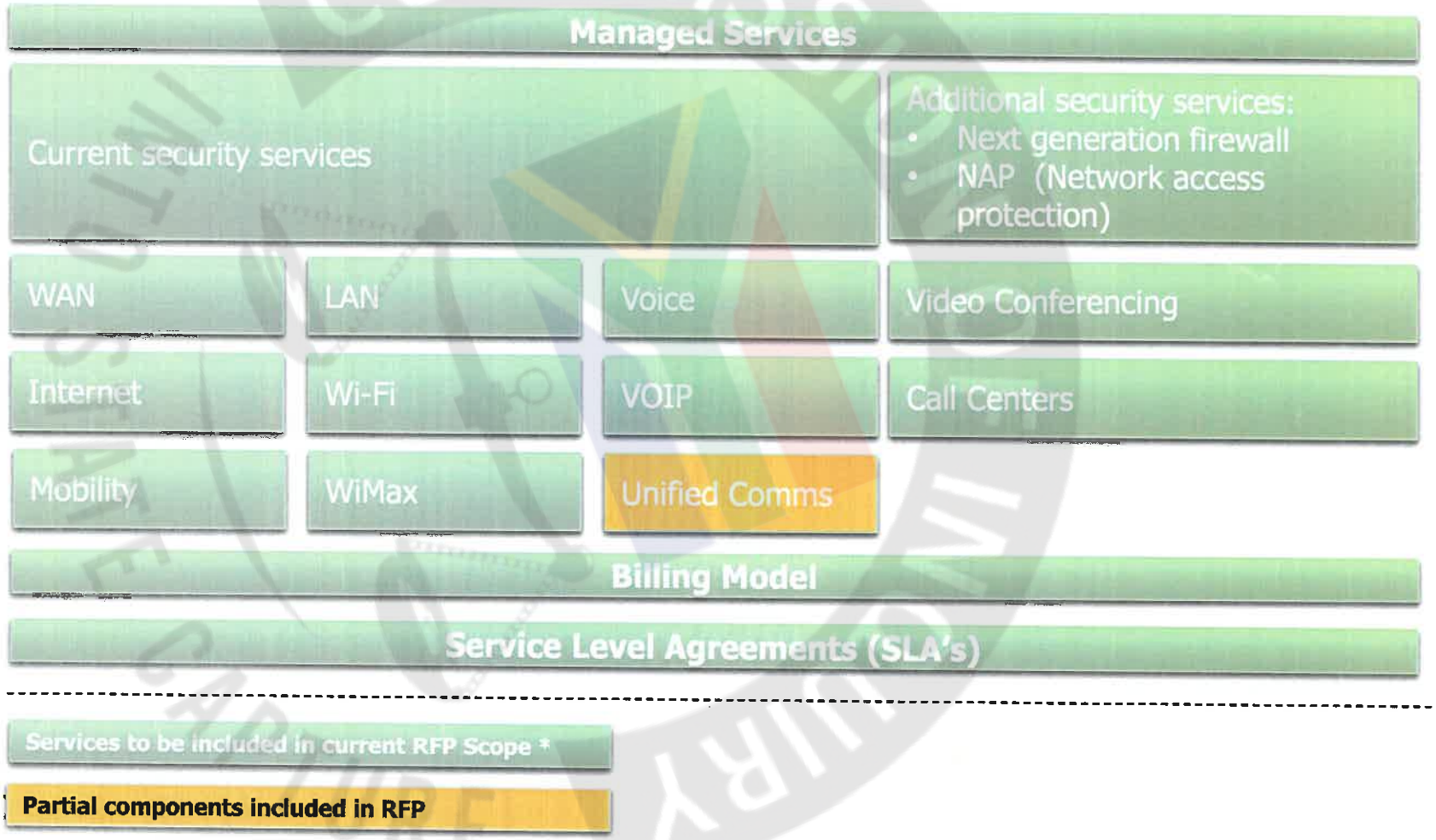
No other Outsource Service Provider (OSP) currently has the last mile infrastructure to cater for Transnet requirements



Service Provider	Ability to execute to due coverage		
Neotel	●	●	●
Telkom SA	●	●	◑
Vodacom	●	◑	◑
MTN	●	◑	◑
Broadband Infraco	●	◑	○

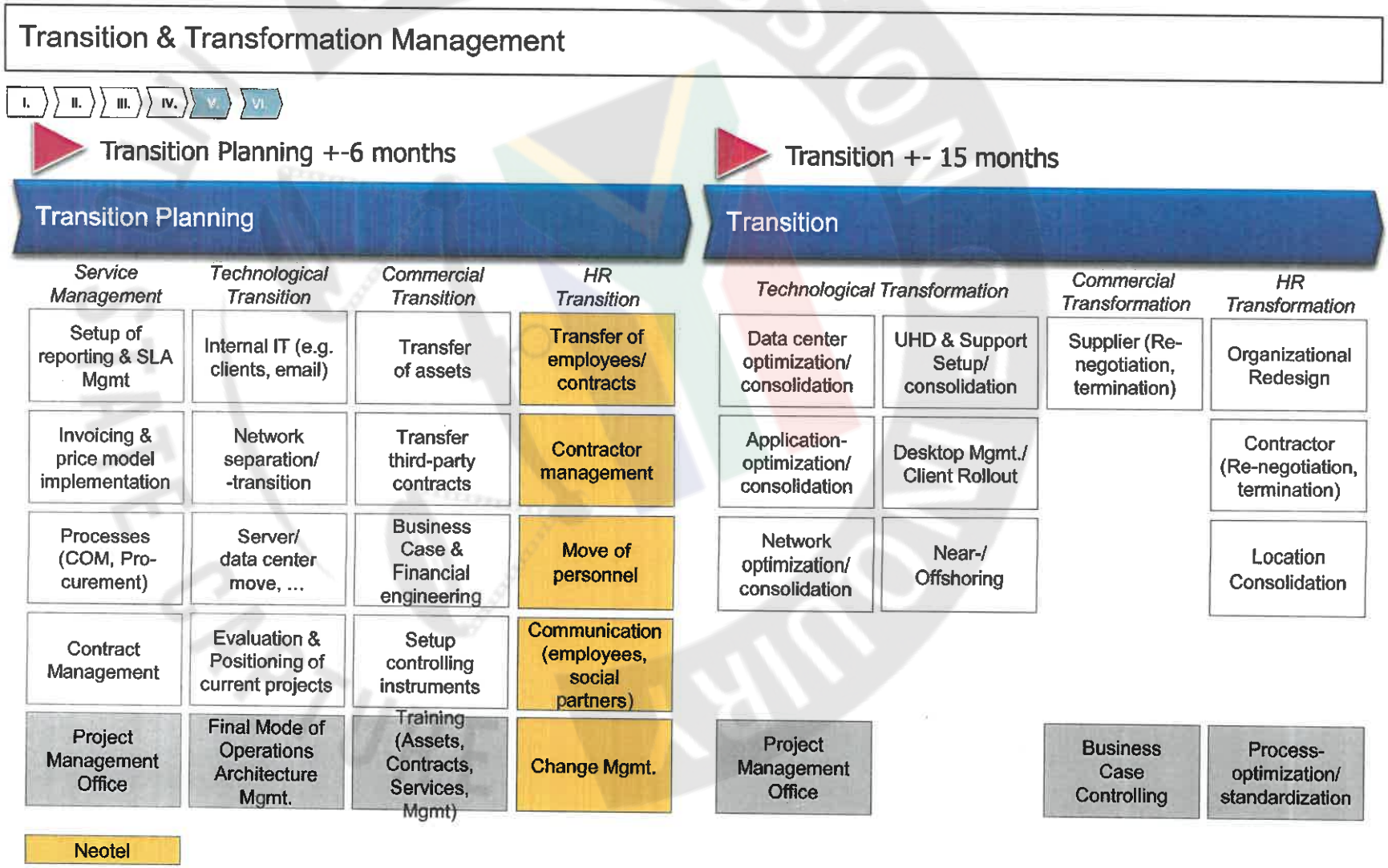
GJJVDW-079

Proposed services to be included in the RFP scope



GJJVDW-080

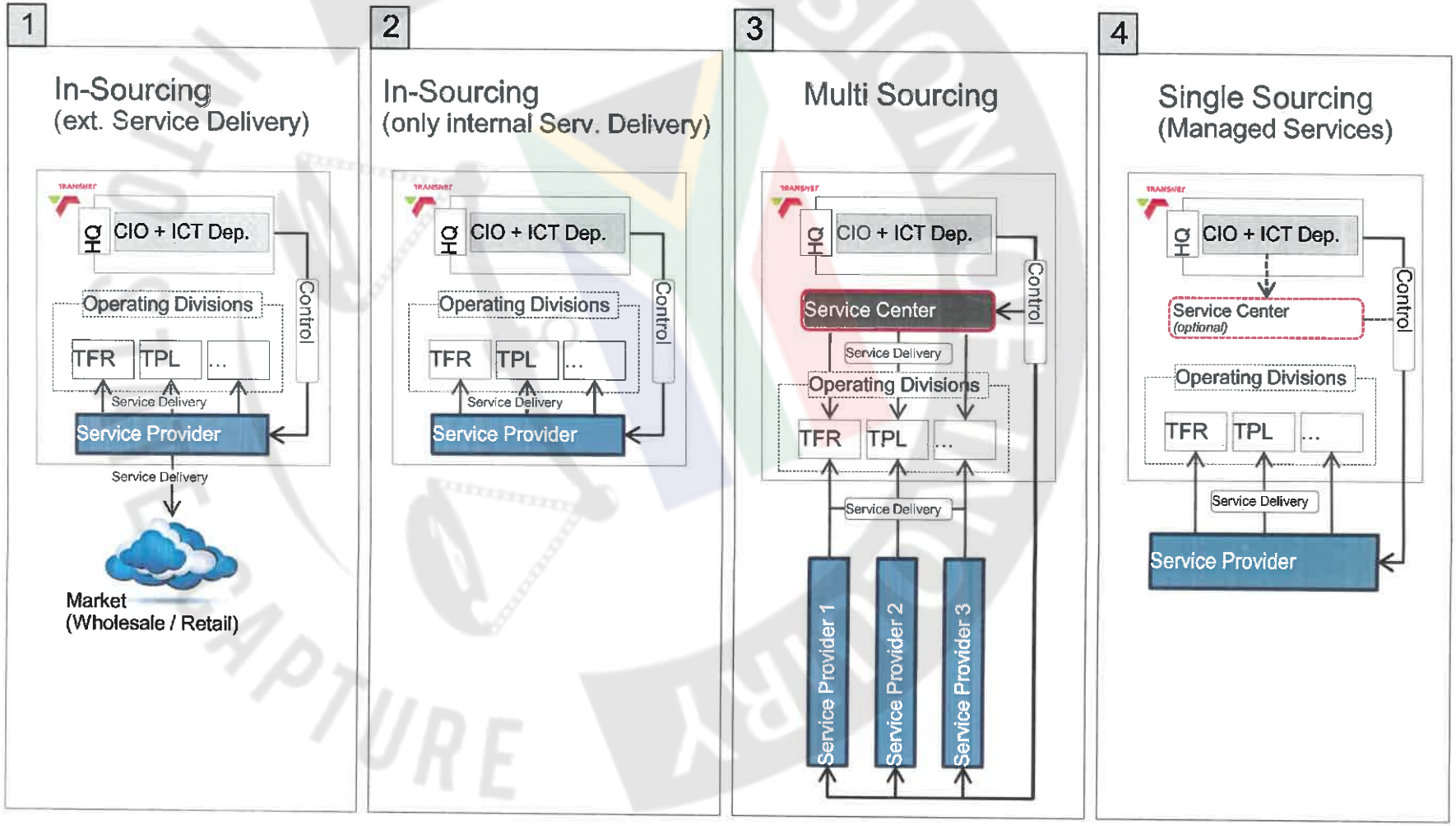
Outsourcing Process in Detail



GJJVDW-081

Sourcing Scenarios which were considered

There are several network sourcing scenarios.
The following scenarios are feasible and were evaluated.



GJJVDW-082

Scenarios Pros & Cons (Option 4 is recommended on this RFP)

1 In-Sourcing (ext. Service Delivery)

- Potential extra sales stream to increase overall group revenue
- Higher utilisation of own infrastructure and thereby a better return on investment

- Substantial investment into ICT infrastructure and service portfolio (CAPEX)
- Sourcing of additional ICT equipment will also increase OPEX spending because of maintenance costs etc.
- Substantial additional Resourcing required with additional costs & risks
- Skills availability

2 In-Sourcing (only internal Serv. Delivery)

- Better management of ICT infrastructure and services through increased control
- Information about KPIs and quality of services much easier to track, monitor and control

- Substantial investment into ICT infrastructure (CAPEX)
- Sourcing of additional ICT equipment will also increase OPEX spending without the guarantee of an acceptable return on investment

3 Multi Sourcing

- Transparent and linear cost structure (no ups and downs) can be achieved- flex with the business
- Concentration on core business
- Extremely competitive prices paid for ICT services

- Possible limited control over quality
- High SLA coordination and enforcement effort
- High organisational coordination complexity
- Requires Significant Transnet maturity

4 Single Sourcing (Managed Services)

- Transparent and linear cost structure (no ups and downs) can be achieved
- Less organizational and coordination complexity
- Effective control over quality and enforcement of SLAs

- Risk of high dependency on OSP
- Limited flexibility with regards to ICT service portfolio
- Loss of ICT skills, personnel and competencies

GJJVDW-083

Once proposals have been received they will be evaluated according to the following evaluation criteria

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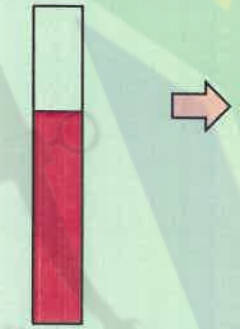
Pre-qualification		Stage 1	Stage 2		
Step 1	**Step 2**	**Step 3**	**Step 4**	**Step 5**	**Step 6**
Administrative responsiveness	Substantive responsiveness	**Minimum Thresholds**	Weighted scoring / 100		
Returnable documents schedule	Prequalification	Functionality / Technical: **70%** threshold	Price / B-BBEE of **90/10** will be used	Post tender negotiation requesting preferred bidders to provide their • **BAFO** • **SD Bid Document** • **B-BBEE improvement plan** • **Master Service Agreement** Final evaluation **90/10** **Due diligence**	Award of contract
					
Technical: • Pre-qualification (See next slide) **Supplier Development Bid Document:** • Bidders will submit their SD commitments as returnable documents. • Minimum pre- qualification of 30% of contract value B-BBEE: • Bidders will be requested to provide a B-BBEE improvement plan as to how bidders will improve their B-BBEE status over the contract period as an additional document.		Technical / functional criteria and weightings will be stipulated in the tender documents at **70%**	WEIGHTED SCORE		

GJJVDW-084

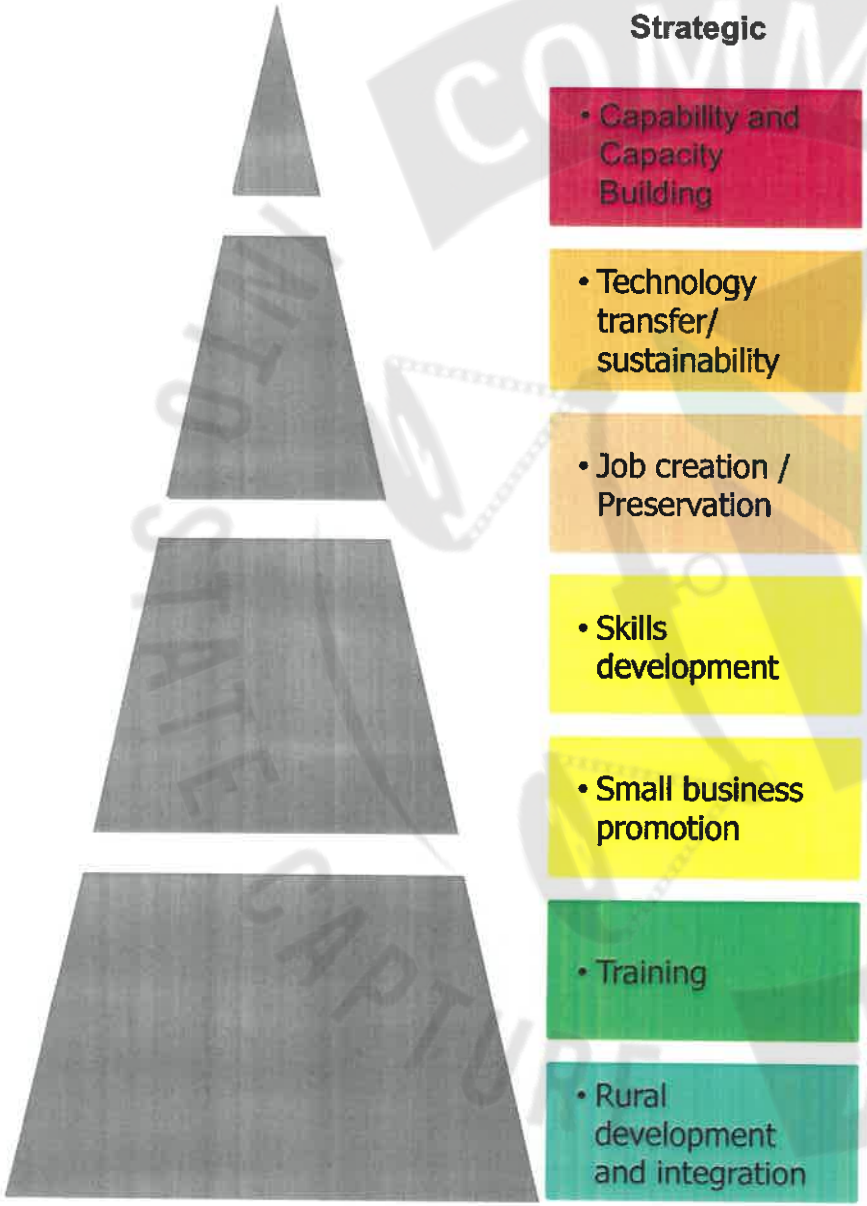
Technical pre-qualification compliance criteria

TRANSNET

	Description:
Voice Service	• 5 Years experience in providing end to end provisioning of Voice Services including CPE through to PBX's and interconnect with other voice providers • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements. Voice service requirements with a minimum of 80% coverage to Transnet sites requiring WAN services.
Wide Area Network Service	• Provider has a suitable MPLS or similar Core network with sufficient National backhaul and regional presence to cover all major metro areas and scale to cater for other outlying WAN service requirements with a minimum of 80% coverage to Transnet sites requiring WAN services. • 5 Years experience providing WAN Services on a national scale. • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements.
Local Area Network Service	• 5 years experience in providing LAN services and a proven track record of cost and performance optimised services for both wired and wireless LAN services • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements.
Help Desk Services	• Demonstrated Track record for Service Desk support for a large diverse, 24 hour operational business customer with relevant scale to cater for growth, first call resolution as well as catch and dispatch services
Internet Services	• Multiple Peering points and access to a minimum of 2 undersea cables for the provision of international internet access. Provider must be able to demonstrate reputation for strong Internet security services.
Mobility Services	• Self-provisioning or peering agreements with Mobile and fixed network service providers for APN and dialup. VPN services for securing mobile security solutions with a strong pedigree of reliability and data integrity.
Relationship Management Services	• At least 5 years of experience in managing a large enterprise account (more than 2000 users)

GJJVDW-085

SD pre-qualification of 30%



- **Capability and Capacity Building**
  - *Rand value and list of parts and components that are sourced locally as a % of the total bid price*
- **Technology and IPR transfers**
  - *Rand value* of proposed transfers of Technology and methodologies to local Black Owned QSE's, EME's, and start-ups against Award of Contract
  - *Rand value* of other technology initiatives to local Black Owned QSE's, EME's, and start-ups against Award of Contract
- **New skills development**
  - *Number and Rand value* of Black Technicians within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black apprentices within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black Women apprentices to be trained over the Contract Period
  - *Number and Rand value* of tertiary education bursaries and/or scholarships in the same sector to be offered by your company.
- **Job creation and/or job preservation**
  - *Number and Rand value* of new skilled and unskilled jobs to be created for Blacks due to Award of Contract
  - *Number* of jobs of blacks which would be preserved through Award of Contract
  - *Number* of jobs to be created for Black youth, Black women and Blacks with disabilities through Award of Contract
- **Small business promotion**
  - % of your projected procurement spend from Black businesses with an annual turnover of less than R35 million (QSEs, EMEs and start-up companies)
  - % of the estimated contract value which would be subcontracted to preferably Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including Military Veterans and Black People with Disabilities
- **Training**
  - *Number of hours technical training to be offered to Black owned EME'S,QSE"S and Start-Ups Employees (not less than 10) in the same industry*
  - *Number of hours soft skills training to be offered to Black owned EME"S, QSE"S and Start-Ups Employees (not less than 10) in the same industry*
- **Rural integration and regional development**
  - *Number* of Black people employed from within the town/city of operation
  - *Rand value* spent on Black businesses within the town/city of operation
  - *Number* and *Rand value* of Black rural businesses that the Service Provider plans to develop as a result of the contract

GJJVDW-086-

The technical evaluation threshold of 70% will need to be achieved in order for a potential supplier to progress to the next stage

TRANSNET

Technical evaluation

100%

Technical (threshold of 70% to be exceeded in order to proceed to the next evaluation stage)

- Service Provider Assessment — 20%
- Technical Service Towers — 65%
  - Cross Functional Services
  - Voice Services
  - Wide Area Network Services
  - Local Area Network Services
  - Help & Service Desk
  - Internet Services
  - Mobility Services
  - Wimax Services
  - Relationship Management Services
  - Video Conferencing
- Service Credits — 15%

Notes

- Technical specification was developed with the assistance of an external ICT partner in order to ensure that it is in line with the latest industry best practice
- Detailed evaluation criteria are contained in the annexures to the RFP (Annexure A to P)

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Respondents will then be evaluated according to 90/10 evaluation methodology as outlined on the PPPFA

TRANSNET

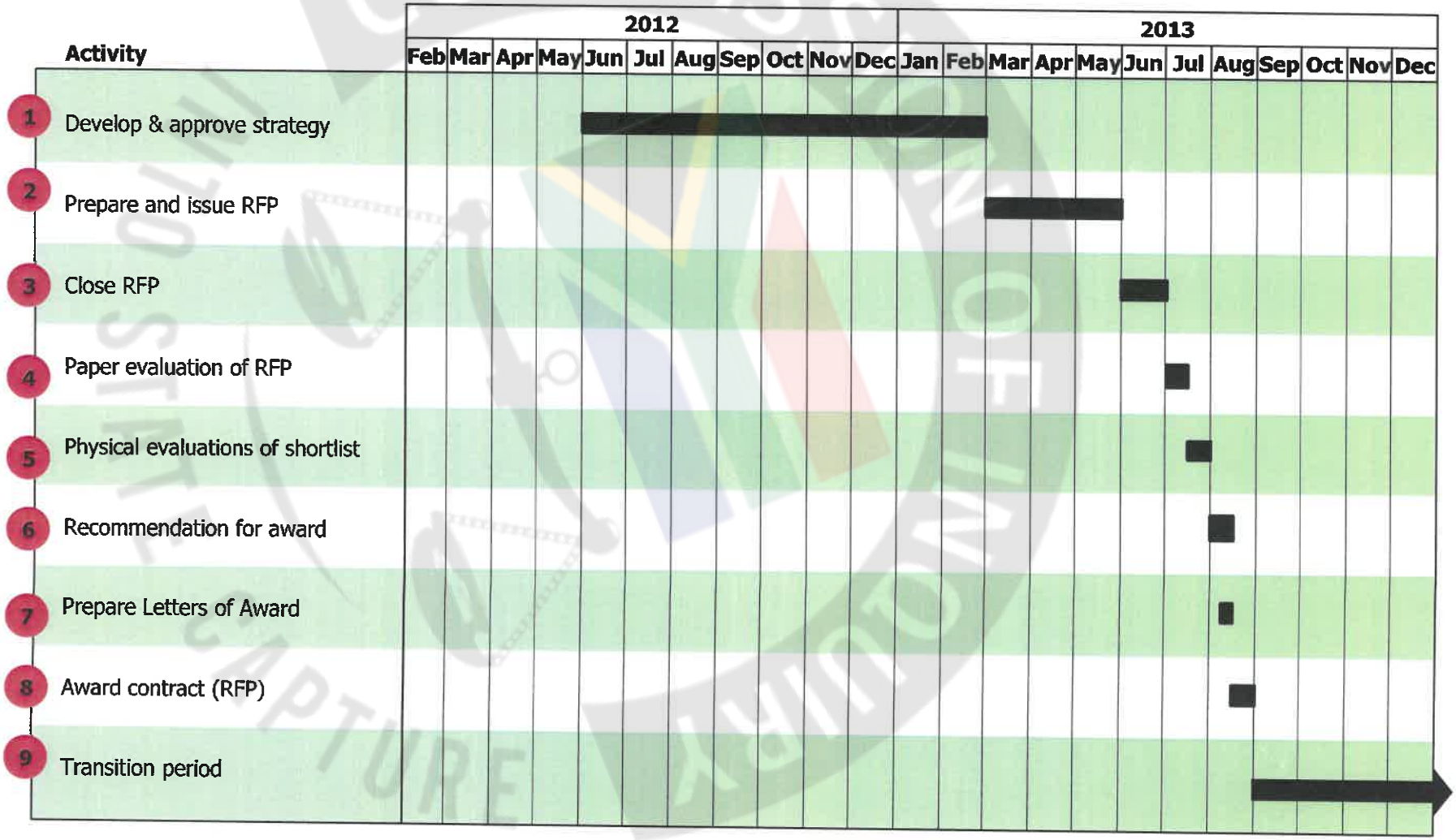
Price (90%)	Price will be evaluated as per pricing workbook provided on Annexure P of the main RFP document. The pricing annexure is separated into the following sections:
	• **Pricing Summary:**
	  o Pricing summary 3 year roll up;
	• **Monthly Recurring Charges:**
	  o Wide area network services;
	  o Local are network services;
	  o Help and service desk services;
	  o Internet services;
	  o Mobility services;
	  o Wimax services;
	  o Video conferencing services;
	  o Relationship management services
	• **Once Off Charges for Transition and Migration:**
	  o Voice transition;
	  o Wide area network transition;
	  o Local area network transition;
	  o Help and desk services transition;
	  o Internet transition;
	  o Mobility transition;
	  o Wimax transition;
	  o Video conferencing transition
	• **Unit Rate Charges:**
	  o Hourly rate
	• **Service Provider Pricing:**
	  o Cost reduction;
	  o Pricing assumptions
		90%

B-BBEE (10%)	• Scored according to B-BBEE accreditation	10%

GJJVDW-088

Overall recommended plan is to go out on RFP immediately and complete the necessary activities according to the proposed timelines

TRANSNET



SOURCE: Team Analysis

GJJVDW-089

Next steps and recommendations

- **It is recommended that the Group Chief Executive (GCE) to:**
  - Approve the Network Services Sourcing Strategy, RFP and Advert to go out on an open tender;
  - Grant authority to advertise and issue a RFP to the open market for provision of Network Services to Transnet SOC Ltd and its Operating Divisions (OD's) for a period of three (3) years with an option to extend for two (2) years

SOURCE: Team analysis

GJJVDW-090

Backup iSCM slides

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GJJVDW-091

Transnet needs to focus on capital investment whilst improving operational efficiency to address NGP objectives and meet their own growth targets

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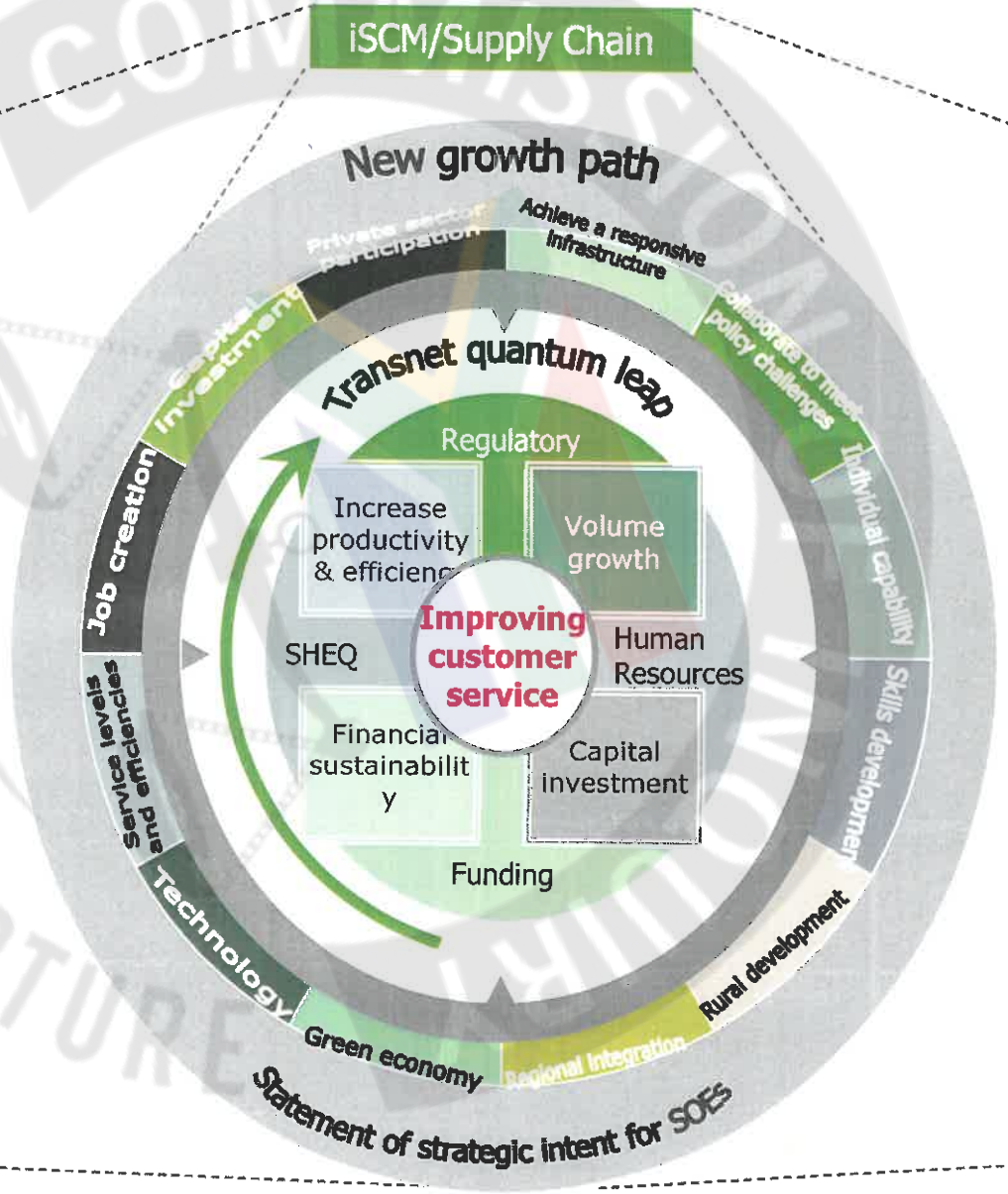
Quantum Leap Focus

- Increase productivity and efficiency
- Volume growth
- Capital investment
- Financial stability
- Funding
- Human capital
- SHEQ
- Regulatory
- Improve customer service



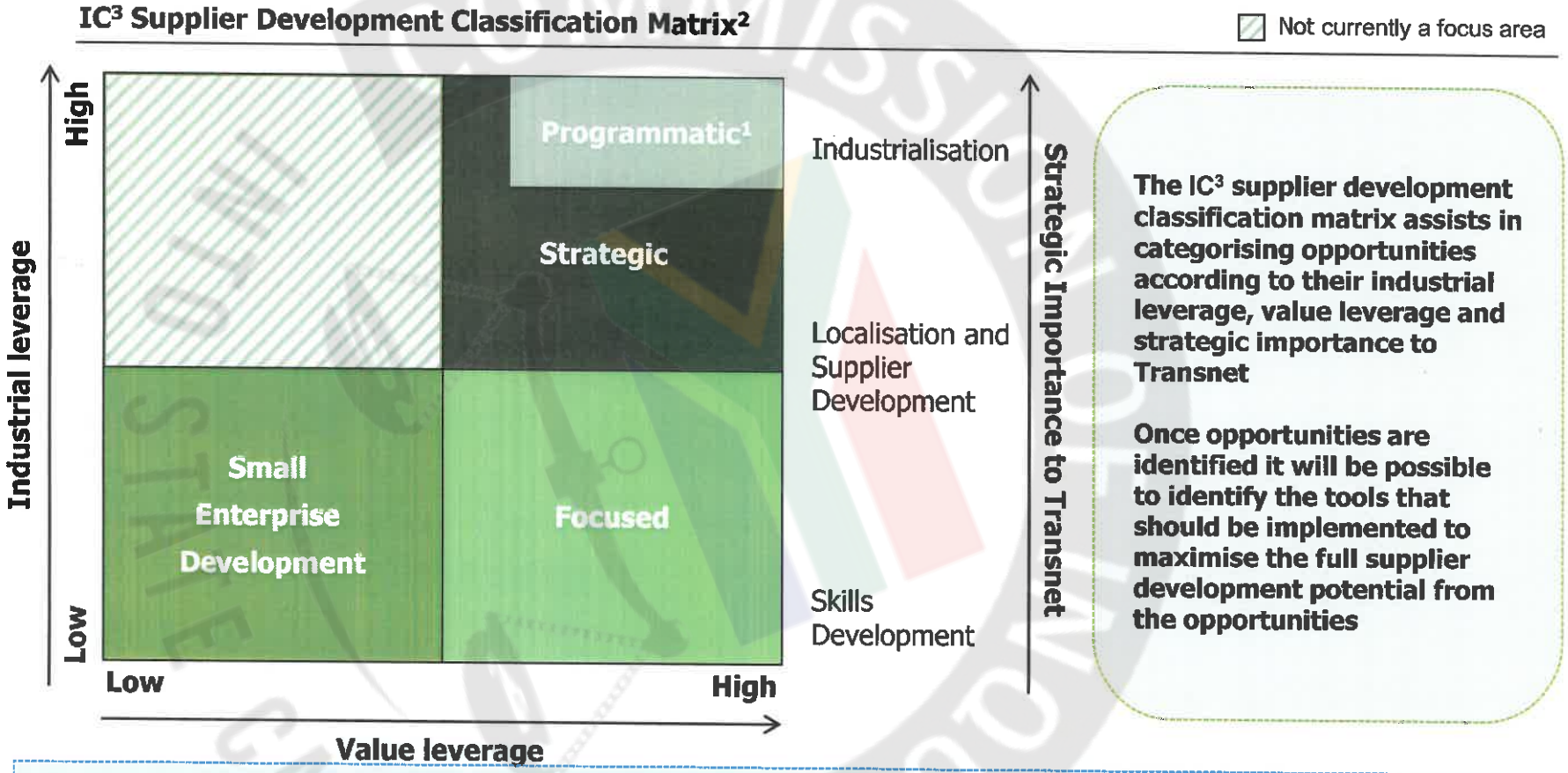
New growth path

- Increase employment intensity of the economy
- Reduce the cost to improve infrastructure and address competiveness
- Balanced spatial development of rural areas and poorer provinces'
- Reduce the carbon intensity of the economy
- Create opportunities in changing regional and global environments
- Increase black ownership and entrepreneurship

Source: Transnet Corporate Plan 2011/12

GJJVDW-092

The IC³ Matrix is used as the basic framework to plot the SD opportunities identified in its appropriate SD initiative bucket



The IC³ supplier development classification matrix assists in categorising opportunities according to their industrial leverage, value leverage and strategic importance to Transnet

Once opportunities are identified it will be possible to identify the tools that should be implemented to maximise the full supplier development potential from the opportunities

Value Leverage refers to transactions where the financial scale of the transaction allows the buyer the opportunity to negotiate supplier development.
Industrial Leverage refers to transactions whereby the nature of the procurement is such that the scale and the industrial complexity of the item being purchased allows for local supply chain development around a particular industry.
Strategic Importance to Transnet refers to the extent to which the product to be procured has a impact on Transnet's core business.

[1] This could be further refined in the future through the DPE Programmatic Policy
[2] Adapted from the DPE Supplier Classification Matrix focused on Increased Competitiveness, Capability and Capacity.
Source: Letsema Consulting

GJJVDW-093

Strategic objectives within each quadrant have been identified

TRANSNET

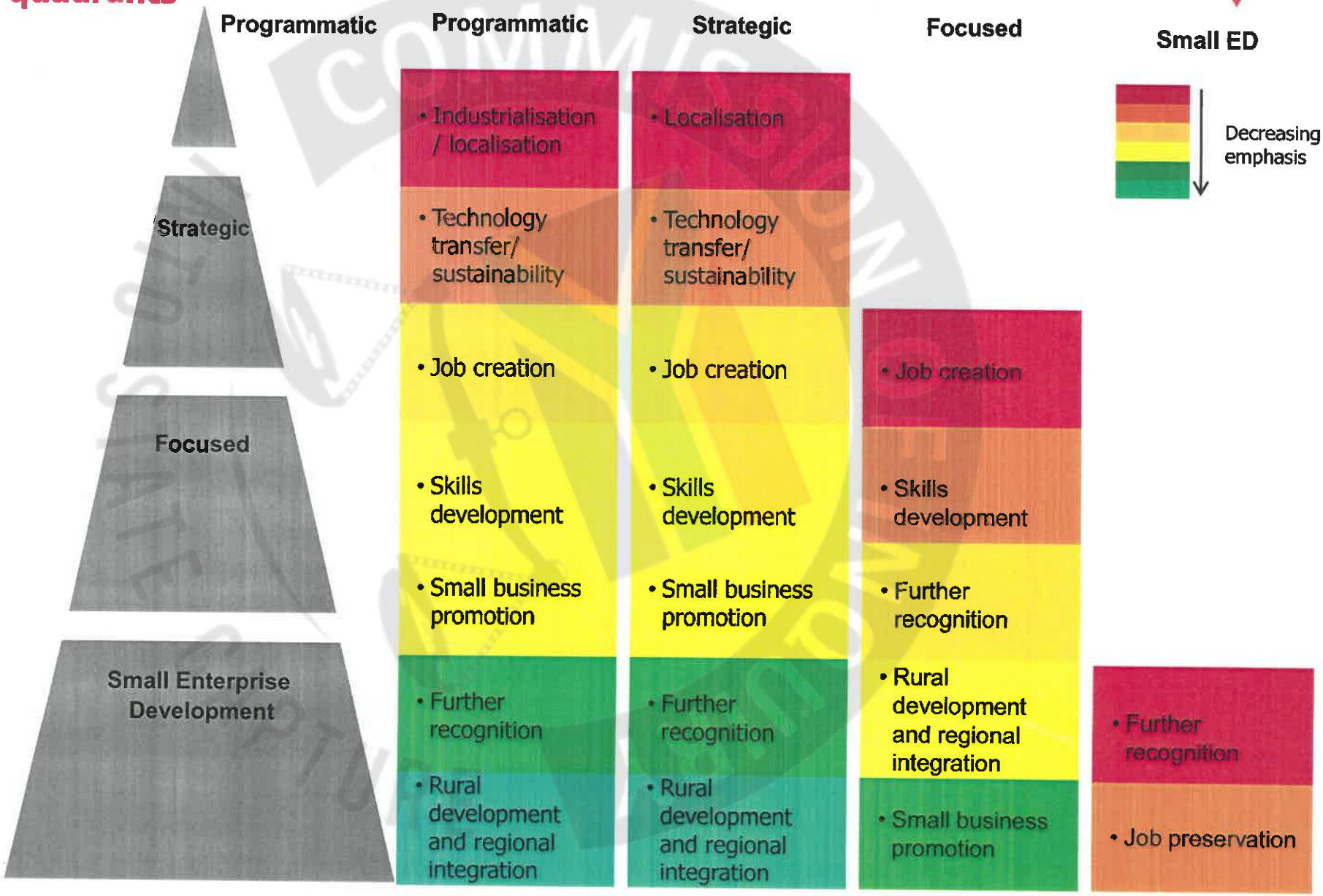
IC³ quadrant	Strategic Objective	Key Outcomes
Programmatic	• Assist Government achieve their industrialisation objectives through development of local supplier base to increase the cost efficiency of fleet procurement, support and maintenance	• Industrialisation • Technology transfer • Job creation/preservation • Skills Development • Downstream Supplier Development • Increased exports • Reduction in capital leakage
Strategic	• Influence multinational organisations toward initiatives that lead to the development of local downstream suppliers through large-scale SOE procurement in order to develop a competitive local supplier base focusing on Rolling stock, Port Equipment and Infrastructure	• Localisation • Increased Technology transfer • Job creation/preservation • Skills development
Focused	• Assist local suppliers to improve their performance, enhance their existing production & skills capabilities by placing increased emphasis on benefiting previously disadvantaged individuals and rural development • Provide a platform through which local suppliers can test their local innovations for export promotion	• Job Creation/preservation • Empowerment • Skills Development • Rural Development
Small Enterprise Development	• Assist local suppliers to improve their skills by placing increased emphasis on benefiting previously disadvantaged individuals and rural development in line with the B-BBEE strategy	• Empowerment • Rural Development • Skills Development • Job Creation/preservation

Transnet has to develop an internal policy to support product development and funding as the current innovation policy drafted by the DPE only allows for testing local products in the Transnet operating environment

Source: Team analysis

GJJVDW-094

The emphasis on SD categories will differ according to the IC³ quadrants



GJJVDW-095

The recommended SD categories are based on the alignment with government objectives

Category	Description
Skills development	• Refers to skills transfer with an emphasis on the accumulation of knowledge and experience • Generally targeted toward sector specific skills development with a focus on artisan and technical skills
Job creation/ preservation	• Refers to an increase or preserve in the number of jobs due to the award of business from Transnet • Favouring more labour intensive methods for job creation • Jobs include both skilled and unskilled
Small business promotion	• Encourage the growth and expansion of EMEs, QSEs and start ups through procurement and support mechanisms
Localisation	• Developing local capability and efficiency through : investment in plant, increasing the number of products bought locally and qualifying suppliers to meet international standards. • Localisation initiatives require limited government support and generally focus on shallow and intermediate industrial capabilities
Industrialisation	• Refers to a deliberate plan to build specific commodities/industries in a structured manner to develop new capabilities and enhance existing capabilities to gain a competitive advantage which allows for exports
Technology transfer/ Sustainability	• Refers to process, know-how and IP associated with developing a competitive local supplier post the current transaction

Source: Team Analysis

GJJVDW-096

In line with government objectives, B-BBEE categories are recommended for further recognition but will fall under the SD component

Category	Description
Rural development and regional integration	• Refers to suppliers functioning within rural community and regional areas in which the goods will be required

*As defined in the NGP
Source: Team Analysis

GJJVDW-097

ANNEXURE C1

DRAFT MINUTES OF THE MEETING OF THE BOARD ACQUISITIONS AND DISPOSALS COMMITTEE NO.13/02 HELD ON 27 FEBRUARY 2013 AT 09:00 IN BOARDROOM 4703, 47TH FLOOR, CARLTON CENTRE, JOHANNESBURG

Resolution No/ For Attention

1 CONSTITUTION OF MEETING

1.1 Present

Mr IM Sharma	Chairman
Ms Y Forbes	Member
Ms NP Mnxasana	Member
Ms NR Njeke	Member
Ms DLJ Tshepe	Member

1.2 In Attendance

Mr A Singh	Group Chief Financial Officer
Ms NJ Mabandla	Group Executive: Group Legal Services
Ms P Difeto	General Manager: Office of the Group Chief Executive
Mr G Pita	Group Chief Supply Chain Officer
Ms N Khumalo	Deputy Group Company Secretary

1.3 Apologies

Mr ME Mkwanazi	Member
Mr B Molefe	Group Chief Executive

1.4 Partial attendance

Mr P Parbhoo	McKinsey Consulting
Mr C Mtetwa	GM: Infrastructure, Transnet Freight Rail
Mr T Jiyane	Executive Manager: Supply Chain Services, Transnet Freight Rail

1.5 Welcoming and Signing of Attendance Register

1.5.1 The Chairman welcomed all members and attendees present at the meeting. Having noted that there was a quorum, the Chairman declared the meeting duly constituted. The Attendance Register was circulated for signature. The Chairman noted apologies from Messrs Mkwanazi and Molefe.

1.5.2 The Committee raised concern on the lateness of the meeting pack. The Committee requested that for lengthy documents; an executive summary must be included in the submission. Management conveyed an apology and undertook to ensure that the Committee is afforded adequate time as per the mandate. There will be no recurrence of the incidence. The Committee *agreed* that submissions that do not meet the deadline should be removed from the Agenda. The Chairman has a final say on the agenda. The Company Secretary will adhere to the timelines and assist the Committee have adequate time for the distribution of the packs.

1.6 Adoption of Agenda

The agenda was adopted with the following amendments:

- Added Item 5.5 – Proposed Award of business for an interim period of eighteen (18) months to VAE SA (Pty) Ltd.
- Deferred Item 6.5 to the next meeting.

2 SAFETY BRIEFING AND EVACUATION PROCEDURE

2.1 The safety briefing and evacuation procedures were conducted through the safety card system.

5.3 **Extension of the Neotel Contract and the Proposed Procurement Strategy for Network and Infrastructure Services**

5.3.1 Management took the Committee through the submission as contained in the pack. The submission was taken as read. The submission was part of the contract extension approved by the Board on 15 February 2013.

RESOLVED that the Committee recommended that the Board approves the Procurement Strategy for network services with the following essential features:

- 95% technical threshold (Minimum criteria).
- Supplier Development initiatives.
- Suppliers who pass the technical threshold will be evaluated against the 90/10 rule; price (90%) and BBBEE (10%).
- Flexibility to allow for the RFP to be evaluated as if PPPFA exemption is active.
- Issue the RFP subject to Board approval.
- Award a 5 year contract as result of the RFP process.

Further **RESOLVED** that the Committee recommended that the Board delegates authority to the GCE to issue the RFP and award a contract to a preferred bidder.

13/2/4

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41

CONFIDENTIAL AND PRIVILEGED

Resolution No/ For Attention

9/12 **Telecommunication LAN & WAN Contract Extension:** The Chairman suggested that Management should initiate the RFP process, acquire the IT Asset Register compiled by the Consultant to-date, and submit to the Committee for information purposes at its next meeting

Mr Singh

The RFP will be finalised by end of July 2013. The IT asset register will be available 28 February 2013 and submitted to the Committee for consideration at the meeting scheduled for 27 March 2013.

9/13 **Telecommunication LAN & WAN Contract Extension:** A list of all major contracts has been compiled to indicate the contracts that will expire in different periods ranging from twelve to twenty-four months so as to initiate RFP processes well in advance. The list will be submitted to the Committee for information purposes at its next meeting

The matter has been finalised.

CONFIDENTIAL AND PRIVILEGED

Resolution No/ For Attention

10 **BOARD ACQUISITIONS AND DISPOSALS COMMITTEE MANDATE**

10.1 The Committee noted the Board Acquisitions and Disposals Committee mandate as contained in the pack.

11 **CLOSE**

There being no further business to conduct, the Chairman declared the meeting closed at 14:05.

CHAIRMAN
DATE: 12/04/2013

DEPUTY GROUP COMPANY SECRETARY
DATE: 12/04/2013

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE C2

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Presentation to BADC – Procurement strategy for Network services

FEB 2013

GJJVDW-103

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Executive Summary

Background:

- Management requested a 21 month extension to the Neotel contract in order to finalise a procurement strategy and tender process for the awarding of network and infrastructure services.
- The Transnet Group Executive Committee however proposed a 15 month extension to the Board Acquisition and Disposal Committee (BADC) and the BADC subsequently proposed a five month extension to the Board of Directors (Board) which was approved.

Risks linked to current Board decision:

- The historic context and related risks linked to the current Board decision are highlighted on slides 3 - 5.

Recommendation and way forward:

- Management is of the view that a long-term extension of the contract would be in the best interest of Transnet but we have highlighted the way forward should this not be acceptable to the Executive Committee, BADC and the Board of Directors (Slides 6 – 8)

COMMISSION OF INQUIRY STATE CAPTURE

GJJVDW-104

Background

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- **Establishment of Transtel** which provides telecommunication services to external customers

- Transnet's **4 Point Turnaround strategy was initiated**
- **Sale of Transtel assets to Neotel**

- **End of 5-year Outsourcing contract with Neotel**
- Detecon project ends (Due Diligence & Sourcing Strategy)

- **End of 5-year Outsourcing contract with T-Systems**

- As part of the disposal of non core Assets and Business units during Transnet's turnaround and restructuring process; **major components of Transnet network and telecommunication infrastructure were transferred to Transtel and subsequently sold to Neotel** as part of the establishment of the Second Network Operator;
- This sale of Transtel followed a section 197 process which **included the transfer of personnel, telecommunication and transmission assets;**
- The **value of the transaction at that point was R230 million**;
- As part of the transaction **Local Area Network (LAN) services and assets** which was part of the Arivia.kom portfolio was incorporated into the Transtel sale to enhance the value proposition; and
- The deal also included the award of a **5 year Master Services Agreement** with an approximated total **value of R1.9 Billion** for the provision of LAN, wide area network (WAN) & other telecommunication services across Transnet. This 5 year contract expires in March 2013.

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GJJVDW-105

Agenda

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1 **5 Months Scenario**

2 21 Months+ Scenarios

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GJJVDW-106

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Risks linked to short term contract extension

The risks linked to the current Board approved 5 month contract extension and RFP as well the previously requested 21 month extension are highlighted below and on the next slide:

5 Month extension (High Risk)	Risk Exposure	21 Months extension with RFP process (Medium Risk)	Risk Exposure
Limited Opportunity to buy back assets from Neotel. (Longer term contract extension required from Neotel to enable potential asset buy back)	H	Increased opportunity to buy back certain assets from Neotel.	M
Contract Award & Service Transition impossible due to the complexity and magnitude of the Transnet Network as demonstrated in timelines	H	Contract Award & Service Transition difficult due to the complexity and magnitude of the Transnet Network as demonstrated in timelines	M
Increased operational cost and decrease in service delivery due to lack of investment by Neotel	H	Increased operational cost and decrease in service delivery due to lack of investment by Neotel.	M
Increased operational instability due to reduced focus on Transnet account by Neotel	H	Increased operational instability due to reduced focus on Transnet account by Neotel	L
Loss of revenue as a result of poor service levels and network downtime	H	Loss of revenue as a result of poor service levels and network downtime	L
Inability to ramp up and transition to a new service provider with limited impact on operations	H	Inability to ramp up and transition to a new service provider with limited impact on operations	M
Business interruption due to inadequate planning when transitioning to the new service provider	M	Business interruption due to inadequate planning when transitioning to the new service provider	M
Unwillingness from Neotel to agree to 5 month extension based on current terms and pricing	H	Unwillingness from Neotel to agree to 5 month extension based on current terms and pricing	L
Limited ability to negotiate discount on suggested R150 million local area network (LAN) point dispute.	H	Limited ability to negotiate discount on suggested R150 million local area network (LAN) point dispute.	L

Detecon has advised that a 36 month contract extension would be the preferred solution in order for Transnet to limit the risk of dependency on a third party service provider and enable Transnet to negotiate more favorable sourcing options.

GJJVDW-107

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Risks linked to immediate RFP process

Immediate / Short term RFP process (High Risk)	Risk Exposure
Potential breakdown in relationship with Neotel which could result in: • Non-participation from Neotel in tender process potentially resulting in non-award and Transnet having to go back to Neotel and negotiate and extension at increased prices; • Neotel submits tender with significantly increased / inflated prices as they know that they are the only company with the fiber coverage to service Transnet's needs at this stage; • Neotel leases its assets to another service provider who is the preferred bidder at additional cost to Transnet; • Another company is selected preferred bidder and not able to deliver with potential catastrophic impact on Transnet operations. • Another company passes the technical threshold at a cheaper price making this company the preferred bidder but is unable to deliver resulting in non-award resulting in further extension of Neotel contract.	H
Challenge from other service providers if RFP is perceived to be exclusionary (Infrastructure coverage will be biased towards Neotel as the Transnet network assets were sold to Neotel.)	H
Management will have to go back to BADC and the BOD for a further contract extension unless Neotel is the preferred service provider or another company negotiates a lease of assets with Neotel.	M

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GJJVDW-108

Transnet's current dependency on Neotel

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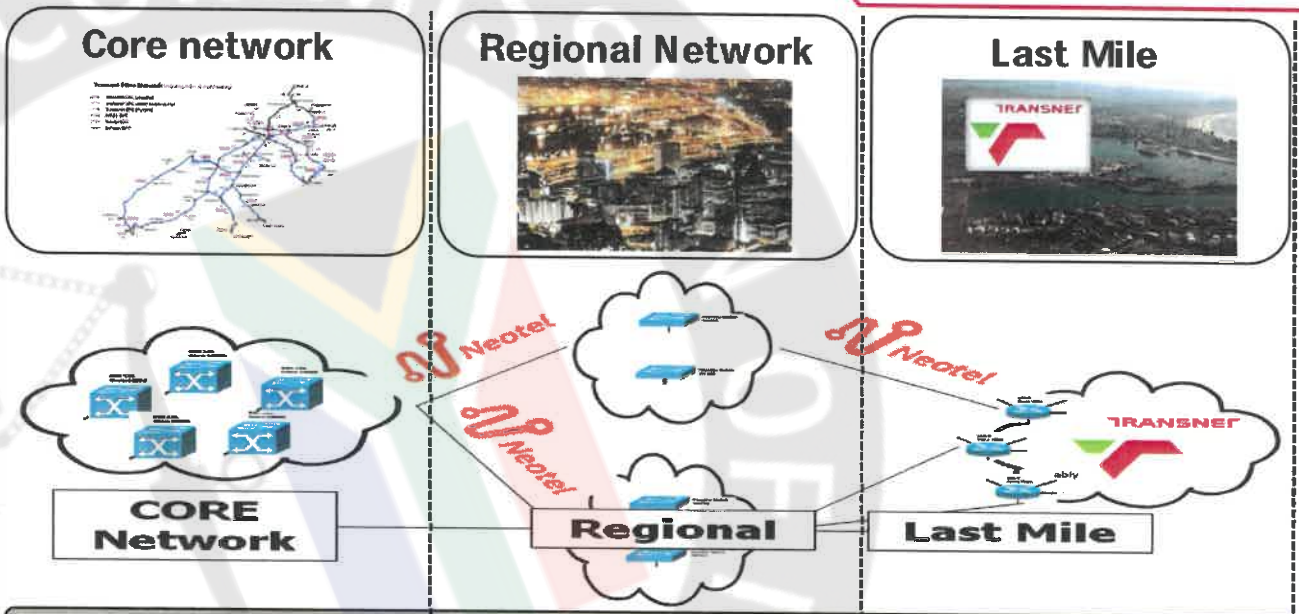
No other Outsource Service Provider (OSP) currently has the last mile infrastructure to cater for Transnet requirements



Service Provider	Ability to execute to due coverage		
Neotel	●	●	●
Telkom SA	●	●	◑
Vodacom	●	◕	◔
MTN	●	◕	◔
Broadband Infraco	●	◑	○

GJJVDW-109

Proposed services to be included in the RFP scope

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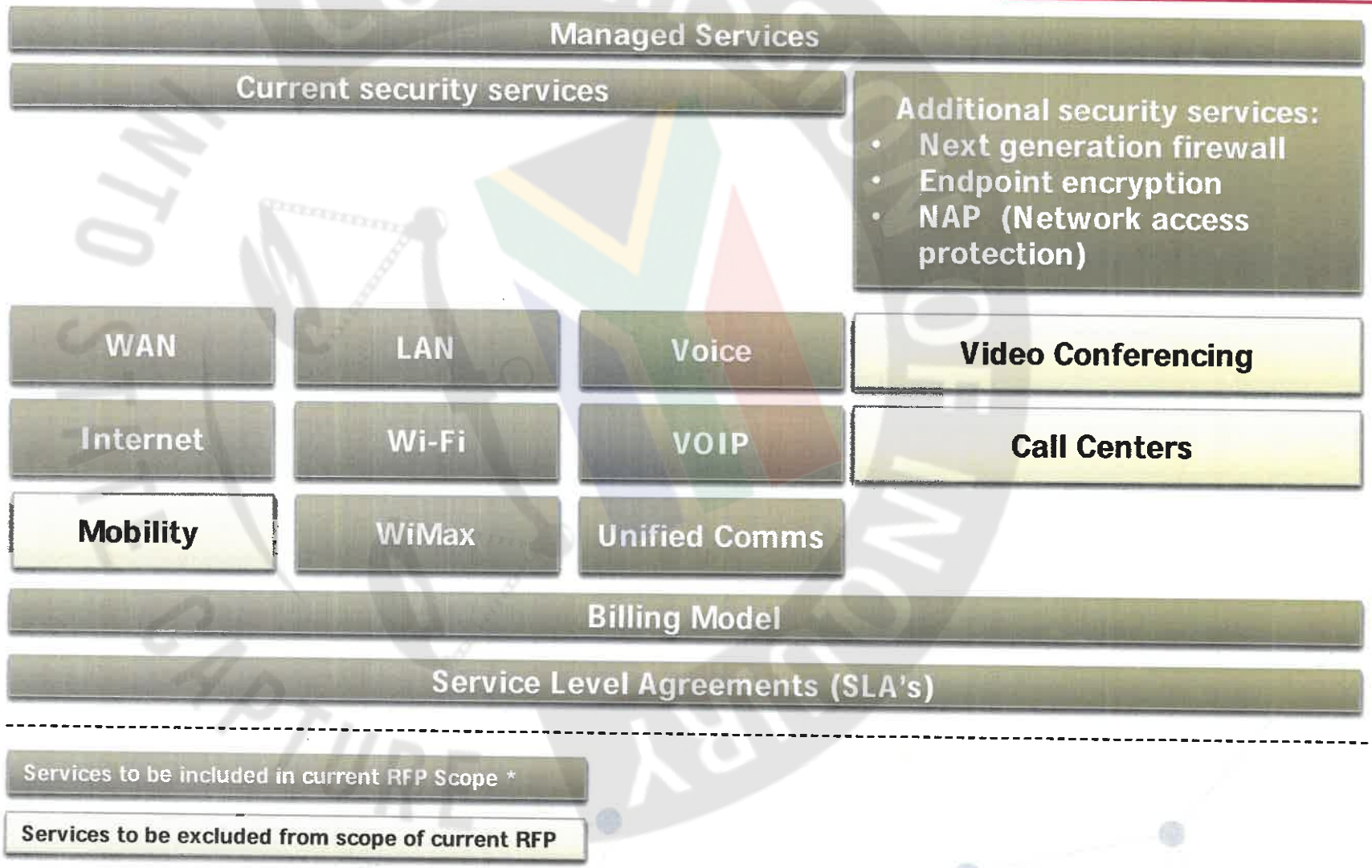
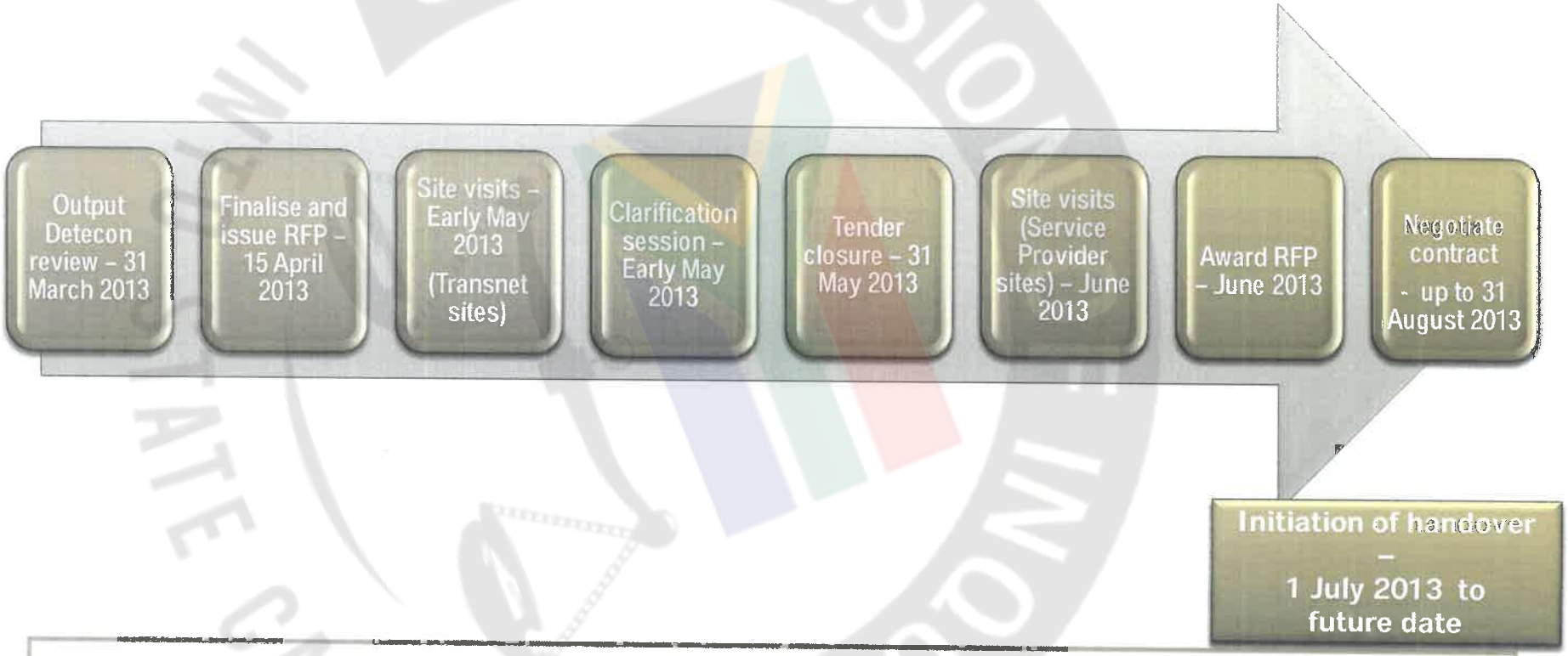


* - Services to be further refined after outcome of Detecon due diligence

GJJVDW-110

Timeline and criteria for RFP process



A further contract extension with Neotel is highly likely unless:

- Neotel is the preferred bidder; or
- Neotel negotiates a lease agreement of assets with another service provider.

GJJVDW-111

Evaluation Criteria

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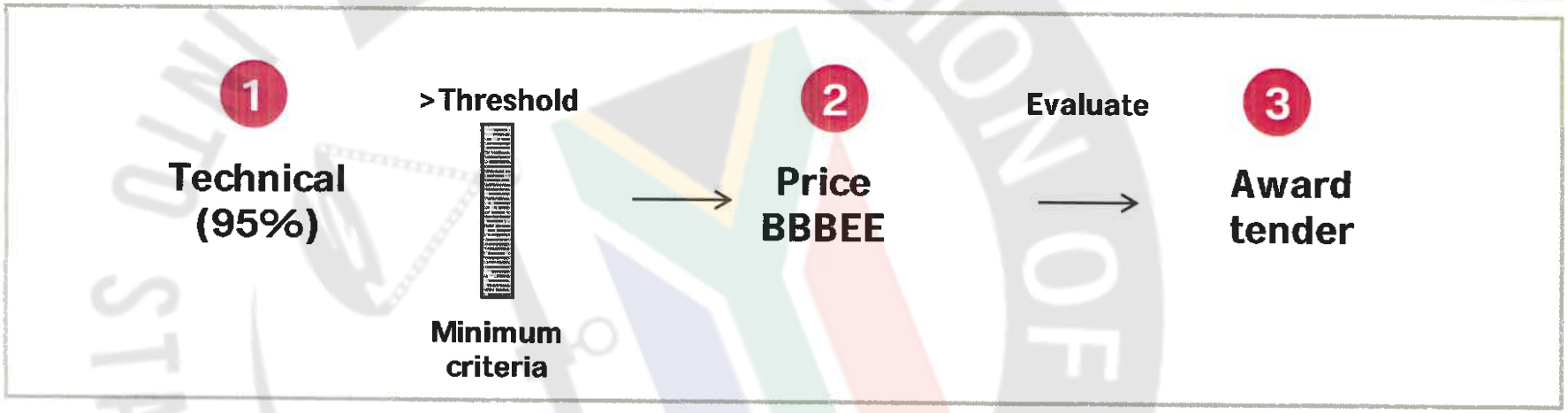
Single stage methodology (technical)



1. **Potential suppliers will first need to pass a technical evaluation** in order to determine whether or not the supplier will be able to meet Transnet's business requirements.
2. Once the minimum criteria is met the **suppliers are evaluated against price (90%) and BBBEE (10%); and**
3. **Transnet will award** the tender based on the results of 1-2

It is recommended that a 5 year contract be awarded resulting from this RFP process

GJJVDW-112

Agenda

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1 5 Months Scenario

2 **21 Months + Scenarios**

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GJJVDW-113

Strategic Sourcing needs 21 months +

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BADC Sourcing decision of 5 months will not change provider.

	RFP Process	Transition Planning	Transition	Total
Best case	4 Months	3 Months	14 Months	21 Months
Transnet	8 Months	6 Months	22 Months	36 Months
BADC	5 Months	No transition phase!		

Current Project:

Due Diligence and Strategic Options

- RFP process within Transnet is timely
- Complex evaluation phase and contract negotiations expected to be time consuming

- Availability and capability of Transnet and OSP staff limited

- Deployment of infrastructure (eg. TFR signaling & microwave) takes 24 months
- Roll-out can only start after new service provider is appointed

New Operation Model:

Sourcing of network infra-structure

Uninterrupted Business Operations

GJJVDW-114

Rational for previously requested 21 month extension

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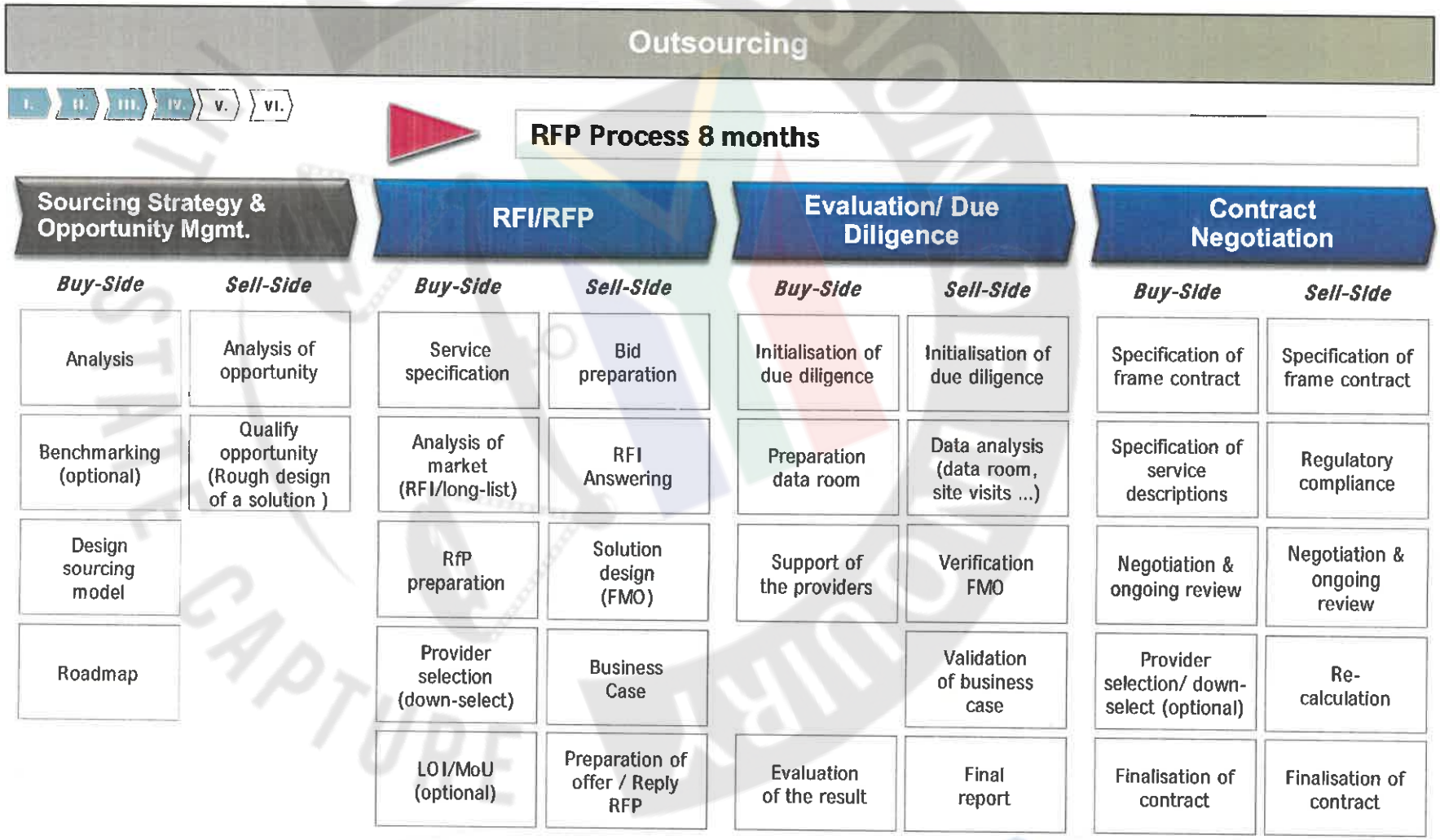
- Certain network assets, **critical to Transnet operations** was sold to Neotel as part of the Transtel sale of business which includes microwave dishes on the rail lines (used for communication) and connectivity to the major ports (optical fiber cables);
- Transnet is **currently dependent** on Neotel as a result of Neotel owning infrastructure critical for Transnet operations;

  (See slide 6.)
- Although most of the critical network and telecommunication infrastructure can be replaced by other outsourcing service providers the costs, time and complexity of such transition represents a significant and unique challenge;
- Transnet management has recommended a minimum 21 month contract extension which will enable Transnet to replace or negotiate buy back of critical network and telecommunications infrastructure to limit the dependency on any 3rd party service provider and increase Transnet's reliance on its own network and telecommunications infrastructure;
- This proposed 21 month extension will aim to mitigate the following risks:
  - Extended business interruptions due to unavailability of critical network assets resulting in loss of revenue, eg;
    - Train stoppages due to telemeter unavailability;
    - Shutdown of ports due to no / limited connectivity;
  - Network unavailability due to lack of investment by Neotel;
  - Increased operational cost and decrease in service delivery due to lack of investment by Neotel.
- Neotel has indicated a willingness to negotiate the buy-back of certain critical network assets should Transnet be willing to enter into a contract extension with a 21 months tenure.
- However a holistic strategic sourcing (transition incl. roll out of infrastructure and buy back) may take up to 36 months

GJJVDW-115

Outsourcing Process in Detail (1/2)



GJJVDW-116

Outsourcing Process in Detail (2/2)

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Transition & Transformation Management

I. II. III. IV. V. VI.

Transition Planning 6 months

Transition Planning

Service Management	*Technological Transition*	*Commercial Transition*	*HR Transition*
Setup of reporting & SLA Mgmt	Internal IT (e.g. clients, email)	Transfer of assets	Transfer of employees/ contracts
Invoicing & price model implementation	Network separation/ -transition	Transfer third-party contracts	Contractor management
Processes (COM, Pro-curement)	Server/ data center move, ...	Business Case & Financial engineering	Move of personnel
Contract Management	Evaluation & Positioning of current projects	Setup controlling instruments	Communication (employees, social partners)
Project Management Office	Final Mode of Operations Architecture Mgmt.	Training (Assets, Contracts, Services, Mgmt)	**Change Mgmt.**

Transition 22 months

Transition

Technological Transformation		*Commercial Transformation*	*HR Transformation*
Data center optimization/ consolidation	UHD & Support Setup/ consolidation	Supplier (Re-negotiation, termination)	Organizational Redesign
Application-optimization/ consolidation	Desktop Mgmt./ Client Rollout		Contractor (Re-negotiation, termination)
Network optimization/ consolidation	Near-/ Offshoring		Location Consolidation
Project Management Office		Business Case Controlling	Process-optimization/ standardization

Neotel

GJJVDW-117

Recommendation for 36 months extension with Neotel and prepare strategic sourcing meanwhile

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	Due Diligence & RFP Process	Transition Planning	Transition	Total
Transnet	8 Months	6 Months	22 Months	36 Months

1. Reasonable and practical sourcing timeline ☑
2. In-sourcing will require infrastructure deployment (2 years) ☑
3. Opportunity to negotiate buy back of network & telco assets ☑
4. Limited / no impact on operations ☑

Recommendation

36 months contract extension with Neotel and find alternatives in the meantime.

GJJVDW-118

ANNEXURE D1

Transnet SOC Limited
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2526
F +27 11 308 2312

TRANSNET

MEMORANDUM:

www.transnet.net

To: Brian Molefe, Group Chief Executive

From: Anoj Singh, Group Chief Financial Officer
Garry Pita, Group Chief Supply Chain Officer

Date: 29 May 2013

Subject: **Request to approve the Network Services Sourcing Strategy, Request for Proposal (RFP) and Advert for provision of Network Services to Transnet SOC Limited for a period of three (3) years with an option to extend for two (2) years – GSM/13/04/0722**

PURPOSE OF SUBMISSION:

1. To request the Group Chief Executive (GCE) to:

   a) Approves the Network Services Sourcing Strategy (Annexure A), RFP (Annexure B) and Advert (Annexure C) to go out on an open tender;

   b) Grant authority to advertise and issue an RFP to the open market for provision of Network Services to Transnet SOC Ltd and its Operating Divisions (OD's) for a period of three (3) years with an option to extend for two (2) years.

BACKGROUND:

2. Transnet SOC Ltd awarded a Network and Telecommunications contract to Neotel (Pty) Ltd for a period of five (5) years as a result of a sale agreement for Transtel as a going concern. The contract was effective from 01 April 2008 until 31 March 2013. The Transnet Board of Directors subsequently approved a five (5) month extension of this contract to 31 August 2013 and requested that a new RFP be issued to the market and contract awarded during the extension period.

3. The successful bidder emanating from this RFP process is expected to be appointed in August 2013 based on the Network Services RFP project plan as agreed with the BADC and the Transnet Board (See Annexure D).

DISCUSSION:

4. Transnet needs to appoint a capable service provider to provide Network Services through an outsourced model as a result of a Neotel (Pty) Ltd contract expiring on 31 August 2013. The envisaged contract will be valid for a period of 3 years with an option to extend for 2 years subject to acceptable performance of the appointed service provider(s) and Transnet's operational requirements in line with the new convergence strategy (See Annexure E).

5. The sourcing option that will be adopted for this RFP is based on a single service provider being appointed as a primary service provider with possible multiple partners that will augment their capacity and capability to provide services on all nine ICT service towers that have been identified by Information Management Services (IMS). The primary service provider who will contract with Transnet will act as an Aggregator and will assume the overall responsibility for service delivery on the contract. Although this is Transnet's preference, the RFP will allow flexibility for Transnet to award service towers to multiple service providers.

6. The above chosen strategy was based on an extensive Due Diligence exercise that was performed by Detecon Consulting (Network Strategy Service Provider) which took into account Transnet's operational requirements, risk profile, contract management maturity level and the Market Demand Strategy (MDS).

7. Bidders will be requested to provide a detailed transition plan for migration of services from the current service provider to the new service provider as part of their technical tender returnable documents. The actual transition period will depend on their geographic network coverage, size and capability of the successful bidder(s).

8. Based on Transnet's network requirements and the advice received from Detecon, a transition period should not take more than 21 months. In the RFP bidders will be requested to present their transition plan with risks and assumptions as part of their RFP submission, in order to give Transnet an estimated transition period based on their market intelligence.

9. Due to the value of this contract the bidders for the Network Services RFP will be evaluated on a 90/10 principle as recommended by the BADC in line with PPPFA. Bidders will be requested to commit to spend a minimum of 30% of the Transnet contract value on Supplier Development (SD) initiatives which will include but not limited to, subcontracting to Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including Black People with Disabilities and South African National Military Veterans Association (SNMVA) as part of the SD pre-qualification criteria for this RFP.

10. SD plans and B-BBEE improvement plans will also form part of post tender negotiations in order to ensure that Transnet achieves its transformation objectives. In terms of the 90/10 principle, a weighting of 90% will be allocated to price and 10% to B-BBEE (B-BBEE scorecard).

11. The Board Acquisitions and Disposals Committee (BADC) approved the Network Services sourcing strategy on 29 May 2013 and delegated authority to the GCE to approve the Sourcing Strategy, RFP, Advert and contract award for the Network Services RFP.

12. In drafting the RFP, all advice and requirements from the relevant stakeholders were solicited and incorporated. We will also endeavour to include as much information as possible to the potential bidders in the interests of an open and transparent tender process.

13. The RFP will be advertised country wide in several newspapers as follows: Sunday Times, Business Day, The Star, Citizen, Cape Argus, Natal Mercury, Sowetan, Daily Dispatch, EP Herald, Volksblad, City Press and The New Age.

FINANCIAL IMPLICATIONS:

14. The estimated spend for Network and Telecommunications services contract is R1.5 billion over a period of three (3) years. The above estimation is based on the current Neotel contract spend of R500 million per annum.

15. The estimated contract spend over a period of five (5) years is estimated at R2.5 billion should Transnet choose to exercise its option of a further two (2) years extension on the new contract. An endeavour will however be made to negotiate a minimum 10% savings based on the current contract spend.

BUDGET IMPLICATIONS:

16. Transnet Group and all OD's have existing budgets in place for their respective Network and Telecommunications services requirements.

APPROVALS AND DELEGATION:

17. The GCE's approval is requested to approve the Sourcing Strategy, RFP and Advert to issue a Network Services RFP to the open market based on the delegated authority from the BADC (See Annexure F).

RECOMMENDATION:

18. It is recommended that the Group Chief Executive (GCE):

a) Approves the Network Services Sourcing Strategy (Annexure A), RFP (Annexure B) and Advert (Annexure C) to go out on an open tender;

b) Grant authority to advertise and issue a RFP to the open market for provision of Network Services to Transnet SOC Ltd and its Operating Divisions (OD's) for a period of three (3) years with an option to extend for two (2) years.

COMPILED BY

Macdonald Maluleke
Commodity Manager: Group Strategic Sourcing
Date: 23/05/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager: Office of the Head: EIMS
Date: 23/05/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Fanie van der Walt
Executive Manager: Group Strategic Sourcing
Date: 23/05/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Mmadiboka Chokoe
Executive Manager: Supplier Development
Date: 24/5/13

RECOMMENDED/NOT RECOMMENDED

pp. As per discussion with Ken @ 12:00

Ken Jarvis
Acting Head: EIMS
Date: 24/05/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Anoj Singh
Group Chief Financial Officer
Date: 03/06/13.

RECOMMENDED/~~NOT RECOMMENDED~~

Mandla Dube
Category Manager: Group Strategic Sourcing
Date: 23/05/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Yusuf Loonat
Executive Manager: Enterprise Service Delivery
Date: 23-05-2013

RECOMMENDED/~~NOT RECOMMENDED~~

Loyiso Mnqandi
Principal Legal Advisor: Group Legal Services
Date: 23-05-2013

RECOMMENDED/~~NOT RECOMMENDED~~

Peter Volmink
Executive Manager: Governance & Compliance
Date: 31/5/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 24/5/13

APPROVED/~~NOT APPROVED~~

Brian Molefe
Group Chief Executive
Date: 4.6.13.

ANNEXURE D2

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Transnet BADC Networks Presentation

29 MAY 2013

GJJVDW-125

Purpose of this submission

- To request the Board Acquisitions and Disposals Committee (BADC) to:
  - Approve the changes on the previously recommended and approved Network Services Procurement strategy
  - Grant authority to the GCE to approve the Network Services RFP, Advertise , Negotiate, Award, Contract and sign all relevant documentation in line with the approved strategy.

SOURCE: Team analysis

GJJVDW-126

BACKGROUND - RESOLUTIONS

At the Transnet Board meeting held on the 15th of February 2013, the Board approved the following relating to the Network and telecoms contract extension and RFP:

- 5 months extension of the Neotel (Pty) Ltd contract for provision of Network and Telecommunications services with effect from 1 April until 31 August 2013.
- Delegated authority to the Board Acquisitions and Disposals Committee to approve the Sourcing Strategy, RFP and Contract Award for the Networks and Telecoms tender.
- Delegated authority to the GCE to sign all the documentation to effect the contract extension.

•The BADC meeting of the 27th of February 2013, recommended the proposed network and Telecommunications sourcing strategy to the Board for approval as follows:

- 95% Technical Threshold (Minimum Criteria)
- Supplier Development initiatives
- Suppliers who pass the technical threshold will be evaluated against the 90/10 rule; price (90%) and BBBEE (10%)
- Flexibility to allow for the RFP to be evaluated as if PPPFA exemption is active
- Issue the RFP subject to Board for approval
- Award a 5 year contract as a result of the RFP process

The BADC further resolved that the Committee recommend that the Board delegates authority to the GCE to issue the RFP and award a contract to a preferred bidder.

Seeing that the Board already delegated authority to the BADC to approve the Procurement strategy, it is recommended that the BADC approves the strategy based on the delegated authority

GJJVDW-127

PROPOSED AMENDMENTS FROM PREVIOUS APPROVED STRATEGY

TRANSNET

1. 95% Minimum technical threshold:
   - The RFP preparation team has proposed to split the original 95% minimum technical threshold between pre-qualification and technical thresholds based on recommendations made by industry experts, Gartner & Detecon due to the following reasons:
     - Technical threshold:
       - The 95% threshold had a high risk of non-award based on the paper based evaluation and can potentially limit the number of bidders - Current Industry standard suggest that a threshold of between 60% and 70%
       - Three prominent Network Tenders for a similar scope of services were recently issued to the market with technical thresholds ranging between 60% and 70%.
     - Pre-Qualification Criteria:
       - Previously there were no pre-qualification criteria, we have now proposed the following: (See slide 7 for more detail)
         - Coverage of the bidders support capacity – To ensure continued support of Transnet's business requirements
         - Experience in providing technical services – Proven prior experience available to manage the highly complex services as required by Transnet
         - Scale of current technical operations compared to Transnet's Geographical footprint - To cater for Transnet's service level requirement aligned with MDS
   - Accordingly a 70% technical threshold was included and pre-qualification criteria included in the sourcing strategy.

2. 5 year vs. 3+2 Contract Term:
   - Originally a 5 year contract was proposed and recommended by the BADC. During the RFP preparation it was suggested to amend this slightly by opting for a three (3) year contract with the option to extend for an additional two (2) years. (Five years in total)
   - The rationale for this was twofold:
     - The Telecommunication and technology market is going through a significant amount of convergence and consolidation (both in terms of market players and technology vendors) This presents Transnet with a unique opportunity to consolidate service providers at a discounted price e.g. Fixed and mobile voice services
     - Although robust contract and service management practices will be applied, a three year contract provides management with increased flexibility to exit a contract that may not be meeting Transnet's MDS requirements

GJJVDW-128

PROPOSED TECHNICAL PRE-QUALIFICATION COMPLIANCE CRITERIA (PER BID)

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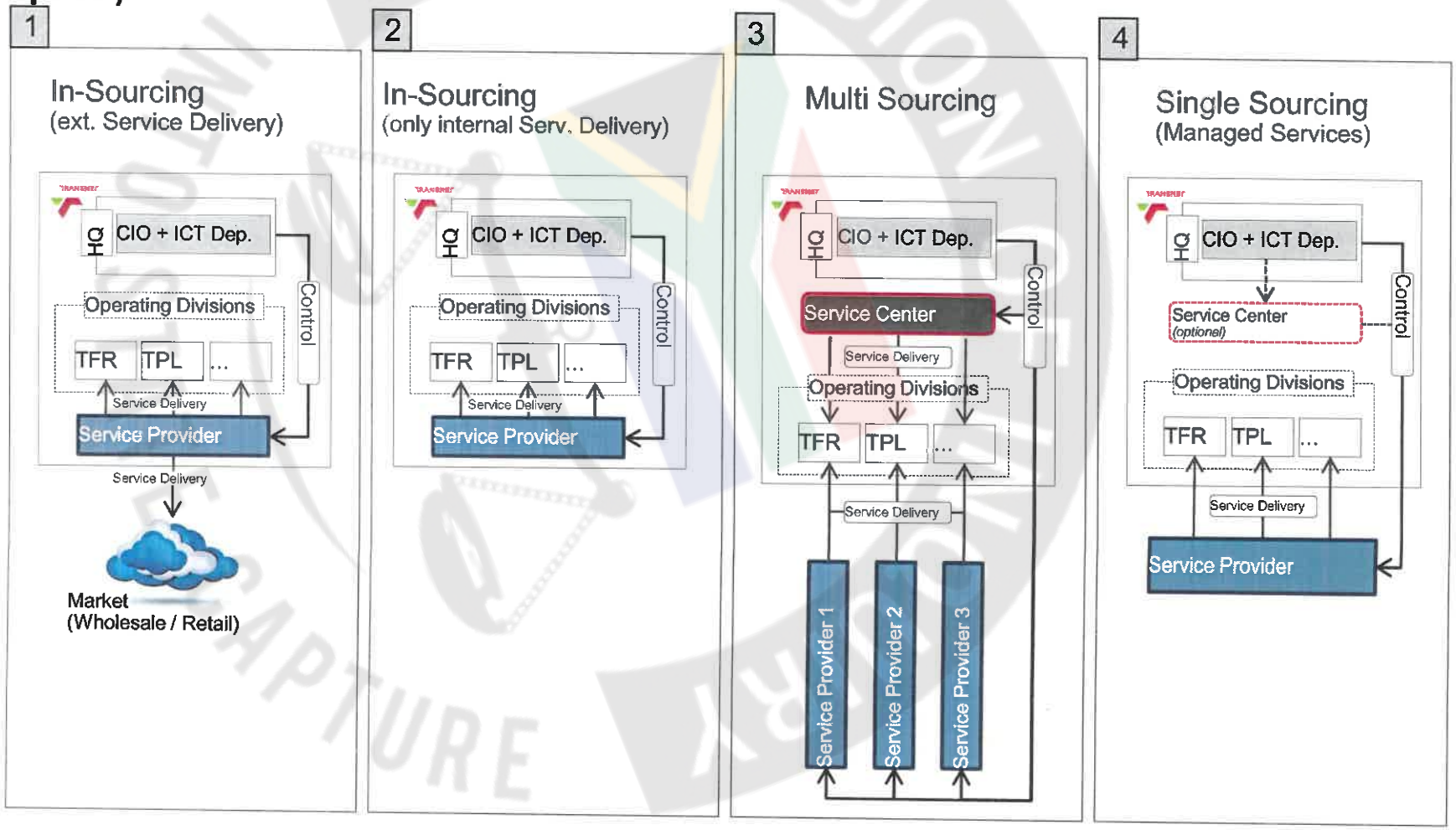
	Description:
Voice Service	• 5 Years experience in providing end to end provisioning of Voice Services including CPE through to PBX's and interconnect with other voice providers • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements. Voice service requirements with a minimum of 80% coverage to Transnet sites requiring WAN services.
Wide Area Network Service	• Provider has a suitable MPLS or similar Core network with sufficient National backhaul and regional presence to cover all major metro areas and scale to cater for other outlying WAN service requirements with a minimum of 80% coverage to Transnet sites requiring WAN services. • 5 Years experience providing WAN Services on a national scale. • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements.
Local Area Network Service	• 5 years experience in providing LAN services and a proven track record of cost and performance optimised services for both wired and wireless LAN services • Presence in all provinces of South Africa to support Transnet's operational requirements, and service Transnet distributed requirements.
Help Desk Services	• Demonstrated Track record for Service Desk support for a large diverse, 24 hour operational business customer with relevant scale to cater for growth, first call resolution as well as catch and dispatch services
Internet Services	• Multiple Peering points and access to a minimum of 2 undersea cables for the provision of international internet access. Provider must be able to demonstrate reputation for strong Internet security services.
Mobility Services	• Self-provisioning or peering agreements with Mobile and fixed network service providers for APN and dialup. VPN services for securing mobile security solutions with a strong pedigree of reliability and data integrity.
Relationship Management Services	• At least 5 years of experience in managing a large enterprise account (more than 2000 users)

Black owned SME's & QME's have the opportunity to partner with other players to participate in this Process (also reference SD Pre-qualification criteria) being 30% of contract value SD commitment . Joint Ventures between these players will be considered.

GJJVDW-129

ORIGINAL SOURCING SCENARIOS CONSIDERED – NO CHANGE

The following scenarios were evaluated (No change to original proposed sourcing option)



GJJVDW-130

SCENARIOS PROS & CONS
(OPTION 4 IS STILL RECOMMENDED ON THIS RFP)

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1 In-Sourcing (ext. Service Delivery)

- Potential extra sales stream to increase overall group revenue
- Higher utilisation of own infrastructure and thereby a better return on investment
- Substantial investment into ICT infrastructure and service portfolio (CAPEX)
- Sourcing of additional ICT equipment will also increase OPEX spending because of maintenance costs etc.
- Substantial additional Resourcing required with additional costs & risks & Skills availability

2 In-Sourcing (only internal Serv. Delivery)

- Better management of ICT infrastructure and services through increased control
- Information about KPIs and quality of services much easier to track, monitor and control
- Substantial investment into ICT infrastructure (CAPEX)
- Sourcing of additional ICT equipment will also increase OPEX spending without the guarantee of an acceptable return on investment

3 Multi Sourcing

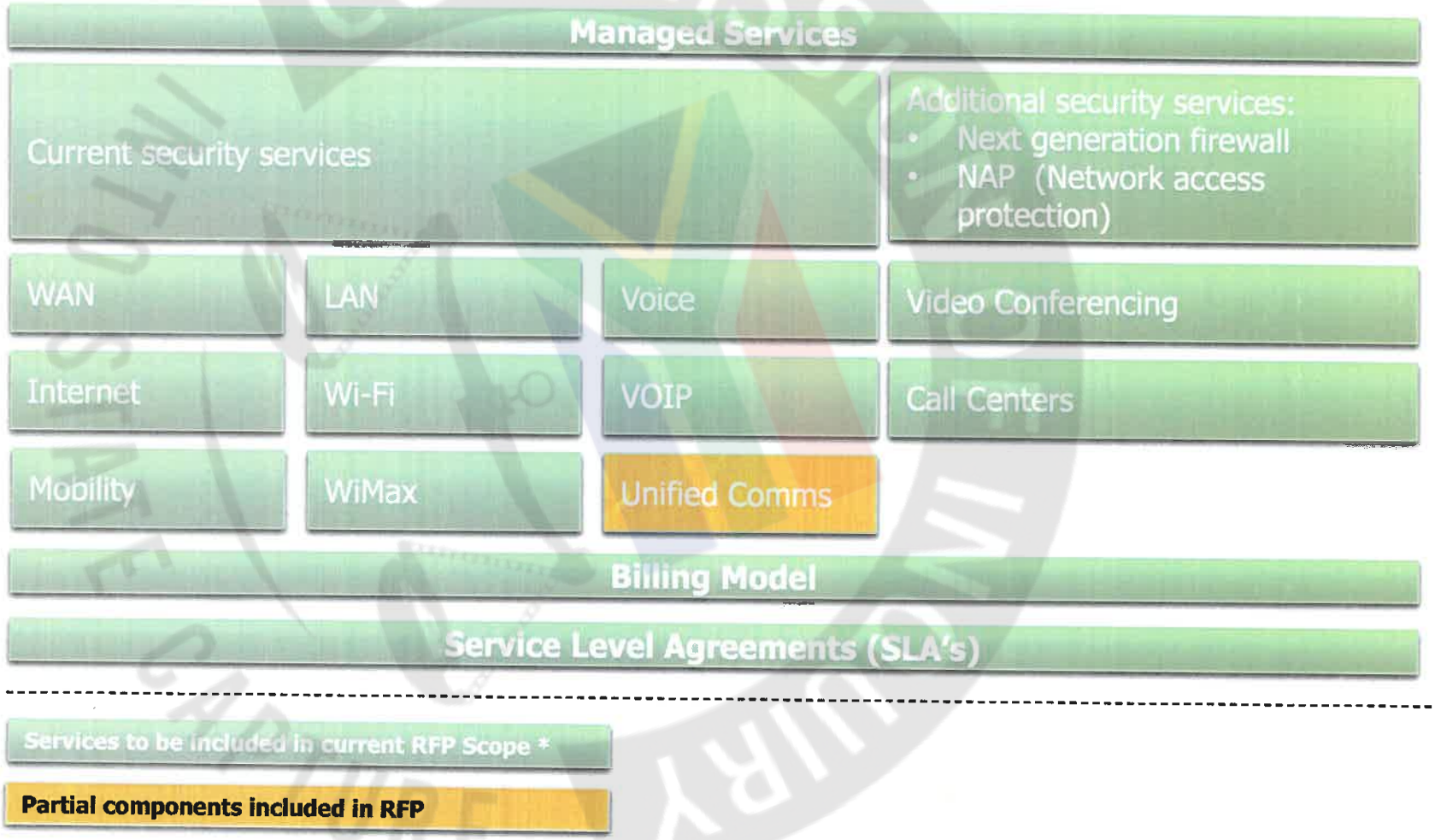
- Transparent and linear cost structure (no ups and downs) can be achieved- flex with the business
- Concentration on core business
- Extremely competitive prices paid for ICT services
- Possible limited control over quality
- High SLA coordination and enforcement effort
- High organisational coordination complexity
- Requires Significant Transnet maturity

4 Single Sourcing (Managed Services)

- Transparent and linear cost structure (no ups and downs) can be achieved
- Less organizational and coordination complexity
- Effective control over quality and enforcement of SLAs
- Risk of high dependency on OSP
- Limited flexibility with regards to ICT service portfolio
- Loss of ICT skills, personnel and competencies

GJJVDW-131

Proposed services to be included in the RFP scope



GJJVDW-132

Once proposals have been received they will be evaluated according to the following evaluation criteria

Pre-qualification

Step 1

Administrative responsiveness

Returnable documents schedule

Technical:
- Pre-qualification

Supplier Development Bid Document:
- Bidders will submit their SD commitments as returnable documents.
- Minimum pre- qualification of 30% of contract value

B-BBEE:
- Bidders will be requested to provide a B-BBEE improvement plan as to how bidders will improve their B-BBEE status over the contract period as an additional document.

Step 2

Substantive responsiveness

Prequalification

Stage 1

Step 3

Minimum Thresholds

Functionality / Technical: **70%** threshold

Technical / functional criteria and weightings will be stipulated in the tender documents at **70%**

Stage 2

Step 4

Weighted scoring / 100

Price / B-BBEE of **90/10** will be used

WEIGHTED SCORE

Step 5

Post tender negotiation requesting preferred bidders to provide their
- **BAFO**
- **SD Bid Document**
- **B-BBEE improvement plan**

Final evaluation **90/10**

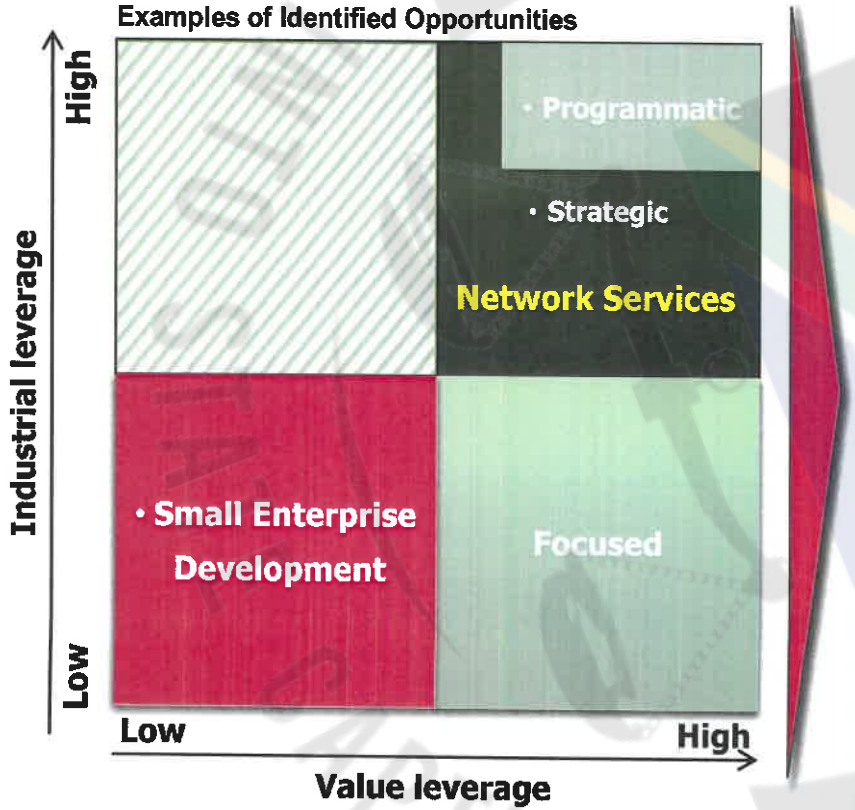
Due diligence

Step 6

Award of contract

GJJVDW-133

Transnet's SD Strategy – Main focus areas



- **Capability and Capacity Building**
  - *Rand value and list of parts and components that are sourced locally as a % of the total bid price*
- **Technology and IPR transfers**
  - *Rand value* of proposed transfers of Technology and methodologies to local Black Owned QSE's, EME's, and start-ups against Award of Contract
  - *Rand value* of other technology initiatives to local Black Owned QSE's, EME's, and start-ups against Award of Contract
- **New skills development**
  - *Number and Rand value* of Black Technicians within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black apprentices within Transnet to be trained over the Contract Period
  - *Number and Rand value* of Black Women apprentices to be trained over the Contract Period
  - *Number and Rand value* of tertiary education bursaries and/or scholarships in the same sector to be offered by your company.
- **Job creation and/or job preservation**
  - *Number and Rand value* of new skilled and unskilled jobs to be created for Blacks due to Award of Contract
  - *Number* of jobs of blacks which would be preserved through Award of Contract
  - *Number* of jobs to be created for Black youth, Black women and Blacks with disabilities through Award of Contract
- **Small business promotion**
  - % of your projected procurement spend from Black businesses with an annual turnover of less than R35 million (QSEs, EMEs and start-up companies)
  - % of the estimated contract value which would be subcontracted to preferably Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including Military Veterans and Black People with Disabilities
- **Training**
  - *Number of hours technical training to be offered to Black owned EME'S,QSE"S and Start-Ups Employees (not less than 10) in the same industry*
  - *Number of hours soft skills training to be offered to Black owned EME"S, QSE"S and Start-Ups Employees (not less than 10) in the same industry*
- **Rural integration and regional development**
  - *Number* of Black people employed from within the town/city of operation
  - *Rand value* spent on Black businesses within the town/city of operation
  - *Number* and *Rand value* of Black rural businesses that the Service Provider plans to develop as a result of the contract

GJJVDW-134

The technical evaluation threshold of 70% will need to be achieved in order for a potential supplier to progress to the next stage

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Technical evaluation

100%

Technical (threshold of 70% to be exceeded in order to proceed to the next evaluation stage)

- Service Provider Assessment — 20%
- Technical Service Towers — 65%
  - Cross Functional Services
  - Voice Services
  - Wide Area Network Services
  - Local Area Network Services
  - Help & Service Desk
  - Internet Services
  - Mobility Services
  - Wimax Services
  - Relationship Management Services
  - Video Conferencing
- Service Credits — 15%

Notes

- Technical specification was developed with the assistance of an external ICT partner in order to ensure that it is in line with the latest industry best practice
- Detailed evaluation criteria are contained in the annexures to the RFP (Annexure A to P)

STATE CAPTURE COMMISSION INQUIRY

GJJVDW-135

Respondents will then be evaluated according to 90/10 evaluation methodology as outlined on the PPPFA

TRANSNET

Price (90%)	Price will be evaluated as per pricing workbook provided on Annexure P of the main RFP document. The pricing annexure is separated into the following sections:
	• **Pricing Summary:**
	  o Pricing summary 3 year roll up;
	• **Monthly Recurring Charges:**
	  o Wide area network services;
	  o Local are network services;
	  o Help and service desk services;
	  o Internet services;
	  o Mobility services;
	  o Wimax services;
	  o Video conferencing services;
	  o Relationship management services
	• **Once Off Charges for Transition and Migration:**
	  o Voice transition;
	  o Wide area network transition;
	  o Local area network transition;
	  o Help and desk services transition;
	  o Internet transition;
	  o Mobility transition;
	  o Wimax transition;
	  o Video conferencing transition
	• **Unit Rate Charges:**
	  o Hourly rate
	• **Service Provider Pricing:**
	  o Cost reduction;
	  o Pricing assumptions
		90%

B-BBEE (10%)	• Scored according to B-BBEE accreditation	10%

GJJVDW-136

Overall recommended plan is to go out on RFP immediately and complete the necessary activities according to the proposed timelines

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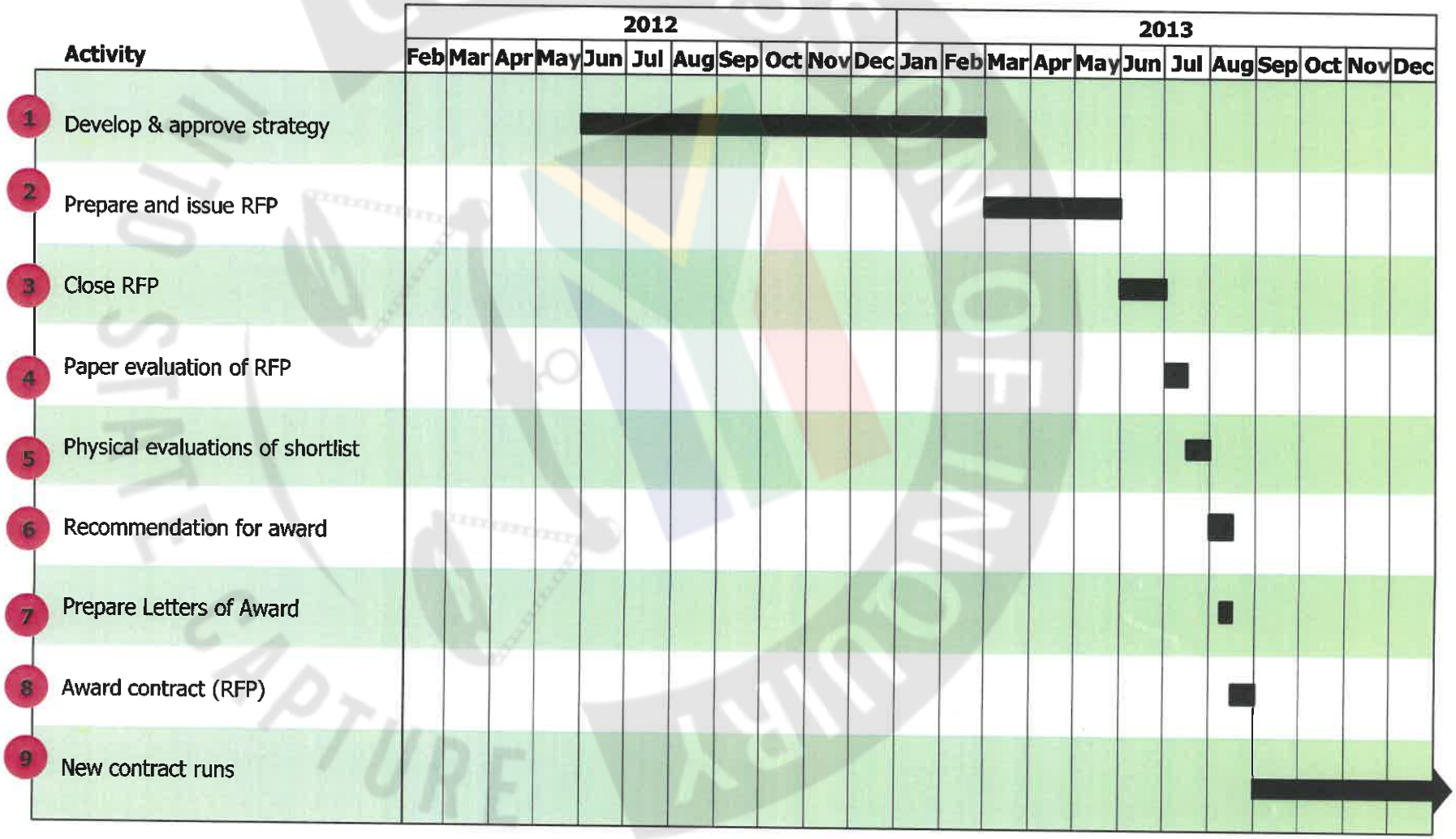

SOURCE: Team Analysis

GJJVDW-137

Recommendation

- **It is recommended that the Board Acquisitions and Disposals Committee (BADC):**
  - Approve the changes on the previously recommended and approved Network Services Procurement strategy
  - Grant authority to the GCE to approve the Network Services RFP, Advertise , Negotiate, Award, Contract and sign all relevant documentation in line with the approved strategy.

SOURCE: Team analysis

GJJVDW-138

ANNEXURE D3

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TENDER NOTICE

REQUEST FOR PROPOSAL (RFP) GSM/13/04/0722

RFP FOR THE APPOINTMENT OF SERVICE PROVIDERS TO PROVIDE NETWORK SERVICES TO TRANSNET SOC LIMITED AND ITS OPERATING DIVISIONS (OD'S) FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS.

Transnet SOC Ltd invites all interested parties to respond to the above-mentioned RFP. Should you be interested in responding to this RFP, kindly purchase and obtain the documents on or after **03 June 2013** from the office of the TAC Secretariat, Danie Oosthuizen, 150 Commissioner Street, Johannesburg, Carlton Centre, 48th Floor, Office 4858 during office hours of 09h00 to 15h00 on weekdays. **RFP documents will only be available until 15h00 on 12 June 2013.**

A specimen copy of the RFP will be made available for viewing at www.transnet.net/Tenders/TC/Pages/default.aspx. However, this document is solely for viewing purposes only.

A compulsory RFP briefing will be conducted in Johannesburg on **13 June 2013** at 150 Commissioner Street, Carlton Centre, Room 4623 and will start punctually at 10h00 for approximately 2 hours.

The RFP document will be available at a non-refundable amount of **R5000.00** (five thousand Rand) each (VAT incl.). Payment is to be made into Transnet SOC Ltd Head Office bank account as stated below:
Bank: Standard Bank, Braamfontein, Account name: Transnet Limited Head Office, Account number: 002373963, Branch code: 004805, **Reference: GSM/13/04/0722 - Company name.**
An official bank deposit slip or EFT statement along with a valid company letterhead must be presented when collecting the RFP documents.
NO CASH PAYMENTS SHALL BE ACCEPTED AT THE TRANSNET OFFICE OF THE TAC SECRETARIAT.

This RFP shall close punctually at 12h00 on 02 July 2013 at the following address:
The Secretary, Transnet Acquisition Council, tender box located at the Foyer, Carlton Centre, Ground Floor, 150 Commissioner Street, Johannesburg, 2001. All RFP submissions must be clearly marked, indicating the RFP number GSM/13/04/0722

For queries regarding the collection of the RFP, please contact Danie Oosthuisen on (011) 308-3528 or alternatively, send an email to: TAC.SECRETARIAT@transnet.net

Transnet urges Clients, Suppliers and Service Providers to report any acts of fraud and/or instances of corruption to Transnet's TIP-OFFS ANONYMOUS on 0800 003 056 or Transnet@tip-offs.com.

freight rail rail engineering pipelines port terminals national ports authority

ANNEXURE D4

Office of **Nokuthula Khumalo**, Deputy Group Company Secretary

TRANSNET

EXCERP FROM THE DRAFT MINUTES OF THE SPECIAL MEETING OF THE BOARD ACQUISITIONS AND DISPOSALS COMMITTEE NO.13/07 HELD ON 29 MAY 2013 AT 13:00 IN STIMELA BOARDROOM, 1ST FLOOR, TRANSNET ENGINEERING OFFICES, 160 LYNNETTE STREET, KILNER PARK

"5.1 **Networks and Telecoms Contract Extension**

RESOLVED that the Committee approved the proposed amendments to the previously recommended and approved Network Services Sourcing Strategy.

Further **RESOLVED** to delegate authority to the GCE to approve the Network Services RFP, advertise, negotiate, award, contract and sign all relevant documentation in line with the approved strategy. 13/7/1"

Certified a true excerpt.

NOKUTHULA KHUMALO
Deputy Group Company Secretary
Transnet SOC Ltd
Date: 30 May 2013

COMMISSION OF INQUIRY INTO STATE CAPTURE

Resolution No/ For Attention

rails with a lead time of six months.

- The acquisition and testing of the turnouts will take place in terms of the agreed Timelines and a report will be submitted to the Committee with a contract to award on 27 September 2013.
- Appointment of a supplier with long-term plans of establishing a local welding facility for rails and turnouts.
- The total costs for the rails will be limited to R750m and the cost for the turnouts will be fixed at R420m. 13/2/2

Messrs Jiyane and Mtetwa were excused from the meeting at 12:30

5.2 **ISCM Strategy Review**

5.2.1 Management took the Committee through the submission as contained in the pack. The submission was taken as read. The purpose of the submission was to review the strategy that was approved in April 2012. Management displayed a monitoring tool and shared the roadmap with the Committee with emphasis on the lowlights being the Human Capital management and iSCM systems which needed improvement. The highlights were the Supplier Development and the logistics programmes which have shown remarkable improvement and have catapulted the Company to greater heights.

5.2.2 Ms Njeke sought clarity on whether the monitoring tool would not duplicate the work of the newly created RMO position. Management informed the Committee that the monitoring tool was procurement based and its focus was on the daily activities that the ODs embark upon in the iSCM environment.

5.2.3 Management informed the Committee that some of the current projects were data clean-up and migration from a budget-based to a need-based procurement process.

5.2.4 Management informed the Committee that there was a major hindrance with capital projects as a result of the withdrawal of the PPPFA exemption. The Committee undertook to schedule a meeting with the Shareholder Minister to resolve the impasse. Ms Tshepe will provide her comments when she has perused the document. Messrs Mkwanazi/ Sharma

RESOLVED that the Committee approved the iSCM Strategy. 13/2/3

5.3 **Extension of the Neotel Contract and the Proposed Procurement Strategy for Network and Infrastructure Services**

5.3.1 Management took the Committee through the submission as contained in the pack. The submission was taken as read. The submission was part of the contract extension approved by the Board on 15 February 2013.

RESOLVED that the Committee recommended that the Board approves the Procurement Strategy for network services with the following essential features:

- 95% technical threshold (Minimum criteria).
- Supplier Development initiatives.
- Suppliers who pass the technical threshold will be evaluated against the 90/10 rule; price (90%) and BBBEE (10%).
- Flexibility to allow for the RFP to be evaluated as if PPPFA exemption is active.
- Issue the RFP subject to Board approval.
- Award a 5 year contract as result of the RFP process.

Further **RESOLVED** that the Committee recommended that the Board delegates authority to the GCE to issue the RFP and award a contract to a preferred bidder. 13/2/4

5.4 **Options to include Supplier Development in procurement methodology**

EXCERPT FROM THE DRAFT MINUTES OF THE BOARD OF DIRECTORS OF TRANSNET SOC LTD MEETING NO. 13/1 HELD ON 15 FEBRUARY 2013 AT 10:00 IN ROOM 723, 1ST FLOOR, THE JUNCTION, MODDERFONTEIN ROAD, ESSELENPARK, KEMPTON PARK

"6.9 **Telecommunication LAN & WAN Contract Extension**

RESOLVED that the Board approved the following:

- 5 months extension of the Neotel (Pty) Ltd contract for provision of Network and Telecommunications services with effect from 1 April until 31 August 2013.
- Delegated authority to the GCE to sign all the documentation to effect the contract extension.
- Delegated authority to the Board Acquisitions and Disposals Committee to approve the Sourcing Strategy, RFP and Contract Award for the Networks and Telecoms tender.

13/1/11"

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE E1

TRANSNET

TRANSNET SOC LTD

[Registration No. 1990/000900/30]

REQUEST FOR PROPOSAL [RFP]

FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

RFP NUMBER	**GSM/13/04/0722**
ISSUE DATE:	**14 June 2013**
CLOSING DATE:	**16 July 2013**
CLOSING TIME:	**12:00**
BID VALIDITY PERIOD:	**90 days from Closing Date**
COMPULSORY BRIEFING:	**27 June 2013 at 10h00**

COMMISSION OF INQUIRY INTO STATE CAPTURE

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RFP APPENDICES:

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APPENDIX (XVIV) GUIDELINES FOR THE COMPLETION OF A SUPPLIER DEVELOPMENT BID DOCUMENT

LIST OF ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
CD	Compact/computer disc
DAC	Divisional Acquisition Council
EME	Exempted Micro Enterprise
GBC	General Bid Conditions
ID	Identity Document
JV	Joint Venture
LOI	Letter of Intent
NDA	Non-Disclosure Agreement
OD	Transnet Operating Division
PPPFA	Preferential Procurement Policy Framework Act
PTN	Post-Tender Negotiations
QSE	Qualifying Small Enterprise
RFP	Request for Proposal
SD	Supplier Development
SME	Small Medium Enterprise
SOC	State Owned Company
TAC	Transnet Acquisition Council
TCO	Total Cost of Ownership
VAT	Value-Added Tax
ZAR	South African Rand

N.B. Technical definitions/acronyms are included as Appendix XV of this RFP

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 1 : NOTICE TO BIDDERS

1 PROPOSAL REQUEST

Responses to this RFP [hereinafter referred to as a **Bid** or a **Proposal**] are requested from persons, companies, close corporations or enterprises [hereinafter referred to as an **entity**, **Respondent** or **Bidder**] for the provision of Network Services [**the Services**] to Transnet for a period of three (3) years with an option to extend for two (2) years.

On or after **14 June 2013**, the RFP documents may be inspected at, and are obtainable from the office of the TAC Secretariat, Room 4857, 48th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg on payment of an amount of R5000.00 [Five thousand rand only] inclusive of VAT per set. Payment is to be made as follows:

Bank:	Standard Bank
Account Number:	00 237 3963
Branch:	Braamfontein
Branch code:	004805
Account Name:	Transnet Limited Head Office
Reference:	GSM/13/04/0722

NOTES –

a) This amount is not refundable.

b) A receipt for such payment made must be presented when collecting the RFP documents and submitted thereafter with your Proposal.

RFP documents will only be available for collection between 09:00 and 15:00 from **14 June 2013** until **26 June 2013.** Therefore payment must be effected prior to the deadline for collection.

N.B: Pursuant to note (b) above, should a third party [such as a courier] be instructed to collect RFP documents on behalf of a Respondent, please ensure that this person [the third party] has a "proof of payment" receipt for presentation to Transnet when collecting the RFP documents.

Any additional information or clarification will be faxed or emailed to all Respondents, if necessary.

2 FORMAL BRIEFING

A compulsory pre-proposal RFP briefing will be conducted at 10:00 on **Thursday 27 June 2013** at Carlton Centre, Office Block, 46th Floor, Room 4623, 150 Commissioner Street, Johannesburg for an estimated period of two hours. [Respondents to provide own transportation and accommodation].

2.1 *A Certificate of Attendance in the form set out in Section 15 hereto must be completed and submitted with your Proposal as proof of attendance is required for a compulsory RFP briefing.*

2.2 Respondents failing to attend the compulsory RFP briefing will be disqualified.

2.3 Respondents without a valid RFP document in their possession will not be allowed to attend the RFP briefing.

2.4 The briefing session will start punctually at 10:00am and information will not be repeated for the benefit of Respondents arriving late.

2.5 Respondents who are locally based but have a technical partner that is based overseas will be required to attend the briefing session in person while their overseas partner will be given an option to dial in for the briefing session if they are unable to also attend the briefing session in person.

3 PROPOSAL SUBMISSION

Proposals are required **as follows, 1 original and 3 copies which must be exact copies of the original bid plus a CD copy.** Such proposals must reach the Secretariat, Transnet Acquisition Council before the closing hour on the date shown below, and must be enclosed in a sealed envelope which must have inscribed on the outside:

RFP No:	GSM/13/04/0722
Description	PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS
Closing date and time:	**12:00 on Tuesday 16 July 2013**
Closing address	*[Refer to options in paragraph 4 below]*

NOTE: all pricing MUST be enclosed in a separate sealed envelope as prescribed in the pricing workbook on Annexure P. In addition to the information above, the envelope must be inscribed as "Network Services Pricing Workbook"

All envelopes must reflect the return address of the Respondent on the reverse side.

4 DELIVERY INSTRUCTIONS FOR RFP

4.1 Delivery by hand

If delivered by hand, the envelope is to be deposited in the Transnet tender box which is located at the main entrance of the Office Block, Carlton Centre, 150 Commissioner Street, Johannesburg, and should be addressed as follows:

THE SECRETARIAT
TRANSNET ACQUISITION COUNCIL
CARLTON CENTRE
TENDER BOX
OFFICE BLOCK FOYER
150 COMMISSIONER STREET
JOHANNESBURG 2001

a) The measurements of the "tender slot" are 400mm wide x 100mm high, and Respondents must please ensure that response documents or files are no larger than the above dimensions. Responses which are too bulky [i.e. more than 100mm thick] must be split into two or more files, and placed in separate envelopes, each such envelope to be addressed as required in paragraph 3 above.

b) It should also be noted that the above tender box is located at the street level outside the main entrance in Commissioner Street and is accessible to the public 24 hours a day, 7 days a week.

4.2 **Dispatch by courier**

If dispatched by courier, the envelope must be addressed as follows and delivered to the Office of The Secretariat, Transnet Acquisition Council and a signature obtained from that Office. Please ensure that the courier has a "proof of payment" receipt for presentation to the Secretariat, Transnet Acquisition Council when collecting the RFP documents as well as a valid company letterhead of the company which is tendering.

THE SECRETARIAT
TRANSNET ACQUISITION COUNCIL
48TH FLOOR, OFFICE 4857
CARLTON CENTRE
OFFICE BLOCK
150 COMMISSIONER STREET
JOHANNESBURG

4.3 Please note that this RFP closes punctually at **12:00 on Tuesday 16 July 2013.**

4.4 If responses are not delivered as stipulated herein, such responses will not be considered and will be treated as "NON-RESPONSIVE" and will be disqualified.

4.5 No email or facsimile responses will be considered, unless otherwise stated herein.

4.6 The responses to this RFP will be opened as soon as practicable after the expiry of the time advertised for receiving them.

4.7 Transnet shall not, at the opening of responses, disclose to any other company any confidential details pertaining to the Proposals / information received, i.e. pricing, delivery, etc. The names and locations of the Respondents will be divulged to other Respondents upon request only after the closing date of the RFP.

4.8 Envelopes must not contain documents relating to any RFP other than that shown on the envelope.

4.9 No slips are to be attached to the response documents. Any additional conditions must be embodied in an accompanying letter. Subject only to clause 15 *[Alterations made by the Respondent to Bid Prices]* of the General Bid Conditions, alterations, additions or deletions must not be made by the Respondent to the actual RFP documents.

5 BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND SOCIO-ECONOMIC OBLIGATIONS

Transnet fully endorses and supports the Government's Broad-Based Black Economic Empowerment Programme and it is strongly of the opinion that all South African business enterprises have an equal obligation to redress the imbalances of the past.

Transnet would therefore prefer to do business with enterprises who share these same values and who are prepared to contribute to meaningful B-BBEE initiatives [including, but not limited to subcontracting and Joint Ventures] as part of their tendered responses. All procurement transactions will be evaluated accordingly.

The Department of Trade and Industry [**DTI**] is currently in the process of reviewing the B-BBEE Codes of Good Practice [Code Series 000]. Transnet reserves the right to amend this RFP in line with such reviews

and/or amendments once they have come into effect. Transnet furthermore reserves the right to adjust the thresholds and evaluation processes to be aligned with such changes which may be issued by the DTI after the issue date of this RFP.

5.1 **B-BBEE Scorecard and Rating**

As prescribed in terms of the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000 and its Regulations, Respondents are to note the following:

The **90/10** preference point system is applicable to this RFP.

- Proposals submitted in pursuance of this RFP will be evaluated on price which will be allocated 90 points and preference which will be allocated 10 points.
- The 90/10 preference point system applies where the acquisition of the Services will exceed R1 000 000.00. However, if the 90/10 preference point system is stipulated in this RFP and all Bids received are equal to or below R1 000 000.00, the RFP will be cancelled.

When Transnet invites prospective service providers to submit Proposals for its various expenditure programmes, it requires Respondents *[Large Enterprises and QSE's - see below]* to have their B-BBEE status verified in compliance with the Government Gazette No 34612, Notice No. 754 dated 23 September 2011. Valid B-BBEE Verification Certificates must be issued by:

a) Verification Agencies accredited by the South African National Accreditation System [**SANAS**]; or

b) Registered Auditors approved by the Independent Regulatory Board of Auditors **[IRBA]**, in accordance with the approval granted by the Department of Trade and Industry.

A Verification Certificate issued must reflect the weighted points attained by the measured entity for each element of the scorecard as well as the overall B-BBEE rating.

Enterprises will be rated by Verification Agencies or Registered Auditors based on the following:

a) **Large Enterprises** [i.e. annual turnover greater than R35 million]:
   - Rating level based on all seven elements of the B-BBEE scorecard

b) **Qualifying Small Enterprises – QSE** [i.e. annual turnover between R5 million and R35 million]:
   - Rating based on any four of the elements of the B-BBEE scorecard

c) **Exempted Micro Enterprises – EME** [i.e. annual turnover less than R5 million]:

   In accordance with B-BBEE Codes of Good Practice [Statement 000, Section 4], any enterprise with an annual total revenue of R 5 million or less qualifies as an EME.
   - Automatic rating of B-BBEE Level 4 irrespective of race or ownership
   - Black[1] ownership greater than 50% or Black Women ownership greater than 50% automatically qualify as B-BBEE Level 3

[1] ***Black*** *means South African Blacks , Coloureds and Indians, as defined in the B-BBEE Act, 53 of 2003*

Sufficient evidence to qualify as an EME would be a certificate [which may be in the form of a letter] from an auditor, accounting officer or a Verification Agency accredited by SANAS. The certificate must confirm the company's turnover, Black ownership / Black female ownership and B-BBEE status level.

Respondents are required to furnish proof of the above to Transnet. [i.e. a detailed scorecard as stipulated above in respect of Large Enterprises and QSEs, or a certificate in respect of EMEs].

In this RFP, Transnet will accordingly allocate a maximum of **10 [ten] points** in accordance with the **90/10** preference point system prescribed in the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000 and its Regulations to the Respondent's final score based on an entity's B-BBEE scorecard rating. *[Refer **Section 14** for further details].*

N.B. Failure to submit a B-BBEE certificate, which is valid as at the Closing Date of this RFP, will result in a score of zero being allocated for B-BBEE.

Turnover: Kindly indicate your entity's annual turnover for the past year:

R_____

*All Respondents must complete and return the B-BBEE Preference Points Claim Form attached hereto as **Section 14.***

5.2 **B-BBEE Joint Ventures, Consortiums and/or Subcontractors**

In addition to the above, Respondents who would wish to enter into a Joint Venture [**JV**] or consortium with, or subcontract portions of the contract to, B-BBEE entities, must state in their RFPs the percentage of the total contract value that would be allocated to such B-BBEE entities, should they be successful in being awarded any business. A valid B-BBEE Verification Certificate in respect of such B-BBEE JV or consortium partners and/or subcontractor(s), as well as a breakdown of the distribution of the aforementioned percentage must also be furnished with the RFP Bid to enable Transnet to evaluate in accordance with the processes outlined in the B-BBEE Preference Points Claim Form appended hereto as Section 14.

a) **JVs or Consortiums**

If contemplating a JV or consortium, Respondents should also submit a signed JV or consortium agreement between the parties clearly stating the percentage [%] split of business and the associated responsibilities of each party. If such a JV or consortium agreement is unavailable, the partners must submit confirmation in writing of their intention to enter into a JV or consortium agreement should they be awarded business by Transnet through this RFP process. This written confirmation must clearly indicate the percentage [%] split of business and the responsibilities of each party. In such cases, award of business will only take place once a signed copy of a JV or consortium agreement is submitted to Transnet.

(i) Incorporated JVs/Consortiums

As part of an incorporated JV/consortium's Bid response, the incorporated JV/consortium must submit a valid B-BBEE Verification Certificate in its registered name.

(ii) Unincorporated JVs/Consortiums

As part of an unincorporated JV/consortium's tendered response, the unincorporated JV/consortium must submit a consolidated B-BBEE certificate as if it was a group structure and such scorecard must have been prepared for this RFP in particular.

N.B. Failure to submit a B-BBEE certificate in respect of the JV or Consortium, which is valid as at the Closing Date of this RFP, will result in a score of zero being allocated for B-BBEE.

b) **Subcontracting**

If contemplating subcontracting, please note that a Respondent will not be awarded points for B-BBEE if it is indicated in its Proposal that such Respondent intends subcontracting more than 25% [twenty-five per cent] of the value of the contract to an entity that does not qualify for at least the same points that the Respondent qualifies for, unless the intended subcontractor is an EME with the capability to execute the contract.

A person awarded a contract may not subcontract more than 25% [twenty-five per cent] 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 subcontracted to an EME that has the capability and ability to execute the subcontract.

Transnet fully endorses Government's transformation and empowerment objectives and when subcontracting Respondents are required to give preference to Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including SANMVA[1] and People with Disabilities.

5.3 **B-BBEE Registration**

In addition to the Verification Certificate, Transnet recommends that Respondents register their B-BBEE compliance and supporting documentation on the Department of Trade and Industry's **[DTI]** National B-BBEE IT Portal and Opportunities Network and provide Transnet with proof of registration in the form of an official B-BBEE Profile issued by the DTI.

Transnet would wish to use the DTI B-BBEE IT Portal as a data source for tracking B-BBEE compliance.

For instructions to register and obtain a DTI B-BBEE Profile go to http://bee.thedti.gov.za.

5.4 **B-BBEE Improvement Plan**

Transnet encourages its Service Providers to constantly strive to improve their B-BBEE rating. Whereas Respondents will be allocated points in terms of a preference point system based on its B-BBEE scorecard to be assessed as detailed in paragraph 5.1 above, in addition to such scoring, Transnet also requests that Respondents submit a B-BBEE improvement plan. Respondents are therefore requested to indicate the extent to which their ownership, management control, employment equity, preferential procurement and enterprise development will be maintained or improved over the contract period.

[1] The South African National Military Veteran Association (SANMVA) has been designated by the Minister of Trade and Industry as a Black Economic Empowerment Facilitator. As such they will be treated as having rights of ownership held 100% by Black People, 40% by Black Women and 10% Black designated groups.

Respondents are requested to submit their B-BBEE Improvement Plan as an additional document with their Proposals by completion of ***Annexure R*** appended hereto. ***[Refer to Section 19 and Annexure R for further instructions]***

5.5 **Supplier Development Initiatives**

Historically in South Africa there has been a lack of investment in infrastructure, skills and capability development and inequality in the income distribution and wealth of a significant portion of the population. There have been a number of Government initiatives developed to address these challenges. In particular, the New Growth Path [**NGP**] developed in 2010 aligns and builds on previous policies to ensure the achievement of Government's development objectives for South Africa.

Transnet fully endorses and supports Government's New Growth Path policy through its facilitation of Supplier Development [**SD**] initiatives. Hence Respondents are required to submit their commitments with regard to Supplier Development Initiatives over the duration of this contract.

As a prequalification criterion to participate in this bid, Respondents are required to provide a commitment that the monetary value of all SD initiatives to be undertaken by them will not be less than 30% [thirty percent] of the contract value.

All Respondents must refer to Section 18 and ***Appendix XVIV*** *for further instructions and submit a Supplier Development Bid Document and SD Value Summary,* ***Annexure Q*** *as these are mandatory returnable documents.*

Note: Should a JV be envisaged the principal respondent is required to submit the required responses as indicated above.

The commitments made by the successful Respondents will be incorporated as a term of the contract and monitored for compliance.

6 COMMUNICATION

Respondents are warned that a Proposal will be liable to disqualification should any attempt be made by a Respondent either directly or indirectly to canvass any officer or employee of Transnet in respect of this RFP between the closing date and the date of the award of the business.

6.1 For specific queries relating to this RFP, an RFP Clarification Request Form should be submitted before **12:00 on 09 July 2013**, substantially in the form set out in Section 12 hereto. In the interest of fairness and transparency Transnet's response to such a query will then be made available to the other Respondents who have collected RFP documents. For this purpose Transnet will communicate with Respondents using the contact details provided to the Secretariat on issue of the bid documentation to the Respondent. Kindly ensure that you provide the Secretariat with the **correct** contact details, as Transnet will not accept responsibility for being unable to contact a bidder who provided incorrect contact details.

6.2 After the closing date of the RFP, a Respondent may only communicate with the Secretariat of the Transnet Acquisition Council, at telephone number 011 308 3528/3522, email

TAC.SECRETARIAT@transnet.net or facsimile number 011 308 3967 on any matter relating to its RFP Proposal.

Respondents found to be in collusion with one another will be automatically disqualified and restricted from doing business with Transnet in the future.

7 INSTRUCTIONS FOR COMPLETING THE RFP

7.1 Sign one set of original documents [sign, stamp and date the bottom of each page]. This set will serve as the legal and binding copy. Triplicate copies of the documents are required. These 3 sets must be exact copies of the original signed Proposal.

7.2 All sets of documents are to be submitted to the address specified in paragraph 4 above.

7.3 A CD copy of the RFP Proposal must be submitted. Please provide files in MS Word / Excel format, not PDF versions, noting that the signed original set will be legally binding.

7.4 *All returnable documents tabled in the Proposal Form [Section 4] must be returned with your Proposal.*

8 COMPLIANCE

The successful Respondent [hereinafter referred to as the **Service Provider**] shall be in full and complete compliance with any and all applicable laws and regulations.

9 ADDITIONAL NOTES

9.1 Changes by the Respondent to its submission will not be considered after the closing date.

9.2 The person or persons signing the Proposal must be legally authorised by the Respondent to do so *[Refer Section 6 – Signing Power, Resolution of the Board of Directors]*. A list of those person(s) authorised to negotiate on behalf of the Respondent [if not the authorised signatories] must also be submitted along with the Proposal together with their contact details.

9.3 Bidders who fail to submit a duly completed and signed RFP Declaration Form *[Section 10]* will not be considered.

9.4 Transnet will not do business with companies involved in B-BBEE fronting practices.

9.5 Transnet may wish to visit the Respondent's place of business during this RFP process.

9.6 Transnet reserves the right to undertake post-tender negotiations **[PTN]** with selected Respondents or any number of short-listed Respondents, such PTN to include, at Transnet's option, any evaluation criteria listed in this RFP document.

9.7 Unless otherwise expressly stated, all Proposals furnished pursuant to this RFP shall be deemed to be offers. Any exceptions to this statement must be clearly and specifically indicated.

9.8 The Standard Terms and Conditions of Contract for Provision of Services (Appendix II) might be replaced by a Draft Master Services Agreement (MSA) which will be forwarded to all bidders before the closing date of this Request for Proposal (RFP).

FAILURE TO OBSERVE ANY OF THE AFOREMENTIONED REQUIREMENTS MAY RESULT IN A PROPOSAL BEING REJECTED

10 DISCLAIMERS

Respondents are hereby advised that Transnet is not committed to any course of action as a result of its issuance of this RFP and/or its receipt of Proposals. In particular, please note that Transnet reserves the right to:

10.1 modify the RFP's Services and request Respondents to re-bid on any such changes;

10.2 reject any Proposal which does not conform to instructions and specifications which are detailed herein;

10.3 disqualify Proposals submitted after the stated submission deadline [Closing Date];

10.4 not necessarily accept the lowest priced Proposal or an alternative bid;

10.5 reject all Proposals, if it so decides;

10.6 withdraw the RFP on good cause shown;

10.7 award a contract in connection with this Proposal at any time after the RFP's closing date;

10.8 award a contract for only a portion of the proposed Services which are reflected in the scope of this RFP;

10.9 split the award of the contract between more than one Service Provider; or

10.10 make no award of a contract.

In addition, Transnet reserves the right to exclude any Respondent from the bidding process who has been convicted of a serious breach of law during the preceding 5 [five] years, including but not limited to breaches of the Competition Act 89 of 1998. Respondents are required to indicate in Section 11 *[Breach of Law]* whether or not they have been found guilty of a serious breach of law during the past 5 [five] years.

Transnet reserves the right to award the business to the highest scoring bidder/s unless objective criteria justify the award to another bidder.

Kindly note that Transnet will not reimburse any Respondent for any preparatory costs or other work performed in connection with its Proposal, whether or not the Respondent is awarded a contract.

11 LEGAL REVIEW

A Proposal submitted by a Respondent will be subjected to review and acceptance or rejection of its proposed contractual terms and conditions by Transnet's Legal Counsel, prior to consideration for an award of business.

Transnet urges its clients, suppliers and the general public to report any fraud or corruption to TIP-OFFS ANONYMOUS : 0800 003 056

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 2 : BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

1 BACKGROUND

Transnet SOC Ltd currently procures Network and Telecommunications services from Neotel (Pty) Ltd for a period of five (5) years as a result of a sale agreement for Transtel as a going concern. Transnet is pleased to issue this RFP to Service Providers who wish to provide full solution proposals and pricing for the provision of Network Outsource Services to Transnet.

The successful Service Provider for the solution sought in this RFP process will be awarded a three-year outsourcing contract with Transnet with an option to renew for a period of two years at the discretion of Transnet.

The outsource process was developed in recognition of the business critical nature of the services currently being delivered to Transnet, and that alignment with a single primary Service Provider would best support the achievement Transnet's current and future Network Infrastructure service requirements. Additionally, it is believed that alignment with a well-established Service Provider that has a history of demonstrated results in service delivery excellence, innovation, competitiveness and financial value delivered, will best serve all stakeholders. The principal Service Provider however may partner with other Service Providers in order to deliver on Transnet's requirements as set out in this RFP. Transnet will nevertheless reserve the right to award each service tower to more than one Service Provider.

2 EXECUTIVE OVERVIEW

The current network services outsourcing agreement with the current incumbent Service Provider is nearing the end of it's term. Transnet is required to engage the market through an open RFP process to contract with a Service Provider to provide the service as detailed in this RFP.

Our objective is to source all services through a Preferred Service Provider capable of servicing all Transnet Operating Divisions in locations around the country. Should this Service Provider not be able to provide the full complement of the services they will need to partner with other Service Providers to fill these service gaps. This partnering can be via creating a consortium or a joint venture. The nominated senior Service Provider within the Joint Venture or Consortium will be the Prime Contractor with whom Transnet will contract for the full complement of services. The Prime Contractor will take full responsibility for the delivery of the services and relationship with Transnet.

The bidders are required to provide a transition plan for taking over of all services from the current service provider to the new service provider as part of the tender technical returnable documents.

The selected Service Provider(s) will share in the mission and business objectives of Transnet. These mutual goals will be met by meeting contractual requirements and new challenges in an environment of teamwork, joint participation, flexibility, innovation and open communications. In this spirit of partnership, Transnet and its Service Provider(s) will study the current ways they do business to enhance current practices and

support processes and systems. Such a partnership will allow Transnet to reach higher levels of quality, service and profitability.

Specifically, Transnet seeks to benefit from this partnership in the following ways:

2.1 Transnet must receive reduced cost of acquisition and improved service benefits resulting from the Service Provider's economies of scale and streamlined service processes.

2.2 Transnet must achieve appropriate availability that meets user needs while reducing costs for both Transnet and the chosen Service Provider(s).

2.3 Developing a relationship with a world-class Service Provider capable of driving innovation and continuous improvement across the scope of services delivered;

2.4 Transnet must receive proactive improvements from the Service Provider with respect to provision of Services and related processes.

2.5 Improving the overall level of service delivery satisfaction;

2.6 Transnet's overall competitive advantage must be strengthened by the chosen Service Provider's leading edge technology and service delivery systems.

2.7 Transnet must reduce costs by streamlining its acquisition of Services, including managed service processes on a Group basis.

3 RFP OBJECTIVES

The overall objective of this RFP is to provide the Transnet ICT team with an understanding of the Service Provider's overall capabilities and competitiveness as a Service Provider.

3.1 THE KEY OBJECTIVES OF THE RFP PROCESS ARE TO:

- Set out the terms for participation in the RFP process and give guidance to the Service Providers on the preparation of their responses to the RFP and more specifically, the technical, commercial, legal and SD and B-BBEE requirements;
- Communicate Service Delivery requirements about Transnet Network Infrastructure environments to allow Service Providers to provide a comprehensive solution proposal and pricing with a minimum of contingencies;
- Identify and short-list Service Providers best capable of meeting the business goals and objectives of providing Network and Related outsource services to Transnet;
- Request details of outsource proposal solutions including, but not limited to:
  - ❑ The Outsource Services being proposed;
  - ❑ The delivery and management of the Services;
  - ❑ The transition of Services plan;
  - ❑ The commercial framework that will serve as the foundation of the relationship;
  - ❑ Creative solutions for improving the value and quality of Outsourced Services;
  - ❑ Embedding a continuous improvement culture into the Service Delivery;
- Outline access requirements and due diligence process.
- Provide information to potential Service Providers on Transnet Network Infrastructure environments in relation to their future Network services contract.
- Elicit Service Delivery Pricing.
- Evaluate these responses.

4 SCOPE OF REQUIREMENTS

4.1 The Following Network Services are required;

Network Service		File Name
Appendix iii	Service Towers Index	Appendix iii Transnet Service Towers Index.docx
Appendix iv	Cross Functional Services	Appendix iv Cross Functional Services.docx
Appendix v	Voice Services	Appendix v Voice Services Tower Definition.docx
Appendix vi	Wide Area Network Services	Appendix vi Wide Area Network Service Tower.docx
Appendix vii	Local Area Network Services	Appendix vii Local Area Network Service Tower Definition.docx
Appendix viii	Help and Service Desk Service	Appendix viii Help and Service Desk Services Tower Definition.docx
Appendix ix	Internet Services	Appendix ix Internet Service Tower Definition.docx
Appendix x	Mobility Service	Appendix x Mobility Service Tower Definition.docx
Appendix xi	Port of Nqura Wimax Service	Appendix xi Wimax Service Tower Definition.docx
Appendix xii	Video Conferencing Service	Appendix xii Video Conferencing Service Tower Definition.docx
Appendix xiii	Relationship Management Service	Appendix xiii Relationship Management Service Tower Definition.docx
Appendix xiv	Transition Services	Appendix xiv Transition Services.docx

4.2 Refer to technical response forms in Annexure A - P

As prescribed in terms of the PPPFA and its Regulations, Respondents are to note the following:

- Functionality is included as a threshold with a prescribed percentage threshold of 70%.

Respondents must complete and submit ***Annexures A – P – Technical Submission forms.***

Explanation of the technical thesholds. *This 70% minimum threshold is set for the selection process which is to determine and recommend a shortlist of prospective Respondents to take through to the Due Diligence phase of the evaluation. The technical evaluation score allocated at a threshold stage will be a provisional score and the score after the Due Diligence will be a final score.*

5 GENERAL SERVICE PROVIDER OBLIGATIONS

5.1 The Service Provider(s) shall be fully responsible to Transnet for the acts and omissions of persons directly or indirectly employed by them.

5.2 The Service Provider(s) must comply with the requirements stated in this RFP.

6 EXCHANGE AND REMITTANCE

The attention of the Respondents is directed to clause 16 *[Exchange and Remittance]* of the General Bid Conditions appended hereto. If Transnet is requested by the Respondent to effect payment overseas direct to the Respondent's principal or service provider, which is not a registered South African Company please complete the details below, using the rate of exchange published by the South African Reserve Bank 7 [seven] calendar days before the closing date of this RFP:

6.1 ZAR 1.00 [South African currency] being equal to _____ *[foreign currency]*

6.2 _____ % in relation to tendered price(s) to be remitted overseas by Transnet

6.3 _____ *[Name of country to which payment is to be made]*

6.4 Beneficiary details:

Name *[Account holder]* _____

Bank *[Name and branch code]* _____

Swift code _____

Country _____

6.5 _____ *[Applicable base date of Exchange Rate used]*

Respondents should note that Transnet would prefer to receive fixed price offers expressed in South African Rand [ZAR].

7 SERVICE LEVELS

7.1 The Relationship Management Service Tower (Appendix XIII) details the management requirements, amongst others the governance bodies, charters, meeting, process, roles, etc. for the on-going management of the relationship between Transnet and the contracted Service Provider(s) The Relationship Management Service Tower (Appendix XIII) also details the meetings that will be required to manage all aspects of service delivery from operational to strategic alignment.

7.2 The Service Provider will provide the services to the service levels as defined in the Service Towers.

a) Failure by the Service Provider to deliver the services to these service level requirements will result in the Service Provider incurring Service Credits against the service fees as defined in Appendix XVII Service Credit Methodology.

8 RISK

Respondents must elaborate on the control measures put in place by their entity, which would mitigate the risk to Transnet pertaining to potential non-performance by a Service Provider, in relation to:

8.1 **Quality of Services delivered:**

_____

_____

8.2 **Continuity of the provision of Services**:

8.3 **Compliance with the Occupational Health and Safety Act, 85 of 1993:**

9 REFERENCES

Please indicate below a minimum of *3* company references in the tables provided in the Response Form *Annexure A – RFP Technical Response Form.*

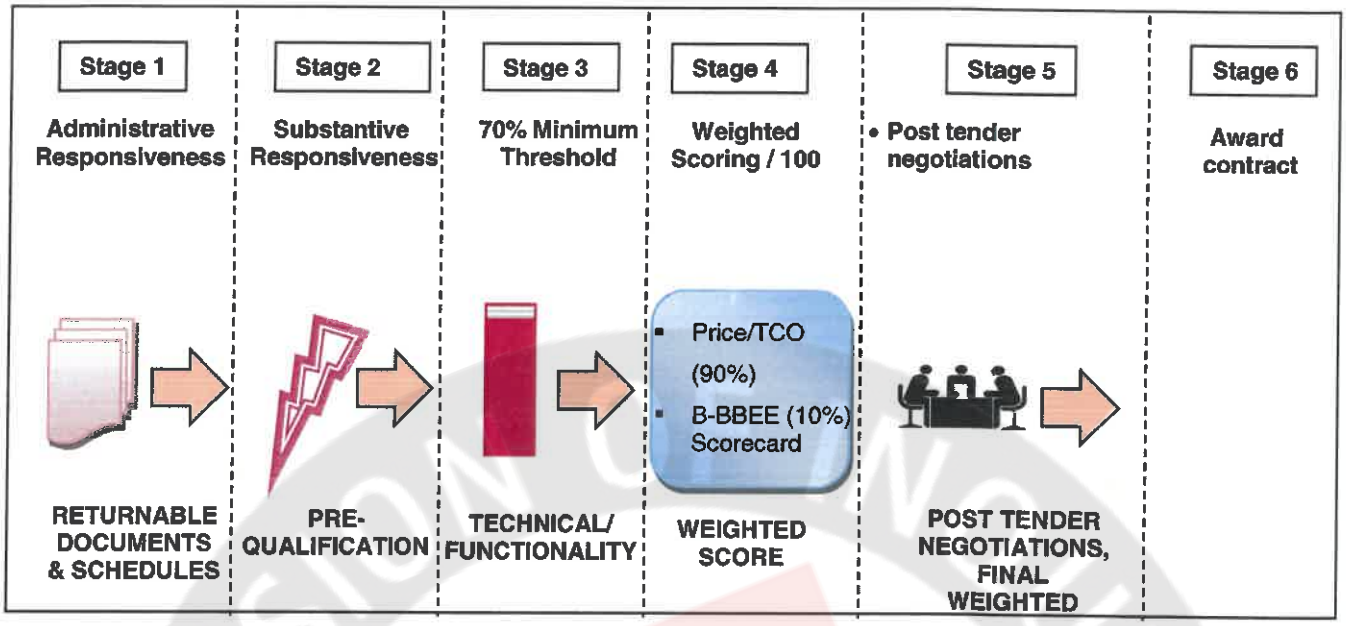
10 FINANCIAL STABILITY

Respondents are required to submit their audited financial statements for the past 3 years with their Proposal in order to enable Transnet to establish financial stability.

COMMISSION OF INQUIRY INTO STATE CAPTURE

11 PRE-QUALIFICATION AND EVALUATION METHODOLOGY AND CRITERIA

Transnet will utilise the following methodology and criteria in selecting a preferred Service Provider, if so required:



11.1 STAGE ONE: Test for Administrative Responsiveness

The test for administrative responsiveness will include the following:

Administrative responsiveness check	RFP Reference
• Whether the Bid has been lodged on time	*Section 1 paragraph 3*
• Whether all Returnable Documents and/or schedules [where applicable] were completed and returned by the closing date and time	*Section 4*
• Verify the validity of all returnable documents	*Section 4, page 27 to 29*

The test for administrative responsiveness [Stage One] must be passed for a Respondent's Proposal to progress to Stage Two for further pre-qualification

11.2 STAGE TWO: Test for Substantive Responsiveness to RFP

The test for substantive responsiveness to this RFP will include the following:

Pre-Qualification Criteria	RFP Reference
• Whether any pre-qualification criteria set by Transnet, have been met	*Section 1 paragraphs 2.2, 6, 10.3* *Section 4 – validity period* *Appendix (i), General Bid Conditions clause 19* *Sections 10, 11* *Annexure S*
• Whether the Bid contains a priced offer	*Section 3*
• Whether the Bid materially complies with the scope and/or specification given	*All Sections*
• Whether the bidder has a completed SD Value Summary Document indicating their commitment to spend 30% of the contract value on SD initiatives	*Section 1, paragraph 5.5*
• Whether the bidder fully complies to the technical critical criteria that is in **Annexure S** of the RFP	*Annexure S*

The test for substantive responsiveness [Stage Two] must be passed for a Respondent's Proposal to progress to Stage Three for further evaluation

11.3 STAGE THREE: Test Minimum Threshold 70% for Technical Criteria

The test for the Technical/Functional threshold will be assessed as follows:

Evaluation Criteria	% Weightings	RFP Reference
• Service Provider Assessment	20%	*Annexure A*
• Technical Service Towers ○ Cross Functional Services ○ Voice Service ○ Wide Area Network Service ○ Local Area Network Service ○ Help & Service Desk ○ Internet Services ○ Mobility Services ○ Wimax Services ○ Relationship Management Services ○ Video Conferencing	65%	*Appendices iii - xiii* *Annexure B - K*
• Service Credits	15%	*Appendix xvii* *Annexure O*
Total Weighting:	**100%**	

Evaluation Criteria	% Weightings	RFP Reference
Minimum qualifying score required:	70%	

The following applicable values will be utilised when scoring each criterion mentioned above:

Scoring Scale	
Scores	**Interpretation**
6	**Exceeds requirements**
5	**Meets requirements**
4	**Meets requirements with slight/minor deviation**
3	**Meets requirements with many deviations from requirements**
2	**Significantly less than requirements**
1	**Significant information missing/borderline non-compliant**
0	**Requirements not addressed**

The minimum threshold for technical/functionality Stage Three must be met or exceeded for a Respondent's Proposal to progress to Stage Four for final evaluation

11.4 **STAGE FOUR: Evaluation and Final Weighted Scoring**

a) **Price and TCO Criteria** [Weighted score 90 points]:

Evaluation Criteria	RFP Reference
• Commercial offer	*Section 3*
• Commercial discounts[2] • Price adjustment conditions / factors • Exchange rate exposure	*Section 3*
Pricing Workbook	*Annexure P*

[2] *Only unconditional discounts will be taken into account during evaluation. A discount which has been offered conditionally will, despite not being taken into account for evaluation purposes, be implemented when payment is effected.*

b) **Broad-Based Black Economic Empowerment criteria** [Weighted score 10 points]

- B-BBEE - current scorecard / B-BBEE Preference Points Claims Form *[Section 14]*

- Preference points will be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-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

11.5 **SUMMARY: Pre-Qualification Threshold and Final Evaluated Weightings**

Pre-Qualification Criteria	Minimum Threshold [%]
Technical / functionality	70%

Evaluation Criteria	Final Weighted Scores
Price and Total Cost of Ownership	90
B-BBEE - Scorecard	10
TOTAL SCORE:	**100**

COMMISSION OF INQUIRY INTO STATE CAPTURE

12 STAGE FIVE: Post Tender Negotiations

Transnet reserves the right to conduct post tender negotiations with a shortlist of Respondent(s). The shortlist could comprise of one or more Respondents. Should Transnet conduct post tender negotiations, Respondents will be requested to provide their best and final offers to Transnet based on such negotiations. A final evaluation will be conducted in terms of 90/10 and the contract will be negotiated and awarded to the successful Respondent(s).

13 STAGE SIX: Award Network Services Contract

Award Network Services Contract to the successful bidder(s).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 3 : PRICING AND DELIVERY SCHEDULE

The RFP Respondents are required to submit their service pricing submissions in the provided Network Service Pricing Workbook form (See Annexure P). This will ensure that pricing is submitted in the resource units and methods required by Transnet for the individual services and enable an equitable comparison between the Respondents and the market.

Notes to Pricing:

a) Prices must be quoted in South African Rand, exclusive of VAT

b) Prices quoted must be held valid for a period of 90 days from closing date of this RFP

c) To facilitate like-for-like comparison bidders must submit pricing strictly in accordance with this pricing workbook and not utilise a different format. Deviation from this pricing workbook could result in a bid being declared non responsive.

d) Please note that should you have offered a discounted price(s), Transnet will only consider such price discount(s) in the final evaluation stage if offered on an unconditional basis.

e) Respondents are to indicate whether prices quoted would be subject to adjustment after a period of 12 months, and if so which proposed adjustment factor(s) would be utilised.

NOTE: all pricing MUST be enclosed in a separate sealed envelope as prescribed in the pricing workbook on Annexure P. In addition to the information above, the envelope must be inscribed as "Network Services Pricing Workbook"

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 4 : PROPOSAL FORM

I/We_____

[name of entity, company, close corporation or partnership]

of *[full address]*

_____

_____

carrying on business trading/operating as _____

represented by_____

in my capacity as _____

being duly authorised thereto by a Resolution of the Board of Directors or Members or Certificate of Partners, as the case may be, dated _____ a certified copy of which is annexed hereto, hereby offer to provide the above-mentioned Services at the prices quoted in the schedule of prices in accordance with the terms set forth in the accompanying letter(s) reference _____ _____ and dated _____ *[if any]* and the documents listed in the accompanying schedule of RFP documents.

I/We agree to be bound by those conditions in Transnet's:

(i) Terms and Conditions of Contract - Services;

(ii) General Bid Conditions – Services; and

(iii) any other standard or special conditions mentioned and/or embodied in this Request for Proposal.

I/We accept that unless Transnet should otherwise decide and so inform me/us in the letter of award/intent, this Proposal [and, if any, its covering letter and any subsequent exchange of correspondence], together with Transnet's acceptance thereof shall constitute a binding contract between Transnet and me/us.

Should Transnet decide that a formal contract should be signed and so inform me/us in a letter of intent [the **Letter of Intent**], this Proposal [and, if any, its covering letter and any subsequent exchange of correspondence] together with Transnet's Letter of Intent, shall constitute a binding contract between Transnet and me/us until the formal contract is signed.

I/We further agree that if, after I/we have been notified of the acceptance of my/our Proposal, I/we fail to enter into a formal contract if called upon to do so, or fail to commence the provision of Services within the proposed transition plan proposed and agreed by both parties thereafter, Transnet may, without prejudice to any other legal remedy which it may have, recover from me/us any expense to which it may have been put in calling for Proposals afresh and/or having to accept any less favourable Proposal.

I/We accept that any contract resulting from this offer will be for a period of three (3) years with an option to extend for two (2) years and agree to a penalty clause to be negotiated with Transnet, which will allow Transnet to invoke a penalty against us should the delivery of the Services be delayed due to non-performance by ourselves.

ADDRESS FOR NOTICES

The law of the Republic of South Africa shall govern any contract created by the acceptance of this RFP. The *domicilium citandi et executandi* shall be a place in the Republic of South Africa to be specified by the Respondent hereunder, at which all legal documents may be served on the Respondent who shall agree to submit to the jurisdiction of the courts of the Republic of South Africa. Foreign Respondents shall, therefore, state hereunder the name of their authorised representative in the Republic of South Africa who has the power of attorney to sign any contract which may have to be entered into in the event of their Proposal being accepted and to act on their behalf in all matters relating to such contract.

Respondent to indicate the details of its *domicilium citandi et executandi* hereunder:

Name of Entity: _____

Facsimile: _____

Address: _____

_____

_____

NOTIFICATION OF AWARD OF RFP

As soon as possible after approval to award the contract(s), the successful Respondent [**the Service Provider**] will be informed of the acceptance of its Proposal. Unsuccessful Respondents will be advised in writing of the name of the successful Service Provider and the reason as to why their Proposals have been unsuccessful, for example, in the category of price, delivery period, quality, B-BBEE status or for any other reason.

VALIDITY PERIOD

Transnet requires a validity period of 90 [ninety] days [from closing date] against this RFP.

NAME(S) AND ADDRESS / ADDRESSES OF DIRECTOR(S) OR MEMBER(S)

The Respondent must disclose hereunder the full name(s) and address(s) of the director(s) or members of the company or close corporation [**C.C.**] on whose behalf the RFP is submitted.

(i) Registration number of company / C.C. _____

(ii) Registered name of company / C.C. _____

(iii) Full name(s) of director/member(s) Address/Addresses ID Number(s)

_____

_____

_____

_____

_____

CONFIDENTIALITY

All information related to this RFP is to be treated with strict confidence. In this regard Respondents are required to complete and return a signed copy of the Non-Disclosure Agreement appended hereto as **Section 17**. All information related to a subsequent contract, both during and after completion thereof, will be treated with strict confidence. Should the need however arise to divulge any information gleaned from provision of the Services,

which is either directly or indirectly related to Transnet's business, written approval to divulge such information must be obtained from Transnet.

DISCLOSURE OF PRICES TENDERED

Respondents must indicate below whether Transnet may disclose their tendered prices and conditions to other Respondents:

YES		NO	

PRICE REVIEW

The successful Respondent(s) [the Service Provider] will be obliged to submit to an annual price review. Transnet will be benchmarking this price offering(s) against the lowest price received as per a benchmarking exercise. If the Service Provider's price(s) is/are found to be higher than the benchmarked price(s), then the Service Provider shall match or better such price(s) within 30 [thirty] days, failing which the contract may be terminated at Transnet's discretion or the particular service(s) purchased outside the contract.

A "best price" clause will be included in the agreement to ensure that Transnet receives the best price for each tower offered by the successful respondent to any of its clients.

RETURNABLE DOCUMENTS

All Sections, as indicated in the footer of each page, must be signed, stamped and dated by the Respondent. **Returnable Documents** means all the documents, Sections and Annexures, as listed in the tables below.

a) Respondents are required to submit with their Proposals the **mandatory Returnable Documents**, as detailed below.

Failure to provide all mandatory Returnable Documents at the closing date and time of this tender will result in a Respondent's disqualification. Bidders are therefore urged to ensure that all these Documents are returned with their Proposals.

Please confirm submission of these mandatory Returnable Documents by so indicating [Yes or No] in the table below:

MANDATORY RETURNABLE DOCUMENTS	SUBMITTED [Yes/No]
SECTION 2 : Background, Overview and Scope of Requirements	
SECTION 3 : Pricing Workbook	
SECTION 10 : RFP Declaration Form	
ANNEXURES A - P : Technical Submission response forms	
ANNEXURE Q : Supplier Development Value Summary	

b) In addition to the requirements of section (a) above, Respondents are further required to submit with their Proposals the following **essential Returnable Documents** as detailed below.

Failure to provide all essential Returnable Documents may result in a Respondent's disqualification at Transnet's sole discretion. Bidders are therefore urged to ensure that all these documents are returned with their Proposals.

All Sections, as indicated in the footer of each page, must be signed, stamped and dated by the Respondent. Please confirm submission of these essential Returnable Documents by so indicating [Yes or No] in the table below:

ESSENTIAL RETURNABLE DOCUMENTS & SCHEDULES	SUBMITTED [Yes or No]
SECTION 1 : Notice to Bidders	
SECTION 1 : RFP Declaration Form	
SECTION 4 : Proposal Form	
SECTION 5 : Original valid Tax Clearance Certificate [Consortia / Joint Ventures must submit a separate Tax Clearance Certificate for each party] N.B. Original Tax Clearance Certificate to be submitted only on the main original, legal binding document and copies may be submitted with the copies of the RFP.	
SECTION 5 : Vendor Application Form	
- Original cancelled cheque or bank verification of banking details	
- Certified copies of IDs of shareholder/directors/members [as applicable]	
- Certified copy of Certificate of Incorporation [CM29/CM9 name change]	
- Certified copy of share certificates [CK1/CK2 if CC]	
- Entity's letterhead	
- Certified copy of valid VAT Registration Certificate	
- Valid B-BBEE Verification Certificate [Large Enterprises and QSEs] Note: failure to provide a valid B-BBEE Verification Certificate at the closing date and time of the tender will result in an automatic score of zero being allocated for B-BBEE scorecard	
- Valid B-BBEE certificate from auditor, accounting officer or SANAS accredited Verification Agency [EMEs] Note: failure to provide a valid B-BBEE Verification Certificate at the closing date and time of the tender will result in an automatic score of zero being allocated for B-BBEE scorecard	
- In the case of Joint Ventures, a copy of the Joint Venture Agreement or written confirmation of the intention to enter into a Joint Venture Agreement	
- Audited Financial Statements for previous 3 years	
SECTION 6 : Signing Power - Resolution of Board of Directors	
SECTION 7 : Certificate of Acquaintance with RFP Documents	
SECTION 8 : Certificate of Acquaintance with General Bid Conditions – Services	
SECTION 9 : Certificate of Acquaintance with Terms and Conditions of Contract	
SECTION 11 : Breach of Law Form	
SECTION 13 : Supplier Code of Conduct	
SECTION 14 : B-BBEE Preference Points Claim Form	
SECTION 15 : Certificate of attendance of compulsory RFP Briefing	
SECTION 16 : Certificate of Acquaintance with Specifications	

SECTION 17 : Non-Disclosure Agreement	

c) In addition to the requirements of paragraphs (a) and b) above, Respondents are further requested to submit with their Proposals the following **additional documents** as detailed below.

Please confirm submission of these additional documents by so indicating [Yes or No] in the table below:

ADDITIONAL DOCUMENTS	SUBMITTED [Yes or No]
SECTION 19 : B-BBEE Improvement Plan	

CONTINUED VALIDITY OF RETURNABLE DOCUMENTS

The successful Respondent will be required to ensure the validity of all returnable documents, including but not limited to its Tax Clearance Certificate and valid B-BBEE Verification Certificate, for the duration of any contract emanating from this RFP. Should the Respondent be awarded the contract **[the Agreement]** and fail to present Transnet with such renewals as and when they become due, Transnet shall be entitled, in addition to any other rights and remedies that it may have in terms of the eventual Agreement, to terminate such Agreement forthwith without any liability and without prejudice to any claims which Transnet may have for damages against the Respondent.

COMMISSION OF INQUIRY INTO STATE CAPTURE

By signing these RFP documents, the Respondent is deemed to acknowledge that he/she has made himself/herself thoroughly familiar with all the conditions governing this RFP, including those contained in any printed form stated to form part hereof, and Transnet SOC Ltd will recognise no claim for relief based on an allegation that the Respondent overlooked any such condition or failed properly to take it into account for the purpose of calculating tendered prices or otherwise.

SIGNED at _____ on this _____ day of _____ 20___

SIGNATURE OF WITNESSES ADDRESS OF WITNESSES

1 _____ _____

Name_____ _____

_____

2 _____ _____

Name_____ _____

_____

SIGNATURE OF RESPONDENT'S AUTHORISED REPRESENTATIVE:

_____

NAME: _____

DESIGNATION: _____

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 5 : VENDOR APPLICATION FORM

Respondents are to furnish the following documentation and complete the Vendor Application Form below:

1. **Original** cancelled cheque **OR** letter from the Respondent's bank verifying banking details **[with bank stamp]**
2. **Certified copy** of Identity Document(s) of Shareholders/Directors/Members *[where applicable]*
3. **Certified copy** of Certificate of Incorporation, CM29 / CM9 *[name change]*
4. **Certified copy** of Share Certificates [CK1/CK2 if CC]
5. **Original** letterhead confirm physical and postal addresses
6. **Original** valid SARS Tax Clearance Certificate [RSA entities only]
7. **Certified copy** of VAT Registration Certificate [RSA entities only]
8. A signed letter from your entity's auditor or accountant confirming most recent annual turnover figures
9. **Certified copy** of valid Company Registration Certificate *[if applicable]*

Note: ***No contract shall be awarded to any South African Respondent whose tax matters have not been declared by SARS to be in order.***

Vendor Application Form

Entity's trading name						
Entity's registered name						
Entity's Registration Number or ID Number if a Sole Proprietor						
Form of entity [√]	CC	Trust	Pty Ltd	Limited	Partnership	Sole Proprietor
How many years has your entity been in business?						
VAT number [if registered]						
Entity's telephone number						
Entity's fax number						
Entity's email address						
Entity's website address						
Bank name			Branch & Branch code			
Account holder			Bank account number			
Postal address						

		Code	
Physical address			
		Code	
Contact person			
Designation			
Telephone			
Email			

Annual turnover range [last financial year]	< R5 m		R5 - 35 m		> R35 m	
Does your entity provide	Products		Services		Both	
Area of delivery	National		Provincial		Local	
Is your entity a public or private entity			Public		Private	
Does your entity have a Tax Directive or IRP30 Certificate			Yes		No	
Main product or services [e.g. Stationery/Consulting]						

Complete B-BBEE Ownership Details:

% Black ownership		% Black women ownership		% Disabled Black ownership	
Does your entity have a B-BBEE certificate	Yes			No	
What is your B-BBEE status [Level 1 to 9 / Unknown]					
How many personnel does the entity employ	Permanent			Part time	

If you are an existing Vendor with Transnet please complete the following:

Transnet contact person	
Contact number	
Transnet Operating Division	

Duly authorised to sign for and on behalf of Entity / Organisation:

Name		Designation	
Signature		Date	

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 6 : SIGNING POWER – RESOLUTION OF BOARD OF DIRECTORS

NAME OF ENTITY: _____

It was resolved at a meeting of the Board of Directors held on _____ that

FULL NAME(S)	CAPACITY	SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

in his/her capacity as indicated above is/are hereby authorised to enter into, sign, execute and complete any documents relating to this Proposal and any subsequent Agreement for the provision of Services.

FULL NAME _____ _____
SIGNATURE CHAIRMAN

FULL NAME _____ _____
SIGNATURE SECRETARY

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 7 : CERTIFICATE OF ACQUAINTANCE WITH RFP DOCUMENTS

NAME OF ENTITY:

_____

1. I/we

   _____

   do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising this RFP and all conditions contained therein, as laid down by Transnet SOC Ltd for the carrying out of the proposed supply/service/works for which I/we submitted my/our Proposal.

2. I/we furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any RFP/contract condition or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

3. I/we understand that the accompanying Bid will be disqualified if this Certificate is found not to be true and complete in every respect.

4. For the purposes of this Certificate and the accompanying Bid, I/we understand that the word "competitor" shall include any individual or organisation, 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 Services as the Bidder and/or is in the same line of business as the Bidder

5. 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 will not be construed as collusive bidding.

6. In particular, without limiting the generality of paragraph 5 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:

   a) prices;

   b) geographical area where Services 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 RFP; or

f) bidding with the intention not winning the Bid.

7. 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 Services to which this RFP relates.

8. 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.

9. I/We am/are 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 10 [ten] years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

SIGNED at _____ on this ____ day of _____ 20___

_____ _____

SIGNATURE OF WITNESS SIGNATURE OF RESPONDENT

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 8 : CERTIFICATE OF ACQUAINTANCE WITH THE GENERAL BID CONDITIONS - SERVICES

[appended hereto as Appendix (i)]

NAME OF ENTITY:

_____

I/We

_____ do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising the General Bid Conditions - Services as received on _____ *[insert date]* from Transnet SOC Ltd for the carrying out of the proposed Services for which I/we submitted my/our Proposal.

I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any terms and conditions of the General Bid Conditions or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

I/We confirm having been advised that a signed copy of this Schedule can be submitted in lieu of the entire General Bid Conditions as confirmation in terms of the Returnable Schedule.

SIGNED at _____ on this _____ day of _____ 20___

_____ _____

SIGNATURE OF WITNESS SIGNATURE OF RESPONDENT

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 9 : CERTIFICATE OF ACQUAINTANCE WITH THE TERMS AND CONDITIONS OF CONTRACT FOR THE PROVISION OF SERVICES TO TRANSNET

[appended hereto as Appendix (ii)]

NAME OF ENTITY:

_____

I/We

_____ do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising the Terms and Conditions of Contract as received on _____ *[insert date]* from Transnet SOC Ltd for the carrying out of the proposed Services for which I/we submitted my/our Proposal.

I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any Terms and Conditions of Contract or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

I/We confirm having been advised that a signed copy of this Schedule can be submitted in lieu of the entire Terms and Conditions of Contract as confirmation in terms of the Returnable Schedule.

SIGNED at _____ on this ____ day of _____ 20___

_____ _____

SIGNATURE OF WITNESS SIGNATURE OF RESPONDENT

Respondents should also note the obligations as set out in clause 19 *[Terms and Conditions of Contract]* of the General Bid Conditions *[Appendix (i)]* which reads as follows:

19.1 The Service Provider shall adhere to the Terms and Conditions of Contract issued with the Bid Documents, together with any schedule of "Special Conditions" or otherwise which form part of the Bid Documents.

19.2 Should the Respondent find any conditions unacceptable, it should indicate which conditions are unacceptable and offer alternatives by written submission on its company letterhead. Any such submission shall be subject to review by Transnet's Legal Counsel who shall determine whether the proposed alternative(s) are acceptable or otherwise, as the case may be.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 10 : RFP DECLARATION FORM

NAME OF ENTITY: _____

We _____ do hereby certify that:

1. Transnet has supplied and we have received appropriate responses to any/all questions [as applicable] which were submitted by ourselves for RFP Clarification purposes;
2. we have received all information we deemed necessary for the completion of this Request for Proposal [**RFP**];
3. at no stage have we received additional information relating to the subject matter of this RFP from Transnet sources, other than information formally received from the designated Transnet contact(s) as nominated in the RFP documents;
4. we are satisfied, insofar as our entity is concerned, that the processes and procedures adopted by Transnet in issuing this RFP and the requirements requested from Bidders in responding to this RFP have been conducted in a fair and transparent manner; and
5. furthermore, we declare that a family, business and/or social relationship exists / does not exist [delete as applicable] between an owner / member / director / partner / shareholder of our entity and an employee or board member of the Transnet Group.
6. If such a relationship exists, Respondent is to complete the following section:

FULL NAME OF OWNER/MEMBER/DIRECTOR/
PARTNER/SHAREHOLDER: ADDRESS:

_____

_____

_____

Indicate nature of relationship with Transnet:

_____

_____

[Failure to furnish complete and accurate information in this regard will lead to the disqualification of a response and may preclude a Respondent from doing future business with Transnet]

Respondent's Signature

Date & Company Stamp

7. We declare, to the extent that we are aware or become aware of any relationship between ourselves and Transnet [other than any existing and appropriate business relationship with Transnet] which could unfairly advantage our entity in the forthcoming adjudication process, we shall notify Transnet immediately in writing of such circumstances.

8. We accept that any dispute pertaining to this Bid will be resolved through the Ombudsman process and will be subject to the Terms of Reference of the Ombudsman. The Ombudsman process must first be exhausted before judicial review of a decision is sought. [Refer "Important Notice to Respondents" overleaf].

9. We further accept that Transnet reserves the right to reverse an award of business or decision based on the recommendations of the Ombudsman without having to follow a formal court process to have such award or decision set aside.

SIGNED at _____ on this _____ day of _____ 20___

For and on behalf of _____ duly authorised hereto	AS WITNESS:
Name:	Name:
Position:	Position:
Signature:	Signature:
Date:	
Place:	

IMPORTANT NOTICE TO RESPONDENTS

- **Transnet has appointed a Procurement Ombudsman to investigate any material complaint in respect of RFPs exceeding R5,000,000.00 [five million S.A. Rand] in value. Should a Respondent have any material concern regarding an RFP process which meets this value threshold, a complaint may be lodged with Transnet's Procurement Ombudsman for further investigation.**
- **It is incumbent on the Respondent to familiarise himself/herself with the Terms of Reference for the Transnet Procurement Ombudsman, details of which are available for review at Transnet's website www.transnet.net.**
- **An official complaint form may be downloaded from this website and submitted, together with any supporting documentation, within the prescribed period, to procurement.ombud@transnet.net.**
- **For transactions below the R5,000,000.00 [five million S.A. Rand] threshold, a complaint may be lodged with the Chief Procurement Officer of the relevant Transnet Operating Division.**
- **All Respondents should note that a complaint must be made in good faith. If a complaint is made in bad faith, Transnet reserves the right to place such a Bidder on its List of Excluded Bidders.**

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 11 : BREACH OF LAW FORM

NAME OF ENTITY: _____

I/We_____

___

do hereby certify that *I/we* ***have/have not been*** found guilty during the preceding 5 [five] years of a serious breach of law, including but not limited to a breach of the Competition Act, 89 of 1998, by a court of law, tribunal or other administrative body. The type of breach that the Respondent is required to disclose excludes relatively minor offences or misdemeanours, e.g. traffic offences.

Where found guilty of such a serious breach, please disclose:

NATURE OF BREACH:

_____

_____

_____

_____

DATE OF BREACH: _____

Furthermore, I/we acknowledge that Transnet SOC Ltd reserves the right to exclude any Respondent from the bidding process, should that person or entity have been found guilty of a serious breach of law, tribunal or regulatory obligation.

SIGNED at _____ on this _____ day of _____ 20__

_____ _____

SIGNATURE OF WITNESS SIGNATURE OF RESPONDENT

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 12 : RFP CLARIFICATION REQUEST FORM

RFP No: **GSM/13/04/0722**

RFP deadline for questions / RFP Clarifications: Before **12:00 on 09 July 2013**

TO:	Transnet SOC Ltd
ATTENTION:	Macdonald Maluleke
EMAIL	Macdonald.Maluleke@transnet.net
DATE:	_____
FROM:	_____
	_____

RFP Clarification No *[to be inserted by Transnet]* .....

REQUEST FOR RFP CLARIFICATION

_____
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 13 : SUPPLIER CODE OF CONDUCT

Transnet aims to achieve the best value for money when buying or selling goods and obtaining services. This however must be done in an open and fair manner that supports and drives a competitive economy. Underpinning our process are several acts and policies that any supplier dealing with Transnet must understand and support. These are:

- The Transnet Supply Chain Policy
- Section 217 of the Constitution - the five pillars of Public PSCM [Procurement and Supply Chain Management]: fairness, equity, transparency, competitiveness and cost effectiveness;
- The Public Finance Management Act **[PFMA]**;
- The Preferential Procurement Policy Framework Act **[PPPFA]**;
- The Broad-Based Black Economic Empowerment Act **[B-BBEE]**; and
- The Prevention and Combating of Corrupt Activities Act.

This Code of Conduct has been included in this RFP to formally apprise prospective Transnet Suppliers of Transnet's expectations regarding the behaviour and conduct of its Suppliers.

Prohibition of bribes, kickbacks, unlawful payments, and other corrupt practices

Transnet is in the process of transforming itself into a self-sustaining State Owned Company **[SOC]**, actively competing in the logistics industry. Our aim is to become a world class, profitable, logistics organisation. As such, our transformation is focused on adopting a performance culture and to adopt behaviours that will enable this transformation.

a) *Transnet will not participate in corrupt practices and therefore expects its Suppliers to act in a similar manner.*

- Transnet and its employees will follow the laws of this country and keep accurate business records that reflect actual transactions and payments to our Suppliers.
- Employees must not accept or request money or anything of value, directly or indirectly, to:
  - illegally influence their judgement or conduct or to ensure the desired outcome of a sourcing activity;
  - win or retain business or to influence any act or decision of any decision stakeholders involved in sourcing decisions; or
  - gain an improper advantage.
- There may be an occasion when a Supplier is confronted with fraudulent or corrupt behaviour by a Transnet employee. We expect our Suppliers to use our "Tip-offs Anonymous" Hot line to report these acts [0800 003 056].

b) *Transnet is firmly committed to the ideas of free and competitive enterprise.*

- Suppliers are expected to comply with all applicable laws and regulations regarding fair competition and antitrust.
- Transnet does not engage with non-value adding agents or representatives solely for the purpose of increasing B-BBEE spend [fronting].

c) *Transnet's relationship with Suppliers requires us to clearly define requirements, exchange information and share mutual benefits.*

- Generally, Suppliers have their own business standards and regulations. Although Transnet cannot control the actions of our Suppliers, we will not tolerate any illegal activities. These include, but are not limited to:
  - misrepresentation of their product [e.g. origin of manufacture, specifications, intellectual property rights];
  - collusion;
  - failure to disclose accurate information required during the sourcing activity [e.g. ownership, financial situation, B-BBEE status];
  - corrupt activities listed above; and
  - harassment, intimidation or other aggressive actions towards Transnet employees.
- Suppliers must be evaluated and approved before any materials, components, products or services are purchased from them. Rigorous due diligence is conducted and the Supplier is expected to participate in an honest and straight forward manner.
- Suppliers must record and report facts accurately, honestly and objectively. Financial records must be accurate in all material respects.

Conflicts of interest

A conflict of interest arises when personal interests or activities influence [or appear to influence] the ability to act in the best interests of Transnet. Examples include, but are not limited to:

- Transnet employees awarding business to entities in which their family members or business associates have an interest
- Transnet employees having a financial interest in a bidding entity

Bidding entities are required to disclose any interest/s which exist between themselves and any employee and/or Transnet Board member.

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 14 : B-BBEE PREFERENCE POINTS CLAIM FORM

This preference form contains general information and serves as a claim for preference points for Broad-Based Black Economic Empowerment [**B-BBEE**] Status Level of Contribution.

---

1. INTRODUCTION

1.1 A total of 10 preference points shall be awarded for B-BBEE Status Level of Contribution.

1.2 Failure on the part of a Bidder to fill in and/or to sign this form and submit a B-BBEE 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 B-BBEE Status Level of Contribution are not claimed.

1.3 Transnet 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 Transnet.

2. GENERAL DEFINITIONS

2.1 **"all applicable taxes"** include value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;

2.2 **"B-BBEE"** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

2.3 **"B-BBEE status of contributor"** means the B-BBEE 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 Transnet for the provision of goods, works or services;

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 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, skills 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 Transnet;

2.9 **"EME"** means any enterprise with an annual total revenue of R5 [five] million or less;

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 and 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 reference to 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 **"subcontract"** means the primary contractor's assigning or leasing or 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 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 for the evaluation criteria as enumerated in Section 2 of the RFP will be awarded the contract, unless objective criteria justifies the award to another bidder.

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 will be rounded off to 2 [two] decimal places.

3.4 In the event of equal points scored, the Bid will be awarded to the Bidder scoring the highest number of preference points for B-BBEE.

3.5 However, when functionality is part of the evaluation process and two or more Bids have scored equal points including equal preference points for B-BBEE, the successful Bid will be the one scoring the highest score for functionality.

3.6 Should two or more Bids be equal in all respect, the award shall be decided by the drawing of lots.

4. POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTION

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

B-BBEE Status Level of Contributor	Number of Points [Maximum 10]
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

Note: Refer to Section 1 of the RFP document for further information in terms of B-BBEE ratings.

4.2 Bidders who qualify as EMEs in terms of the B-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 EME's with B-BBEE Status Level Certificates.

4.3 Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.

4.4 A trust, consortium or joint venture will qualify for points for its B-BBEE status level as a legal entity, provided that the entity submits its B-BBEE status level certificate.

4.5 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.

4.6 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.

4.7 A person will not be awarded points for B-BBEE status level if it is indicated in the Bid documents that such a Bidder intends subcontracting more than 25% [twenty-five per cent] of the value of the contract to any other enterprise that does not qualify for at least the same number of points that such a Bidder qualifies for, unless the intended subcontractor is an EME that has the capability and ability to execute the subcontract.

4.8 A person awarded a contract may not subcontract more than 25% [twenty-five per cent] 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 subcontracted to an EME that has the capability and ability to execute the subcontract.

5. B-BBEE STATUS AND SUBCONTRACTING

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

B-BBEE Status Level of Contributor _____ = _____ [maximum of 10 points]

Note: Points claimed in respect of this paragraph 5.1 must be in accordance with the table reflected in paragraph 4.1 above and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the Close Corporation Act.

5.2 **Subcontracting:**

Will any portion of the contract be subcontracted? YES/NO [delete which is not applicable]

If YES, indicate:

(i) What percentage of the contract will be subcontracted? .....%
(ii) The name of the subcontractor .....
(iii) The B-BBEE status level of the subcontractor .....
(iv) Is the subcontractor an EME? YES/NO

5.3 Declaration with regard to Company/Firm

(i) Name of Company/Firm.....

(ii) VAT registration number.....

(iii) Company registration number.....

(iv) Type of Company / Firm
□Partnership/Joint Venture/Consortium
□One person business/sole propriety
□Close Corporations
□Company (Pty) Ltd
[TICK APPLICABLE BOX]

(v) Describe Principal Business Activities
.....
.....
.....
.....

(vi) Company Classification

□Manufacturer

□Supplier

□Professional Service Provider

□Other Service Providers, e.g Transporter, etc

[TICK APPLICABLE BOX]

(vii) Total number of years the company/firm has been in business.....

BID DECLARATION

I/we, the undersigned, who warrants that he/she is duly authorised to do so on behalf of the company/firm, certify that points claimed, based on the B-BBEE status level of contribution indicated in paragraph 4 above, qualifies the company/firm for the preference(s) shown and I / we acknowledge that:

(i) The information furnished is true and correct.

(ii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 6 above, the contractor may be required to furnish documentary proof to the satisfaction of Transnet that the claims are correct.

(iii) If the B-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, Transnet 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 Bidder or contractor, its shareholders and directors, and/or associated entities, or only the shareholders and directors who acted in a fraudulent manner, from obtaining business from Transnet for a period not exceeding 10 years, after the *audi alteram partem* [hear the other side] rule has been applied; and/or

(e) forward the matter for criminal prosecution.

WITNESSES:

1. .....

SIGNATURE OF BIDDER

2. .....

DATE:

.....

COMPANY NAME: .....

ADDRESS:.....

.....

.....

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 15 : CERTIFICATE OF ATTENDANCE OF RFP BRIEFING

It is hereby certified that –

1. _____

2. _____

Representative(s) of _____ *[name of entity]*
attended the RFP briefing in respect of the proposed Services to be rendered in terms of this RFP on
_____20___

_____ _____

TRANSNET'S REPRESENTATIVE RESPONDENT'S REPRESENTATIVE

DATE _____ DATE _____

EMAIL _____

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 16 : CERTIFICATE OF ACQUAINTANCE WITH SPECIFICATIONS

[appended hereto as Section 16]

I/We

_____ do hereby certify that I/we acquainted myself/ourselves with all the documentation comprising the Specifications for the carrying out of the proposed Services for which I/we submitted my/our Proposal.

I/We furthermore agree that Transnet SOC Ltd shall recognise no claim from me/us for relief based on an allegation that I/we overlooked any provisions of the Specifications or failed to take it into account for the purpose of calculating my/our offered prices or otherwise.

I/We confirm having been advised that a signed copy of this Schedule can be submitted in lieu of the Specifications as confirmation in terms of the Returnable Schedule.

SIGNED at _____ on this _____ day of _____ 20___

_____ _____

SIGNATURE OF WITNESS SIGNATURE OF RESPONDENT

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 17 : NON DISCLOSURE AGREEMENT

Entered into by and between

TRANSNET SOC LTD

Registration Number 1990/000900/30

and

_____

Registration Number _____

RFP Number GSM/13/04/0722

COMMISSION OF INQUIRY INTO STATE CAPTURE

THIS AGREEMENT is made between

Transnet SOC Ltd [Transnet] [Registration No. 1990/000900/30]
whose registered office is at 49th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg 2001,

and

_____ **[the Company]** [Registration No _____] whose registered office is at _____

_____

WHEREAS

Transnet and the Company wish to exchange Information [as defined below] and it is envisaged that each party may from time to time receive Information relating to the other in respect thereof. In consideration of each party making available to the other such Information, the parties jointly agree that any dealings between them shall be subject to the terms and conditions of this Agreement which themselves will be subject to the parameters of the Bid Document.

IT IS HEREBY AGREED

1. INTERPRETATION

In this Agreement:

1.1 **Agents** mean directors, officers, employees, agents, professional advisers, contractors or sub-contractors, or any Group member;

1.2 **Bid or Bid Document** means Transnet's Request for Information [RFI] Request for Proposal [RFP] or Request for Quotation [RFQ], as the case may be;

1.3 **Confidential Information** means any information or other data relating to one party [the Disclosing Party] and/or the business carried on or proposed or intended to be carried on by that party and which is made available for the purposes of the Bid to the other party [the Receiving Party] or its Agents by the Disclosing Party or its Agents or recorded in agreed minutes following oral disclosure and any other information otherwise made available by the Disclosing Party or its Agents to the Receiving Party or its Agents, whether before, on or after the date of this Agreement, and whether in writing or otherwise, including any information, analysis or specifications derived from, containing or reflecting such information but excluding information which:

a) is publicly available at the time of its disclosure or becomes publicly available [other than as a result of disclosure by the Receiving Party or any of its Agents contrary to the terms of this Agreement]; or

b) was lawfully in the possession of the Receiving Party or its Agents [as can be demonstrated by its written records or other reasonable evidence] free of any restriction as to its use or disclosure prior to its being so disclosed; or

c) following such disclosure, becomes available to the Receiving Party or its Agents [as can be demonstrated by its written records or other reasonable evidence] from a source other than the Disclosing Party or its Agents, which source is not bound by any duty of confidentiality owed, directly or indirectly, to the Disclosing Party in relation to such information;

1.4 **Group** means any subsidiary, any holding company and any subsidiary of any holding company of either party; and

1.5 **Information** means all information in whatever form including, without limitation, any information relating to systems, operations, plans, intentions, market opportunities, know-how, trade secrets and business affairs whether in writing, conveyed orally or by machine-readable medium.

2. CONFIDENTIAL INFORMATION

2.1 All Confidential Information given by one party to this Agreement [the Disclosing Party] to the other party [the Receiving Party] will be treated by the Receiving Party as secret and confidential and will not, without the Disclosing Party's written consent, directly or indirectly communicate or disclose [whether in writing or orally or in any other manner] Confidential Information to any other person other than in accordance with the terms of this Agreement.

2.2 The Receiving Party will only use the Confidential Information for the sole purpose of technical and commercial discussions between the parties in relation to the Bid or for the subsequent performance of any contract between the parties in relation to the Bid.

2.3 Notwithstanding clause 2.1 above, the Receiving Party may disclose Confidential Information:

a) to those of its Agents who strictly need to know the Confidential Information for the sole purpose set out in clause 2.2 above, provided that the Receiving Party shall ensure that such Agents are made aware prior to the disclosure of any part of the Confidential Information that the same is confidential and that they owe a duty of confidence to the Disclosing Party. The Receiving Party shall at all times remain liable for any actions of such Agents that would constitute a breach of this Agreement; or

b) to the extent required by law or the rules of any applicable regulatory authority, subject to clause 2.4 below.

2.4 In the event that the Receiving Party is required to disclose any Confidential Information in accordance with clause 2.3 b) above, it shall promptly notify the Disclosing Party and cooperate with the Disclosing Party regarding the form, nature, content and purpose of such disclosure or any action which the Disclosing Party may reasonably take to challenge the validity of such requirement.

2.5 In the event that any Confidential Information shall be copied, disclosed or used otherwise than as permitted under this Agreement then, upon becoming aware of the same, without prejudice to

any rights or remedies of the Disclosing Party, the Receiving Party shall as soon as practicable notify the Disclosing Party of such event and if requested take such steps [including the institution of legal proceedings] as shall be necessary to remedy [if capable of remedy] the default and/or to prevent further unauthorised copying, disclosure or use.

2.6 All Confidential Information shall remain the property of the Disclosing Party and its disclosure shall not confer on the Receiving Party any rights, including intellectual property rights over the Confidential Information whatsoever, beyond those contained in this Agreement.

3. RECORDS AND RETURN OF INFORMATION

3.1 The Receiving Party agrees to ensure proper and secure storage of all Information and any copies thereof.

3.2 The Receiving Party shall keep a written record, to be supplied to the Disclosing Party upon request, of the Confidential Information provided and any copies made thereof and, so far as is reasonably practicable, of the location of such Confidential Information and any copies thereof.

3.3 The Company shall, within 7 [seven] days of receipt of a written demand from Transnet:

a) return all written Confidential Information [including all copies]; and

b) expunge or destroy any Confidential Information from any computer, word processor or other device whatsoever into which it was copied, read or programmed by the Company or on its behalf.

3.4 The Company shall on request supply a certificate signed by a director as to its full compliance with the requirements of clause 3.3 b) above.

4. ANNOUNCEMENTS

4.1 Neither party will make or permit to be made any announcement or disclosure of its prospective interest in the Bid without the prior written consent of the other party.

4.2 Neither party shall make use of the other party's name or any information acquired through its dealings with the other party for publicity or marketing purposes without the prior written consent of the other party.

5. DURATION

The obligations of each party and its Agents under this Agreement shall survive the termination of any discussions or negotiations between the parties regarding the Bid and continue thereafter for a period of 5 [five] years.

6. PRINCIPAL

Each party confirms that it is acting as principal and not as nominee, agent or broker for any other person and that it will be responsible for any costs incurred by it or its advisers in considering or pursuing the Bid and in complying with the terms of this Agreement.

7. ADEQUACY OF DAMAGES

Nothing contained in this Agreement shall be construed as prohibiting the Disclosing Party from pursuing any other remedies available to it, either at law or in equity, for any such threatened or actual breach of this Agreement, including specific performance, recovery of damages or otherwise.

8. PRIVACY AND DATA PROTECTION

8.1 The Receiving Party undertakes to comply with South Africa's general privacy protection in terms Section 14 of the Bill of Rights in connection with this Bid and shall procure that its personnel shall observe the provisions of such Act [as applicable] or any amendments and re-enactments thereof and any regulations made pursuant thereto.

8.2 The Receiving Party warrants that it and its Agents have the appropriate technical and organisational measures in place against unauthorised or unlawful processing of data relating to the Bid and against accidental loss or destruction of, or damage to such data held or processed by them.

9. GENERAL

9.1 Neither party may assign the benefit of this Agreement, or any interest hereunder, except with the prior written consent of the other, save that Transnet may assign this Agreement at any time to any member of the Transnet Group.

9.2 No failure or delay in exercising any right, power or privilege under this Agreement will operate as a waiver of it, nor will any single or partial exercise of it preclude any further exercise or the exercise of any right, power or privilege under this Agreement or otherwise.

9.3 The provisions of this Agreement shall be severable in the event that any of its provisions are held by a court of competent jurisdiction or other applicable authority to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

9.4 This Agreement may only be modified by a written agreement duly signed by persons authorised on behalf of each party.

9.5 Nothing in this Agreement shall constitute the creation of a partnership, joint venture or agency between the parties.

9.6 This Agreement will be governed by and construed in accordance with South African law and the parties irrevocably submit to the exclusive jurisdiction of the South African courts.

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RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 18: SUPPLIER DEVELOPMENT INITIATIVES

1.1 Aim and Objectives

Historically in South Africa there has been a lack of investment in infrastructure, skills and capability development and an inequality in the income distribution and wealth of a significant portion of the population. There have been a number of Government initiatives developed to address these challenges. In particular, the New Growth Path **[NGP]** developed in 2010 aligns and builds on previous policies to ensure the achievement of Government's development objectives for South Africa. Transnet fully endorses and supports Government's New Growth Path policy.

The key focuses of the NGP include:

- increasing employment intensity of the economy
- addressing competitiveness
- balancing spatial development of rural areas and poorer provinces
- reducing the carbon intensity of the economy
- creating opportunities in improving regional and global cooperation
- enabling transformation that benefits a wider range of social actors in society e.g. workers, rural communities, youth and women

Transnet, as a State Owned Company **[SOC]**, plays an important role to ensure these objectives are achieved. Therefore, the purchasing of goods and services needs to be aligned to Government's objectives for developing and transforming the local supply base. Transnet's mission is to transform its supplier base by engaging in targeted supplier development initiatives to support localisation and industrialisation whilst providing meaningful opportunities for Black[3] South Africans with a particular emphasis on:

- Youth [16 to 35 year olds]
- Black women
- People with disabilities
- Small businesses
- Rural integration
- The South African National Military Veteran Association (SANMVA)[4]

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3 "Black" means South African Blacks, Coloureds and Indians, as defined in the B-BBEE Act, 53 of 2003

4 "The South African National Military Veteran Association (SANMVA) has been designated by the Minister of Trade and Industry as a Black Economic Empowerment Facilitator. As such they will be treated as having rights of ownership held 100% by Black People, 40% by Black Women and 10% Black designated groups.

1.2 Supplier Development [SD]

To facilitate the implementation of Supplier Development initiatives, Transnet has adapted an existing framework from the Department of Public Enterprises [**DPE**]. This framework allows for a basic set of principles to be applied to appropriately targeted SD initiatives. Supplier development initiatives aim to build local suppliers who are competitive through building capability and capacity. Hence the framework has been termed the Increased Competitiveness, Capability and Capacity Supplier Development Classification Matrix [**IC³ Matrix**]. Currently there are four quadrants of SD initiatives which Transnet considers according to the IC³ Matrix. This RFP has been identified as strategic, involving high commercial leverage and high value.

Respondents are required to complete an SD Value Summary indicating their commitment to spend a minimum of 30% of the contract value on SD initiatives including subcontracting to preferably Black Owned, Black Women Owned, Black Youth Owned EMEs and QSEs including SANMVA and Black People with Disabilities as a pre-qualification criteria of the RFP.

Accordingly, Respondents are required to provide a commitment of the Supplier Development initiative they will undertake during the contract period. Transnet requires that all Respondents submit a **Supplier Development Bid Document** demonstrating their commitment and support for the New Growth Path Policy and how an appointment in terms of this RFP would assist in achieving the NGP objectives.

The contract which will be concluded with the successful bidder will incorporate the SD undertakings made in the SD Bid Document as a term of the contract.

a) For a detailed understanding of the IC³ Matrix, the respective SD initiatives and their objectives, please refer to the "Guidelines for the Completion of a Supplier Development Bid Document" appended hereto as ***Appendix (xviv)***.

b) The following Supplier Development [**SD**] focus areas have been identified, namely:

Category	Description
Training	Number of hours technical training to be offered to Black owned EME'S,QSE"S and Start-Ups Employees (not less than 10) in the same industry Number of hours soft skills training to be offered to Black owned EME"S, QSE"S and Start-Ups Employees (not less than 10) in the same industry
Capability and Capacity Building in South Africa (existing industry)	Industrial capability building that focuses on value-added activities of the South African industry through manufacturing or service-related activities
Transfer of Technology and Intellectual Property Rights [**IPR**]	Transfer technology, IPR and methodology to small businesses
Skills development	Skills transfer & skills education which will occur as a result of the award of contract
Job Creation	Number of jobs created resulting from the award of contract
Job Preservation	Number of preserved resulting from the award of contract

Small Business Promotion	Encouragement for growth and the expansion of emerging local firms, through procurement and support mechanisms
Rural Integration and Regional Development	Incorporation of the use of rural labour and regional businesses which will contribute to NGP objectives

Green economy / carbon footprint: The potential reduction of the economy's carbon intensity [i.e. creation of a greener economy] should be regarded as a key priority within all the above SD Categories and for all proposed SD initiatives

c) The **Supplier Development Bid Document** is to be submitted as a separate document, developed in line with the criteria set out in ***Annexure Q*** *[Supplier Development Value Summary]* appended hereto. The Supplier Development Bid Document is a detailed narrative document explaining the Respondent's Bid value as summarised in **Appendix XVIV**. There is no prescribed format for this document. This SD Bid Document will represent a binding commitment on the part of the successful Respondent. The SD Bid Document should outline the type of activities you intend to embark upon should you be awarded the contract. This Bid Document should also provide an overview of what you intend to achieve, when, and the mechanisms whereby you will achieve those objectives.

Annexure Q must be completed, indicating by cross-reference the detailed areas which have been addressed in your SD Bid Document for each of the evaluation criteria listed in paragraph 1.2 (c) above, together with the Value Indicators therefor.

Notes for completion of SD Bid Document:

*(i) Respondents are urged to pay careful attention to the compilation of the SD Bid Document **[including Annexure Q]** since this will form an essential component of the evaluation of your Proposal.*

(ii) Respondents are required to address each of the aspects under the detailed SD Description as a minimum for submission. This is not an exhaustive list however, and Respondents must not be limited to these choices when compiling each section.

*(iii) Please provide detailed calculations to illustrate how your estimated Rand values provided in **Annexure Q** have been derived.*

*(iv) Respondents are required to provide an electronic copy [CD] of the completed **Annexure Q** as part of the SD Bid Document submission.*

1.3 **Additional contractual requirements**

Should a contract be awarded through this RFP process, the successful Respondent(s) [hereinafter referred to as **the Service Provider**] will be contractually committed, *inter alia*, to the following conditions:

a) The Supplier will be required to submit a Supplier Development Plan within 45 [forty-five] days from the signature date of a Letter of Intent [**LOI**]. This SD Plan represents additional detail in relation to the SD Bid Document providing an explicit breakdown of the nature, extent, timelines and monetary value of the SD commitments which the Supplier proposes to undertake and deliver during the term of the contract. Specific milestones, timelines and targets will be recorded to ensure that the SD Plan is in line with Transnet's SD objectives and that implementation thereof is completed within the term of the contract.

b) The SD Plan may require certain additions or updates to the initial SD Bid Document in order to ensure that Transnet is satisfied that development objectives will be met.

c) The Supplier will need to ensure that the relevant mechanisms and procedures are in place to allow for access to information to measure and verify the Supplier's compliance with its stated SD commitments.

d) The Supplier will be required to provide:

(i) monthly status updates to Transnet for each SD initiative. [Detailed requirements will be provided by Transnet];

(ii) quarterly status reports for Transnet and the DPE. [Detailed reporting requirements will be provided by Transnet]; and

(iii) a final Supplier Development report, to be submitted to Transnet prior to the expiry date of the contract, detailing delivery, implementation and completion of all SD components plus auditable confirmation of the Rand value contribution associated with each such SD commitment.

e) All information provided by the Supplier in order to measure its progress against its stated targets will be auditable.

f) The Supplier will be required to submit this SD Plan to Transnet in writing, within 45 [forty-five] days after signature of a Letter of Intent [**LOI**], where after both parties must reach an agreement [signed by both parties] within 20 [twenty] days. Transnet will reserve the right to reduce or increase the number of days in which the Supplier must submit its SD Plan if it is deemed reasonable, based on the degree of complexity of the SD initiative.

g) The contract will be conditional on agreement being reached by the parties on the SD Plan submitted by the Supplier. Therefore failure to submit or thereafter to agree to the SD Plan within the stipulated timelines will result in the non-award of such a contract or termination thereof.

h) Failure to adhere to the milestones and targets defined in an SD Plan may result in the invocation of financial penalties, to be determined at Transnet's discretion, as well as providing Transnet cause to terminate the contract in certain cases where material milestones are not being achieved.

1.4 **Supplier Development Documentation**

Your **SD Bid Document [including Annexure Q],** to be submitted as part of your RFP Proposal, will represent a binding commitment on the part of the successful Respondent.

Attached herewith is the following documentation:

- **SD Guideline Document – Appendix (xviv)**

  This document must be used as a guideline to complete the SD Bid Document.

- **SD Value Summary – Annexure Q**

  This template must be completed as part of the bid which will represent a binding financial commitment on the part of the successful Respondent.

As these are listed as mandatory returnable documents, failure to submit, or to submit an incomplete Supplier Development Bid Document, which includes all the required Annexures as indicated in this Section, will result in disqualification of your Proposal.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RFP FOR THE PROVISION OF NETWORK SERVICES FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR TWO (2) YEARS

Section 19 : B-BBEE IMPROVEMENT PLAN

Transnet encourages its Service Providers to constantly strive to improve their B-BBEE rating and requests that Respondents submit a B-BBEE improvement plan. Respondents are therefore requested to indicate the extent to which their ownership, management control, employment equity, preferential procurement and enterprise development will be maintained or improved over the contract period.

Additional contractual requirements

Should a contract be awarded through this RFP process, the successful Respondent(s) may be contractually committed, *inter alia*, to the following conditions:

a) The original B-BBEE Improvement Plan may require certain additions or updates in order to ensure that Transnet is satisfied that developmental objectives will be met.

b) The Service Provider will need to ensure that the relevant mechanisms and procedures are in place to allow Transnet access to information to measure and verify the Service Provider's compliance with its stated B-BBEE Improvement commitments.

c) The Service Provider will be required to provide:

   (i) quarterly status reports for Transnet; and

   (ii) a final B-BBEE Improvement Plan report, to be submitted to Transnet prior to the expiry date of the contract, detailing delivery, implementation and completion of all B-BBEE Improvement components.

d) All information provided by the Service Provider in order to measure its progress against its stated targets will be auditable.

Respondents are requested to submit their B-BBEE Improvement Plan as an additional document with their Proposals by completion of ***Annexure R*** appended hereto.

ANNEXURE E2

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Number
1990/000900/30

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TRANSNET

www.transnet.net

MEMORANDUM

To: Brian Molefe, Group Chief Executive

From: Anoj Singh, Group Chief Financial Officer
Garry Pita, Group Chief Supply Chain Officer

Date: 02 July 2013

Subject: **Request for an extension of the Network RFP closing date – GSM/13/04/0722**

PURPOSE OF SUBMISSION:

1. To request the Group Chief Executive (GCE) to approve:

   - A two (2) weeks extension of the Network Services RFP closing date from 17 July 2013 to 30 July 2013; and
   - That a submission will submitted to the BADC to recommend a contract extension on the current Neotel contract as a result of the above RFP extension and additional time required to complete the tender evaluations for approval by the Board.

BACKGROUND:

2. The Network Services sourcing strategy was approved by the BADC in May 2013.

   The BADC approved the following:
   - 70% technical threshold (minimum criteria).
   - Supplier Development initiatives.
   - Suppliers who pass the technical threshold will be evaluated against the 90/10 rule; price (90%) and B-BBEE (10%).
   - Flexibility to allow for the RFP to be evaluated as if PPPFA exemption is active.
   - Issue the RFP subject to Board approval (which was delegated to the BADC at the Board meeting which took place on 15 February 2013).
   - Award a 3 year contract, with the option to extend for a further 2 years , as a result of the RFP process.
   - Delegated authority to the GCE to approve the Network Services RFP, advertise, negotiate, award, contract and sign all the relevant documentation in line with the approved strategy.

3. The RFP was developed in line with the approved Sourcing Strategy. The GCE approved the Sourcing Strategy, RFP and Advert on 09 June 2013 and the RFP was issued to the market on 14 June 2013.

4. A compulsory RFP briefing session was held on 27 June 2013 for all Bidders who purchased the RFP document. Nineteen (19) bidders purchased the RFP between the 14th and 26th of June 2013.

DISCUSSION:

5. The Network Services RFP stipulated a closing date of 16 July 2013.

6. Eleven (11) bidders out of a total of nineteen (19) bidders requested an extension of the allotted time to submit tenders, with most requesting a one (1) month extension due to the significance of the information required by Transnet.

7. The main reasons stated for requesting an extension by the bidders are as follows:
   - If additional time is not allowed to complete responses, the current service provider (Neotel) will have an unfair advantage as they have had access to Transnet's requirements and will be the only bidder who will be able to submit a quality bid;
   - The nature of the bid requires Transnet to take all potential bidders to 2 Transnet sites before the RFP closing date, in order to give the potential bidders an understanding of Transnet's network requirements to enable them to provide quality bids. These site visits has to be done before the current RFP closing date of 16 July 2013;
   - Bidders requested more information pertaining to the bandwidth sizing at the Metro Ethernet sites as well as categorisation of sites e.g. Gold. The additional information is required in order to complement the information provided in the Request for Proposal (RFP) document. Potential bidders indicated that they will only be able to scope the solution more accurately once the requested information has been compiled and submitted to them;
   - The tender briefing session confirmed the need for potential partnerships. Prospective bidders need to assess their options and potentially need to engage additional parties that will complement their capabilities and for this, they requested more time;
   - The RFP scope for ten (10) towers requires an extended team and time to build a quality and comprehensive integrated solution and proposal;
   - Smaller players are still in the process of finalising their Joint Venture (JV) agreements with other business partners in order to be able to tender for all service towers as requested on the Network Services RFP document;
   - There is large amount of detailed information required for the completion of a comprehensive bid that will make comparative evaluations possible and enhance speedy finalisation of the Network Services tender evaluations, negotiations and award; and

- The RFP requires individual pricing for 900 Transnet sites, and the bidders are of the view that it is not practical to appropriately do the pricing in the time allowed.

8. Management requested a one (1) month extension to the Network Services RFP closing date at the Board Acquisitions and Disposals Committee (BADC) meeting on 28 June 2013 as well as that the BADC recommends a one (1) month extension of the Neotel contract to the Board. The intention was to allow a two-week extension to the RFP closing date and two additional weeks to evaluate the potential 19 bids. The BADC resolved that the RFP closing date extension be forwarded to the GCE for consideration and that the one month extension of the current agreement with Neotel will be considered in due course if the RFP closing date extension is approved by the GCE.

9. A request for approval of the Neotel contract extension and transition period will be presented to the BADC and Board in August 2013 based on the information that will be obtained from the market as prospective bidders were requested to indicate their required transition period if they are successful. The transition period is necessary to enable the successful bidder(s), if it is not Neotel to adequately resource themselves and to put the necessary infrastructure in place in order to deliver a complete range of Network Services required by Transnet on this RFP.

FINANCIAL IMPLICATIONS:

10. Extension of the RFP closing date will have no significant financial impact.

BUDGET IMPLICATIONS:

11. All Operating Divisions (ODs) have existing budgets in place for their respective Network Services requirements.

DELEGATIONS AND APPROVALS:

12. As per the BADC resolution passed on 29 May 2013, the GCE was delegated authority to approve the RFP for issue, award, negotiate, contract and sign all the relevant documentation in line with the approved strategy.

RECOMMENDATION:

13. It is recommended that the Group Chief Executive (GCE) approves:

- A two (2) weeks extension on the Network Services RFP closing date from 17 July 2013 to 30 July 2013; and

- That a submission will be submitted to the BADC to recommend a contract extension to the current Neotel contract as a result of the above RFP extension and additional time required to complete the tender evaluations for approval by the Board.

COMPILED BY

Macdonald Maluleke
Commodity Manager: Group Strategic Sourcing
Date: 02/07/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Fanie van der Walt
Executive Manager: Group Strategic Sourcing
Date: 02/07/2013

RECOMMENDED/NOT RECOMMENDED

Gerrie van der Westhuizen
Executive Manager: Office of the GCIO
Date: 02/07/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Edward Thomas
Acting Group Chief Supply Chain Officer
Date: 02/07/13

RECOMMENDED/~~NOT RECOMMENDED~~

Anoj Singh
Group Chief Financial Officer
Date: 03/07/13

APPROVED/~~NOT APPROVED~~

Brian Molefe
Group Chief Executive
Date: 2013 07 05

ANNEXURE E3

Transnet SOC Ltd
Registration
Number
1990/000900/30

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TRANSNET

www.transnet.net

MEMORANDUM

To: Brian Molefe, Group Chief Executive

From: Anoj Singh, Group Chief Financial Officer
Garry Pita, Group Chief Supply Chain Officer

Date: 22 July 2013

Subject: **Request for an extension of the Network RFP closing date – GSM/13/04/0722**

PURPOSE OF SUBMISSION:

1. To request the Group Chief Executive (GCE) to approve:

   - A further two (2) weeks extension of the Network Services RFP closing date from 31 July 2013 to 13 August 2013; and

   - That a submission will be submitted to the BADC to recommend a contract extension on the current Neotel contract as a result of the above RFP extension and additional time required to complete the tender evaluations for approval by the Board.

BACKGROUND:

2. The Network Services sourcing strategy was approved by the BADC in May 2013.

   The BADC approved the following:
   - 70% technical threshold (minimum criteria).
   - Supplier Development initiatives.
   - Suppliers who pass the technical threshold will be evaluated against the 90/10 rule; price (90%) and B-BBEE (10%).
   - Flexibility to allow for the RFP to be evaluated as if PPPFA exemption is active.
   - Issue the RFP subject to Board approval (which was delegated to the BADC at the Board meeting which took place on 15 February 2013).
   - Award a 3 year contract, with the option to extend for a further 2 years , as a result of the RFP process.
   - Delegated authority to the GCE to approve the Network Services RFP, advertise, negotiate, award, contract and sign all the relevant documentation in line with the approved strategy.

3. The RFP was developed in line with the approved Sourcing Strategy. The GCE approved the Sourcing Strategy, RFP and Advert on 09 June 2013 and the RFP was issued to the market on 14 June 2013.

4. A compulsory RFP briefing session was held on 27 June 2013 for all Bidders who purchased the RFP document. Nineteen (19) bidders purchased the RFP between the 14th and 26th of June 2013.

DISCUSSION:

5. The Network Services RFP stipulated an initial closing date of 16 July 2013.

6. Eleven (11) bidders out of a total of nineteen (19) bidders requested an extension of the allotted time to submit tenders, with most requesting a one (1) month extension due to the significance of the information required by Transnet.

7. The main reasons stated for requesting an extension by the bidders were as follows:
   - If additional time is not allowed to complete responses, the current service provider (Neotel) will have an unfair advantage as they have had access to Transnet's requirements and will be the only bidder who will be able to submit a quality bid;
   - The nature of the bid requires Transnet to take all potential bidders to 2 Transnet sites before the RFP closing date, in order to give the potential bidders an understanding of Transnet's network requirements to enable them to provide quality bids. These site visits has to be done before the current RFP closing date of 16 July 2013;
   - Bidders requested more information pertaining to the bandwidth sizing at the Metro Ethernet sites as well as categorisation of sites e.g. Gold. The additional information is required in order to complement the information provided in the Request for Proposal (RFP) document. Potential bidders indicated that they will only be able to scope the solution more accurately once the requested information has been compiled and submitted to them;
   - The tender briefing session confirmed the need for potential partnerships. Prospective bidders need to assess their options and potentially need to engage additional parties that will complement their capabilities and for this, they requested more time;
   - The RFP scope for ten (10) towers requires an extended team and time to build a quality and comprehensive integrated solution and proposal;
   - Smaller players are still in the process of finalising their Joint Venture (JV) agreements with other business partners in order to be able to tender for all service towers as requested on the Network Services RFP document;
   - There is large amount of detailed information required for the completion of a comprehensive bid that will make comparative evaluations possible and enhance speedy finalisation of the Network Services tender evaluations, negotiations and award; and

- The RFP requires individual pricing for 900 Transnet sites, and the bidders are of the view that it is not practical to appropriately do the pricing in the time allowed.

8. Management requested a one (1) month extension to the Network Services RFP closing date at the Board Acquisitions and Disposals Committee (BADC) meeting on 28 June 2013 as well as that the BADC recommended a one (1) month extension of the Neotel contract to the Board. The intention was to allow a two-week extension to the RFP closing date and two additional weeks to evaluate the potential 19 bids. The BADC resolved that the RFP closing date extension be forwarded to the GCE for consideration and that the one month extension of the current agreement with Neotel will be considered in due course if the RFP closing date extension is approved by the GCE.

9. The request for a two (2) weeks extension of the Network Services RFP was approved by the Acting GCE on 05 July 2013 (See Annexure A). The bidders were notified on 09 July 2013 upon receipt of the approved extension memorandum from the Acting GCE's office.

10. We have already received formal requests from some bidders requesting a further extension of the Network Services RFP in lieu of the information that must still be collated and submitted with their RFP proposals.

11. The prospective bidders have also requested GPS coordinates for all the Transnet sites that require Network connectivity and the Transnet team is busy collating this information as it was not readily available.

12. The number of questions received from the prospective bidders is around 300 and Transnet only managed to respond to just above 160 at the current moment as some of the requested information has to be solicited from specific Transnet sites and validated by the responsible technical experts before it can be forwarded to the prospective bidders.

13. Some of the prospective bidders have requested an extension due to our 30% Supplier Development requirement on the RFP. They have indicated that they are currently busy negotiating with emerging B-BBEE companies that they need to partner with in order to meet our 30% Supplier Development threshold that was requested in the RFP.

14. The major risk for Transnet is that some potential bidders has already indicated that they will not be tendering if the extension is not granted and these bidders might declare our RFP process to be non-transparent, unfair and inequitable as they might argue that the current RFP process only favours the current incumbent who already has intricate knowledge of our business due to their five year contract with Transnet.

15. A request for approval of the Neotel contract extension and transition period will be presented to the BADC and Board in August 2013 based on the information that will

be obtained from the market as prospective bidders were requested to indicate their required transition period if they are successful. A possible two (2) months extension will be requested from the BADC and Board in order to give the evaluation team time to finalise the RFP evaluations.

16. The transition period is necessary to enable the successful bidder(s), if it is not Neotel to adequately resource themselves and to put the necessary infrastructure in place in order to deliver a complete range of Network Services required by Transnet on this RFP.

FINANCIAL IMPLICATIONS:

17. Extension of the RFP closing date will have no significant financial impact.

BUDGET IMPLICATIONS:

18. All Operating Divisions (ODs) have existing budgets in place for their respective Network Services requirements.

DELEGATIONS AND APPROVALS:

19. As per the BADC resolution passed on 29 May 2013, the GCE was delegated authority to approve the RFP for issue, award, negotiate, contract and sign all the relevant documentation in line with the approved strategy.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RECOMMENDATION:

20. It is recommended that the Group Chief Executive (GCE) approves:

- A further two (2) weeks extension on the Network Services RFP closing date from 31 July 2013 to 13 August 2013; and
- That a submission will be submitted to the BADC to recommend a contract extension to the current Neotel contract as a result of the above RFP extension and additional time required to complete the tender evaluations for approval by the Board.

COMPILED BY

Mandla Dube
Category Manager: Group Strategic Sourcing

Date: 23-07-2013

RECOMMENDED/~~NOT RECOMMENDED~~

Fanie van der Walt
Executive Manager: Group Strategic Sourcing
Date: 24/07/2013.

RECOMMENDED/~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager: Office of the GCIO
Date: 24/07/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 24/7/13

RECOMMENDED/~~NOT RECOMMENDED~~

Anoj Singh
Group Chief Financial Officer
Date: 24/07/13

APPROVED/~~NOT APPROVED~~

Brian Molefe
Group Chief Executive
Date: 24.7.13.

ANNEXURE F

TRANSNET

TRANSNET ACQUISITION COUNCIL

To: Mr. Macdonald Maluleke
Commodity Manager
Group Strategic Sourcing
48th Floor, Carlton Centre

Date: 13 August 2013
TAC No: 73/2013

RFP GSM/13/04/0722: FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET FOR A PERIOD OF THREE YEARS

Enclosed for your attention are the bids received in connection with the above RFP/RFQ:

NO	BIDDERS	REMARKS
1	Neotel (Pty) Ltd, Midrand.	
2	Telkom SA SOC (Pty) Ltd, Centurion	
3	Dimension Data, Bryanston.	
4	Vodacom (Pty) Ltd, Midrand.	
5 +	T-Systems South Africa (Pty) Ltd, Midrand in collaboration with Broadbrand Infraco SOC Ltd, Woodmead	

Kindly ensure that your recommendation together with the abovementioned RFP/RFQ's are returned if applicable as soon as possible to the TAC, taking into consideration the option date.

SECRETARY:
TAC

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE G1

EXCERPT FROM THE DRAFT MINUTES OF THE BOARD OF DIRECTORS OF TRANSNET SOC LTD MEETING NO. 13/5 HELD ON 29 AUGUST 2013 AT 13:00 IN THE THOMAS BAINES ROOM, VALLEY LODGE, MAGALIESBURG

"6.10 **Network Service Provider**

RESOLVED that the Board notes and approves the following:

- Notes the current status of the Network Services RFP; and
- Approve a 2 months extension of the Neotel Master Services Agreement plus the transition period required by the successful bidder, capped at a maximum of 12 months from 1 November 2013.

13/5/11"

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE G2

TRANSNET

30 August 2013

Mr Sunil Joshi
Managing Director and Chief Executive
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand 2186

Dear Sunil

NOTICE OF EXTENSION - MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

We refer to the above matter and to the agreed five (5) month extension ("Current Extension") of the MSA between Transnet and Neotel, which expires on 31 August 2013. Transnet hereby wishes to extend the current Master Services Agreement (MSA) on the following terms and conditions:

1. The MSA will be extended with effect from 1 September 2013 to 31 October 2013 ("Further Extension"). The price for this further extension period will be as follows:
   1.1. For the period from 1 September 2013 to 31 October 2013, a flat rate of R42,3 million per month (excluding VAT) less 0.25% (quarter of a percent per month discount), regardless of usage by Transnet; and
   1.2. In the event that the Parties agree to a further extension of the Services with effect from 1 November 2013, the following will apply for any further extensions:
      1.2.1. For the period from 1 November 2013 to 30 April 2014, a flat rate of R41,983,543 million per month (excluding VAT) less 0.25% (quarter of a percent per month discount), regardless of usage by Transnet; and
      1.2.2. For the period from 1 May 2014 onwards, a flat rate of R41,553,256 per month (excluding VAT). This fee will be adjusted pro-rata based on the actual usage compared to usage as at 31 March 2013.
2. The terms upon which the parties concluded the Current Extension shall apply to this Further Extension period;
3. Any additional projects and/or services outside of the services referred to in the billing as at the end of March 2013, as referenced in paragraph 2 of the letter dated 31 May 2013 confirming the Current Extension shall be excluded from the fees referred to herein;

TRANSNET

4. The dispute relating to the CCTV services shall be resolved by no later than 20 September 2013 and outstanding payments in relation thereto shall be made by 30 September 2013; and
5. The monthly payments during the Further Extension shall be made by Transnet on the last working day of every month for the services provided during the month in question, effective from 1 September 2013.

Regards

10.9.13

Brian Molefe

Group Chief Executive

ACCEPTED FOR AND ON BEHALF OF NEOTEL:

NAME: SUNIL JOSHI

SIGNATURE:

DATE: 12/9/13

6. As an outcome of the current RFP process, if a transition is required to a new supplier, Neotel will advise the transition costs that will apply in addition to the contracted charges mentioned in paragraph 1 of this letter.

12/9/13

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

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Parkview, Johannesburg
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Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

ANNEXURE H1

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 31 October 2013 12:12
To: Sharla Pillay Transnet Pipelines DBN
Cc: Mantsika Matooane Transnet Corporate JHB; Garry Pita Transnet Corporate JHB; Anoj Singh Corporate JHB; Mohammed Mahomedy Transnet Corporate JHB
Subject: Network tender documents
Attachments: Covering Memo_for approval_31_10_2013.pdf; Tear report_for approval_31_10_2013.pdf; TIA Report1_31_10_2013.pdf; TIA Report2_31_10_2013.pdf; TIA Report3_31_10_2013.pdf; Letter of regret_DD_for approval_31_10_2013.pdf; Letter of regret_Telkom_for approval_31_10_2013.pdf; Letter of regret_T-Systems_for approval_31_10_2013.pdf; Letter of regret_Vodacom_for approval_31_10_2013.pdf; DOA to extend current contract_31_10_2013.pdf; Extension letter_for approval_31_10_2013.pdf; Letter of intent_for approval_31_10_2013.pdf

Hi Sharla,

Hope you are well.

Your earlier conversation with Garry Pita refers.

Please find attached the following documentation relating to the network tender:

* Covering memorandum - for your approval;

* Tear report - for your approval;

* 3 x Transnet Internal Audit reports - Front page and Executive summaries (Full reports can't be emailed due to size)

o Report 1 - Satisfactory

o Report 2 - Satisfactory

o Report 3 - Requires Improvement with 2 issues raised:

? Potential conflict of interest - T-Systems vs Detecon (Issue 1)

? Issue relating to the rounding of the T-Systems score for technical evaluation (Issue 2)

* Affidavit from T-Systems to mitigate the risk raised by TIA - Issue 1

* E-Mail from National Treasury to mitigate the risk raised by TIA - Issue 2

* Board resolution delegating authority to the GCE to extend current contract with Neotel;

* Extension letter to Neotel - for you approval;

* Letter of intent to Neotel - for your approval; and

* Regret letters x 4 to the unsuccessful bidders - for your approval.

The documents which require your signature have been highlighted in bold.

Please don't hesitate to give me a call should your require anything further as it relates to this tender award.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE H2

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

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Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269

TRANSNET

www.transnet.net

MEMORANDUM

To: Sharla Pillay, Acting Group Chief Executive (GCE)

From: Mohammed Mahomedy, Acting Group Chief Financial Officer (GCFO)
Mantsika Matooane (Chief Information Officer)
Garry Pita, Group Chief Supply Chain Officer (GCSCO)

Date: 30 October 2013

Subject: **RFP No. GSM/13/04/0722 for Provision of Network Services – Request for approval to approve the process, award contract and issue a Letter of Intent (LOI) inviting Neotel to further negotiations as the preferred bidder of this RFP**

PURPOSE OF SUBMISSION:

1. To request the Group Chief Executive (GCE) to:

   - Approve the procurement process and award of business to Neotel (Pty) Ltd;
   - Sign the Letter of Intent (LOI) for the preferred bidder (See Annexure Q);
   - Sign letters of regret for the four (4) unsuccessful bidders (See Annexure R) and
   - Sign the letter to extend the current Neotel contract (Annexure T).

BACKGROUND:

2. The current five (5) year Neotel contract for Network Services was established through a sale agreement of Transtel to Neotel. This agreement was due to expire on 31 March 2013 and the Board subsequently approved five (5) and two (2) months extensions respectively and the current expiry date is 31 October 2013.

3. All Transnet Operating Divisions (ODs) make use of this contract for their Network Services requirements and the contract is managed at Group level by EIMS previously known as Group ICT.

4. The need for the Network Services RFP came about as a result of the imminent expiry of the Network Services agreement with Neotel (Pty) Ltd and the Transnet Board requested that management should test the open market for this requirement.

DISCUSSION

5. A Network Services sourcing strategy and RFP was prepared by the Cross Functional Sourcing Team (CFST) that consisted of technical representatives from all ODs. This sourcing strategy was recommended by the Executive Committee (EXCO) and Board Acquisitions and Disposal Committee (BADC) and approved by the Board of Directors (Board) in February 2013. The subsequent amendments on the sourcing strategy pertaining to the contract period and technical threshold were further approved by the BADC on 29 May 2013.

6. The Board delegated authority to approve the Sourcing Strategy, RFP, Advert and Award to the Group Chief Executive Officer subject to approval of the BADC and the BADC concurred with that recommendation. Refer to Annexure B of the attached TEAR report for the BADC resolution delegating authority to the GCE as indicated above.

7. An RFP was sent out to the market on 14 June 2013 and closed on 13 August 2013 after being extended twice as per requests from the bidders and approved by the GCE. A compulsory briefing session was held on 27 June 2013 and all nineteen (19) bidders who purchased the RFP document attended the briefing session. Only five (5) bidders responded to the RFP.

8. Bidders were evaluated against specific criteria as set out in the Request for Proposal (RFP) that was approved by the GCE on 09 June 2013. The table below indicates the number of bidders that passed at each of the evaluation stages.

Evaluations				
Stage 1	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**
Administrative Responsiveness	Substantive Responsiveness	Technical Evaluation	Commercial Evaluation	Award incl. Post Tender Negotiations
5	4	3	3	1

9. It was concluded during the technical evaluation process that three (3) bidders namely Neotel (Bidder 1), Dimension Data (Bidder 3) and T-Systems (Bidder 5) passed stage 1 to 4 of the evaluation process.

10. The preliminary Network Services evaluation results in the form of a Tender Evaluation and Recommendation (TEAR) report were presented to Management for review on 01 October 2013. Management identified scoring discrepancies and requested that the Cross Functional Evaluation Team (CFET) should re-moderate areas where there were huge scoring discrepancies to be in line with Section 18.4.1(iii) of the PPM that stipulates that an outlying score/s should as a general guideline be determined where there is a point differential of more than 4 points on the 10 point scale as compared to the other scores. A re-moderation session was held at Carlton Centre on 04 October 2013 where all the impacted service towers were re-moderated and agreed upon by the entire evaluation team including Transnet Internal Audit (TIA).

11. Transnet has also considered the issue of Vodacom acquiring Neotel, its assets and customer base as part of this RFP. Neotel has however indicated as part of the process

that this risk will be mitigated and should the Due Diligence being conducted by Vodacom prove to be positive for the sale and should the Competition Commission approve the sale Neotel will continue to fulfill its mandate as part of Vodacom and offer services under the agreed Terms and Conditions between Neotel and Transnet. Should the sale not be concluded Neotel has also committed to continue delivery of services to Transnet on the proposed services as described in their RFP response with the necessary commitment from their shareholders.

12. A recommendation for approval of Due Diligence and negotiations was submitted to the GCE for approval upon conclusion of commercial and B-BBEE evaluations. The GCE approved the Due Diligence and negotiations request on 14 October 2013 and a copy of the approved memorandum is included as Annexure C of the attached TEAR report. Due Diligence and negotiations letters were issued to the bidders on 14 October 2013 and the process commenced on 16 October 2013.

13. The Due Diligence process kicked off with discussions on the bid proposals with the individual shortlisted bidders to clarify their assumptions and enable them to submit their Best and Final Offers (BAFO) to Transnet. The process progressed to site visits to the three (3) shortlisted bidders' facilities to conduct interviews with some of their key resources and to conduct a facilities inspection to determine their technical capability to execute on the contract if successful on this RFP. The Due Diligence process culminated in conducting of telephonic interviews with two of the three references that were provided by each bidder to establish their performance track-record on the network related contracts which they have with their current customers. The above process was finalised on 23 October 2013 and a Due Diligence report that was compiled by the CFST is included as Annexure O of the Network Services TEAR report.

14. The Network Services TEAR report detailing the entire RFP process is included as **Appendix 1** of this memorandum. The High Value Tender (HVT) Gateway reports 1 and 2 provided by Transnet Internal Audit (TIA) as required by the HVT process indicates full compliance (green audit) to the Procurement process. The HVT Gateway 3 report indicated a need for improvement due to the rounding-off of technical scores and the possible conflict of interest issue between T-Systems and Detecon Consulting. The above mentioned issues have already been mitigated through the rounding-off permission that was received from the National Treasury and a written Affidavit from T-Systems confirming that there was never any information sharing between them and Detecon Consulting. Copies of the TIA Gateway Reviews reports are included as Annexure P of the attached TEAR report.

15. Table 2 below indicates project timelines for the remaining activities to the completion of this procurement event for the Network Services RFP:

Item	Activity	Planned Completion Date
1	Stage 1: (Administrative Evaluations & Moderation)	Finalised
2	Stage 2: (Substantive Evaluations & Moderation)	Finalised

3	Stage 3: (Technical Evaluations & Moderation)	Finalised
4	Stage 4: (Commercial Evaluations & Moderation)	Finalised
5	Issuing of presentations invites to the shortlisted bidders	Finalised
6	Presentations by the shortlisted bidders	Finalised
7	Submit recommendation for approval of Due Diligence and Negotiations to the GCE for approval	Finalised
8	Conduct Due Diligence to clarify assumptions and establish the shortlisted bidders' technical capability	Finalised
9	Request Best and Final Offers (BAFO) after Due Diligence	Finalised
10	Stage 5: Post Tender Negotiations with the preferred bidder	Deferred to post issuing of the LOI
11	Present a final recommendation for award together with LOI(s) to the GCE for approval	25 – 30 October 2013
12	Stage 6: Issue LOI(s) to the successful bidder	31 October 2013
13	Discuss transition plan with the preferred bidder	31 October 2013
14	Negotiate and sign Master Services Agreement (MSA) during the transition period including Supplier Development Plan	01 November 2013 to 28 February 2014

Table 2: Project Timelines

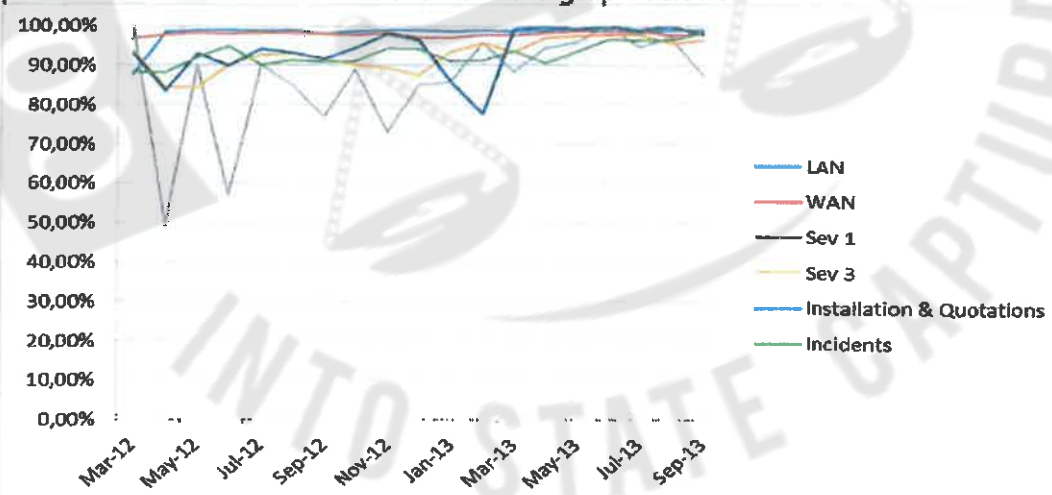
RISKS ASSOCIATED WITH THE CURRENT SERVICE PROVIDERS

16. Two of the bidders are current service providers to Transnet and risks linked to current services and mitigating actions are highlighted in the table below:

Bidder 1 – Neotel		Bidder 5 – T-Systems	
Risk	Mitigating actions	Risk	Mitigating actions
Security services not meeting requirements	• Security requirements have increased significantly between the current contract and the RFP; • Transnet has implemented external monitoring of the network; • Real time monitoring; • Implementation of next generation firewalls; • Supplier has committed to employ additional resources; • All findings linked to security incident has been cleared.	Security services not meeting requirements	• Security requirements have increased significantly between the current contract and the RFP; • Transnet has implemented external monitoring of the network; • Real time monitoring; • Implementation of next generation firewalls; • Supplier has committed to employ additional resources; • All findings linked to security incident has been cleared.
Lack of project	• Strong contractual support to	Lack of project	• Strong contractual support to

governance	force supplier to enact the appropriate governance with the support from bidders internal governance functions; • Transnet will require independent certification of competence of project delivery function; • SLA's will also be applicable on future project with service credits linked to the project budgets and timelines.	governance	force supplier to enact the appropriate governance with the support from bidders internal governance functions; • Transnet will require independent certification of competence of project delivery function; • SLA's will also be applicable on future project with service credits linked to the project budgets and timelines.
		Overall quality of service delivery	• Service credits are being charged; • Focus on continuous service improvement.
		Poor Financial Management	• Project launched to identify weaknesses and to improve current financial reporting; • Internal Audit initiated to validate the accuracy of current billing.

17. Considering the factors above management is confident that any risk linked to the recommend bidder can be mitigated, if not already done by implementing the new contract and more onerous service level agreements as included in the RFP process.
18. The proposed bidder's overall service delivery trends have also improved over the previous 18 months as is evident from the graph below:



APPROVALS AND DELEGATION:

19. The Group Chief Executive has already provided the following approvals:

    - Approval of the Request for Proposal (RFP) and Advert to go out on an open tender;
    - Approval to advertise and issue a RFP to the open market for provision of Network Services for a period of three (3) years with an option to extend for another two (2) years;
    - Approval to conduct Due Diligence and Negotiations on the Network Services RFP.

20. In terms of clause 6.4(e) of the Delegation of Authority on the latest PPM effective from 01 October 2013, all recommendations for award exceeding R2 billion should be approved by the Board. This recommendation is forwarded to the GCE for approval as per delegation from the BADC dated 29 May 2013, a copy of which is included as Annexure B of the attached TEAR report.

FINANCIAL IMPLICATIONS:

21. The estimated contract value for a period of three (3) years is estimated at R1.5 billion. Transnet does have an option to extend the contract for an additional 2 years, which would increase the cost with an estimated R1 billion.

22. A minimum savings target of 10% will be negotiated with the preferred bidder during post tender negotiations as part of Transnet's FY 2013/14 cost savings drive.

BUDGET IMPLICATIONS:

23. All Transnet OD's and Specialist Business Units (SBUs) have budgets available for their respective Network Services requirements.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RECOMMENDATION:

24. To request the Group Chief Executive (GCE) to:

- Approve the procurement process and award of business to Neotel (Pty) Ltd;
- Sign the Letter of Intent (LOI) for the preferred (See Annexure Q);
- Sign letters of regret for the four (4) unsuccessful bidders (See Annexure R); and
- Sign the letter to extend the current Neotel contract (Annexure T).

COMPILED BY

pp

Macdonald Maluleke
Commodity Manager: Group Strategic Sourcing
Date:

RECOMMENDED / ~~NOT RECOMMENDED~~

Mandla Dube
Category Manager: Group Strategic Sourcing
Date: 30/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Fanie van der Walt
~~Executive~~ Manager: Group Strategic Sourcing
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager: Office of the CIO
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

pp

Peter Volmink
Executive Manager: Governance & Compliance
Date: 31 OCTOBER 2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Yusuf Loonat
Executive Manager: EIMS Service Delivery
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 31/10/13

RECOMMENDED / ~~NOT RECOMMENDED~~

Mantsika Matooane
Chief Information Officer
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Mohammed Mahomedy
Acting Group Chief Financial Officer
Date: 31. 10. 2013.

APPROVED / NOT APPROVED

Sharla Pillay
Acting Group Chief Executive
Date:

ANNEXURE H3

Transnet Group iSCM
Tender Evaluation And Recommendation Report
Description of Goods /Service: Provision of Network Services
RFP No. GSM 13/04/0722

TRANSNET

Date: 30 October 2013

TENDER EVALUATION AND RECOMMENDATION REPORT

DESCRIPTION OF GOODS /SERVICE: Provision of Network Services

RFP No. GSM 13/04/0722

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Transnet Group iSCM
Tender Evaluation And Recommendation Report

1. EXECUTIVE SUMMARY

1.1 Project Background

Transnet currently procures Network Services from Neotel (Pty) Ltd since 2008 as a result of the sale agreement for Transtel to Neotel as a going concern. The current agreement with Neotel is due to expire on 31 October 2013 and Transnet went out on open tender in order to test the market. The successful service provider for the services sought on this RFP will be awarded a three-year outsourcing agreement with an option to extend for two (2) years at Transnet's discretion.

The need for a Network Services RFP came about as a result of the eminent expiry of the current agreement with Neotel. The Network Services outsourcing strategy was developed with the assistance of an international ICT Consulting Company (Detecon Consulting) which was contracted for a period of three (3) months to assist with Due Diligence on the current agreement and advise Transnet on the available sourcing strategy options based on the Due Diligence findings (**See Annexure A**). The intention of the RFP process was to partner with a single primary service provider that would best support the achievement of Transnet's current and future Network Infrastructure Services requirements. It was however clearly stated in the RFP that Transnet will reserve the right to award each service tower to more than one service provider.

The Cross Functional Sourcing team (CFST) completed all preparation work to go out to market after the following approvals were obtained:

- EXCO, BADC and Board approval on the sourcing strategy to go out on an open tender for a period of 3 years with an option to extend for 2 years;
- Sourcing Strategy, RFP and Advertisement approval by the GCE as delegated by the BADC and Board **(See Annexure B).**

All the above-mentioned approvals have already been obtained and are available on request.

1.2 Project Details & Deliverables

Sourcing Strategy

The objective of the Network Services RFP is to source all services through a Preferred Service Provider capable of servicing all Transnet Operating Divisions in their locations around the country. Should this service provider not be able to provide the full complement of the required services, they will need to partner with other service providers to fill these service gaps. This partnering can be via creation of a Consortium or a Joint Venture. The nominated senior service provider within the Joint Venture or Consortium will be the Prime Contractor with whom Transnet will contract for the full complement of services. The Prime Contractor will take full responsibility for end to end delivery of the services and relationship with Transnet.

Based on the advice of the ICT Outsource Partner (Detecon) and internal analysis and review of the available sourcing options, the following four (4) sourcing options were identified:

- In-Sourcing with external service delivery (Option 1)
- In-Sourcing with internal service delivery (Option 2)
- Multi-Sourcing model with each OD appointing their own Network Services SP (Option 3)
- Single Sourcing (Managed Services Model) where one primary SP is appointed to provision Network Services to all Transnet ODs. This is the recommended option which was approved with the Network Services sourcing strategy.

1.3 Approvals already granted by the Group Chief Executive are as follows:

All the approvals listed below have already been achieved and are available on request.

- Approval to go out to the open market on a Request for Proposal (RFP) for the Provision of Network Services for a period of three (3) years with an option to extend for two (2) years;
- Approval to Shortlist, Conduct Due Diligence and Negotiations on the Network Services RFP **(See Annexure C).**

1.4 Request for Proposals (RFP)

The RFP was drafted with Transnet's terms and conditions, and requested the market to respond on specific Technical, Supplier Development (SD), B-BBEE, and Pricing criteria. The templates on which the bidders were required to respond on and submit to Transnet were included as part of the RFP. This was to ensure that Transnet's RFP is fair, transparent, equitable, competitive and cost effective in line with the PPPFA guidelines. Furthermore the templates would allow Transnet to evaluate the received bid documents using the standard evaluation methodology consistently across all bidders.

Cross Functional Sourcing Team (CFST) team meetings were held to develop the Sourcing Strategy, RFP and all Annexures. Each Transnet Operating Division was represented in the CFST.

The Network Services RFP was issued to the market on 14 June 2013 and closed on 13 August 2013. The above closing date was extended twice by a period of two (2) weeks as a result of extension requests that were received from the potential bidders. The RFP extensions mentioned above were duly approved by the GCE and copies of the approved documents are available on request.

A five stage evaluation process as stipulated in the RFP was employed with the following evaluation stages:

- Stage 1 – Administrative Responsiveness
- Stage 2 – Substantive Responsiveness (Technical Critical Criteria and Supplier Development Initiatives of 30% of overall bid price set as a Prequalification)
- Stage 3 – Technical Evaluation (Minimum threshold of 70%)

- Stage 4 – Final Score proportioned by:
  - Price - 90%
  - B-BBEE (Scorecard) - 10%
- Stage 5 – Post Tender Negotiations (including Pricing, Technical, SD & B-BBEE Improvement Plans)

Group Strategic Sourcing aligned with the required High Value Tender processes, which included the following:

- The establishment of a Cross Functional Sourcing Team (consisting of representative from all Operating Divisions, Commercial, Integrated Supply Chain Management and Supplier Development).
- Presentation and approval of the Sourcing Strategy and RFP by the delegated authority.
- Transnet Internal Audit representatives included in the strategy and RFP reviewing, tender briefing session, all evaluations stages, Post Tender Negotiations and reviewing of the TEAR report before being presented to the delegated authority for approval.

1.5 DISCUSSION:

Prior to expiry of the current contract, a request for an extension was submitted to EXCO, BADC and Board for approval of the extension and approval of delegation of authority to the GCE to approve the issuing and award of the Network Services RFP. The Board approved a five (5) months extension of the Network Services contract with Neotel effective from 01 April until 31 August 2013. A further two (2) months extension from 01 September 2013 until 31 October 2013 was approved by the Board in August 2013 in order to give the Cross Functional Sourcing Team (CFST) time to finalise the Network Services RFP. As part of the two months extension approval, the Board also approved a twelve (12) months transition period to migrate provisioning of services from the current contract to the new contract. Refer to **Annexure D** for the two months extension letter which was duly signed by both parties.

1.6 Contract period of the new contract

Start Date: 01 November 2013

Expiry Date: 31 October 2016

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1.7 Tender Details and Tenders Received

RFP Number	GSM/13/04/0722
RFP Issue Date	Friday, 14 June 2013
RFP Closing Date	Tuesday, 13 August 2013
RFP Validity Period	120 days
Extended RFP Validity Period	0 days
Procurement Procedure	RFP - Open Market
Purchase price of RFP	R 5000.00
Date of Advertisement	14 June 2013
Place where Advertised	The Star, Citizen, Cape Argus, Natal Mercury, Sowetan, Daily Dispatch, EP Herald, Volksblad, Business Day, New Age, Sunday Times and City Press
Method of RFP Evaluation	**Method 1:** Stage 1 – Administrative Responsiveness Stage 2 – Substantive Responsiveness Stage 3 – Technical & Functionality (70% Threshold) Stage 4 – Consolidation Evaluation Price - 90% B-BBEE - 10% Stage 5 – Post Tender Negotiations (PTN)
Number of Bids Received	5
Number of Responsive Bids	4
Number of Non Responsive Bids	1
Scheduled Award Date	31 October 2013
Revised Scheduled Award Date	31 October 2013

1.8 Evaluation team

The CFST team identified potential evaluators and a request was sent to all OD's to make the people available to participate. The teams were confirmed before the tender closed and the details are discussed in this section. The table below details the individuals who evaluated the tenders per stage:

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Stage 1: Administrative Evaluations

Name of Evaluator	Moderator
Amukelani Mokoena	Gregg Daniels
Ntsutle Motaung	

Stage 2: Substantive Evaluations

Name of Evaluator	Moderator
Martin Lotz (Technical)	Yusuf Loonat
Alwyn Botha (Technical)	
Amukelani Mokoena	Gregg Daniels
Ntsutle Motaung	
Nkanyiso Ndlovu (SD)	Gomolemo Mahange
Mzamo Manzini (SD)	

Stage 3: Technical Evaluation

Name of Evaluator	Moderator
Yusuf Loonat	Elon Gibson (Gartner Africa)
Gerrie van der Westhuizen	Jack Matthews (Gartner Africa)
Brenda Mfihlo	
Justin Williams	
Hilton Martin	
Kevin Govender	

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Phillip Phiri	
Mogau Seema	
Trevi Jooste	
Riaan Oothuizen	
Karen Ferreira	
Veni Kannigan	
Ian du Preez	
Warren Pretorius	
Winston Rossouw	
Louis Hutton	
Thabo Nkopeng	
Sibusiso Mabaso	
Barbara Magongoa	

Stage 4: Commercial Evaluation

Name of Evaluator	Moderator
Vuyani Mbethe	Anthony Petrus
Tshepisho Mahloana	
Johan Veldman	

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Stage 4: B-BBEE Evaluation

Name of Evaluator	Moderator
Lerato Tseke & Nkanyiso Ndlovu	Gomolemo Mahange/Nkanyiso Ndlovu
Nthuseng Motloung & Mzamo Manzini	

TIA Team

Name	
Zandile Jele	Preetie Desai
Thamie Vorster	

1.9 Commercial Summary

A total of 19 vendors purchased the RFP documents, as listed below.

Number	Bidder
Bidder 1	Dimension Data
Bidder 2	Wipro Technologies South Africa (Pty) Ltd
Bidder 3	T-Systems
Bidder 4	Neotel (Pty) Ltd
Bidder 5	Business Connexion (Pty) Ltd
Bidder 6	Telkom Ltd
Bidder 7	Vodacom
Bidder 8	Price Waterhouse Coopers (PWC)
Bidder 9	HCL Axon (Pty) Ltd
Bidder 10	Huawei Technologies SA (Pty) Ltd
Bidder 11	BT Communications South Africa (Pty) Ltd
Bidder 12	Broadband Infraco (SOC)
Bidder 13	Datacentrix (Pty) Ltd
Bidder 14	Xuma Technologies
Bidder 15	AE Software Solutions
Bidder 16	Bytes Systems Integrated

Bidder 17	Cisco Systems
Bidder 18	Altech Autopage Cellular
Bidder 19	Nashua Communications

Refer to Annexure E for a list of bidders who purchased the Network Services RFP.

1.10 Briefing Session

A total of 20 prospective bidders attended the compulsory briefing sessions that was held on 27 June 2013. The 20th bidder was later removed from the bidders' roll as they failed to pay the full purchase price of R5000 for the bid document as they have only paid R500 when they were allowed into the compulsory briefing session as they claimed to have confused the Network Services RFP with the Financial Services RFP which was sold for R500. The Network Services and Financial Services RFPs were advertised through a joint advertisement in the interest of cost savings for Transnet SOC Limited.

The Network Services RFP briefing session was open to all potential bidders who have already purchased the RFP document as attendance was compulsory in order to be allowed to submit your RFP. This session was conducted to advise the prospective bidders about Transnet's network services requirements and how to complete various sections and templates of the RFP document.

A CFST meeting was held after the briefing session to discuss the outcome of the briefing sessions and for preparation and answering all questions that were posed by the prospective bidders during the session.

All questions that were raised at the briefing session and afterwards were answered by the relevant Transnet subject matter experts and forwarded to the Governance Department first for vetting before being sent out to all the bidders that purchased the RFP document.

1.11 Proposal

The following bidders submitted their proposals on or before the extended closing date of 13 August 2013 at 12:00. Refer to **Annexure F** for a list of all bidders that submitted RFPs. (No late submissions were received)

Number	Bidder
1	Neotel (Pty) Ltd, Midrand
2	Telkom SA SOC , Centurion
3	Dimension Data, Bryanston
4	Vodacom (Pty) Ltd, Midrand
5	T-Systems South Africa (Pty) Ltd, Midrand in collaboration with Broadband Infraco SOC Ltd, Woodmead

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1.12 Tender communication:

The process followed for tender clarifications and communications was as follows:

a) The bidders sent the questions to Transnet through a nominated Strategic Sourcing representative as stipulated on the RFP;

b) The Transnet subject matter experts drafted a response to the questions;

c) Questions and Answers from bidders were vetted by Governance;

d) Input from Governance was incorporated on the responses; and

e) Questions and Answers were sent out to all bidders who purchased the RFP.

Adequate time was given to bidders to respond to the clarification questions per occurrence (**See Annexure G** for the TAC Secretariat Permission). A summary of the key clarification events and dates are listed below:

Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	01 July 2013 – Briefing Clarification.
Nature and outcome of authorized communication	A communication was sent to all bidders: Clarification questions and answers.
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	21 August 2013 – Substantive Clarification with 4 of the 5 bidders
Nature and outcome of authorized communication	Bidder 2 to 5 were requested to indicate where the supporting information for the technical critical criteria can be found on their RFP submissions. The bidders responded by providing Annexure numbers of where the information can be found on the files
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	09 September 2013 – Commercial Clarification with Dimension Data

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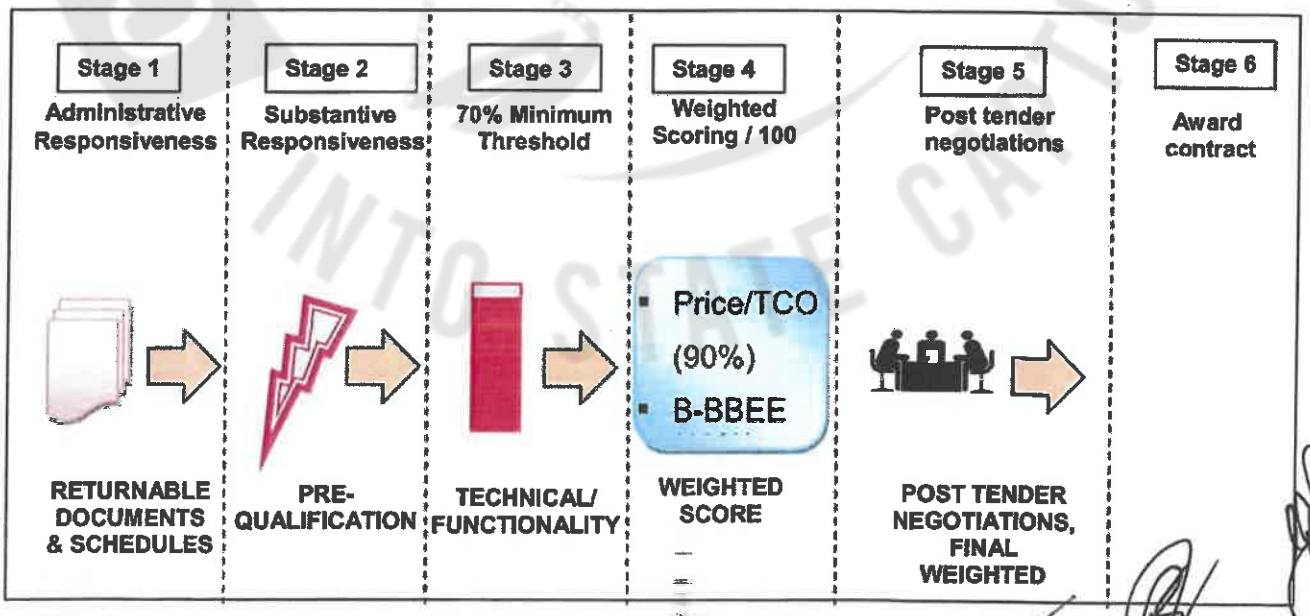
Nature and outcome of authorized communication	Before the test for Commercial responsiveness, the evaluation team picked up that Bidder 3 submitted four (4) different pricing sheets and then requested the Bidder to clarify which one should be used as Transnet can only consider one (1) pricing sheet. The Bidder responded that Transnet can use the price list for the AYAVA solution.
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	10 September 2013 – Relationship clarification between T-Systems and Detecon Consulting
Nature and outcome of authorized communication	It was brought to Group Strategic Sourcing's attention that there is a possible conflict of interest between T-Systems and Detecon Consulting who did the Due Diligence project which was regarded as stage 1 of the Network Services RFP. In terms of the LOI, Detecon and its related parties were not allowed to tender for the Network Services RFP (stage 2) if they have participated in stage 1. T-Systems has since provided a signed Affidavit indicating that there was no information sharing between them and Detecon Consulting and that they will welcome any action which Transnet might take should it later emerge that there was information sharing between them and Detecon Consulting

2. RFP EVALUATION



2.1 Stage One – Test for Administrative Responsiveness

A checklist of Returnable Documents that were requested from the bidders was included in the Network Services RFP. All five (5) bidders proceeded to Stage 2. **See Annexure H** for the administrative consolidated score sheets.

2.2 Stage Two – Test for Substantive Responsiveness to RFP

The test for substantive responsiveness was conducted based on criteria detailed in the RFP. This stage focused on compliance to technical critical criteria, commitment to SD pre-qualification, attendance of compulsory briefing session and submission of a priced offer. This stage of the evaluation was to ensure that only compliant tender submissions were evaluated.

Templates were used to capture the responsiveness of each tender submission. Governance and TIA was consulted to ensure that the process was consistent and fair to all bidders that submitted the RFP.

The substantive stage was conducted after the administrative evaluations followed by the technical evaluation as this RFP is not exempted from the PPPFA and the SD will be negotiated on stage 5 (Post Tender Negotiations), however SD was set as a pre-qualification.

One bidder (Bidder 4) failed to pass substantive evaluations as they failed to produce proof of five (5) years' experience on Wide Area Networks (WAN) services as requested on the technical critical criteria. TIA concurred that the submitted information failed to meet the stipulated minimum technical requirements.

Initially all 5 bidders proceeded to stage 3 and were evaluated on technical while the evaluation team was waiting for the four (4) bidders to provide evidence of their WAN experience and Contact Centre footprint experience as requested on the RFP.

After receiving the outstanding evidence, Bidder 4 was disqualified and the remaining four (4) bidders proceeded to stage 3 (Technical evaluation). See **Annexure I** for the consolidated substantive score sheet.

2.3 STAGE THREE – TECHNICAL THRESHOLD [70%]

Prior the commencement of evaluations of the tender, standard evaluation templates were developed and reviewed by the CFST team and TIA. Sessions were conducted to ensure that there is alignment on the Network Services strategy, evaluation templates and the scoring methodology.

During the development of the Strategy it was decided by the CFST that Transnet will request the bidders to respond to all technical questionnaires using the response templates that were issued with the Network Services RFP.

A summary of the technical evaluation results for Bidder 1, 2, 3 & 5 are indicated on the below table and the summary technical evaluation sheets are included as **Annexure J** of this report.

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	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Initial Technical Scores	76.30%	67.20%	74.00%	69.70%

After completion of Stage Four evaluations, a recommendation for approval of due diligence and negotiations was presented to Management for review and approval. During review of the submission, Management picked up a discrepancy around the moderation methodology that was used by the Cross Functional Evaluation Team (CFET) on functionality/technical evaluation which resulted in scoring discrepancies. Management established that the moderation methodology that was used by the CFET was not in line with the prescripts of the PPM and referred the submission back to the CFET for re-moderation. A re-moderation session was held on 04 October 2013 with all technical evaluators from all ODs and the results of that final moderation session are as indicated below:

	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Final Technical Scores	76.42%	66.80%	73.71%	69.93%

Based on the above technical re-moderation results, only Bidder 1 and 3 passed the technical threshold of 70%. Bidder 5 obtained a total technical score of 69.93% which was 0.07 less than the technical threshold of 70%. Transnet requested the National Treasury to provide guidance on whether the final technical scores can be rounded off to a whole number which Transnet believed the PPPFA allows for and which will allow the third bidder to also go through in support of an open and competitive tender process. The National Treasury provided confirmation that rounding-off on functionality/technical is indeed possible and this resulted in Bidder 5 also making the technical threshold of 70% on this RFP. The confirmation letter from the National Treasury is included as **Annexure K** of this TEAR report. The final rounded technical scores after obtaining Treasury's guidance is as follows:

	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Final Technical Scores	76%	67%	74%	70%

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2.4 Stage Four – Commercial Evaluation

The successful bidders on stage 1, 2, 3 and 4 were evaluated on Price and B-BBEE. The table below shows the weightings in line with the PPM.

Stage Four Evaluation – Final	Weighting
Price	90%
B-BBEE	10%
Total	**100%**

During the Commercial evaluations it became evident that the pricing that was offered by the three (3) shortlisted bidders made it difficult to conduct a "like for like" price comparison as it was subject to certain **assumptions** which would have a huge impact on pricing once unpacked. The below commercial evaluation results were based solely on the submitted pricing without taking into account assumptions which were stipulated by the various bidders which might result in major changes in pricing once discussed with the shortlisted bidders. Below is a summary of the first commercial evaluation results based on the pricing template that was submitted with the RFP without taking assumptions into account:

First Price Evaluation for Network Services RFP (Pre-Due Diligence)

Bidder Name	Price	Points
Bidder 1	R1 389 308 796.00	24.85
Bidder 3	R805 934 857.67	90.00
Bidder 5	R1 330 117 974.48	31.46

To ensure that Transnet is able to conduct a "like for like" comparison a second pricing assessment was done after the CFET met with the shortlisted bidders to clarify their assumptions and requested them to submit their revised commercial proposals. This said assessment was done in line with the Due Diligence and Negotiations approval which was granted by the GCE on 14 October 2013. The GCE approved Due Diligence and negotiations letters that were issued to the shortlisted bidders are included as **Annexure L** of this TEAR report.

Below are the revised commercial evaluation results after the final commercial proposals were received and evaluated by the commercial team. A summary of the initial and the final commercial evaluation results after Due Diligence is included as **Annexure M** of this report:

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Second Price Evaluation for Network Services RFP (Post Due Diligence)

Bidder Name	Price	Points
Bidder 1	R1 330 876 516.32	90.00
Bidder 3	R1 714 300 055.26	64.07
Bidder 5	R1 622 157 146.03	70.30

After receipt of the final commercial proposals from the bidders, Transnet did a normalization exercise on the received pricing in order to ensure that the bidders were quoting for similar services and there were no pricing omissions on the quoted service towers that can inflate the quoted pricing post contract award. Below are the results of the pricing results of the bidders after the normalization process.

Third Price Evaluation for Network Services RFP (Post Normalisation)

Bidder Name	Price	Points
Bidder 1	R1 363 407 228.40	90.00
Bidder 3	R1 584 967 883.26	75.37
Bidder 5	R1 736 894 366.39	65.35

After conclusion of the normalization process, a final clarification session was held with the three bidders to double check if they have not omitted anything on their pricing. Bidders 5 indicated during discussions that their Joint Venture partner might be able to negotiate optimization with its shareholders which will result in an overall reduction of R248 million on their tendered pricing. Bidder 1 and 3 also indicated minor possible price changes which would have resulted in slight adjustments in the final commercial proposals. Below is an indication of the pricing changes if the R248 million possible price reductions were to be taken into account on this project even though this is not possible since the final pricing has already been submitted.

Fourth Price Evaluation for Network Services RFP (Post Normalisation and after Inclusion of the R248m possible price reduction for Bidder 5)

Bidder Name	Price	Points
Bidder 1	R1 363 407 228.40	90.00
Bidder 3	R1 584 967 883.26	75.37
Bidder 5	R1 488 894 366.39	81.72

2.5 Supplier Development (SD)

In addition to the Transnet request for the Bidders to submit a 30% commitment on SD initiatives, bidders were also requested to provide Transnet with their valid B-BBEE Verification Certificates for evaluation of their scorecards based on the 90/10 principle. Below is the summary of the B-BBEE evaluation results based on their current scorecards:

B-BBEE Evaluation

Bidder Name	BBBEE level	Points
Bidder 1	Level 4	5
Bidder 3	Level 3	8
Bidder 5	Level 3	8

Refer to **Annexure N** for the a detailed B-BBEE evaluation sheets

2.6 Stage Five – Due Diligence & Negotiations

All three shortlisted bidders were subjected to a Due Diligence process in order to clarify their bid submissions and verify their technical capability to execute on a contract of this magnitude. The CFET in consultation with Management took a decision that in the interest of time due to the eminent expiry of the Neotel contract, only Due Diligence will be conducted at this stage and Post Tender Negotiations (PTN) will only be conducted with the preferred bidder post signature of the Letter of Intent (LOI).

During Due Diligence the following activities were done by the Cross Functional Evaluation Team (CFET):

- Discussions with the individual shortlisted bidders were held to clarify all assumptions and the bidders were requested to submit their revised commercial proposals to the Transnet TAC Secretariat by no later than 24 October 2013 at 09h00;
- Individual interviews with the shortlisted bidders' key resources were conducted;
- Site visits to the shortlisted bidders' premises to inspect their Network Operations Centre (NOC), Data Centres/Hosting Facilities and Disaster Recovery (DR) sites were conducted;
- Telephonic interviews with the shortlisted bidders' key customers were conducted to determine their performance track-record on some of their current network services customers.

A Due Diligence report which is included as **Annexure O** of this TEAR report was compiled by the Cross Functional Evaluation Team (CFET) on conclusion of the Due Diligence process. Based on the Due Diligence report Bidder 1 and 3 obtained a green overall score as both scored above 70% while Bidder 5 received an amber score as their overall Due Diligence score was 68.94%.

2.7 Weighted Score

Below is the final ranking that forms the basis of the recommendation after the normalization of the received pricing. Based on the below consolidated weighted scoring results, Bidder 1 is the highest in terms of ranking and they are the recommended bidder for further contract negotiations as a preferred bidder.

Final Ranking for Network Services RFP (Post Due Diligence & Normalisation)

Criteria	Bidder 1	Bidder 3	Bidder 5
Price	90.00	75.37	65.35
B-BBEE	5	8	8
Total Score	**95.00**	**83.37**	**73.35**

The CFET team's recommendation is to award all service towers to a single service provider as opposed to awarding service towers separately based on the following reasons:

- The bidders have indicated that certain efficiencies that have been created through leveraging their relationship management structures will be diluted if service towers are awarded separately.
- Transnet does not currently possess the structure nor the level of maturity to fulfil an aggregator role to manage the integration between separate service providers should the service towers be awarded individually.
- Adopting of a split services model and appointing an aggregator usually results in a 10% premium of the value of individual service towers managed by the Aggregator (Gartner market insight).
- Awarding of service towers separately will increase the contract costs as bidders were requested to price as if they will be awarded all service towers in order to leverage on economies of scale and splitting the award of service towers might results in cost escalations on each service towers.
- Appointment of more than one service provider introduces additional complexity and could result in finger pointing impacting on service delivery.

3. CONTRACT BUDGET

The successful Bidder will be appointed for a period of three (3) years with an option to extend for two (2) years. The current Neotel contract spend per annum is approximately R550m. The new contract spend per annum prior to negotiations is estimated at R440m. The estimated contract spend over a period of three (3) years is R1, 3 billion. Based on the above spend estimations, there is already a cost saving of R110m per annum based on the new contract prices. All Transnet Operating divisions have sufficient budgets available for these respective Network Services requirements.

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4. PROJECT RISKS

The risks associated with this recommendation are as follows:

- Both Bidder 3 and 5 have both indicated that they may not be able to fully transition the Wide Area Network (WAN) services within the stipulated twelve (12) months transition period from the incumbent service provider. Should this materialise both bidders have indicated that they will enter into commercial agreements with the incumbent provider to continue with the services in so doing minimise possible service interruptions to Transnet.

- The Security risk for Transnet as a result of the past Security breach impacting Bidder 1 and 5 who are Transnet's current ICT service providers. The EIMS department indicated that the security requirements have increased significantly between the current contract and the requirements expressed in the RFP. This is from a technical requirements viewpoint, an SLA performance viewpoint as well as compliance to Security standards and certification (ISO 27001 and 27002 are explicitly mentioned. In addition to the above requirements the following measures have also been taken:
    - The Transnet has already implemented external monitoring of the network through Symantec MSS and is in the process of building further security intelligence monitoring capability and the service provider will be required to provide real-time security information from all devices on the network to the new security intelligence centre. Data will also be provided to Symantec MSS until such time as the security intelligence function is fully online.

    - The Next generation firewall implementation is currently underway through Neotel and the winning network provider would take over the management and first level monitoring of these devices to provide increased levels of protection on the network perimeter and key areas within the network. This will significantly enhance the current protection levels.

    - The transition from current service levels to the new service levels is a massive step change which will require fundamental re-organisation, recapitalization and certification of the vendor competency in the security area. It is critical that this is effectively managed through the transition period, and Transnet must obtain third party validation through the transition period that the objectives are being met.

5. RFP QUALITY ASSURANCE

Transnet's prescribed RFP process was followed as per the PPM and with the guidance of Transnet Internal Audit (TIA) and the iSCM Governance Department.

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The following sequence of steps was followed:

Stage 1 - Administrative Evaluations conducted by Group Strategic Sourcing Team.

Stage 2 - Substantive Evaluations conducted by Group Strategic Sourcing, Group ICT Team and the Supplier Development Team.

Stage 3 - Technical Evaluations conducted by the ICT Representatives from all ODs.

Stage 4 - Commercial Evaluations conducted by the ISCM Commercial Team, Group ICT Representatives and B-BBEE by the Supplier Development Team. Final Weighed scoring consolidation was done by the Cross Functional Evaluation Team (CFET).

Stages 1, 2, 3, & 4 were conducted sequentially and to ensure that the principles of the gateways were adhered to, the following actions were taken:

a) Teams evaluated separately;

b) Moderation took place separately;

c) Gateway review sessions were held with the relevant team members and Transnet Internal Audit (TIA) to confirm shortlisting of bidders per threshold.

TIA representatives participated in the full process from the strategy development stage, through to the completion of the evaluations and recommendation for award.

Governance was consulted throughout the process to ensure compliance to Transnet's Supply Chain Policies.

HVT Gateway Reviews

Gateway review sessions were held with the relevant team members and Transnet Internal Audit (TIA) to confirm shortlisting of bidders was done following the evaluation process as outlined in the RFP.

TIA representatives participated in the full process from the strategy development stage, through to completion of the evaluations and development of a recommendation for approval of Due Diligence, negotiations and award. The High Value Tender (HVT) Gateway 1 and 2 reports provided by TIA indicates full compliance (green audit) to the Procurement process. The HVT Gateway 3 report indicated a need for improvement due to the rounding-off of technical scores and the possible conflict of interest issue between T-Systems and Detecon Consulting. The above mentioned issues have already been mitigated through the rounding-off permission that was received from the National Treasury and a written Affidavit from T-Systems confirming that there was no information sharing between them and Detecon Consulting. Refer to **Annexure P** for the full HVT Gateway 1, 2 and 3 reports.

A possible conflict of interest issue was also raised during tender evaluations between T-Systems and Detecon Consulting due to their involvement in the Due Diligence project (Phase 1 of this RFP). T-Systems

provided a signed Affidavit confirming that there was no information sharing between them and Detecon Consulting during compilation of their RFP submission. T-Systems was requested to further confirm on the Affidavit that should it later emerge that there was information sharing between them and Detecon Consulting, they will welcome whatever action Transnet might want to take against them. The T-Systems Affidavit is included as **Annexure S** the TEAR report.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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6. RECOMMENDATION:

6.1 It is recommended that the GCE approve the following:

- Approve the procurement process and award of business to Neotel (Pty) Ltd;
- Sign the Letter of Intent (LOI) for the preferred bidder (See Annexure Q); and
- Sign the regret letters for the four (4) unsuccessful bidders (See Annexure R).

COMPILED BY:

Macdonald Maluleke
Commodity Manager (Group Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Mandla Dube
Category Manager (Group Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager (Office of the Head: EIMS)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Fanie van der Walt
Executive Manager (Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Peter Volmink
Executive Manager (Governance & Compliance)
Date: 30/10/13

RECOMMENDED/~~NOT RECOMMENDED~~

Mantsika Matooane
Group Executive (EIMS)
Date: 31/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 30/10/13

RECOMMENDED/~~NOT RECOMMENDED~~

Mohammed Mahomedy
Acting Group Chief Financial Officer
Date: 31.10.2013

APPROVED/NOT APPROVED

Sharla Pillay
Acting Group Chief Executive
Date:

ANNEXURE H4

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

DIMENSION DATA
The Campus,
57 Sloane Street,
Bryanston
2021

Attention: Derek Wykes

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Pricing.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date:

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

TELKOM SA SOC LIMITED
61 Oak Avenue, TechnoPark,
Highveld,
Centurion
0046

Attention: Sipho Ndlovu

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet a technical threshold of 70% based on the evaluation criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date:

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

T-SYSTEMS SA (PTY) LTD
International Business Gateway,
New Road,
Midrand
1685

Attention: Shaheen Vawda

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Pricing.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date:

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

VODACOM (PTY) LTD
082 Vodacom Boulevard,
Highveld,
Centurion
0046

Attention: Prudence Shuping

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet the technical critical criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date:

ANNEXURE H5

EXCERPT FROM THE DRAFT MINUTES OF THE BOARD OF DIRECTORS OF TRANSNET SOC LTD MEETING NO. 13/5 HELD ON 29 AUGUST 2013 AT 13:00 IN THE THOMAS BAINES ROOM, VALLEY LODGE, MAGALIESBURG

"6.10 **Network Service Provider**

RESOLVED that the Board notes and approves the following:

- Notes the current status of the Network Services RFP; and
- Approve a 2 months extension of the Neotel Master Services Agreement plus the transition period required by the successful bidder, capped at a maximum of 12 months from 1 November 2013. 13/5/11"

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE H6

TRANSNET

30 October 2013

Mr Sunil Joshi
Managing Director and Chief Executive
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand 2186

Dear Sunil

NOTICE OF EXTENSION - MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

We refer to the above matter and to the agreed initial five (5) month extension ("Current Extension") and the subsequent two (2) month extension ("Further Extension") of the MSA between Transnet and Neotel, which expires on 31 October 2013.

Transnet hereby wishes to extend the current Master Services Agreement (MSA) on the following terms and conditions:

1. The MSA will be extended with effect from 1 November 2013 ("Third Extension") on a month by month basis, for a maximum period of six (6) months to allow for a transition of services.
2. The price for this Third Extension period will be a maximum of:
    2.1.1. For the period from 1 November 2013 to 30 April 2014, a flat rate of R41,983,543 million per month (excluding VAT) less 0.25% (quarter of a percent per month discount) on a month by month basis over the "Third Extension" period, regardless of usage by Transnet; and
    2.1.2. Transnet does however require additional discount as per the pricing indicated in the RFP process which will be negotiated between the parties.
3. The terms upon which the parties concluded the Current Extension and Further Extension shall apply to this Third Extension period;

COMMISSION OF INQUIRY INTO STATE CAPTURE

TRANSNET

4. Any additional projects and/or services outside of the services referred to in the billing as at the end of March 2013, as referenced in paragraph 2 of the letter dated 31 May 2013 confirming the Further Extension (to the Current Extension) shall be excluded from the fees referred to herein; and
5. The monthly payments during the month by month Further Extension shall be made by Transnet on the last working day of every month for the services provided during the month in question, effective from 1 November 2013.
6. Transnet will give Neotel 30 days' notice should any or all of Towers of Services not be extended for the next monthly extension ("Third Extension").

Regards

_____

Sharla Pillay

Acting Group Chief Executive

ACCEPTED FOR AND ON BEHALF OF NEOTEL:

NAME: _____

SIGNATURE: _____

DATE: _____

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

P.O. Box 72501
Parkview, Johannesburg
South Africa, 2122
T +27 11 308 3001
F +27 11 308 2638

Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

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ANNEXURE H7

Date: 30 October 2013

Reference: LOI/GSM 13/04/0722

Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand
1685

Attention: Sunil Joshi, Managing Director and Chief Executive Officer

Dear Mr. Joshi

RE : LETTER OF INTENT TO NEGOTIATE FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Pursuant to Transnet's Request for Proposal [RFP Number GSM/13/04/0722], we wish to inform you that we are pleased to confirm that your company has been identified as a preferred bidder to enter into negotiations for the provision of Network Services [the Services] for a period of three [3] years with an option to extend for a further two [2] years to Transnet SOC Ltd, subject to the conditions precedent set out in section 1 below.

The Parties to this LOI are:

(1) **Transnet SOC Ltd [Transnet]**, a State Owned Company and the procurer of the Services. [Registration Number 1990/000900/30]; together with

(2) **Neotel (Pty) Ltd [the Service Provider]** [Registration Number 2004/004619/07]

Transnet wishes to negotiate the MSA (Master Services Agreement) with the Service Provider for the provision of the Services which, if mutually agreed by the Parties, will be documented and effected in accordance with a three year [3] contract **[the MSA]** between the Parties.

The Parties are desirous of successfully concluding negotiations and thereafter executing the MSA to enable the Service Provider to provide the Services detailed thereto.

In the interim there will be an extension to the existing contract (refer to Transnet Extension letter, dated 30 October 2013) for the provision of the current services until such time that the MSA as per the RFP is concluded. Conditions of the current requirement are specified in sections 2 and 3 below.

The purpose of this Letter of Intent **[LOI]** is to document the intentions of the Parties in respect of the extension of the current services and the negotiation of the MSA and these will remain in effect until the MSA is negotiated and signed by both Parties, or until 120 [One Hundred and Twenty] days have elapsed

from date of issue of this LOI, whichever event should occur first. Should the parties fail to reach agreement or conclude the MSA within 120 [One Hundred and Twenty] days, then Transnet reserves the right to approach the alternate preferred bidders.

NOW THEREFORE IT IS AGREED

1. Conditions Precedent

With reference to the Service Provider's offer [Reference GSM 13/04/0722], Transnet wishes to finalise the MSA, the Towers of Service contractual conditions and associated Pricing, the detail of the Supplier Development, which must be a minimum of 30% (Thirty percent) of the total contract value and B-BBEE details of the Services to be provided and other matters in order to conclude the Agreement with the Service Provider. In the interim, the under-mentioned conditions precedent will apply:

1.1 The Parties agree to work towards concluding an MSA to provide the Services over a period of three [3] years commencing from date of signature of the to be concluded Master Services Agreement.

1.2 The Parties agree to use this document as a proxy for the binding legal Agreement and under its authority Transnet intends to request;

1.2.1 That the incumbent Service Provider provides the existing services under the current contract, until such time that the MSA is formally negotiated and subsequently concluded between the Parties, and

1.2.2 That the agreed Disengagement services are provided at an agreed cost per Tower of Service, until such time as the new contract services are fully transitioned as required by the MSA.

1.3 Transnet will discuss with the Service Provider and agree the terms and conditions of the MSA.

2. Interim Service Requirement

2.1. The Service Provider agrees to continue to provide the existing service as per the agreed extension of the current contract between the parties, after this LOI's confirmation date.

3. Miscellaneous

Neither Party shall reveal the content of this LOI or anything disclosed to the other Party in pursuance hereof to any third party, except with the prior express written consent of the other Party, and then only to the extent required to facilitate progression of the Negotiations.

The contractual documents will be drafted by Transnet and be subject thereafter to final agreement between the Parties. Pending the final approval of the Agreement by both Parties, the Parties hereby attest to the speedy resolution of all outstanding matters in order to finalise the MSA within 120 [One Hundred and Twenty] days from date of signature hereof.

Thus duly signed at ....., South Africa on this ..... day of

..... 2013 on behalf of:

Transnet SOC Ltd

WITNESSES

1 .....

2 .....

NAME: Sharla Pillay
DESIGNATION: Acting Group Chief Executive

Thus duly signed at ....., South Africa on this ..... day of

..... 2013 on behalf of:

Neotel (Pty) Ltd

WITNESSES

1 .....

2 .....

NAME: Sunil Joshi
DESIGNATION: Managing Director and Chief Executive Officer

ANNEXURE I1

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 31 October 2013 15:17
To: Mantsika Matooane Transnet Corporate JHB
Subject: FW: Network tender documents
Attachments: 2298_001.pdf; 2299_001.pdf; 2292_001.pdf; 2293_001.pdf; 2294_001.pdf; 2295_001.pdf; 2296_001.pdf; 2297_001.pdf

Importance: High

Hi Mantsika,

Please see attached signed documentation for the network tender award.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

From: Vanessa Govender Transnet Pipelines DBN
Sent: 31 October 2013 02:45 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Cc: Lydia Matebisi Transnet Corporate JHB; Sharla Pillay Transnet Pipelines DBN; Garry Pita Transnet Corporate JHB
Subject: RE: Network tender documents
Importance: High

Dear Gerrie

Please find attached signed documents from Acting Group Chief Executive.

Regards
Vanessa

From: Sharla Pillay Transnet Pipelines DBN
Sent: 31 October 2013 12:12 PM
To: Vanessa Govender Transnet Pipelines DBN; Lydia Matebisi Transnet Corporate JHB
Subject: FW: Network tender documents

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 31 October 2013 12:12 PM
To: Sharla Pillay Transnet Pipelines DBN
Cc: Mantsika Matooane Transnet Corporate JHB; Garry Pita Transnet Corporate JHB; Anoj Singh Corporate JHB; Mohammed Mahomedy Transnet Corporate JHB
Subject: Network tender documents

Hi Sharla,

Hope you are well.

Your earlier conversation with Garry Pita refers.

Please find attached the following documentation relating to the network tender:

* Covering memorandum - for your approval;

* Tear report - for your approval;

* 3 x Transnet Internal Audit reports - Front page and Executive summaries (Full reports can't be emailed due to size)

o Report 1 - Satisfactory

o Report 2 - Satisfactory

o Report 3 - Requires Improvement with 2 issues raised:

* Potential conflict of interest - T-Systems vs Detecon (Issue 1)

* Issue relating to the rounding of the T-Systems score for technical evaluation (Issue 2)

* Affidavit from T-Systems to mitigate the risk raised by TIA - Issue 1

* E-Mail from National Treasury to mitigate the risk raised by TIA - Issue 2

* Board resolution delegating authority to the GCE to extend current contract with Neotel;

* Extension letter to Neotel - for you approval;

* Letter of intent to Neotel - for your approval; and

* Regret letters x 4 to the unsuccessful bidders - for your approval.

The documents which require your signature have been highlighted in bold.

Please don't hesitate to give me a call should your require anything further as it relates to this tender award.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

ANNEXURE I2

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269

TRANSNET

www.transnet.net

MEMORANDUM

To: Sharla Pillay, Acting Group Chief Executive (GCE)

From: Mohammed Mahomedy, Acting Group Chief Financial Officer (GCFO)
Mantsika Matooane (Chief Information Officer)
Garry Pita, Group Chief Supply Chain Officer (GCSCO)

Date: 30 October 2013

Subject: **RFP No. GSM/13/04/0722 for Provision of Network Services – Request for approval to approve the process, award contract and issue a Letter of Intent (LOI) inviting Neotel to further negotiations as the preferred bidder of this RFP**

PURPOSE OF SUBMISSION:

1. To request the Group Chief Executive (GCE) to:

   - Approve the procurement process and award of business to Neotel (Pty) Ltd;
   - Sign the Letter of Intent (LOI) for the preferred bidder (See Annexure Q);
   - Sign letters of regret for the four (4) unsuccessful bidders (See Annexure R) and
   - Sign the letter to extend the current Neotel contract (Annexure T).

BACKGROUND:

2. The current five (5) year Neotel contract for Network Services was established through a sale agreement of Transtel to Neotel. This agreement was due to expire on 31 March 2013 and the Board subsequently approved five (5) and two (2) months extensions respectively and the current expiry date is 31 October 2013.

3. All Transnet Operating Divisions (ODs) make use of this contract for their Network Services requirements and the contract is managed at Group level by EIMS previously known as Group ICT.

4. The need for the Network Services RFP came about as a result of the imminent expiry of the Network Services agreement with Neotel (Pty) Ltd and the Transnet Board requested that management should test the open market for this requirement.

DISCUSSION

5. A Network Services sourcing strategy and RFP was prepared by the Cross Functional Sourcing Team (CFST) that consisted of technical representatives from all ODs. This sourcing strategy was recommended by the Executive Committee (EXCO) and Board Acquisitions and Disposal Committee (BADC) and approved by the Board of Directors (Board) in February 2013. The subsequent amendments on the sourcing strategy pertaining to the contract period and technical threshold were further approved by the BADC on 29 May 2013.

6. The Board delegated authority to approve the Sourcing Strategy, RFP, Advert and Award to the Group Chief Executive Officer subject to approval of the BADC and the BADC concurred with that recommendation. Refer to Annexure B of the attached TEAR report for the BADC resolution delegating authority to the GCE as indicated above.

7. An RFP was sent out to the market on 14 June 2013 and closed on 13 August 2013 after being extended twice as per requests from the bidders and approved by the GCE. A compulsory briefing session was held on 27 June 2013 and all nineteen (19) bidders who purchased the RFP document attended the briefing session. Only five (5) bidders responded to the RFP.

8. Bidders were evaluated against specific criteria as set out in the Request for Proposal (RFP) that was approved by the GCE on 09 June 2013. The table below indicates the number of bidders that passed at each of the evaluation stages.

Evaluations				
Stage 1	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**
Administrative Responsiveness	Substantive Responsiveness	Technical Evaluation	Commercial Evaluation	Award incl. Post Tender Negotiations
5	4	3	3	1

9. It was concluded during the technical evaluation process that three (3) bidders namely Neotel (Bidder 1), Dimension Data (Bidder 3) and T-Systems (Bidder 5) passed stage 1 to 4 of the evaluation process.

10. The preliminary Network Services evaluation results in the form of a Tender Evaluation and Recommendation (TEAR) report were presented to Management for review on 01 October 2013. Management identified scoring discrepancies and requested that the Cross Functional Evaluation Team (CFET) should re-moderate areas where there were huge scoring discrepancies to be in line with Section 18.4.1(iii) of the PPM that stipulates that an outlying score/s should as a general guideline be determined where there is a point differential of more than 4 points on the 10 point scale as compared to the other scores. A re-moderation session was held at Carlton Centre on 04 October 2013 where all the impacted service towers were re-moderated and agreed upon by the entire evaluation team including Transnet Internal Audit (TIA).

11. Transnet has also considered the issue of Vodacom acquiring Neotel, its assets and customer base as part of this RFP. Neotel has however indicated as part of the process

that this risk will be mitigated and should the Due Diligence being conducted by Vodacom prove to be positive for the sale and should the Competition Commission approve the sale Neotel will continue to fulfill its mandate as part of Vodacom and offer services under the agreed Terms and Conditions between Neotel and Transnet. Should the sale not be concluded Neotel has also committed to continue delivery of services to Transnet on the proposed services as described in their RFP response with the necessary commitment from their shareholders.

12. A recommendation for approval of Due Diligence and negotiations was submitted to the GCE for approval upon conclusion of commercial and B-BBEE evaluations. The GCE approved the Due Diligence and negotiations request on 14 October 2013 and a copy of the approved memorandum is included as Annexure C of the attached TEAR report. Due Diligence and negotiations letters were issued to the bidders on 14 October 2013 and the process commenced on 16 October 2013.

13. The Due Diligence process kicked off with discussions on the bid proposals with the individual shortlisted bidders to clarify their assumptions and enable them to submit their Best and Final Offers (BAFO) to Transnet. The process progressed to site visits to the three (3) shortlisted bidders' facilities to conduct interviews with some of their key resources and to conduct a facilities inspection to determine their technical capability to execute on the contract if successful on this RFP. The Due Diligence process culminated in conducting of telephonic interviews with two of the three references that were provided by each bidder to establish their performance track-record on the network related contracts which they have with their current customers. The above process was finalised on 23 October 2013 and a Due Diligence report that was compiled by the CFST is included as Annexure O of the Network Services TEAR report.

14. The Network Services TEAR report detailing the entire RFP process is included as **Appendix 1** of this memorandum. The High Value Tender (HVT) Gateway reports 1 and 2 provided by Transnet Internal Audit (TIA) as required by the HVT process indicates full compliance (green audit) to the Procurement process. The HVT Gateway 3 report indicated a need for improvement due to the rounding-off of technical scores and the possible conflict of interest issue between T-Systems and Detecon Consulting. The above mentioned issues have already been mitigated through the rounding-off permission that was received from the National Treasury and a written Affidavit from T-Systems confirming that there was never any information sharing between them and Detecon Consulting. Copies of the TIA Gateway Reviews reports are included as Annexure P of the attached TEAR report.

15. Table 2 below indicates project timelines for the remaining activities to the completion of this procurement event for the Network Services RFP:

Item	Activity	Planned Completion Date
1	Stage 1: (Administrative Evaluations & Moderation)	Finalised
2	Stage 2: (Substantive Evaluations & Moderation)	Finalised

3	Stage 3: (Technical Evaluations & Moderation)	Finalised
4	Stage 4: (Commercial Evaluations & Moderation)	Finalised
5	Issuing of presentations invites to the shortlisted bidders	Finalised
6	Presentations by the shortlisted bidders	Finalised
7	Submit recommendation for approval of Due Diligence and Negotiations to the GCE for approval	Finalised
8	Conduct Due Diligence to clarify assumptions and establish the shortlisted bidders' technical capability	Finalised
9	Request Best and Final Offers (BAFO) after Due Diligence	Finalised
10	Stage 5: Post Tender Negotiations with the preferred bidder	Deferred to post issuing of the LOI
11	Present a final recommendation for award together with LOI(s) to the GCE for approval	25 – 30 October 2013
12	Stage 6: Issue LOI(s) to the successful bidder	31 October 2013
13	Discuss transition plan with the preferred bidder	31 October 2013
14	Negotiate and sign Master Services Agreement (MSA) during the transition period including Supplier Development Plan	01 November 2013 to 28 February 2014

Table 2: Project Timelines

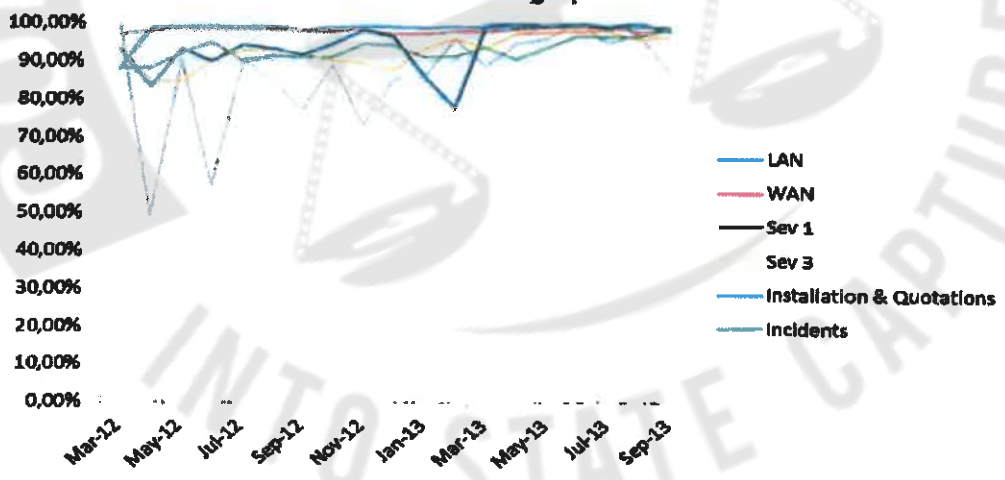
RISKS ASSOCIATED WITH THE CURRENT SERVICE PROVIDERS

16. Two of the bidders are current service providers to Transnet and risks linked to current services and mitigating actions are highlighted in the table below:

Bidder 1 – Neotel		Bidder 5 – T-Systems	
Risk	Mitigating actions	Risk	Mitigating actions
Security services not meeting requirements	• Security requirements have increased significantly between the current contract and the RFP; • Transnet has implemented external monitoring of the network; • Real time monitoring; • Implementation of next generation firewalls; • Supplier has committed to employ additional resources; • All findings linked to security incident has been cleared.	Security services not meeting requirements	• Security requirements have increased significantly between the current contract and the RFP; • Transnet has implemented external monitoring of the network; • Real time monitoring; • Implementation of next generation firewalls; • Supplier has committed to employ additional resources; • All findings linked to security incident has been cleared.
Lack of project	• Strong contractual support to	Lack of project	• Strong contractual support to

governance	force supplier to enact the appropriate governance with the support from bidders internal governance functions; • Transnet will require independent certification of competence of project delivery function; • SLA's will also be applicable on future project with service credits linked to the project budgets and timelines.	governance	force supplier to enact the appropriate governance with the support from bidders internal governance functions; • Transnet will require independent certification of competence of project delivery function; • SLA's will also be applicable on future project with service credits linked to the project budgets and timelines.
		Overall quality of service delivery	• Service credits are being charged; • Focus on continuous service improvement.
		Poor Financial Management	• Project launched to identify weaknesses and to improve current financial reporting; • Internal Audit initiated to validate the accuracy of current billing.

17. Considering the factors above management is confident that any risk linked to the recommend bidder can be mitigated, if not already done by implementing the new contract and more onerous service level agreements as included in the RFP process.
18. The proposed bidder's overall service delivery trends have also improved over the previous 18 months as is evident from the graph below:



APPROVALS AND DELEGATION:

19. The Group Chief Executive has already provided the following approvals:

    - Approval of the Request for Proposal (RFP) and Advert to go out on an open tender;
    - Approval to advertise and issue a RFP to the open market for provision of Network Services for a period of three (3) years with an option to extend for another two (2) years;
    - Approval to conduct Due Diligence and Negotiations on the Network Services RFP.

20. In terms of clause 6.4(e) of the Delegation of Authority on the latest PPM effective from 01 October 2013, all recommendations for award exceeding R2 billion should be approved by the Board. This recommendation is forwarded to the GCE for approval as per delegation from the BADC dated 29 May 2013, a copy of which is included as Annexure B of the attached TEAR report.

FINANCIAL IMPLICATIONS:

21. The estimated contract value for a period of three (3) years is estimated at ~~R1,5 billion~~ R1,3 billion. Transnet does have an option to extend the contract for an additional 2 years, which would increase the cost with an estimated R1 billion.

22. A minimum savings target of 10% will be negotiated with the preferred bidder during post tender negotiations as part of Transnet's FY 2013/14 cost savings drive.

BUDGET IMPLICATIONS:

23. All Transnet OD's and Specialist Business Units (SBUs) have budgets available for their respective Network Services requirements.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RECOMMENDATION:

24. To request the Group Chief Executive (GCE) to:

- Approve the procurement process and award of business to Neotel (Pty) Ltd;
- Sign the Letter of Intent (LOI) for the preferred (See Annexure Q);
- Sign letters of regret for the four (4) unsuccessful bidders (See Annexure R); and
- Sign the letter to extend the current Neotel contract (Annexure T).

COMPILED BY

Macdonald Maluleke
Commodity Manager: Group Strategic Sourcing
Date:

RECOMMENDED / ~~NOT RECOMMENDED~~

Mandla Dube
Category Manager: Group Strategic Sourcing
Date: 30/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Fanie van der Walt
~~Executive Manager~~: Group Strategic Sourcing
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager: Office of the CIO
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Peter Volmink
Executive Manager: Governance & Compliance
Date: 31 OCTOBER 2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Yusuf Loonat
Executive Manager: EIMS Service Delivery
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 31/10/13

RECOMMENDED / ~~NOT RECOMMENDED~~

Mantsika Matooane
Chief Information Officer
Date: 31/10/2013

RECOMMENDED / ~~NOT RECOMMENDED~~

Mohammed Mahomedy
Acting Group Chief Financial Officer
Date: 31. 10. 2013

APPROVED / ~~NOT APPROVED~~

Sharla Pillay
Acting Group Chief Executive
Date: 31 October 2013

Please obtain letter from Neotel CEO to confirm that they will fulfil their mandate in the event of Vodacom acquiring Neotel (This should be part of Vodacom Due Diligence)

ANNEXURE I3

Transnet Group iSCM
Tender Evaluation And Recommendation Report
Description of Goods /Service: Provision of Network Services
RFP No. GSM 13/04/0722

Date: 30 October 2013

TENDER EVALUATION AND RECOMMENDATION REPORT

DESCRIPTION OF GOODS /SERVICE: Provision of Network Services

RFP No. GSM 13/04/0722

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Transnet Group iSCM
Tender Evaluation And Recommendation Report

1. EXECUTIVE SUMMARY

1.1 Project Background

Transnet currently procures Network Services from Neotel (Pty) Ltd since 2008 as a result of the sale agreement for Transtel to Neotel as a going concern. The current agreement with Neotel is due to expire on 31 October 2013 and Transnet went out on open tender in order to test the market. The successful service provider for the services sought on this RFP will be awarded a three-year outsourcing agreement with an option to extend for two (2) years at Transnet's discretion.

The need for a Network Services RFP came about as a result of the eminent expiry of the current agreement with Neotel. The Network Services outsourcing strategy was developed with the assistance of an International ICT Consulting Company (Detecon Consulting) which was contracted for a period of three (3) months to assist with Due Diligence on the current agreement and advise Transnet on the available sourcing strategy options based on the Due Diligence findings (**See Annexure A**). The intention of the RFP process was to partner with a single primary service provider that would best support the achievement of Transnet's current and future Network Infrastructure Services requirements. It was however clearly stated in the RFP that Transnet will reserve the right to award each service tower to more than one service provider.

The Cross Functional Sourcing team (CFST) completed all preparation work to go out to market after the following approvals were obtained:

- EXCO, BADC and Board approval on the sourcing strategy to go out on an open tender for a period of 3 years with an option to extend for 2 years;
- Sourcing Strategy, RFP and Advertisement approval by the GCE as delegated by the BADC and Board (**See Annexure B**).

All the above-mentioned approvals have already been obtained and are available on request.

1.2 Project Details & Deliverables

Sourcing Strategy

The objective of the Network Services RFP is to source all services through a Preferred Service Provider capable of servicing all Transnet Operating Divisions in their locations around the country. Should this service provider not be able to provide the full complement of the required services, they will need to partner with other service providers to fill these service gaps. This partnering can be via creation of a Consortium or a Joint Venture. The nominated senior service provider within the Joint Venture or Consortium will be the Prime Contractor with whom Transnet will contract for the full complement of services. The Prime Contractor will take full responsibility for end to end delivery of the services and relationship with Transnet.

Based on the advice of the ICT Outsource Partner (Detecon) and internal analysis and review of the available sourcing options, the following four (4) sourcing options were identified:

- In-Sourcing with external service delivery (Option 1)
- In-Sourcing with internal service delivery (Option 2)
- Multi-Sourcing model with each OD appointing their own Network Services SP (Option 3)
- Single Sourcing (Managed Services Model) where one primary SP is appointed to provision Network Services to all Transnet ODs. This is the recommended option which was approved with the Network Services sourcing strategy.

1.3 Approvals already granted by the Group Chief Executive are as follows:

All the approvals listed below have already been achieved and are available on request.

- Approval to go out to the open market on a Request for Proposal (RFP) for the Provision of Network Services for a period of three (3) years with an option to extend for two (2) years;
- Approval to Shortlist, Conduct Due Diligence and Negotiations on the Network Services RFP **(See Annexure C).**

1.4 Request for Proposals (RFP)

The RFP was drafted with Transnet's terms and conditions, and requested the market to respond on specific Technical, Supplier Development (SD), B-BBEE, and Pricing criteria. The templates on which the bidders were required to respond on and submit to Transnet were included as part of the RFP. This was to ensure that Transnet's RFP is fair, transparent, equitable, competitive and cost effective in line with the PPPFA guidelines. Furthermore the templates would allow Transnet to evaluate the received bid documents using the standard evaluation methodology consistently across all bidders.

Cross Functional Sourcing Team (CFST) team meetings were held to develop the Sourcing Strategy, RFP and all Annexures. Each Transnet Operating Division was represented in the CFST.

The Network Services RFP was issued to the market on 14 June 2013 and closed on 13 August 2013. The above closing date was extended twice by a period of two (2) weeks as a result of extension requests that were received from the potential bidders. The RFP extensions mentioned above were duly approved by the GCE and copies of the approved documents are available on request.

A five stage evaluation process as stipulated in the RFP was employed with the following evaluation stages:

- Stage 1 – Administrative Responsiveness
- Stage 2 – Substantive Responsiveness (Technical Critical Criteria and Supplier Development Initiatives of 30% of overall bid price set as a Prequalification)
- Stage 3 – Technical Evaluation (Minimum threshold of 70%)

- Stage 4 – Final Score proportioned by:
  - Price - 90%
  - B-BBEE (Scorecard) - 10%
- Stage 5 – Post Tender Negotiations (including Pricing, Technical, SD & B-BBEE Improvement Plans)

Group Strategic Sourcing aligned with the required High Value Tender processes, which included the following:

- The establishment of a Cross Functional Sourcing Team (consisting of representative from all Operating Divisions, Commercial, Integrated Supply Chain Management and Supplier Development).
- Presentation and approval of the Sourcing Strategy and RFP by the delegated authority.
- Transnet Internal Audit representatives included in the strategy and RFP reviewing, tender briefing session, all evaluations stages, Post Tender Negotiations and reviewing of the TEAR report before being presented to the delegated authority for approval.

1.5 DISCUSSION:

Prior to expiry of the current contract, a request for an extension was submitted to EXCO, BADC and Board for approval of the extension and approval of delegation of authority to the GCE to approve the issuing and award of the Network Services RFP. The Board approved a five (5) months extension of the Network Services contract with Neotel effective from 01 April until 31 August 2013. A further two (2) months extension from 01 September 2013 until 31 October 2013 was approved by the Board in August 2013 in order to give the Cross Functional Sourcing Team (CFST) time to finalise the Network Services RFP. As part of the two months extension approval, the Board also approved a twelve (12) months transition period to migrate provisioning of services from the current contract to the new contract. Refer to **Annexure D** for the two months extension letter which was duly signed by both parties.

1.6 Contract period of the new contract

Start Date: 01 November 2013

Expiry Date: 31 October 2016

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1.7 Tender Details and Tenders Received

RFP Number	GSM/13/04/0722
RFP Issue Date	Friday, 14 June 2013
RFP Closing Date	Tuesday, 13 August 2013
RFP Validity Period	120 days
Extended RFP Validity Period	0 days
Procurement Procedure	RFP - Open Market
Purchase price of RFP	R 5000.00
Date of Advertisement	14 June 2013
Place where Advertised	The Star, Citizen, Cape Argus, Natal Mercury, Sowetan, Daily Dispatch, EP Herald, Volksblad, Business Day, New Age, Sunday Times and City Press
Method of RFP Evaluation	**Method 1:** Stage 1 – Administrative Responsiveness Stage 2 – Substantive Responsiveness Stage 3 – Technical & Functionality (70% Threshold) Stage 4 – Consolidation Evaluation Price - 90% B-BBEE - 10% Stage 5 – Post Tender Negotiations (PTN)
Number of Bids Received	5
Number of Responsive Bids	4
Number of Non Responsive Bids	1
Scheduled Award Date	31 October 2013
Revised Scheduled Award Date	31 October 2013

1.8 Evaluation team

The CFST team identified potential evaluators and a request was sent to all OD's to make the people available to participate. The teams were confirmed before the tender closed and the details are discussed in this section. The table below details the individuals who evaluated the tenders per stage:

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Stage 1: Administrative Evaluations

Name of Evaluator	Moderator
Amukelani Mokoena	Gregg Daniels
Ntsutle Motaung	

Stage 2: Substantive Evaluations

Name of Evaluator	Moderator
Martin Lotz (Technical)	Yusuf Loonat
Alwyn Botha (Technical)	
Amukelani Mokoena	Gregg Daniels
Ntsutle Motaung	
Nkanyiso Ndlovu (SD)	Gomolemo Mahange
Mzamo Manzini (SD)	

Stage 3: Technical Evaluation

Name of Evaluator	Moderator
Yusuf Loonat	Elon Gibson (Gartner Africa)
Gerrie van der Westhuizen	Jack Matthews (Gartner Africa)
Brenda Mfihlo	
Justin Williams	
Hilton Martin	
Kevin Govender	

Phillip Phiri	
Mogau Seema	
Trevi Jooste	
Riaan Oothuizen	
Karen Ferreira	
Veni Kannigan	
Ian du Preez	
Warren Pretorius	
Winston Rossouw	
Louis Hutton	
Thabo Nkopeng	
Sibusiso Mabaso	
Barbara Magongoa	

Stage 4: Commercial Evaluation

Name of Evaluator	Moderator
Vuyani Mbethe	Anthony Petrus
Tshepisho Mahloana	
Johan Veldman	

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Stage 4: B-BBEE Evaluation

Name of Evaluator	Moderator
Lerato Tseke & Nkanyiso Ndlovu	Gomolemo Mahange/Nkanyiso Ndlovu
Nthuseng Motloung & Mzamo Manzini	

TIA Team

Name	
Zandile Jele	Preetle Desai
Thamie Vorster	

1.9 Commercial Summary

A total of 19 vendors purchased the RFP documents, as listed below.

Number	Bidder
Bidder 1	Dimension Data
Bidder 2	Wipro Technologies South Africa (Pty) Ltd
Bidder 3	T-Systems
Bidder 4	Neotel (Pty) Ltd
Bidder 5	Business Connexion (Pty) Ltd
Bidder 6	Telkom Ltd
Bidder 7	Vodacom
Bidder 8	Price Waterhouse Coopers (PWC)
Bidder 9	HCL Axon (Pty) Ltd
Bidder 10	Huawei Technologies SA (Pty) Ltd
Bidder 11	BT Communications South Africa (Pty) Ltd
Bidder 12	Broadband Infraco (SOC)
Bidder 13	Datacentrix (Pty) Ltd
Bidder 14	Xuma Technologies
Bidder 15	AE Software Solutions
Bidder 16	Bytes Systems Integrated

Bidder 17	Cisco Systems
Bidder 18	Altech Autopage Cellular
Bidder 19	Nashua Communications

Refer to Annexure E for a list of bidders who purchased the Network Services RFP.

1.10 Briefing Session

A total of 20 prospective bidders attended the compulsory briefing sessions that was held on 27 June 2013. The 20th bidder was later removed from the bidders' roll as they failed to pay the full purchase price of R5000 for the bid document as they have only paid R500 when they were allowed into the compulsory briefing session as they claimed to have confused the Network Services RFP with the Financial Services RFP which was sold for R500. The Network Services and Financial Services RFPs were advertised through a joint advertisement in the interest of cost savings for Transnet SOC Limited.

The Network Services RFP briefing session was open to all potential bidders who have already purchased the RFP document as attendance was compulsory in order to be allowed to submit your RFP. This session was conducted to advise the prospective bidders about Transnet's network services requirements and how to complete various sections and templates of the RFP document.

A CFST meeting was held after the briefing session to discuss the outcome of the briefing sessions and for preparation and answering all questions that were posed by the prospective bidders during the session.

All questions that were raised at the briefing session and afterwards were answered by the relevant Transnet subject matter experts and forwarded to the Governance Department first for vetting before being sent out to all the bidders that purchased the RFP document.

1.11 Proposal

The following bidders submitted their proposals on or before the extended closing date of 13 August 2013 at 12:00. Refer to **Annexure F** for a list of all bidders that submitted RFPs. (No late submissions were received)

Number	Bidder
1	Neotel (Pty) Ltd, Midrand
2	Telkom SA SOC , Centurion
3	Dimension Data, Bryanston
4	Vodacom (Pty) Ltd, Midrand
5	T-Systems South Africa (Pty) Ltd, Midrand in collaboration with Broadband Infraco SOC Ltd, Woodmead

1.12 Tender communication:

The process followed for tender clarifications and communications was as follows:

a) The bidders sent the questions to Transnet through a nominated Strategic Sourcing representative as stipulated on the RFP;

b) The Transnet subject matter experts drafted a response to the questions;

c) Questions and Answers from bidders were vetted by Governance;

d) Input from Governance was incorporated on the responses; and

e) Questions and Answers were sent out to all bidders who purchased the RFP.

Adequate time was given to bidders to respond to the clarification questions per occurrence (**See Annexure G** for the TAC Secretariat Permission). A summary of the key clarification events and dates are listed below:

Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	01 July 2013 – Briefing Clarification.
Nature and outcome of authorized communication	A communication was sent to all bidders: Clarification questions and answers.
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	21 August 2013 – Substantive Clarification with 4 of the 5 bidders
Nature and outcome of authorized communication	Bidder 2 to 5 were requested to indicate where the supporting information for the technical critical criteria can be found on their RFP submissions. The bidders responded by providing Annexure numbers of where the information can be found on the files
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	09 September 2013 – Commercial Clarification with Dimension Data

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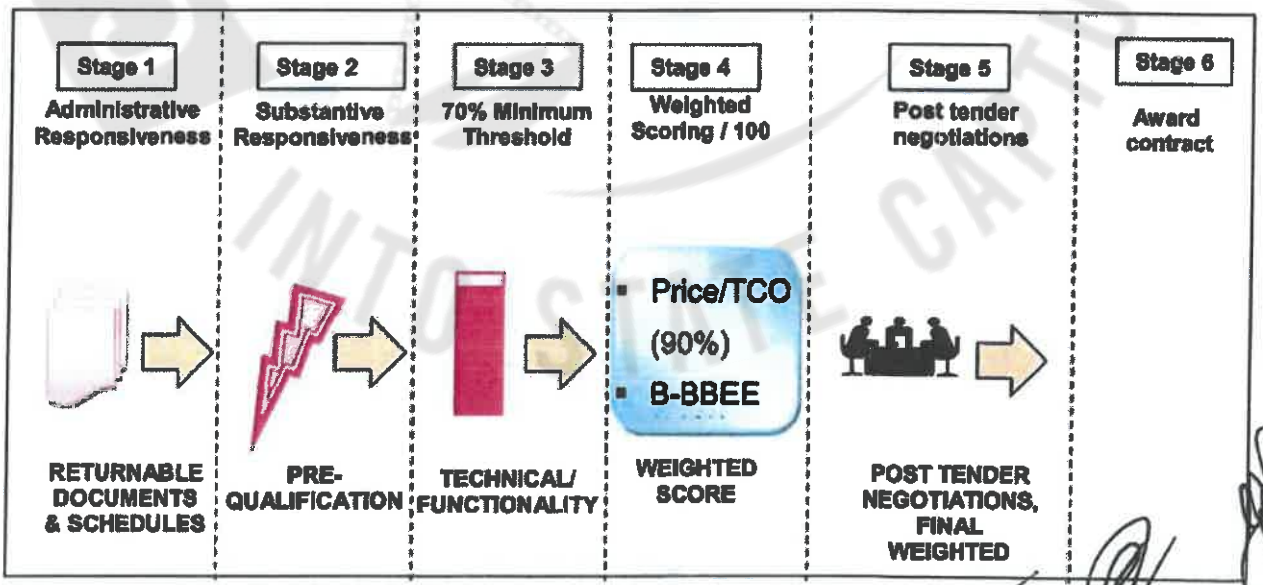
Nature and outcome of authorized communication	Before the test for Commercial responsiveness, the evaluation team picked up that Bidder 3 submitted four (4) different pricing sheets and then requested the Bidder to clarify which one should be used as Transnet can only consider one (1) pricing sheet. The Bidder responded that Transnet can use the price list for the AYAVA solution.
Authority to communicate	Authority to communicate granted by the Secretariat of the Transnet Acquisition Council (TAC) and communication vetted by Governance before issuing.
Date authority granted	10 September 2013 – Relationship clarification between T-Systems and Detecon Consulting
Nature and outcome of authorized communication	It was brought to Group Strategic Sourcing's attention that there is a possible conflict of interest between T-Systems and Detecon Consulting who did the Due Diligence project which was regarded as stage 1 of the Network Services RFP. In terms of the LOI, Detecon and its related parties were not allowed to tender for the Network Services RFP (stage 2) if they have participated in stage 1. T-Systems has since provided a signed Affidavit indicating that there was no information sharing between them and Detecon Consulting and that they will welcome any action which Transnet might take should it later emerge that there was information sharing between them and Detecon Consulting

2. RFP EVALUATION



2.1 Stage One – Test for Administrative Responsiveness

A checklist of Returnable Documents that were requested from the bidders was included in the Network Services RFP. All five (5) bidders proceeded to Stage 2. **See Annexure H** for the administrative consolidated score sheets.

2.2 Stage Two – Test for Substantive Responsiveness to RFP

The test for substantive responsiveness was conducted based on criteria detailed in the RFP. This stage focused on compliance to technical critical criteria, commitment to SD pre-qualification, attendance of compulsory briefing session and submission of a priced offer. This stage of the evaluation was to ensure that only compliant tender submissions were evaluated.

Templates were used to capture the responsiveness of each tender submission. Governance and TIA was consulted to ensure that the process was consistent and fair to all bidders that submitted the RFP.

The substantive stage was conducted after the administrative evaluations followed by the technical evaluation as this RFP is not exempted from the PPPFA and the SD will be negotiated on stage 5 (Post Tender Negotiations), however SD was set as a pre-qualification.

One bidder (Bidder 4) failed to pass substantive evaluations as they failed to produce proof of five (5) years' experience on Wide Area Networks (WAN) services as requested on the technical critical criteria. TIA concurred that the submitted information failed to meet the stipulated minimum technical requirements.

Initially all 5 bidders proceeded to stage 3 and were evaluated on technical while the evaluation team was waiting for the four (4) bidders to provide evidence of their WAN experience and Contact Centre footprint experience as requested on the RFP.

After receiving the outstanding evidence, Bidder 4 was disqualified and the remaining four (4) bidders proceeded to stage 3 (Technical evaluation). See **Annexure I** for the consolidated substantive score sheet.

2.3 STAGE THREE – TECHNICAL THRESHOLD [70%]

Prior the commencement of evaluations of the tender, standard evaluation templates were developed and reviewed by the CFST team and TIA. Sessions were conducted to ensure that there is alignment on the Network Services strategy, evaluation templates and the scoring methodology.

During the development of the Strategy it was decided by the CFST that Transnet will request the bidders to respond to all technical questionnaires using the response templates that were issued with the Network Services RFP.

A summary of the technical evaluation results for Bidder 1, 2, 3 & 5 are indicated on the below table and the summary technical evaluation sheets are included as **Annexure J** of this report.

	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Initial Technical Scores	76.30%	67.20%	74.00%	69.70%

After completion of Stage Four evaluations, a recommendation for approval of due diligence and negotiations was presented to Management for review and approval. During review of the submission, Management picked up a discrepancy around the moderation methodology that was used by the Cross Functional Evaluation Team (CFET) on functionality/technical evaluation which resulted in scoring discrepancies. Management established that the moderation methodology that was used by the CFET was not in line with the prescripts of the PPM and referred the submission back to the CFET for re-moderation. A re-moderation session was held on 04 October 2013 with all technical evaluators from all ODs and the results of that final moderation session are as indicated below:

	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Final Technical Scores	76.42%	66.80%	73.71%	69.93%

Based on the above technical re-moderation results, only Bidder 1 and 3 passed the technical threshold of 70%. Bidder 5 obtained a total technical score of 69.93% which was 0.07 less than the technical threshold of 70%. Transnet requested the National Treasury to provide guidance on whether the final technical scores can be rounded off to a whole number which Transnet believed the PPPFA allows for and which will allow the third bidder to also go through in support of an open and competitive tender process. The National Treasury provided confirmation that rounding-off on functionality/technical is indeed possible and this resulted in Bidder 5 also making the technical threshold of 70% on this RFP. The confirmation letter from the National Treasury is included as **Annexure K** of this TEAR report. The final rounded technical scores after obtaining Treasury's guidance is as follows:

	BIDDER 1	BIDDER 2	BIDDER 3	BIDDER 5
Technical Evaluation	Final Scores	Final Scores	Final Scores	Final Scores
Final Technical Scores	76%	67%	74%	70%

2.4 Stage Four – Commercial Evaluation

The successful bidders on stage 1, 2, 3 and 4 were evaluated on Price and B-BBEE. The table below shows the weightings in line with the PPM.

Stage Four Evaluation – Final	Weighting
Price	90%
B-BBEE	10%
Total	**100%**

During the Commercial evaluations it became evident that the pricing that was offered by the three (3) shortlisted bidders made it difficult to conduct a "like for like" price comparison as it was subject to certain **assumptions** which would have a huge impact on pricing once unpacked. The below commercial evaluation results were based solely on the submitted pricing without taking into account assumptions which were stipulated by the various bidders which might result in major changes in pricing once discussed with the shortlisted bidders. Below is a summary of the first commercial evaluation results based on the pricing template that was submitted with the RFP without taking assumptions into account:

First Price Evaluation for Network Services RFP (Pre-Due Diligence)

Bidder Name	Price	Points
Bidder 1	R1 389 308 796.00	24.85
Bidder 3	R805 934 857.67	90.00
Bidder 5	R1 330 117 974.48	31.46

To ensure that Transnet is able to conduct a "like for like" comparison a second pricing assessment was done after the CFET met with the shortlisted bidders to clarify their assumptions and requested them to submit their revised commercial proposals. This said assessment was done in line with the Due Diligence and Negotiations approval which was granted by the GCE on 14 October 2013. The GCE approved Due Diligence and negotiations letters that were issued to the shortlisted bidders are included as **Annexure L** of this TEAR report.

Below are the revised commercial evaluation results after the final commercial proposals were received and evaluated by the commercial team. A summary of the initial and the final commercial evaluation results after Due Diligence is included as **Annexure M** of this report:

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Second Price Evaluation for Network Services RFP (Post Due Diligence)

Bidder Name	Price	Points
Bidder 1	R1 330 876 516.32	90.00
Bidder 3	R1 714 300 055.26	64.07
Bidder 5	R1 622 157 146.03	70.30

After receipt of the final commercial proposals from the bidders, Transnet did a normalization exercise on the received pricing in order to ensure that the bidders were quoting for similar services and there were no pricing omissions on the quoted service towers that can inflate the quoted pricing post contract award. Below are the results of the pricing results of the bidders after the normalization process.

Third Price Evaluation for Network Services RFP (Post Normalisation)

Bidder Name	Price	Points
Bidder 1	R1 363 407 228.40	90.00
Bidder 3	R1 584 967 883.26	75.37
Bidder 5	R1 736 894 366.39	65.35

After conclusion of the normalization process, a final clarification session was held with the three bidders to double check if they have not omitted anything on their pricing. Bidders 5 indicated during discussions that their Joint Venture partner might be able to negotiate optimization with its shareholders which will result in an overall reduction of R248 million on their tendered pricing. Bidder 1 and 3 also indicated minor possible price changes which would have resulted in slight adjustments in the final commercial proposals. Below is an indication of the pricing changes if the R248 million possible price reductions were to be taken into account on this project even though this is not possible since the final pricing has already been submitted.

Fourth Price Evaluation for Network Services RFP (Post Normalisation and after Inclusion of the R248m possible price reduction for Bidder 5)

Bidder Name	Price	Points
Bidder 1	R1 363 407 228.40	90.00
Bidder 3	R1 584 967 883.26	75.37
Bidder 5	R1 488 894 366.39	81.72

2.5 Supplier Development (SD)

In addition to the Transnet request for the Bidders to submit a 30% commitment on SD initiatives, bidders were also requested to provide Transnet with their valid B-BBEE Verification Certificates for evaluation of their scorecards based on the 90/10 principle. Below is the summary of the B-BBEE evaluation results based on their current scorecards:

B-BBEE Evaluation

Bidder Name	BBBEE level	Points
Bidder 1	Level 4	5
Bidder 3	Level 3	8
Bidder 5	Level 3	8

Refer to **Annexure N** for the a detailed B-BBEE evaluation sheets

2.6 Stage Five – Due Diligence & Negotiations

All three shortlisted bidders were subjected to a Due Diligence process in order to clarify their bid submissions and verify their technical capability to execute on a contract of this magnitude. The CFET in consultation with Management took a decision that in the interest of time due to the eminent expiry of the Neotel contract, only Due Diligence will be conducted at this stage and Post Tender Negotiations (PTN) will only be conducted with the preferred bidder post signature of the Letter of Intent (LOI).

During Due Diligence the following activities were done by the Cross Functional Evaluation Team (CFET):

- Discussions with the individual shortlisted bidders were held to clarify all assumptions and the bidders were requested to submit their revised commercial proposals to the Transnet TAC Secretariat by no later than 24 October 2013 at 09h00;
- Individual interviews with the shortlisted bidders' key resources were conducted;
- Site visits to the shortlisted bidders' premises to inspect their Network Operations Centre (NOC), Data Centres/Hosting Facilities and Disaster Recovery (DR) sites were conducted;
- Telephonic interviews with the shortlisted bidders' key customers were conducted to determine their performance track-record on some of their current network services customers.

A Due Diligence report which is included as **Annexure O** of this TEAR report was compiled by the Cross Functional Evaluation Team (CFET) on conclusion of the Due Diligence process. Based on the Due Diligence report Bidder 1 and 3 obtained a green overall score as both scored above 70% while Bidder 5 received an amber score as their overall Due Diligence score was 68.94%.

2.7 Weighted Score

Below is the final ranking that forms the basis of the recommendation after the normalization of the received pricing. Based on the below consolidated weighted scoring results, Bidder 1 is the highest in terms of ranking and they are the recommended bidder for further contract negotiations as a preferred bidder.

Final Ranking for Network Services RFP (Post Due Diligence & Normalisation)

Criteria	Bidder 1	Bidder 3	Bidder 5
Price	90.00	75.37	65.35
B-BBEE	5	8	8
Total Score	**95.00**	**83.37**	**73.35**

The CFET team's recommendation is to award all service towers to a single service provider as opposed to awarding service towers separately based on the following reasons:

- The bidders have indicated that certain efficiencies that have been created through leveraging their relationship management structures will be diluted if service towers are awarded separately.
- Transnet does not currently possess the structure nor the level of maturity to fulfil an aggregator role to manage the integration between separate service providers should the service towers be awarded individually.
- Adopting of a split services model and appointing an aggregator usually results in a 10% premium of the value of individual service towers managed by the Aggregator (Gartner market insight).
- Awarding of service towers separately will increase the contract costs as bidders were requested to price as if they will be awarded all service towers in order to leverage on economies of scale and splitting the award of service towers might results in cost escalations on each service towers.
- Appointment of more than one service provider introduces additional complexity and could result in finger pointing impacting on service delivery.

3. CONTRACT BUDGET

The successful Bidder will be appointed for a period of three (3) years with an option to extend for two (2) years. The current Neotel contract spend per annum is approximately R550m. The new contract spend per annum prior to negotiations is estimated at R440m. The estimated contract spend over a period of three (3) years is R1, 3 billion. Based on the above spend estimations, there is already a cost saving of R110m per annum based on the new contract prices. All Transnet Operating divisions have sufficient budgets available for these respective Network Services requirements.

4. PROJECT RISKS

The risks associated with this recommendation are as follows:

- Both Bidder 3 and 5 have both indicated that they may not be able to fully transition the Wide Area Network (WAN) services within the stipulated twelve (12) months transition period from the incumbent service provider. Should this materialise both bidders have indicated that they will enter into commercial agreements with the incumbent provider to continue with the services in so doing minimise possible service interruptions to Transnet.

- The Security risk for Transnet as a result of the past Security breach impacting Bidder 1 and 5 who are Transnet's current ICT service providers. The EIMS department indicated that the security requirements have increased significantly between the current contract and the requirements expressed in the RFP. This is from a technical requirements viewpoint, an SLA performance viewpoint as well as compliance to Security standards and certification (ISO 27001 and 27002 are explicitly mentioned. In addition to the above requirements the following measures have also been taken:
    - The Transnet has already implemented external monitoring of the network through Symantec MSS and is in the process of building further security intelligence monitoring capability and the service provider will be required to provide real-time security information from all devices on the network to the new security intelligence centre. Data will also be provided to Symantec MSS until such time as the security intelligence function is fully online.
    - The Next generation firewall implementation is currently underway through Neotel and the winning network provider would take over the management and first level monitoring of these devices to provide increased levels of protection on the network perimeter and key areas within the network. This will significantly enhance the current protection levels.
    - The transition from current service levels to the new service levels is a massive step change which will require fundamental re-organisation, recapitalization and certification of the vendor competency in the security area. It is critical that this is effectively managed through the transition period, and Transnet must obtain third party validation through the transition period that the objectives are being met.

5. RFP QUALITY ASSURANCE

Transnet's prescribed RFP process was followed as per the PPM and with the guidance of Transnet Internal Audit (TIA) and the ISCM Governance Department.

The following sequence of steps was followed:

Stage 1 - Administrative Evaluations conducted by Group Strategic Sourcing Team.

Stage 2 - Substantive Evaluations conducted by Group Strategic Sourcing, Group ICT Team and the Supplier Development Team.

Stage 3 - Technical Evaluations conducted by the ICT Representatives from all ODs.

Stage 4 - Commercial Evaluations conducted by the ISCM Commercial Team, Group ICT Representatives and B-BBEE by the Supplier Development Team. Final Weighed scoring consolidation was done by the Cross Functional Evaluation Team (CFET).

Stages 1, 2, 3, & 4 were conducted sequentially and to ensure that the principles of the gateways were adhered to, the following actions were taken:

a) Teams evaluated separately;

b) Moderation took place separately;

c) Gateway review sessions were held with the relevant team members and Transnet Internal Audit (TIA) to confirm shortlisting of bidders per threshold.

TIA representatives participated in the full process from the strategy development stage, through to the completion of the evaluations and recommendation for award.

Governance was consulted throughout the process to ensure compliance to Transnet's Supply Chain Policies.

HVT Gateway Reviews

Gateway review sessions were held with the relevant team members and Transnet Internal Audit (TIA) to confirm shortlisting of bidders was done following the evaluation process as outlined in the RFP.

TIA representatives participated in the full process from the strategy development stage, through to completion of the evaluations and development of a recommendation for approval of Due Diligence, negotiations and award. The High Value Tender (HVT) Gateway 1 and 2 reports provided by TIA indicates full compliance (green audit) to the Procurement process. The HVT Gateway 3 report indicated a need for improvement due to the rounding-off of technical scores and the possible conflict of interest issue between T-Systems and Detecon Consulting. The above mentioned issues have already been mitigated through the rounding-off permission that was received from the National Treasury and a written Affidavit from T-Systems confirming that there was no information sharing between them and Detecon Consulting. Refer to **Annexure P** for the full HVT Gateway 1, 2 and 3 reports.

A possible conflict of interest issue was also raised during tender evaluations between T-Systems and Detecon Consulting due to their involvement in the Due Diligence project (Phase 1 of this RFP). T-Systems

provided a signed Affidavit confirming that there was no information sharing between them and Detecon Consulting during compilation of their RFP submission. T-Systems was requested to further confirm on the Affidavit that should it later emerge that there was information sharing between them and Detecon Consulting, they will welcome whatever action Transnet might want to take against them. The T-Systems Affidavit is included as **Annexure S** the TEAR report.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Transnet Group iSCM
Tender Evaluation And Recommendation Report

6. RECOMMENDATION:

6.1 It is recommended that the GCE approve the following:

- Approve the procurement process and award of business to Neotel (Pty) Ltd;
- Sign the Letter of Intent (LOI) for the preferred bidder (See Annexure Q); and
- Sign the regret letters for the four (4) unsuccessful bidders (See Annexure R).

COMPILED BY:

Macdonald Maluleke
Commodity Manager (Group Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Mandla Dube
Category Manager (Group Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager (Office of the Head: EIMS)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Fanie van der Walt
Executive Manager (Strategic Sourcing)
Date: 30/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Peter Volmink
Executive Manager (Governance & Compliance)
Date: 30/10/13

RECOMMENDED/~~NOT RECOMMENDED~~

Mantsika Matooane
Group Executive (EIMS)
Date: 31/10/2013

RECOMMENDED/~~NOT RECOMMENDED~~

Garry Pita
Group Chief Supply Chain Officer
Date: 30/10/13

RECOMMENDED/~~NOT RECOMMENDED~~

Mohammed Mahomedy
Acting Group Chief Financial Officer
Date: 31.10.2013

APPROVED/~~NOT APPROVED~~

Sharla Pillay
Acting Group Chief Executive
Date: 31 October 2013

ANNEXURE I4

TRANSNET

30 October 2013

Mr Sunil Joshi
Managing Director and Chief Executive
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand 2186

Dear Sunil

NOTICE OF EXTENSION - MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

We refer to the above matter and to the agreed initial five (5) month extension ("Current Extension") and the subsequent two (2) month extension ("Further Extension") of the MSA between Transnet and Neotel, which expires on 31 October 2013.

Transnet hereby wishes to extend the current Master Services Agreement (MSA) on the following terms and conditions:

1. The MSA will be extended with effect from 1 November 2013 ("Third Extension") on a month by month basis, for a maximum period of six (6) months to allow for a transition of services.
2. The price for this Third Extension period will be a maximum of:
    2.1.1. For the period from 1 November 2013 to 30 April 2014, a flat rate of R41,983,543 million per month (excluding VAT) less 0.25% (quarter of a percent per month discount) on a month by month basis over the "Third Extension" period, regardless of usage by Transnet; and
    2.1.2. Transnet does however require additional discount as per the pricing indicated in the RFP process which will be negotiated between the parties.
3. The terms upon which the parties concluded the Current Extension and Further Extension shall apply to this Third Extension period;

Transnet SOC Ltd
Registration Number
1990/000900/30

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Street
Johannesburg
2001

P.O. Box 72501
Parkview, Johannesburg
South Africa, 2122
T +27 11 308 3001
F +27 11 308 2638

Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Mnxiti NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

TRANSNET

4. Any additional projects and/or services outside of the services referred to in the billing as at the end of March 2013, as referenced in paragraph 2 of the letter dated 31 May 2013 confirming the Further Extension (to the Current Extension) shall be excluded from the fees referred to herein; and
5. The monthly payments during the month by month Further Extension shall be made by Transnet on the last working day of every month for the services provided during the month in question, effective from 1 November 2013.
6. Transnet will give Neotel 30 days' notice should any or all of Towers of Services not be extended for the next monthly extension ("Third Extension").

Regards

_____

Sharla Pillay

Acting Group Chief Executive

31 October 2013

ACCEPTED FOR AND ON BEHALF OF NEOTEL:

NAME: _____

SIGNATURE: _____

DATE: _____

Transnet SOC Ltd
Registration Number
1990/000900/30

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Johannesburg
2001

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Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fenucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharwa IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

ANNEXURE I5

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

DIMENSION DATA
The Campus,
57 Sloane Street,
Bryanston
2021

Attention: Derek Wykes

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Pricing.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date: 31 October 2013

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

P.O. Box 72501
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www.transnet.net

Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Cebe

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

TELKOM SA SOC LIMITED
61 Oak Avenue, TechnoPark,
Highveld,
Centurion
0046

Attention: Sipho Ndlovu

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet a technical threshold of 70% based on the evaluation criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date: 31 October 2013

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

T-SYSTEMS SA (PTY) LTD
International Business Gateway,
New Road,
Midrand
1685

Attention: Shaheen Vawda

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Pricing.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date: 31 October 2013

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

VODACOM (PTY) LTD
082 Vodacom Boulevard,
Highveld,
Centurion
0046

Attention: Prudence Shuping

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: Neotel (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet the technical critical criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Sharla Pillay
Designation: Acting Group Chief Executive
Date: 31 October 2013

ANNEXURE I6

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 31 October 2013 15:18
To: Yusuf Loonat Transnet Corporate JHB
Subject: FW: Network tender documents
Attachments: 2298_001.pdf; 2299_001.pdf; 2292_001.pdf; 2293_001.pdf; 2294_001.pdf; 2295_001.pdf; 2296_001.pdf; 2297_001.pdf

Importance: High

FYI!

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

From: Vanessa Govender Transnet Pipelines DBN
Sent: 31 October 2013 02:45 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Cc: Lydia Matebisi Transnet Corporate JHB; Sharla Pillay Transnet Pipelines DBN; Garry Pita Transnet Corporate JHB
Subject: RE: Network tender documents
Importance: High

Dear Gerrie

Please find attached signed documents from Acting Group Chief Executive.

Regards
Vanessa

From: Sharla Pillay Transnet Pipelines DBN
Sent: 31 October 2013 12:12 PM
To: Vanessa Govender Transnet Pipelines DBN; Lydia Matebisi Transnet Corporate JHB
Subject: FW: Network tender documents

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 31 October 2013 12:12 PM
To: Sharla Pillay Transnet Pipelines DBN
Cc: Mantsika Matooane Transnet Corporate JHB; Garry Pita Transnet Corporate JHB; Anoj Singh Corporate JHB; Mohammed Mahomedy Transnet Corporate JHB
Subject: Network tender documents

Hi Sharla,

Hope you are well.

Your earlier conversation with Garry Pita refers.

Please find attached the following documentation relating to the network tender:

* Covering memorandum - for your approval;

* Tear report - for your approval;

* 3 x Transnet Internal Audit reports - Front page and Executive summaries (Full reports can't be emailed due to size)

o Report 1 - Satisfactory

o Report 2 - Satisfactory

o Report 3 - Requires Improvement with 2 issues raised:

* Potential conflict of interest - T-Systems vs Detecon (Issue 1)

* Issue relating to the rounding of the T-Systems score for technical evaluation (Issue 2)

* Affidavit from T-Systems to mitigate the risk raised by TIA - Issue 1

* E-Mail from National Treasury to mitigate the risk raised by TIA - Issue 2

* Board resolution delegating authority to the GCE to extend current contract with Neotel;

* Extension letter to Neotel - for you approval;

* Letter of intent to Neotel - for your approval; and

* Regret letters x 4 to the unsuccessful bidders - for your approval.

The documents which require your signature have been highlighted in bold.

Please don't hesitate to give me a call should your require anything further as it relates to this tender award.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

ANNEXURE I7

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 31 October 2013 14:58
To: Mandla Dube Transnet Corporate JHB; Macdonald Maluleke Transnet Corporate JHB
Cc: Fanie van_der_Walt Transnet JHB; Martin Lotz Transnet Corporate JHB
Subject: FW: Network tender documents
Attachments: 2298_001.pdf; 2299_001.pdf; 2292_001.pdf; 2293_001.pdf; 2294_001.pdf; 2295_001.pdf; 2296_001.pdf; 2297_001.pdf

Importance: High

Hi Guys,

I assume you will be distributing the attached documentation to the bidders?

- Contract extension and letter of intent to Neotel;
- Letter of regret to the remaining 4 bidders please.

Again, thank you for all your effort and dedication through this process. Appreciate it!

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

From: Vanessa Govender Transnet Pipelines DBN
Sent: 31 October 2013 02:45 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Cc: Lydia Matebisi Transnet Corporate JHB; Sharla Pillay Transnet Pipelines DBN; Garry Pita Transnet Corporate JHB
Subject: RE: Network tender documents
Importance: High

Dear Gerrie

Please find attached signed documents from Acting Group Chief Executive.

Regards
Vanessa

From: Sharla Pillay Transnet Pipelines DBN
Sent: 31 October 2013 12:12 PM
To: Vanessa Govender Transnet Pipelines DBN; Lydia Matebisi Transnet Corporate JHB
Subject: FW: Network tender documents

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 31 October 2013 12:12 PM
To: Sharla Pillay Transnet Pipelines DBN
Cc: Mantsika Matooane Transnet Corporate JHB; Garry Pita Transnet Corporate JHB; Anoj Singh Corporate JHB; Mohammed Mahomedy Transnet Corporate JHB
Subject: Network tender documents

Hi Sharla,

Hope you are well.

Your earlier conversation with Garry Pita refers.

Please find attached the following documentation relating to the network tender:

* Covering memorandum - for your approval;

* Tear report - for your approval;

* 3 x Transnet Internal Audit reports - Front page and Executive summaries (Full reports can't be emailed due to size)

o Report 1 - Satisfactory

o Report 2 - Satisfactory

o Report 3 - Requires Improvement with 2 issues raised:

* Potential conflict of interest - T-Systems vs Detecon (Issue 1)

* Issue relating to the rounding of the T-Systems score for technical evaluation (Issue 2)

* Affidavit from T-Systems to mitigate the risk raised by TIA - Issue 1

* E-Mail from National Treasury to mitigate the risk raised by TIA - Issue 2

* Board resolution delegating authority to the GCE to extend current contract with Neotel;

* Extension letter to Neotel - for you approval;

* Letter of intent to Neotel - for your approval; and

* Regret letters x 4 to the unsuccessful bidders - for your approval.

The documents which require your signature have been highlighted in bold.

Please don't hesitate to give me a call should your require anything further as it relates to this tender award.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

ANNEXURE J

From: Anoj Singh Corporate JHB <Anoj.Singh@transnet.net>
Sent: Thursday, 31 October 2013 16:38
To: Gerrie van_der_Westhuizen Transnet Corporate JHB; Garry Pita Transnet Corporate JHB
Cc: Mantsika Matooane Transnet Corporate JHB; Fanie van_der_Walt Transnet JHB
Subject: Re: Neotel contract

Hi Guys

I have spoken to Sunil Joshi and he confirmed continuity of services.

Thx

A

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: Thursday, October 31, 2013 04:02 PM
To: Garry Pita Transnet Corporate JHB
Cc: Mantsika Matooane Transnet Corporate JHB; Anoj Singh Corporate JHB; Fanie van_der_Walt Transnet JHB
Subject: Neotel contract

Hi Garry,

Our telephonic conversation earlier today refers.

You indicated that the GCFO requested that we do not issue any documentation relating to the above at this stage as the GCE requested to review the documentation himself on Monday when he returns from overseas.

Please note that the current contract with Neotel expires today and we will be out of contract until the extension is issued and accepted by Neotel which exposes Transnet to risks.

I will request Neotel verbally to continue providing us with services and I will indicate that documentation will follow next week.

Trust this is in order.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE K1

From: Mantsika Matooane Transnet Corporate JHB <Mantsika.Matooane@transnet.net> on behalf of Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: Thursday, 07 November 2013 09:16
To: Mantsika Matooane Transnet Corporate JHB; Laurika Sauerman Transnet Corporate JHB
Subject: Accepted: Network Tender Feedback

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE K2

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269

TRANSNET

www.transnet.net

MEMORANDUM

To: Anoj Singh, Group Chief Financial Officer (GCFO)
Mantsika Matooane (Chief Information Officer)
Garry Pita, Group Chief Supply Chain Officer (GCSCO)

From: Brian Molefe, Group Chief Executive (GCE)

Date: 20 November 2013

Subject: **RFP No. GSM/13/04/0722 for Provision of Network Services – Request for approval to approve the process, award contract and issue a Letter of Intent (LOI)**

PURPOSE OF SUBMISSION:

1. To inform the Group Chief Financial Officer, Group Chief Information Officer and the Group Chief Supply Chain officer of my decisions to award the above mentioned business to T-Systems South Africa in terms of your request in your memorandum dated 31 October 2013.

BACKGROUND:

2. Your previous correspondence addressed to me dated 30 October 2013 with subject "RFP No. GSM/13/04/0722 for Provision of Network Services – Request for approval to approve the process, award contract and issue a Letter of Intent (LOI) inviting Neotel to further negotiations as the preferred bidder of this RFP" (Annexure A) and the TEAR report (Annexure B) which accompanied this letter refers.

3. This correspondence requested me to:
   a. Approve the procurement process and award of business to Neotel (Pty) Ltd;
   b. Sign the Letter of Intent (LOI) for the preferred bidder;
   c. Sign letters of regret for the four (4) unsuccessful bidders; and
   d. Sign the letter to extend the current Neotel contract.

PROCUREMENT PROCESS

4. In approving the procurement process the following must be taken into account by the Acquisition Council (AC), which in this case is the Transnet Board, which sub-delegated this responsibility to the Transnet GCE:
5. The Role of the AC is set out in par 20.2 of the PPM, October 2013, which is set out below:

20.2 ***"THE ROLE OF THE AC DURING ADJUDICATION***

The function of the AC is to validate both the process related aspects as well as the commercial aspects of the bid process. The AC is required to satisfy itself that all Bidders were treated fairly in the bidding process and that the process was conducted in accordance with the applicable regulatory framework and Transnet's internal rules. The AC is also required to determine that the price to be paid by Transnet is market related, that the commercial terms and conditions are fair and reasonable and that the award of business is in the best interests of Transnet.

Factors to be considered during adjudication include whether:

20.2.1 the bid was advertised for a reasonable period of time and in the appropriate media;

20.2.2 all Bids are still valid i.e. still within the validity period. It is important to note that for the purposes of adjudication, bids are required to remain valid only until the matter is considered by the AC provided that the AC approves the process. Should the AC not approve the matter, the validity period must be timeously extended;

20.2.3 communication with Bidders after the closing date was properly authorised and conducted in a fair manner;

20.2.4 Bidders were evaluated against the evaluation criteria stated in the RFP;

20.2.5 the scoring of Bidders was reasonable, rational and in accordance with the scoring methodology;

20.2.6 the recommended Bidder scored the highest points overall. If not, whether the recommendation to award the contract to another Bidder is based on other objective criteria

20.2.7 the recommended Bidder is not on the Transnet List of Excluded Bidders, the Treasury list of Bid Defaulters or the Treasury database of Restricted Suppliers;

20.2.8 the recommended Bidder has legal capacity to enter into a contract;

20.2.9 the contract is to be awarded to the same business enterprise as the one which submitted the Bid;

20.2.10 the recommended Bidder submitted a valid and original tax clearance certificate, VAT certificate (where applicable) and whether the recommended Bidder complies fully with all legal requirements stated in the RFP. Note that in terms of the Preferential Procurement Regulations 2011 no business may be awarded to a person whose tax matters have not been declared to be in order by SARS;

20.2.11 the recommended Bidder is not insolvent, in receivership, bankrupt or being wound up, has his affairs administered by a court or judicial officer, has suspended his business activities or is subject to legal proceedings in respect of the aforegoing;

20.2.12 the award of business to the recommended Bidder would not be harmful to Transnet's image. In this regard, it must be borne in mind that Transnet is a

public company and its sole shareholder is the Government of the Republic of South Africa. For this reason, business transactions with entities that could harm Transnet's image should be avoided;

20.2.13 price and other commercial terms are market related; and

20.2.14 The award of business does not pose any other legal or material risks to Transnet that has not been mitigated.

*20.3 **RISK EVALUATION***

Upon receiving a recommendation to award business to a particular Bidder, the AC may at its own discretion call for a risk evaluation on the Bidder if it is of the opinion that this was not considered at the evaluation stage. If on reasonable grounds it is determined that there is a material risk involved in awarding the business to that particular Bidder, the AC may, depending on the likelihood and consequence of the risk materialising recommend one of the following:

- *not awarding to the Bidder;*
- *awarding part of the business to the Bidder; or*
- *splitting the business between the Bidder and another Bidder.*

The concept of material risk must be interpreted restrictively and be limited to instances where Transnet would be severely prejudiced by the award of business to a particular Bidder.

*20.4 **SPLITTING OF BUSINESS***

The AC should enquire whether the splitting of the award of business was considered during evaluation, as this is a feasible mechanism to promote the development of new entrants into the market. Transnet's standard bid conditions allow for the selection of multiple suppliers or the award of the whole, or any part of a Bid to any particular Bidder. Transnet may also choose not to make an award if there are valid grounds for doing so.

Bidders who qualify their Bids on the basis that the whole Bid should be accepted (in conflict with the bid conditions) must be advised that the restriction must be withdrawn before their Bid can be considered.

*20.5 **DISAGREEMENT REGARDING AWARD OF BUSINESS***

20.5.1 Should a dispute arise between the recommending officer(s) and the AC regarding a submission after the AC has referred the matter back to the recommending officer for re-motivation, the matter must be escalated to the Entity's CEO for a final decision.

20.5.2 Where the recommendation of the evaluation team conflicts with the opinion of the end user, the matter must be referred to the AC for a ruling.

*20.6 **NON AWARD / CANCELLATION OF BIDS***

20.6.1 Non award of business must be approved by the relevant AC. A motivation for non award may be considered by the AC at any stage of the process before the Successful Bidder is finally selected and informed about the bid award. Once a Successful Bidder has been selected and informed about the outcome of the bid

process (i.e. he/she was awarded the bid), Transnet is said to be functus officio and can no longer cancel the bid process without an order of court authorizing it to do so.

20.6.2 It should be noted that a Bidder can only be regarded as the Successful Bidder when he/she was unequivocally informed that the bid was awarded to him/her. An award that is made subject to further negotiation or qualification cannot be regarded as a final and unequivocal award. Thus the award of "Preferred Bidder status", subject to the successful negotiation and conclusion of a subsequent contract does not amount to being selected as the "Successful Bidder" as the award is conditional and subject to the outcome of the negotiation process.

20.6.3 Group legal / the OD Legal department should be consulted before a decision to cancel a bid is taken to advise on the legal risk associated with cancellation and also whether Bidders should be invited to make representations before a final decision can be taken.

20.6.4 The decision not to award business must as far as possible be taken timeously. Bidders must be advised of this decision as soon as possible after the decision has been approved.

20.6.5 Non-award of business (as a result of Transnet's bad planning) should for obvious reasons be minimised as far as possible as Bidders expend a significant amount of time, effort and money when preparing and lodging Bids. Non award has the effect of cancelling a bid and the AC must therefore act judiciously when authorising a non award so as to minimize prejudice to Bidders.

20.6.6 When no Bid can be recommended for acceptance, the Manager concerned shall provide a motivation to the AC clearly stating the reasons why no Bid can be recommended and give an indication as to how need for the required Goods/Services will now be met.

20.6.7 In terms of the Preferential Procurement Regulations, 2011, if it is stipulated that the 80/20 preference point system is applicable to a particular bid process and all bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system. Similarly, if it is stipulated that the 90/10 preference point system is applicable to a particular bid process and all bids received are equal to or below R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system. If a bid is cancelled in terms of this paragraph, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

20.6.8 ***The AC may approve a non award under the following circumstances:***

a) Where due to changed circumstances, there is no longer a need for the goods, services, works requested. [ACs must ensure that only goods, services or works that are required to fulfil the needs of the institution are procured]; or

b) funds are no longer available to cover the total envisaged expenditure. [ACs must verify that the budgetary provisions exist]; or

c) no acceptable bids are received. [If all bids received are rejected, Transnet must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].

When the AC authorises a non award on the grounds of a) or b) above, all Bidders should be reimbursed for the bid document fee, if bid documents were sold.

20.6.9 The decision to cancel a bid in terms of paragraph 20.6.8 must be published in the media in which the original bid invitation was advertised."

FURTHER CONSIDERATIONS TAKEN INTO ACCOUNT RELATED TO THE APPOINTMENT OF NEOTEL, THE PREFERRED BIDDER IN TERMS OF THE TEAR REPORT:

6. I have given consideration to your recommendation as per your previous correspondence mentioned earlier as well as section 20.5 of the Procurement Procedures Manual which states that, should a dispute arise between the recommending officer(s) and the Acquisition Council (AC) regarding a submission after the AC has referred the matter back to the recommending officer for re-motivation, the matter must be escalated to the Entity's CEO for a final decision.

7. I have the following specific concerns with your recommendation and responses to me, including the responses to me in the various meetings held with the recommending officers for re-motivation, which is discussed further in this document:
   a. Counterparty Risk and alienation of state assets;
   b. Concentration risk as Transnet is Neotel's largest client;
   c. BBBEE Partners
   d. Information Security incident; and
   e. CCTV camera exposures.

Counterparty Risk and alienation of state assets;

8. Government's intention with the sale of the Transnet Wide-Area Network (WAN) to Neotel was to create a second fixed line operator. I don't believe that Neotel met this mandate due to the fact that they have had very little market penetration and Neotel has recently announced that they have entered into negotiations to sell this network to Vodacom which could be perceived to be alienation of state assets.
9. Lastly, Transnet did not consider Vodacom's ability to manage the Neotel infrastructure and should the sale transaction of Neotel to Vodacom realize this will expose Transnet to unnecessary counterparty risk.

Concentration risk as Transnet is Neotel's largest client

10. Transnet is currently Neotel's biggest single client which exposes Transnet to unnecessary concentration risk.

BBBEE Partners

11. Neotel has not delivered against its BEE mandate which was part of the initial sale of state assets to Neotel and has in fact diluted black ownership of the company as is evident from the correspondence I received from Mr. Kennedy Memani, the Chairman of Nexus Connexion the BEE partner to Neotel. (Annexure C)

Information Security Incident

12. During 2011, Transnet Internal Audit (TIA) was requested by Management to perform a review on the Neotel Network Outsources IT Services. TIA issued a report highlighting certain weaknesses as it related to firewalls in October 2011.
13. Network traffic was analysed by Neotel on an ongoing basis, focusing on the highest volumes first to build required rules to resolve audit findings.
14. On 30 May 2012, Neotel indicated that they have found traffic on the network which were not known to them. Management made a decision not to block this traffic as it could potentially be related to operational systems and blocking this could result in business interruptions;
15. Group EIMS decided to do scanning of their own to identify the source of this unknown traffic;
16. On the 5 June 2012, the unknown traffic was identified as foreign traffic and IP addresses from 5 different countries were found on the Transnet network within a period of 24 hours;
17. Should skilled and determined third parties have made use of the vulnerabilities they may have been able to access servers and resources in the Transnet environment which may include servers containing:
    a. Financial information;
    b. Operational information; and
    c. Other sensitive / confidential information.
18. Although Transnet management and Neotel has implemented certain actions I am of the view that the activities specifically as it relates to Neotel was not adequate and exposed the organisation to unnecessary risk.

CCTV Network issues

19. TNPA identified that a number of their CCTV cameras in various ports were not operational or operating as intended as a result of potential poor workmanship and network issues. I am of the view that Neotel had a role to play as far as the network supporting these cameras are concerned and this concern is more reason for me to disagree with the recommendation made.

GCE'S CONCLUSION OF THESE CONCERNS

20. \Due to the above I have fundamental concerns in award a 3 year network contract to Neotel. This network is the heart of the Transnet business and I am of the view that awarding the business to Neotel will expose Transnet to unnecessary risk.

APPOINTMENT OF T-SYSTEMS SOUTH AFRICA

21. Post the close of the final offers being submitted T-Systems indicated that they unfortunately due to the strict timelines set by Transnet only managed to get confirmation from their shareholder on certain pricing elements and that they would be in a position to reduce the price submitted the week before by a further R248 million.

22. I approve that the R248 million be taken into consideration as part of T-Systems best and final offer as the commitment was made in writing to Transnet and shortly after the best and final offers have closed and I don't believe that any other bidders were prejudiced by this.
23. I further do not believe it is necessary to request another best and final offer from any of the vendors as all 3 preferred bidders were given the opportunity to confirm if the prices submitted are accurate and if they omitted anything.
24. As per the TEAR report, should this R248 million be taken into account and business not be awarded to Neotel due to the risks stated above, T-Systems would be the preferred bidder.
25. Management must ensure that more favourable prices are agreed with T-Systems to at least be at a similar level to the prices submitted by Neotel as part of the post tender negotiations.

APPROVAL:

26. Based on the explanations given above, I request that the Group Chief Financial Officer, Group Chief Information Officer and the Group Chief Supply Chain officer note the my decisions to award business to T-Systems South Africa in terms of section 20.5 of the Procurement Procedure Manual (PPM) and that I am overriding the recommendation made in the TEAR report.
27. Please find the following attached:
    a. Signed letter of intent to T-Systems South Africa (Annexure D)
    b. Signed letter of regrets to four (4) unsuccessful bidders (Annexure E); and
    c. Signed letter to extend the current Neotel contract (Annexure F).

APPROVED / ~~NOT APPROVED~~

Brian Molefe
Group Chief Executive
Date: 20.11.13.

ANNEXURE K3

Date: 20 November 20132013

Reference: LOI/GSM 13/04/0722

T-SYSTEMS SA (PTY) LTD
International Business Gateway,
New Road,
Midrand
1685

Dear Mr. Schoonbee

RE : LETTER OF INTENT FOR THE PROVISIONING OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Pursuant to Transnet's Request for Proposal [RFP Number GSM/13/04/0722], we wish to inform you that we are pleased to confirm that your company has been identified as a preferred bidder for the provisioning of Network Services [the Services] for a period of three [3] years with an option to extend for a further two [2] years to Transnet SOC Ltd, subject to the conditions precedent set out in section 1 below.

The Parties to this LOI are:

(1) **Transnet SOC Ltd [Transnet]**, a State Owned Company and the procurer of the Services. [Registration Number 1990/000900/30]; together with

(2) **T-Systems South Africa (Pty) Ltd**, [the Service Provider] [Registration Number 1989/007547/07]

Transnet wishes to conclude a MSA (Master Services Agreement) with the Service Provider for the provision of the Services which, if mutually agreed by the Parties, will be documented and effected in accordance with a three year [3] contract [**the MSA**] between the Parties.

The Parties are desirous of successfully concluding contract negotiations and thereafter executing the MSA to enable the Service Provider to provide the Services detailed thereto.

In the interim there will be an extension to the existing contract with Neotel (Pty) Ltd for the provision of the current services until such time that the MSA and mutually agreed transition plan as per the RFP is concluded.

The purpose of this Letter of Intent [**LOI**] is to document the intentions of the Parties in respect of the conclusion of the MSA between Transnet SOC Ltd and T Systems South Africa, or until 120 [One Hundred and Twenty] days have elapsed from date of issue of this LOI, whichever event should occur first. Should

the parties fail to reach agreement or conclude the MSA within 120 [One Hundred and Twenty] days, then Transnet reserves the right to approach the alternate preferred bidders.

NOW THEREFORE IT IS AGREED

1. Conditions Precedent

With reference to the Service Provider's offer [Reference GSM 13/04/0722], Transnet wishes to finalise the MSA, the Towers of Service contractual conditions and associated Pricing, the detail of the Supplier Development commitment, which must be a minimum of 30% (Thirty percent) of the total contract value and B-BBEE details of the Services to be provided and other matters in order to conclude the Agreement with the Service Provider. In the interim, the under-mentioned conditions precedent will apply:

1.1 The Parties agree to work towards concluding an MSA to provide the Services over a period of three [3] years commencing from date of signature of the yet to be concluded Master Services Agreement.

1.2 The Parties agree to use this document as a proxy for the binding legal Agreement and under its authority Transnet intends to request;

1.2.1 That the incumbent Service Provider provide will provide the existing services under the current contract, until such time that the MSA is formally negotiated and subsequently concluded between the Transnet and T-Systems South Africa.

1.3 Transnet will discuss with the new Service Provider and agree the terms and conditions of the MSA.

1.4 T-Systems will provide more details and confirm the following:

1.4.1 Supplier development commitment, value summary and submit a supplier development plan which sets out the details and addresses how the supplier development plan will support Government's National Development Plan as it relates to the ICT sector, which must be supplied and accepted by Transnet. T-Systems will supply Transnet with the updated supplier development commitment, updated supplier development value summary as well as a supplier development plan setting out the details of this commitment within 30 days of signature of this letter of intent.

1.4.2 Transnet will aim to negotiate a Buy-back or lease options of the copper lines to outlying sites which are currently owned by Neotel including its possible pricing;

1.4.3 Options which need to be explored with the T-Systems and the current service provider on which assets need to be replaced and which assets can be sweated and the corresponding impact of these on SLA's and overall pricing.

2. Miscellaneous

Neither Party shall reveal the content of this LOI or anything disclosed to the other Party in pursuance hereof to any third party, except with the prior express written consent of the other Party, and then only to the extent required to facilitate progression of the Negotiations.

The contractual documents will be drafted by Transnet and be subject thereafter to final agreement between the Parties. Pending the final approval of the Agreement by both Parties, the Parties hereby attest to the speedy resolution of all outstanding matters in order to finalise the MSA within 120 [One Hundred and Twenty] days from date of signature hereof.

Thus duly signed at Johannesburg South Africa on this 20th day of November 2013 on behalf of:

Transnet SOC Ltd

WITNESSES

1 .....

2 .....

NAME: Brian Molefe
DESIGNATION: Group Chief Executive

Thus duly signed at ....., South Africa on this ..... day of

..... 2013 on behalf of:

T-Systems South Africa (Pty) Ltd

WITNESSES

1 .....

2 .....

NAME: Gert Schoonbee
DESIGNATION: Managing Director

ANNEXURE K4

TRANSNET

Date: 20 November 2013
Reference: GSM/13/04/0722

VODACOM (PTY) LTD
082 Vodacom Boulevard,
Highveld,
Centurion
0046

Attention: Prudence Shuping

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: T-Systems South Africa (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet a technical threshold of 70% based on the evaluation criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Brian Molefe
Designation: Group Chief Executive
Date: 20.11.13

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

P.O. Box 72501
Parkview, Johannesburg
South Africa, 2122
T +27 11 308 3001
F +27 11 308 2638

www.transnet.net

Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

TRANSNET

Date: 20 November 2013
Reference: GSM/13/04/0722

TELKOM SA SOC LIMITED
61 Oak Avenue, TechnoPark,
Highveld,
Centurion
0046

Attention: Sipho Ndlovu

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: T-Systems South Africa (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Failure to meet a technical threshold of 70% based on the evaluation criteria that was stipulated on the RFP.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Brian Molefe
Designation: Group Chief Executive
Date: 20.11.13.

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

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Parkview, Johannesburg
South Africa, 2122
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Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njake IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

TRANSNET

Date: 31 October 2013
Reference: GSM/13/04/0722

DIMENSION DATA
The Campus,
57 Sloane Street,
Bryanston
2021

Attention: Derek Wykes

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: T-Systems South Africa (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Pricing.

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Brian Molefe
Designation: Group Chief Executive
Date: 20.11.13.

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
Street
Johannesburg
2001

P.O. Box 72501
Parkview, Johannesburg
South Africa, 2122
T +27 11 308 3001
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Directors: ME Mkwanazi (Chairman) B Molefe* (Group Chief Executive) MA Fanucchi Y Forbes HD Gazendam NP Mnxasana N Moola NR Njeke IM Sharma IB Skosana E Tshabalala DLJ Tshepe A Singh* (Group Chief Financial Officer)
*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

TRANSNET

Date: 20 November 2013
Reference: GSM/13/04/0722

Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand
1685

Attention: Sunil Joshi

Dear Sir,

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Transnet expresses its appreciation for your valued participation in bidding for the above-mentioned requirement.

After extensive evaluation of all bids received and adjudication, we regret to advise that your company's bid was not successful.

The following bidder has been afforded "Preferred Bidder" status: T-Systems South Africa (Pty) Ltd.

We regret that your company was unsuccessful on this occasion, and would indicate that this decision was based primarily on the under-mentioned factors:

- Business risk consideration

We thank you for your participation in this procurement process and would like to take this opportunity to encourage your future involvement in bidding for associated business opportunities which will be advertised by Transnet from time to time.

Yours sincerely

Name: Brian Molefe
Designation: Group Chief Executive
Date: 20.11.13.

Transnet SOC Ltd
Registration Number
1990/000900/30

Carlton Centre
150 Commissioner
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Johannesburg
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*Executive

Group Company Secretary: ANC Ceba

www.transnet.net

ANNEXURE L1

SEARCH WORKS
Suite G01, Waterview 2, Waterview Close, Century City
Tel: +27 860 340 000
Website: https://www.searchworks.co.za

BROADBAND INFRACO (1989/001763/30)

CIPC Company

SEARCH INFORMATION

Summary

Search Type	CIPC COMPANY
Search Description	BROADBAND INFRACO (1989/001763/30)
Reference	MK
Date	28/02/2019

COMPANY INFORMATION

Summary

Name	BROADBAND INFRACO
Registration Number	1989/001763/30
Type	STATE OWNED COMPANY
Status	IN BUSINESS
Registration Date	28/03/1989
Average Age of Director	50

SARS VERIFICATION MATCHES

Trading Name	VAT Registration Number	Area
BROADBAND INFRACO SOC LTD	4260236437	LARGE BUSINESS CENTRE

ACTIVE DIRECTOR(S)

Director Name	ID Number	Status	Type	Appointed
FAHIM MOHAMED	7601015177080	ACTIVE	SECRETARIES (NATURAL PERSON)	01/07/2008
SYDNEY DAVID MABALAYO	6312155863080	ACTIVE	NON EXECUTIVE DIRECTOR	25/08/2008
BARNARD CEICIL MANDZENDOSI NGCOBO	6005145492081	ACTIVE	NON EXECUTIVE DIRECTOR	18/10/2011
NOKUTHULA SELAMOLELA	7601010609087	ACTIVE	NON EXECUTIVE DIRECTOR	18/10/2011
IAN IZAK VAN NIEKERK	7105205016082	ACTIVE	DIRECTOR	23/03/2016
ANDREW DIBI MATSEKE	6502065745084	ACTIVE	DIRECTOR	02/02/2018
ZANDILE MATILDA KABINI	7704190463083	ACTIVE	NON EXECUTIVE DIRECTOR	15/03/2018
GIFT MPHEFU	7506115394081	ACTIVE	NON EXECUTIVE DIRECTOR	15/03/2018
JENNIFER ANN SCHREINER	5610300005080	ACTIVE	NON EXECUTIVE DIRECTOR	15/03/2018

COMMISSION OF INQUIRY INTO STATE CAPTURE

RESIGNED DIRECTOR(S)

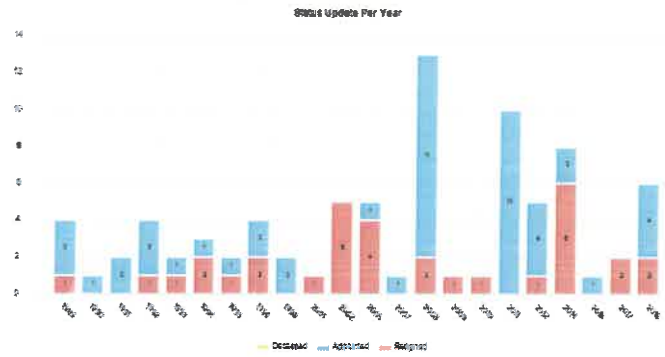
Director Name	ID Number	Status	Appointed	Resigned
BRUNO ERWIN PENZHORN	3204295024009	RESIGNED	28/03/1989	28/03/1989
BRUCE THOMAS CROOKES	4911235089004	RESIGNED	28/03/1989	18/11/1993
DAVID MARTHINUS GARDINER	5705045021002	RESIGNED	06/06/1989	19/09/1996
JOSEPH JOHANNES STEPHANUS PRETORIUS	4709055096004	RESIGNED	14/06/1990	31/12/1994
BENJAMIN JACOBUS DE KLERK	5408285075008	RESIGNED	31/01/1991	22/02/1996
JABEZ VINCENT BOTHA	360914506005	RESIGNED	31/03/1991	30/05/1994
WYNAND PRETORIUS	5404085122009	RESIGNED	01/02/1992	14/01/1992
PAUL ARNO BECKER	3203245030080	RESIGNED	08/04/1992	03/05/1995
OCKERT JOHANNES JAKOBUS GOOSEN	3203055052002	RESIGNED	08/04/1992	01/02/2002
GEORGE MAANDA NEGOTA	5108170000000	RESIGNED	18/11/1993	01/02/2002
CHRISTIAAN RUDOLPH VLJOEN	4907045086081	RESIGNED	01/06/1994	03/01/2001
BRANDAN PATRICK O'CONNOR	4104055052006	RESIGNED	01/12/1995	01/06/2005
JOZEF THOMASSE BURGER	5801135009005	RESIGNED	12/02/1996	01/06/2005
JOHANNES LODWYKES VAN DER SANDT	4611255083008	RESIGNED	03/06/1996	01/02/2002
JOHN LOUIS LANCHENICHT	5911225021006	RESIGNED	22/04/1998	11/02/2002
SELLO MASHAO RASETHABA	5802195884089	RESIGNED	11/09/1998	01/02/2002
CALVIN KAGISHO THEKO	7007245350085	RESIGNED	01/06/2005	01/06/2005
MARK RICHARD SHUTTLEWORTH	7309185014089	RESIGNED	15/02/2007	01/06/2005
LEHLOHONOLO NAPO LETELE	4911115327086	RESIGNED	25/08/2008	-
LEHLOHONOLO NAPO LETELE	4911115327086	RESIGNED	25/08/2008	-
SUREN MAHARAJ	7205315127082	RESIGNED	25/08/2008	-
SUREN MAHARAJ	7205315127082	RESIGNED	25/08/2008	-
LEHLOHONOLO NAPO LETELE	4911115327086	RESIGNED	25/08/2008	25/08/2008
SUREN MAHARAJ	7205315127082	RESIGNED	25/08/2008	25/08/2008
MAMODUPI MOHLALA	7401080468088	RESIGNED	25/08/2008	15/09/2009
SINDISIWE NTOMBENHLE MABASO-KOYANA	6908140289081	RESIGNED	25/08/2008	19/08/2010
SHAKEEL AHMED UNUS MEER	6206015175083	RESIGNED	25/08/2008	14/10/2014
SALIM AZIZ ESSA	7801155017084	RESIGNED	03/10/2011	14/10/2014
SALIM AZIZ ESSA	7801155017084	RESIGNED	03/10/2011	14/10/2014
XOLISWA KAKANA	6409150560081	RESIGNED	18/10/2011	14/10/2014
XOLISWA KAKANA	6409150560081	RESIGNED	18/10/2011	14/10/2014
MMAKGOLO META MHLARHI	7912040298084	RESIGNED	18/10/2011	18/08/2017
ANTHONY GITHIARI	6709045883089	RESIGNED	18/10/2011	14/02/2018
PULENG DOROTHY VICTORIA KWELE	6807060335082	RESIGNED	18/04/2012	30/11/2017
RAMASELA JOYCE MAGOELE	7409200367080	RESIGNED	06/07/2012	-
RAMASELA JOYCE MAGOELE	7409200367080	RESIGNED	06/07/2012	-
RAMASELA JOYCE MAGOELE	7409200367080	RESIGNED	06/07/2012	06/07/2012
IEMRAHN HASSEN	5704105050084	RESIGNED	21/01/2014	14/10/2014
MPHO THEODORA MOSWEU	7503190327086	RESIGNED	14/10/2014	31/01/2018

DECEASED DIRECTOR(S)

Director Name	ID Number	Status	Appointed

No information available.

DIRECTOR TIMELINE



DIRECTOR GENDER

AUDITOR(S)

Auditor Name	Profession Code	Status	Start Date
BASHIER ADAM	SAICA	RESIGN	-
DELOITTE & TOUCHE	CA	RESIGN	-
DELOITTE PIM GOLDBY	CA	RESIGN	14/09/1990
KPMG INC	SAICA	RESIGN	23/06/2008
MTHIMKHULU MXOLISI WISEMAN	IRBA	CURRENT	01/09/2016
NEXIA SAB&T	SAICA	RESIGN	-
PRICEWATERHOUSE COOPERS INC	CA	RESIGN	-

COMPANY INFORMATION

Summary

Name	BROADBAND INFRACO
Short Name	INFRACO
Translated Name	BROADBAND INFRACO (1989/001763/30)
Registration Number	1989/001763/30
Old Registration Number	-
Type	STATE OWNED COMPANY
Short Type	SOC LTD
CIPC Company Act Type	COMPANY (REGISTERED ACCORDING TO OLD CO ACT)
Status	IN BUSINESS
Tax Number	9522161844
Type Date	28/03/1989
Registration Date	28/03/1989
Start Date	28/03/1989
Status Date	-
Principal Description	EXPAND THE AVAILABILITY AN AFFORABILITY OF ACCESS TO ELETRONIC COMMUNICATION,INCLUDING BUT NOT LIMITING TO UNDERDEVELOPED AND UNDER SERVICES AREAS.
Details Withdrawn From Public	NO
Standard Industrial Classification	OTHER SERVICE ACTIVITIES
Financial Year End	MARCH
Financial Effective Date	28/03/1989
Registered Address	21 WOODLANDS DRIVE, BUILDING 9, COUNTRY CLUB ESTATE, WOODMEAD, 2146
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, SUNNINGHILL, 2157
Region	GAUTENG
Country of Origin	-
Country	-
Authorised Capital	-
Issued Capital	-
Authorised Shares	-
Issued Shares	-
Form Received Date	-
Date on Form	-
Conversion Number	-

COMMISSION OF INQUIRY INTO STATE CAPTURE

PROVIDED BY GOOGLE

NO IMAGE AVAILABLE

NO IMAGE AVAILABLE

DIRECTOR(S)

Director 1 of 50

First Name	BRUNO ERWIN
Surname	PENZHORN
ID Number	3204295024009
Date of Birth	29/04/1932
Gender	MALE
Age	86
Residential Address	111 MILFORD ROAD, CARLSWALD, MIDRAND,
Postal Address	PO BOX 438, HALFWAY HOUSE, 1685
Type	DIRECTOR
Status	RESIGNED
Appointment Date	28/03/1989
Resignation Date	28/03/1989
Member Contribution	0%
Member Size	0%

Director 2 of 50

First Name	BRUCE THOMAS
Surname	CROOKES
ID Number	4911235089004
Date of Birth	23/11/1949
Gender	MALE
Age	69
Residential Address	10 LANE ROAD, DUNSEVERN, JOHANNESBURG,
Postal Address	PO BOX 1091, JOHANNESBURG, 2000
Type	DIRECTOR

DIRECTOR(S)

Status	RESIGNED
Appointment Date	28/03/1989
Resignation Date	18/11/1993
Member Contribution	0%
Member Size	0%

Director 3 of 50

First Name	DAVID MARTHINUS
Surname	GARDINER
ID Number	5705045021002
Date of Birth	04/05/1957
Gender	MALE
Age	61
Residential Address	336 DUNCOMBE AVENUE, MONDEOR, 2110
Postal Address	336 DUNCOMBE AVENUE, MONDEOR,
Type	DIRECTOR
Status	RESIGNED
Appointment Date	06/06/1989
Resignation Date	19/09/1996
Member Contribution	0%
Member Size	0%

Director 4 of 50

First Name	JOSEPH JOHANNES STEPHANUS
Surname	PRETORIUS
ID Number	4709055096004
Date of Birth	05/09/1947
Gender	MALE
Age	71
Residential Address	63 HENDRINA STREET, RIDGEWAY EXT 3,
Postal Address	63 HENDRINA STREET, RIDGEWAY EXT 3,
Type	DIRECTOR
Status	RESIGNED
Appointment Date	14/06/1990
Resignation Date	31/12/1994
Member Contribution	0%
Member Size	0%

Director 5 of 50

First Name	BENJAMIN JACOBUS
Surname	DE KLERK
ID Number	5408285075008

DIRECTOR(S)

Date of Birth	28/08/1954
Gender	MALE
Age	64
Residential Address	738 WIEDRIGH STREET, MORELETA PARK, PRETORIA,
Postal Address	PO BOX 40689, CLEVELAND, 2022
Type	DIRECTOR
Status	RESIGNED
Appointment Date	31/01/1991
Resignation Date	22/02/1996
Member Contribution	0%
Member Size	0%

Director 6 of 50

First Name	JABEZ VINCENT
Surname	BOTHA
ID Number	360914506005
Date of Birth	14/09/1936
Gender	UNKNOWN
Age	82
Residential Address	73 MILFORD AVENUE, GLENDOWER, EDENVALE, 1610
Postal Address	P O BOX 1091, JOHANNESBURG, 2000
Type	DIRECTOR
Status	RESIGNED
Appointment Date	31/03/1991
Resignation Date	30/05/1994
Member Contribution	0%
Member Size	0%

Director 7 of 50

First Name	WYNAND
Surname	PRETORIUS
ID Number	5404085122009
Date of Birth	08/04/1954
Gender	MALE
Age	64
Residential Address	300 QUORN DRIVE, NORTH RIDING,
Postal Address	PO BOX 1663, HONEYDEW, 2040
Type	DIRECTOR
Status	RESIGNED
Appointment Date	01/02/1992
Resignation Date	14/01/1992
Member Contribution	0%

DIRECTOR(S)

Member Size	0%

Director 8 of 50

First Name	PAUL ARNO
Surname	BECKER
ID Number	3203245030080
Date of Birth	24/03/1932
Gender	MALE
Age	86
Residential Address	43 SMITS ROAD, DUNKELD, JOHANNESBURG, 2196
Postal Address	PO BOX 500, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	08/04/1992
Resignation Date	03/05/1995
Member Contribution	0%
Member Size	0%

Director 9 of 50

First Name	OCKERT JOHANNES JAKOBUS
Surname	GOOSEN
ID Number	3203055052002
Date of Birth	05/03/1932
Gender	MALE
Age	86
Residential Address	5 SCAFELL ROAD, FLORACLIFFE, 1910
Postal Address	P O BOX 553, FLORIDA HILLS, 1716
Type	DIRECTOR
Status	RESIGNED
Appointment Date	08/04/1992
Resignation Date	01/02/2002
Member Contribution	0%
Member Size	0%

Director 10 of 50

First Name	GEORGE MAANDA
Surname	NEGOTA
ID Number	5108170000000
Date of Birth	17/08/1951
Gender	FEMALE
Age	67
Residential Address	NO 1105, DIEPKLOOF EXTENSION, 1804

DIRECTOR(S)

Postal Address	P O BOX 61566, MARSHALLTOWN, 2107
Type	DIRECTOR
Status	RESIGNED
Appointment Date	18/11/1993
Resignation Date	01/02/2002
Member Contribution	0%
Member Size	0%

Director 11 of 50

First Name	CHRISTIAAN RUDOLPH
Surname	VLJOEN
ID Number	4907045086081
Date of Birth	04/07/1949
Gender	MALE
Age	69
Residential Address	104 ELIZABETH EYBERS STREET, RANDHART, ALBERTON, 1457
Postal Address	P O BOX 40698, CLEVELAND, 2022
Type	SECRETARIES (NATURAL PERSON)
Status	RESIGNED
Appointment Date	01/06/1994
Resignation Date	03/01/2001
Member Contribution	0%
Member Size	0%

Director 12 of 50

First Name	BRANDAN PATRICK
Surname	O'CONNOR
ID Number	4104055052006
Date of Birth	05/04/1941
Gender	MALE
Age	77
Residential Address	230 MARKET STREET, FAIRTLAND, 2195
Postal Address	P O BOX 40698, CLEVELAND, 2022
Type	DIRECTOR
Status	RESIGNED
Appointment Date	01/12/1995
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 13 of 50

First Name	JOZEF THOMASSE

DIRECTOR(S)

Surname	BURGER
ID Number	5801135009005
Date of Birth	13/01/1958
Gender	MALE
Age	61
Residential Address	2 ARTHUR MCDONALD AVENUE, EDLEEN EXT 3, 1619
Postal Address	P O BOX 40968, CLEVELAND, 2022
Type	DIRECTOR
Status	RESIGNED
Appointment Date	12/02/1996
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 14 of 50

First Name	JOHANNES LODWYKES
Surname	VAN DER SANDT
ID Number	4611255083008
Date of Birth	25/11/1946
Gender	MALE
Age	72
Residential Address	337 IPANLA ROAD, AMAMZITOTI, 4126
Postal Address	P O BOX 12956, JACOBS, 4052
Type	DIRECTOR
Status	RESIGNED
Appointment Date	03/06/1996
Resignation Date	01/02/2002
Member Contribution	0%
Member Size	0%

Director 15 of 50

First Name	JOHN LOUIS
Surname	LANCHENICHT
ID Number	5911225021006
Date of Birth	22/11/1959
Gender	MALE
Age	59
Residential Address	5 MELROSE COURT, TOTTENHAM AVENUE, MELROSE, 2196
Postal Address	P O BOX 40868, CLEVELAND, 2022
Type	DIRECTOR
Status	RESIGNED
Appointment Date	22/04/1998

DIRECTOR(S)

Resignation Date	11/02/2002
Member Contribution	0%
Member Size	0%

Director 16 of 50

First Name	SELLO MASHAO
Surname	RASETHABA
ID Number	5802195884089
Date of Birth	19/02/1958
Gender	MALE
Age	61
Residential Address	256 JOHANNES STREET, FAIRLAND, 2195
Postal Address	P O BOX 3403, RIVONIA, 2128
Type	DIRECTOR
Status	RESIGNED
Appointment Date	11/09/1998
Resignation Date	01/02/2002
Member Contribution	0%
Member Size	0%

Director 17 of 50

First Name	CALVIN KAGISHO
Surname	THEKO
ID Number	7007245350085
Date of Birth	24/07/1970
Gender	MALE
Age	48
Residential Address	48A ADRIENNE STREET, SANDOWN, 2196
Postal Address	P O BOX 1091, JOHANNESBURG, 2000
Type	DIRECTOR
Status	RESIGNED
Appointment Date	01/06/2005
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 18 of 50

First Name	MARK RICHARD
Surname	SHUTTLEWORTH
ID Number	7309185014089
Date of Birth	18/09/1973
Gender	MALE

DIRECTOR(S)

Age	45
Residential Address	27TH FLOOR, MILLBANK TOWER, 21-24 MILLBANK, LONDON, SW1P4QPUK
Postal Address	27TH FLOOR, MILLBANK TOWER, 21-24 MILLBANK, LONDON, SW1P4QPUK
Type	DIRECTOR
Status	RESIGNED
Appointment Date	15/02/2007
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 19 of 50

First Name	FAHIM
Surname	MOHAMED
ID Number	7601015177080
Date of Birth	01/01/1976
Gender	MALE
Age	43
Residential Address	3 BEYERS NAUDE DRIVE, MONTGOMERY PARK, 2195
Postal Address	P O BOX 1091, JOHANNESBURG, 2000
Type	SECRETARIES (NATURAL PERSON)
Status	ACTIVE
Appointment Date	01/07/2008
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 20 of 50

First Name	LEHLOHONOLO NAPO
Surname	LETELE
ID Number	4911115327086
Date of Birth	11/11/1949
Gender	MALE
Age	69
Residential Address	133 RIVERSIDE ROAD, ATHOL, SANDTON, 2146
Postal Address	P.O. BOX 903, SUNNINGHILL, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	-
Member Contribution	0%
Member Size	0%

DIRECTOR(S)

Director 21 of 50

First Name	LEHLOHONOLO NAPO
Surname	LETELE
ID Number	4911115327086
Date of Birth	11/11/1949
Gender	MALE
Age	69
Residential Address	133 RIVERSIDE ROAD, ATHOL, SANDTON, 2146
Postal Address	P.O. BOX 903, SUNNINGHILL, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 22 of 50

First Name	SYDNEY DAVID
Surname	MABALAYO
ID Number	6312155863080
Date of Birth	15/12/1963
Gender	MALE
Age	55
Residential Address	NO5 HENLEY MANOR, 25 ORMONDE STREET, BRYANSTON, GAUTENG, 2021
Postal Address	PO BOX 4765, RIVONIA, RIVONIA, GAUTENG, 2128
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	25/08/2008
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 23 of 50

First Name	SUREN
Surname	MAHARAJ
ID Number	7205315127082
Date of Birth	31/05/1972
Gender	MALE
Age	46
Residential Address	135 MADISON SQUARE, MORNINGSIDE, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	DIRECTOR

Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 24 of 50

First Name	SUREN
Surname	MAHARAJ
ID Number	7205315127082
Date of Birth	31/05/1972
Gender	MALE
Age	46
Residential Address	135 MADISON SQUARE, MORNINGSIDE, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 25 of 50

First Name	LEHLOHONOLO NAPO
Surname	LETELE
ID Number	4911115327086
Date of Birth	11/11/1949
Gender	MALE
Age	69
Residential Address	133 RIVERSIDE ROAD, ATHOL, SANDTON, 2146
Postal Address	P.O. BOX 903, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	25/08/2008
Member Contribution	0%
Member Size	0%

Director 26 of 50

First Name	SUREN
Surname	MAHARAJ
ID Number	7205315127082

DIRECTOR(S)

Date of Birth	31/05/1972
Gender	MALE
Age	46
Residential Address	135 MADISON SQUARE, MORNINGSIDE, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	25/08/2008
Member Contribution	0%
Member Size	0%

Director 27 of 50

First Name	MAMODUPI
Surname	MOHLALA
ID Number	7401080468088
Date of Birth	08/01/1974
Gender	FEMALE
Age	45
Residential Address	25 NORTH AVENUE, RIVIERA, HOUGHTON, 2041
Postal Address	P.O.BOX 1244, HOUGHTON, 2041
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	15/09/2009
Member Contribution	0%
Member Size	0%

Director 28 of 50

First Name	SINDISIWE NTOMBENHLE
Surname	MABASO-KOYANA
ID Number	6908140289081
Date of Birth	14/08/1969
Gender	FEMALE
Age	49
Residential Address	20 CORAL PLACE SCHOOL ROAD, MORNINGSIDE, 2057
Postal Address	P.O. BOX 3555, RIVONIA, 2128
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	19/08/2010
Member Contribution	0%

DIRECTOR(S)

Member Size	0%

Director 29 of 50

First Name	SHAKEEL AHMED UNUS
Surname	MEER
ID Number	6206015175083
Date of Birth	01/06/1962
Gender	MALE
Age	56
Residential Address	46 ENGLEWOLD DRIVE, SAXONWOLD, 2196
Postal Address	P.O. BOX 784055, SANDTON, 2146
Type	DIRECTOR
Status	RESIGNED
Appointment Date	25/08/2008
Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 30 of 50

First Name	SALIM AZIZ
Surname	ESSA
ID Number	7801155017084
Date of Birth	15/01/1978
Gender	MALE
Age	41
Residential Address	39 FIRST AVENUE, HOUGHTON, 2041
Postal Address	PO BOX 1541, HOUGHTON, HOUGHTON, 2041
Type	DIRECTOR
Status	RESIGNED
Appointment Date	03/10/2011
Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 31 of 50

First Name	SALIM AZIZ
Surname	ESSA
ID Number	7801155017084
Date of Birth	15/01/1978
Gender	MALE
Age	41
Residential Address	39 FIRST AVENUE, HOUGHTON, HOUGHTON, GAUTENG, 2041

DIRECTOR(S)

Postal Address	P O BOX 1541, HOUGHTON, HOUGHTON, GAUTENG, 2041
Type	NON EXECUTIVE DIRECTOR
Status	RESIGNED
Appointment Date	03/10/2011
Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 32 of 50

First Name	BARNARD CEICIL MANDZENDOSI
Surname	NGCOBO
ID Number	6005145492081
Date of Birth	14/05/1960
Gender	MALE
Age	58
Residential Address	3 ECLIPSE DRIVE, BRYANSTON DRIVE 354, BRYANSTON, GAUTENG, 2021
Postal Address	PO BOX 1213, SAXONWOLD, SAXONWOLD, GAUTENG, 2021
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	18/10/2011
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 33 of 50

First Name	NOKUTHULA
Surname	SELAMOLELA
ID Number	7601010609087
Date of Birth	01/01/1976
Gender	FEMALE
Age	43
Residential Address	222 BOWLING AVENUE, SANDTON COUNTRY CLUB ESTATE, EDENBURG, GAUTENG, 2128
Postal Address	222 BOWLING AVENUE, SANDTON COUNTRY CLUB ESTATE, EDENBURG, GAUTENG, 2128
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	18/10/2011
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 34 of 50

First Name	BERNARD CEICIL MANDZENKOSI

DIRECTOR(S)

Surname	NGCOBO
ID Number	6005145492081
Date of Birth	14/05/1960
Gender	MALE
Age	58
Residential Address	430 SHILLINGFORD ROAD, CORNWALL HILL ESTATE, IRENE EXT 10, GAUTENG, 0062
Postal Address	P O BOX 181, CORNWALL HILL, CORNWALL HILL, GAUTENG, 0178
Type	NON EXECUTIVE DIRECTOR
Status	REMOVE
Appointment Date	18/10/2011
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 35 of 50

First Name	NOKUTHULA
Surname	SELAMOLELA
ID Number	7601010609087
Date of Birth	01/01/1976
Gender	FEMALE
Age	43
Residential Address	3 ECLIPSE DR, BRYANSTON DRIVE 354, BRYANSTON, GAUTENG, 2021
Postal Address	P O BOX 1213, SAXONWOLD, SAXONWOLD, GAUTENG, 2021
Type	NON EXECUTIVE DIRECTOR
Status	REMOVE
Appointment Date	18/10/2011
Resignation Date	01/06/2005
Member Contribution	0%
Member Size	0%

Director 36 of 50

First Name	XOLISWA
Surname	KAKANA
ID Number	6409150560081
Date of Birth	15/09/1964
Gender	FEMALE
Age	54
Residential Address	98 COLERAINE DRIVE, SANDTON, SANDTON, GAUTENG, 2146
Postal Address	P O BOX 782295, SANDTON, SANDTON, GAUTENG, 2146
Type	NON EXECUTIVE DIRECTOR
Status	RESIGNED
Appointment Date	18/10/2011

DIRECTOR(S)

Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 37 of 50

First Name	XOLISWA
Surname	KAKANA
ID Number	6409150560081
Date of Birth	15/09/1964
Gender	FEMALE
Age	54
Residential Address	98 COLERAINE DRIVE, SANDTON, 2146
Postal Address	PO BOX 782295, SANDTON, SANDTON, 2146
Type	DIRECTOR
Status	RESIGNED
Appointment Date	18/10/2011
Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 38 of 50

First Name	MMAKGOLO META
Surname	MHLARHI
ID Number	7912040298084
Date of Birth	04/12/1979
Gender	FEMALE
Age	39
Residential Address	KAYALAMI ESTATE, KAYALAMI, KAYALAMI, GAUTENG, 1685
Postal Address	P O BOX 78676, SANDTON, SANDTON, GAUTENG, 2146
Type	NON EXECUTIVE DIRECTOR
Status	RESIGNED
Appointment Date	18/10/2011
Resignation Date	18/08/2017
Member Contribution	0%
Member Size	0%

Director 39 of 50

First Name	ANTHONY
Surname	GITHIARI
ID Number	6709045883089
Date of Birth	04/09/1967
Gender	MALE

DIRECTOR(S)

Age	51
Residential Address	3 ECLIPSE BRYANSTON, BRYANSTON DRIVE, BRYANSTON, GAUTENG, 2021
Postal Address	P O BOX 112, JUKSKEI PARK, JUKSKEI PARK, GAUTENG, 2153
Type	NON EXECUTIVE DIRECTOR
Status	RESIGNED
Appointment Date	18/10/2011
Resignation Date	14/02/2018
Member Contribution	0%
Member Size	0%

Director 40 of 50

First Name	PULENG DOROTHY VICTORIA
Surname	KWELE
ID Number	6807060335082
Date of Birth	06/07/1968
Gender	FEMALE
Age	50
Residential Address	21 WOODLANDS DR, COUNTRY CLUB ESTATE, BUILDING 9, GAUTENG, 2021
Postal Address	POSTNET SUITE 321, PRIVATE BAG X 26, SUNNINGHILL, GAUTENG, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	18/04/2012
Resignation Date	30/11/2017
Member Contribution	0%
Member Size	0%

Director 41 of 50

First Name	RAMASELA JOYCE
Surname	MAGOELE
ID Number	7409200367080
Date of Birth	20/09/1974
Gender	FEMALE
Age	44
Residential Address	21 WOODLANDS DRIVE, COUNTRY CLUB ESTATE, BUILDING 9, WOODMEAD, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X 26, PRIVATE BAG X 26, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	06/07/2012
Resignation Date	-
Member Contribution	0%
Member Size	0%

DIRECTOR(S)

Director 42 of 50

First Name	RAMASELA JOYCE
Surname	MAGOELE
ID Number	7409200367080
Date of Birth	20/09/1974
Gender	FEMALE
Age	44
Residential Address	21 WOODLANDS DRIVE, COUNTRY CLUB ESTATE, BUILDING 9, WOODMEAD, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X 26, PRIVATE BAG X 26, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	06/07/2012
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 43 of 50

First Name	RAMASELA JOYCE
Surname	MAGOELE
ID Number	7409200367080
Date of Birth	20/09/1974
Gender	FEMALE
Age	44
Residential Address	21 WOODLANDS DRIVE, COUNTRY CLUB ESTATE, BUILDING 9, WOODMEAD, 2196
Postal Address	POSTNET SUITE 321, PRIVATE BAG X 26, SUNNINGHILL, 2157
Type	DIRECTOR
Status	RESIGNED
Appointment Date	06/07/2012
Resignation Date	06/07/2012
Member Contribution	0%
Member Size	0%

Director 44 of 50

First Name	IEMRAHN
Surname	HASSEN
ID Number	5704105050084
Date of Birth	10/04/1957
Gender	MALE
Age	61
Residential Address	22 NORMAN DRIVE, NORTHCLIFF, JOHANNESBURG, 2195
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	DIRECTOR

DIRECTOR(S)

Status	RESIGNED
Appointment Date	21/01/2014
Resignation Date	14/10/2014
Member Contribution	0%
Member Size	0%

Director 45 of 50

First Name	MPHO THEODORA
Surname	MOSWEU
ID Number	7503190327086
Date of Birth	19/03/1975
Gender	FEMALE
Age	43
Residential Address	42 CUSSONIA DRIVE, BASSONIA ESTATE, BASSONIA ESTATE, GAUTENG, 2196
Postal Address	P O BOX 784056, SANDTON, SANDTON, GAUTENG, 2146
Type	NON EXECUTIVE DIRECTOR
Status	RESIGNED
Appointment Date	14/10/2014
Resignation Date	31/01/2018
Member Contribution	0%
Member Size	0%

Director 46 of 50

First Name	IAN IZAK
Surname	VAN NIEKERK
ID Number	7105205016082
Date of Birth	20/05/1971
Gender	MALE
Age	47
Residential Address	84B PHYLLITE ROAD, ZWARTKOP X5, CENTURION, GAUTENG, 0157
Postal Address	POSTNET SUITE 115, PRIVATE BAG X131, CENTURION, GAUTENG, 0062
Type	DIRECTOR
Status	ACTIVE
Appointment Date	23/03/2016
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 47 of 50

First Name	ANDREW DIBI
Surname	MATSEKE
ID Number	6502065745084

DIRECTOR(S)

Date of Birth	06/02/1965
Gender	MALE
Age	54
Residential Address	34 LAUREN STREET, LYNWOOD, PRETORIA, GAUTENG, 0081
Postal Address	34 LAUREN STREET, LYNWOOD, PRETORIA, GAUTENG, 0081
Type	DIRECTOR
Status	ACTIVE
Appointment Date	02/02/2018
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 48 of 50

First Name	ZANDILE MATILDA
Surname	KABINI
ID Number	7704190463083
Date of Birth	19/04/1977
Gender	FEMALE
Age	41
Residential Address	3704 COHITEPEAR CLOSE, AMBERFIELD VALLEY, CENTURION, GAUTENG, 0157
Postal Address	3704 COHITEPEAR CLOSE, AMBERFIELD VALLEY, CENTURION, GAUTENG, 0157
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	15/03/2018
Resignation Date	-
Member Contribution	0%
Member Size	0%

Director 49 of 50

First Name	GIFT
Surname	MPHEFU
ID Number	7506115394081
Date of Birth	11/06/1975
Gender	MALE
Age	43
Residential Address	112 TWIN PALM STREET RHINO RIDGE, PRETORIUS PARK, PRETORIA EAST, GAUTENG, 0081
Postal Address	PO BOX 102897, MORELETA PLAZA, PRETORIA EAST, GAUTENG, 0187
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	15/03/2018
Resignation Date	-
Member Contribution	0%

DIRECTOR(S)

Member Size	0%

Director 50 of 50

First Name	JENNIFER ANN
Surname	SCHREINER
ID Number	5610300005080
Date of Birth	30/10/1956
Gender	FEMALE
Age	62
Residential Address	335 MOGG AVENUE, DEERNESS, TSHWANE, GAUTENG, 0084
Postal Address	335 MOGG AVENUE, DEERNESS, TSHWANE, GAUTENG, 0084
Type	NON EXECUTIVE DIRECTOR
Status	ACTIVE
Appointment Date	15/03/2018
Resignation Date	-
Member Contribution	0%
Member Size	0%

AUDITOR(S)

Auditor 1 of 7

Auditor Name	BASHIER ADAM
Profession Number	921297
Profession Code	SAICA
Business Address	BUILDING 9, COUNTRY CLUB ESTATE, 21 WOODLANDS DRIVE, WOODMEAD, 2146
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	DESIGNATED AUDITOR (NATURAL PERSON)
Status	RESIGN
Start Date	-
End Date	01/09/2016
Form Date (CM1 Date)	-
Expiry Date	-
Registration Entry Date	-
Form Received Date	-
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 2 of 7

Auditor Name	DELOITTE & TOUCHE
Profession Number	904899E
Profession Code	CA
Business Address	BUILDING NO 2, DELOITTE & TOUCHE PLACE, 20 WOODLANDS DRIVE, WOODMEAD,SANDTON, 2148

AUDITOR(S)

Postal Address	PRIVATE BAG X11, GALLO MANOR, 2052
Type	AUDITOR
Status	RESIGN
Start Date	-
End Date	-
Form Date (CM1 Date)	-
Expiry Date	-
Registration Entry Date	-
Form Received Date	-
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 3 of 7

Auditor Name	DELOITTE PIM GOLDBY
Profession Number	-
Profession Code	CA
Business Address	9TH FLOOR PIM GOLDBY HOUSE, 2 RISSIK STREET, JOHANNESBURG, 2001
Postal Address	PO BOX 1331, JOHANNESBURG, 2000
Type	AUDITOR
Status	RESIGN
Start Date	14/09/1990
End Date	-
Form Date (CM1 Date)	14/09/1990
Expiry Date	-
Registration Entry Date	14/09/1990
Form Received Date	17/09/1990
Details Withdrawn From Public	NO
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 4 of 7

Auditor Name	KPMG INC
Profession Number	900168E
Profession Code	SAICA
Business Address	85 EMPIRE ROAD, PARKTOWN, 2122
Postal Address	PRIVATE BAX 9, PARKVIEW, 2122
Type	AUDITOR
Status	RESIGN
Start Date	23/06/2008

AUDITOR(S)

End Date	-
Form Date (CM1 Date)	15/09/2008
Expiry Date	-
Registration Entry Date	15/09/2008
Form Received Date	15/09/2008
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 5 of 7

Auditor Name	MTHIMKHULU MXOLISI WISEMAN
Profession Number	785326
Profession Code	IRBA
Business Address	P O BOX 4938, THE REEDS,
Postal Address	-
Type	AUDITOR
Status	CURRENT
Start Date	01/09/2016
End Date	-
Form Date (CM1 Date)	-
Expiry Date	-
Registration Entry Date	09/09/2016
Form Received Date	09/09/2016
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 6 of 7

Auditor Name	NEXIA SAB&T
Profession Number	921297
Profession Code	SAICA
Business Address	BUILDING 9, COUNTRY CLUB ESTATE, 21 WOODLANDS DRIVE, WOODMEAD, 2146
Postal Address	POSTNET SUITE 321, PRIVATE BAG X26, SUNNINGHILL, 2157
Type	AUDITOR
Status	RESIGN
Start Date	-
End Date	01/09/2016
Form Date (CM1 Date)	-
Expiry Date	-
Registration Entry Date	-

AUDITOR(S)

Form Received Date	-
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

Auditor 7 of 7

Auditor Name	PRICEWATERHOUSE COOPERS INC
Profession Number	0000000
Profession Code	CA
Business Address	-
Postal Address	PRIVATE BAG X 36, SUNNINGHILL, 2157
Type	AUDITOR
Status	RESIGN
Start Date	-
End Date	23/06/2008
Form Date (CM1 Date)	-
Expiry Date	-
Registration Entry Date	-
Form Received Date	-
Details Withdrawn From Public	-
ACT_IND_MPY_NO_SP	-
Fine Letter	-
Reference Number	-

CAPITAL INFORMATION

Type	Capital Amount	Capital Premium	Number of Shares	Parri Value

No information available.

CHANGE HISTORY

History 1 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SYDNEY DAVID MABALAYO DETAILS WAS CHANGED

History 2 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR BARNARD CEICIL MANDZENDOSI NGCOBO DETAILS WAS CHANGED

History 3 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE

CHANGE HISTORY

Memo	DIRECTOR NOKUTHULA SELAMOLELA DETAILS WAS CHANGED

History 4 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR IAN IZAK VAN NIEKERK DETAILS WAS CHANGED

History 5 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANDREW DIBI MATSEKE DETAILS WAS CHANGED

History 6 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR GIFT MPHEFU DETAILS WAS CHANGED

History 7 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ZANDILE MATILDA KABINI DETAILS WAS CHANGED

History 8 of 156

Effective Date	31/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR JENNIFER ANN SCHREINER DETAILS WAS CHANGED

History 9 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR GIFT MPHEFU WAS ADDED

History 10 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ZANDILE MATILDA KABINI WAS ADDED

History 11 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR JENNIFER ANN SCHREINER WAS ADDED

CHANGE HISTORY

History 12 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SYDNEY DAVID MABALAYO DETAILS WAS CHANGED

History 13 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR BARNARD CEICIL MANDZENDOSI NGCOBO DETAILS WAS CHANGED

History 14 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR NOKUTHULA SELAMOLELA DETAILS WAS CHANGED

History 15 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANDREW DIBI MATSEKE DETAILS WAS CHANGED

History 16 of 156

Effective Date	30/05/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR IAN IZAK VAN NIEKERK DETAILS WAS CHANGED

History 17 of 156

Effective Date	03/05/2018
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 5115806318

History 18 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANDREW DIBI MATSEKE WAS ADDED

History 19 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SYDNEY DAVID MABALAYO DETAILS WAS CHANGED

History 20 of 156

Effective Date	07/03/2018

Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANTHONY GITHIARI DETAILS WAS CHANGED

History 21 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MMAKGOLO META MHLARHI DETAILS WAS CHANGED

History 22 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR PULENG DOROTHY VICTORIA KWELE DETAILS WAS CHANGED

History 23 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR BARNARD CEICIL MANDZENDOSI NGCOBO DETAILS WAS CHANGED

History 24 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR NOKUTHULA SELAMOLELA DETAILS WAS CHANGED

History 25 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MPHO THEODORA MOSWEU DETAILS WAS CHANGED

History 26 of 156

Effective Date	07/03/2018
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR IAN IZAK VAN NIEKERK DETAILS WAS CHANGED

History 27 of 156

Effective Date	29/03/2017
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 567326261

History 28 of 156

Effective Date	09/09/2016
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	NOTICE OF CHANGE OF AUDITORS MTHIMKHULU MXOLISI WISEMAN APPOINTED.

CHANGE HISTORY

History 29 of 156

Effective Date	08/09/2016
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	NOTICE OF CHANGE OF AUDITOR BASHIER ADAM - RESIGNED

History 30 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR IAN IZAK VAN NIEKERK WAS ADDED

History 31 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SYDNEY DAVID MABALAYO DETAILS WAS CHANGED

History 32 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANTHONY GITHIARI DETAILS WAS CHANGED

History 33 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MMAKGOLO META MHLARHI DETAILS WAS CHANGED

History 34 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR PULENG DOROTHY VICTORIA KWELE DETAILS WAS CHANGED

History 35 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR BARNARD CEICIL MANDZENDOSI NGCOBO DETAILS WAS CHANGED

History 36 of 156

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR NOKUTHULA SELAMOLELA DETAILS WAS CHANGED

History 37 of 156

CHANGE HISTORY

Effective Date	23/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MPHO THEODORA MOSWEU DETAILS WAS CHANGED

History 38 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SYDNEY DAVID MABALAYO DETAILS WAS CHANGED

History 39 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR BERNARD CEICIL MANDZENKOSI NGCOBO DETAILS WAS CHANGED

History 40 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR SALIM AZIZ ESSA DETAILS WAS CHANGED

History 41 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR NOKUTHULA SELAMOLELA DETAILS WAS CHANGED

History 42 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR ANTHONY GITHIARI DETAILS WAS CHANGED

History 43 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MMAKGOLO META MHLARHI DETAILS WAS CHANGED

History 44 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR XOLISWA KAKANA DETAILS WAS CHANGED

History 45 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE

CHANGE HISTORY

Memo	DIRECTOR PULENG DOROTHY VICTORIA KWELE DETAILS WAS CHANGED

History 46 of 156

Effective Date	17/06/2016
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	DIRECTOR MPHO THEODORA MOSWEU DETAILS WAS CHANGED

History 47 of 156

Effective Date	17/05/2016
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 534662808

History 48 of 156

Effective Date	05/02/2016
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 532190147

History 49 of 156

Effective Date	22/09/2015
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = MEERFIRST NAMES = SHAKEEL AHMED UNUSSTATUS = RESIGNED

History 50 of 156

Effective Date	22/09/2015
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = ESSAFIRST NAMES = SALIM AZIZSTATUS = RESIGNED

History 51 of 156

Effective Date	22/09/2015
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = KAKANAFIRST NAMES = XOLISWASTATUS = RESIGNED

History 52 of 156

Effective Date	22/09/2015
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = HASSENFIRST NAMES = IEMRAHNSTATUS = RESIGNED

History 53 of 156

Effective Date	22/09/2015
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = MOSWEUFIRST NAMES = MPHO THEODORASTATUS = ACTIVE

History 54 of 156

Effective Date	08/04/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	Unlock PasswordUnlocked byMRE39Password successfully sent to keabetswe.mokaleng@infraco.co.za

History 55 of 156

Effective Date	08/04/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	Unlock PasswordUnlocked byMRE39Password successfully sent to lorraine.harrison@infraco.co.za

History 56 of 156

Effective Date	31/03/2014
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 54752480

History 57 of 156

Effective Date	28/03/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=SHAKEEL AHMED UNUSSURNAME=MEERID NUMBER=6206015175083CUSTOMER DETAILS DIRECTOR FULL FORENAMES=MANDISA VENA VENASURNAME=VENAID NUMBER=5809010859089

History 58 of 156

Effective Date	28/03/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=SHAKEEL AHMED UNUSSURNAME=MEERID NUMBER=6206015175083

History 59 of 156

Effective Date	30/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = KPMG INCSTATUS : = RESIGN

History 60 of 156

Effective Date	30/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = NEXIA SAB&TSTATUS : = CURRENT

History 61 of 156

Effective Date	30/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = BASHIER ADAMSTATUS : = CURRENT

History 62 of 156

CHANGE HISTORY

Effective Date	21/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = KPMG INCSTATUS : = RESIGN

History 63 of 156

Effective Date	21/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	ADD RECORDNAME : = NEXIA SAB&TSTATUS : = CURRENT

History 64 of 156

Effective Date	21/01/2014
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	ADD RECORDNAME : = BASHIER ADAMSTATUS : = CURRENT

History 65 of 156

Effective Date	21/01/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=IEMRAHNSURNAME=HASSENAPPOINTMENTDATE=21/01/2014STATUS=A

History 66 of 156

Effective Date	16/01/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	Unlock PasswordUnlocked byTOMMY5Password successfully sent to keabetswe.mokaleng@infraco.co.za

History 67 of 156

Effective Date	16/01/2014
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	Unlock PasswordUnlocked byTOMMY5Password successfully sent to lorraine.harrison@infraco.co.za

History 68 of 156

Effective Date	15/01/2014
Change Type	TYPE CHANGE (SPECIAL RESOLUTIONS)
Memo	07

History 69 of 156

Effective Date	30/12/2013
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=SHAKEEL AHMED UNUSSURNAME=MEERID NUMBER=6206015175083CUSTOMER DETAILS DIRECTOR FULL FORENAMES=MANDISA VENASURNAME=VENAID NUMBER=5809010859089

History 70 of 156

Effective Date	30/12/2013

Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=SHAKEEL AHMED UNUSSURNAME=MEERID NUMBER=6206015175083

History 71 of 156

Effective Date	05/09/2013
Change Type	CO/CC ANNUAL RETURN
Memo	COMPANY / CLOSE CORPORATION AR FILING - WEB SERVICES : REF NO. : 51264280

History 72 of 156

Effective Date	06/07/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=RAMASELA JOYCESURNAME=MAGOELEAPPOINTMENTDATE=06/07/2012STATUS=C

History 73 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = NGCOBOFIRST NAMES = BERNARD CEICIL MANDZENKOSISTATUS = ACTIVE

History 74 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = ESSAFIRST NAMES = SALIM AZIZSTATUS = ACTIVE

History 75 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = SELAMOLELAFIRST NAMES = NOKUTHULASTATUS = ACTIVE

History 76 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = GITHIARIFIRST NAMES = ANTHONY STATUS = ACTIVE

History 77 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = MAPONYA FIRST NAMES = MMAKGOLO METASTATUS = ACTIVE

History 78 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = KAKANAFIRST NAMES = XOLISWA STATUS = ACTIVE

CHANGE HISTORY

History 79 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = MAGOELEFIRST NAMES = RAMASELA JOYCESTATUS = ACTIVE

History 80 of 156

Effective Date	21/06/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = SEJANAMANEFIRST NAMES = PULENG DOROTHY VICTORIASTATUS = ACTIVE

History 81 of 156

Effective Date	15/05/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING DIRECTOR DETAILSDIRECTOR FULL FORENAMES=FAHIMSURNAME=MOHAMEDID NUMBER=7601015177080CUSTOMER DETAILS DIRECTOR FULL FORENAMES=WENDY MANDISASURNAME=VENAID NUMBER=5809010859089

History 82 of 156

Effective Date	15/05/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	AUTHORISING SECRETARY DETAILSENTERPRISE NAMES=BROADBAND INFRACOENTERPRISE NUMBER=M1989001763ID NUMBER=7601015177080

History 83 of 156

Effective Date	18/04/2012
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=PULENG DOROTHY VICTORIASURNAME=KWELEAPPOINTMENTDATE=18/04/2012STATUS=A

History 84 of 156

Effective Date	18/10/2011
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=BARNARD CEICIL MANDZENDOSISURNAME=NGOBOAPPOINTMENTDATE=18/10/2011STATUS=A

History 85 of 156

Effective Date	18/10/2011
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=MMAKGOLO METASURNAME=MAPONYAAPPOINTMENTDATE=18/10/2011STATUS=A

History 86 of 156

Effective Date	18/10/2011
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=NOKUTHULASURNAME=SELAMOLELAAPPOINTMENTDATE=18/10/2011STATUS=A

History 87 of 156

Effective Date	18/10/2011
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=XOLISWASURNAME=KAKANAAPPOINTMENTDATE=18/10/2011STATUS=A

History 88 of 156

Effective Date	03/10/2011
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=SALIM AZIZSURNAME=ESSAAPPOINTMENTDATE=03/10/2011STATUS=A

History 89 of 156

Effective Date	24/06/2011
Change Type	CANCELLATION OF DEREGISTRATION PROCESS
Memo	ANNUAL RETURN NON COMPLIANCE - CANCELLATION OF DEREGISTRATION

History 90 of 156

Effective Date	31/05/2011
Change Type	STATUS CHANGE
Memo	ANNUAL RETURN FILING

History 91 of 156

Effective Date	17/03/2011
Change Type	AR IN DEREGISTRATION
Memo	DEREGISTRATION FOR ANNUAL RETURN NON COMPLIANCE. REGISTRATION MONTH = 3 - AR NON COMPLIANCE DATE = 01/05/2010 - 6 MONTHS AFTER = 01/01/2011.

History 92 of 156

Effective Date	19/08/2010
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MABASO-KOYANAFULL FORENAMES=SINDISIWE NTOMBENHLEID NO=6908140289081STATUS :RESIGNEDNATURE OF CHANGE=DIRECTOR RESIGNED

History 93 of 156

Effective Date	27/10/2009
Change Type	REGISTERED ADDRESS CHANGE
Memo	21 WOODLANDS DRIVEBUILDING 9COUNTRY CLUB ESTATEWOODMEAD2146

History 94 of 156

Effective Date	27/10/2009
Change Type	POSTAL ADDRESS CHANGE
Memo	POSTNET SUITE 321PRIVATE BAG X26SUNNINGHILL 2157

CHANGE HISTORY

History 95 of 156

Effective Date	06/10/2009
Change Type	NATURE OF BUSINESS CHANGE
Memo	88

History 96 of 156

Effective Date	15/09/2009
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MOHLALAFULL FORENAMES=MAMODUPIID NO=7401080468088STATUS :RESIGNEDNATURE OF CHANGE=DIRECTOR RESIGNED

History 97 of 156

Effective Date	04/11/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=SHUTTLEWORTHFULL FORENAMES=MARK RICHARDID NO=7309185014089STATUS :RESIGNEDNATURE OF CHANGE=RESIGNATION - 21 OCTOBER 2008

History 98 of 156

Effective Date	08/10/2008
Change Type	REGISTERED ADDRESS CHANGE
Memo	9 SIMBA ROADBLOCK BSUNNINGHILL PLACESUNNINGHILL2157

History 99 of 156

Effective Date	08/10/2008
Change Type	POSTAL ADDRESS CHANGE
Memo	POSTNET SUITE 321PRIVATE BAG X26SUNNINGHILL2157

History 100 of 156

Effective Date	07/10/2008
Change Type	REGISTERED ADDRESS CHANGE
Memo	MEGAWATT PARKMAXWELL DRIVESUNNINGHILLSANDTON2196

History 101 of 156

Effective Date	07/10/2008
Change Type	POSTAL ADDRESS CHANGE
Memo	P O BOX 1091JOHANNESBURG2000

History 102 of 156

Effective Date	07/10/2008
Change Type	POSTAL ADDRESS CHANGE
Memo	POSTNET SUITE 321PRIVATE BAG X26SUNNINGHILL2157

History 103 of 156

CHANGE HISTORY

Effective Date	15/09/2008
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME: = PRICEWATERHOUSE COOPERS INCSTATUS: = CURRENT

History 104 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MAHARAJFULL FORENAMES=SURENID NO=7205315127082STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 105 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MOHLALAFULL FORENAMES=MAMODUPIID NO=7401080468088STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 106 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=LETELEFULL FORENAMES=LEHLOHONOLO NAPOID NO=4911115327086STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 107 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MABASO-KOYANAFULL FORENAMES=SINDISIWE NTOMBENHLEID NO=6908140289081STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 108 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MEERFULL FORENAMES=SHAKEEL AHMED UNUSID NO=6206015175083STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 109 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=MABALAYOFULL FORENAMES=SYDNEY TSHEDISOID NO=6312155863080STATUS :ACTIVENATURE OF CHANGE=NEW APPOINTMENT

History 110 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=LEHLOHONOLO NAPOSURNAME=LETELEAPPOINTMENTDATE=25/08/2008STATUS=C

CHANGE HISTORY

History 111 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=SYDNEY DAVIDSURNAME=MABALAYOAPPOINTMENTDATE=25/08/2008STATUS=A

History 112 of 156

Effective Date	25/08/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	FULL FORENAMES=SURENSURNAME=MAHARAJAPPOINTMENTDATE=25/08/2008STATUS=C

History 113 of 156

Effective Date	16/07/2008
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = MOHAMED FIRST NAMES = FAHIM STATUS = ACTIVE

History 114 of 156

Effective Date	23/06/2008
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	PRIVATE BAX 9PARKVIEW2122STATUS : ADDRESS CHANGE

History 115 of 156

Effective Date	23/06/2008
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	-

History 116 of 156

Effective Date	10/06/2008
Change Type	SHORT NAME CHANGE
Memo	ROVEC

History 117 of 156

Effective Date	11/09/2007
Change Type	POSTAL ADDRESS CHANGE
Memo	P O BOX 40698CLEVELAND2022

History 118 of 156

Effective Date	11/09/2007
Change Type	REGISTERED ADDRESS CHANGE
Memo	LOWER GERMISTON ROADCLEVELANDJOHANNESBURG20222192

History 119 of 156

Effective Date	03/05/2007

COMMISSION OF INQUIRY INTO STATE CAPTURE

CHANGE HISTORY

Change Type	NAME CHANGE
Memo	ROSHERVILLE VEHICLE SERVICES

History 120 of 156

Effective Date	03/05/2007
Change Type	NATURE OF BUSINESS CHANGE
Memo	6

History 121 of 156

Effective Date	25/10/2006
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	SURNAME=THEKOFULL FORENAMES=CALVIN KAGISHOID NO=7007245350085STATUS :RESIGNEDNATURE OF CHANGE=RESIGNED

History 122 of 156

Effective Date	05/08/2005
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = O'CONNORFIRST NAMES = BRANDAN PATRICKSTATUS = RESIGNED

History 123 of 156

Effective Date	05/08/2005
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = BURGERFIRST NAMES = JOZEF THOMASSESTATUS = RESIGNED

History 124 of 156

Effective Date	05/08/2005
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = DEWEYFIRST NAMES = RICHARD HENRY STATUS = ACTIVE

History 125 of 156

Effective Date	05/08/2005
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = THEKOFIRST NAMES = CALVIN KAGISHOSTATUS = ACTIVE

History 126 of 156

Effective Date	31/03/2005
Change Type	CHANGE OF BOOK YEAR
Memo	12

History 127 of 156

Effective Date	11/06/2004
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = DELOITTE & TOUCHESTATUS : = RESIGN

History 128 of 156

Effective Date	11/06/2004
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = DELOITTE PIM GOLDBYSTATUS : = RESIGN

History 129 of 156

Effective Date	11/06/2004
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	ADD RECORDNAME : = PRICEWATERHOUSE COOPERS INCSTATUS : = CURRENT

History 130 of 156

Effective Date	29/01/2004
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	CHANGE RECORDNAME : = DELOITTE PIM GOLDBYSTATUS : = NAME CHANGE

History 131 of 156

Effective Date	29/01/2004
Change Type	AUDITOR/ACC OFFICER CHANGE
Memo	ADD RECORDNAME : = DELOITTE & TOUCHESTATUS : = CURRENT

History 132 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = CROOKESFIRST NAMES = BRUCE THOMASSTATUS = RESIGNED

History 133 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = PRETORIUSFIRST NAMES = JOSEPH JOHANNES STEPHANUSSTATUS = RESIGNED

History 134 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = DE KLERKFIRST NAMES = BENJAMIN JACOBUSSTATUS = RESIGNED

History 135 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = BECKERFIRST NAMES = PAUL ARNOSTATUS = RESIGNED

History 136 of 156

CHANGE HISTORY

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = GARDINERFIRST NAMES = DAVID MARTHINUSSTATUS = RESIGNED

History 137 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = GOOSENFIRST NAMES = OCKERT JOHANNES JAKOBUSSTATUS = RESIGNED

History 138 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = NEGOTAFIRST NAMES = GEORGE MAANDASTATUS = RESIGNED

History 139 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = BOTHAFIRST NAMES = JABEZ VINCENTSTATUS = RESIGNED

History 140 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = BURGERFIRST NAMES = JOZEF THOMASSESTATUS = ACTIVE

History 141 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = LANCHENICHTFIRST NAMES = JOHN LOUISSTATUS = RESIGNED

History 142 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = RASETHABAFIRST NAMES = SELLO MASHAOSTATUS = RESIGNED

History 143 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = VLJOENFIRST NAMES = CHRISTIAAN RUDOLPHSTATUS = RESIGNED

History 144 of 156

Effective Date	29/01/2004
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE

CHANGE HISTORY

Memo	CHANGE RECORDSURNAME = VAN DER SANDTFIRST NAMES = JOHANNES LODWYKESSTATUS = RESIGNED

History 145 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = PENZHORNFIRST NAMES = BRUNO ERWINSTATUS = RESIGNED

History 146 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = PRETORIUSFIRST NAMES = WYNANDSTATUS = RESIGNED

History 147 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = BECKERFIRST NAMES = PAUL ARNOSTATUS = ACTIVE

History 148 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = GOOSENFIRST NAMES = OCKERT JOHANNES JACOBUSSTATUS = ACTIVE

History 149 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = NEGOTAFIRST NAMES = GEORGE MAANDASTATUS = ACTIVE

History 150 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = O'CONNORFIRST NAMES = BRANDAN PATRICKSTATUS = ACTIVE

History 151 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = BURGERFIRST NAMES = JOZEF THOMASSESTATUS = ACTIVE

History 152 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	CHANGE RECORDSURNAME = LANCHENICHTFIRST NAMES = JOHN LOUISSTATUS = ACTIVE

CHANGE HISTORY

History 153 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = RASETHABAFIRST NAMES = SELLO MASHAOSTATUS = ACTIVE

History 154 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = VLJOENFIRST NAMES = CHRISTIAAN RUDOLPHSTATUS = ACTIVE

History 155 of 156

Effective Date	31/12/1999
Change Type	DIRECTORS/MEMBER CHANGE/SECRETARY/TRUST/BOTH DIR AND OFFICE
Memo	ADD RECORDSURNAME = VAN DER SANDTFIRST NAMES = JOHANNES LODWYKESSTATUS = ACTIVE

History 156 of 156

Effective Date	28/03/1989
Change Type	NAME CHANGE
Memo	ROVEC SERVICES

REPORT INFORMATION

Date of Information	28/02/2019 15:45
Print Date	28-02-2019 15:46
Generated By	INVESTIGATOR 1
Reference	MK
Report Type	CIPC COMPANY

QR CODE

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE L2

From: Anoj Singh Corporate JHB <Anoj.Singh@transnet.net>
Sent: Wednesday, 23 October 2013 19:38
To: ferri.abolhassan@t-systems.com
Cc: gert.schoonbee@t-systems.com; steffen.schlaberg@t-systems.com; jens.ruester@t-systems.com; Garry Pita Transnet Corporate JHB; Peter Volmink Coorporate JHB; Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: Re: Response to the Network Services: GSM/13/04/0722

Dear Ferri

Thank you for the note below much appreciated.

However please do note that the current tender is still being adjudicated and as a consequence communciation between tenderers and the Company is prohibited unless in certain circumstances.

I would kindly request that we adhere to the above to ensure governance process and complied with.

Thank you.

Anoj

From: Ferri.Abolhassan@t-systems.com [mailto:Ferri.Abolhassan@t-systems.com]
Sent: Wednesday, October 23, 2013 07:18 PM
To: Anoj Singh Corporate JHB
Cc: gert.schoonbee@t-systems.com <gert.schoonbee@t-systems.com>; Steffen.Schlaberg@t-systems.com <Steffen.Schlaberg@t-systems.com>; Jens.Ruester@t-systems.com <Jens.Ruester@t-systems.com>
Subject: Response to the Network Services: GSM/13/04/0722

Dear Anoj,

I hope this email finds you well.

I would like to express my gratitude for giving us the opportunity to submit a revised offer for the delivery of telecommunications services to Transnet. Thank you for this, also on behalf of my fellow board members'.

Please be assured that T-Systems International considers this opportunity as crucial to the deployment of our strategic intent in South Africa. We will provide T-Systems South Africa and BBI with the required support to ensure the successful delivery of Telecommunications Services in Transnet, and in such a way that it supports the strategic nation building and supplier development objectives of South Africa.
We look forward to constructively engaging with you in the next phase of this process.

Best regards
Ferri

ANNEXURE M1

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 28 November 2013 10:32
To: Fanie van_der_Walt Transnet JHB
Cc: Garry Pita Transnet Corporate JHB; Yusuf Loonat Transnet Corporate JHB; Mantsika Matooane Transnet Corporate JHB
Subject: FW: Notice of Extension Between Transnet and Neotel

Importance: High

Hi Fanie,

Please see attached letter which was sent from Neotel to Lydia.

As per the attached letter, it appears as if Neotel **does not accept** our extension of the current MSA and would like a workshop to discuss.

A number of OD's have contacted me to procure fibre and switches for business critical sites.

In my mind we can't buy anything from Neotel at this stage since the contract has expired and the extension has not been accepted.

Please advise if my understanding is correct?

Kind Regards

TRANSNET

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020 0834476744
011-3081260 Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Ryan Parbhunath [mailto:Ryan.Parbhunath@neotel.co.za]
Sent: 27 November 2013 09:38 AM
To: Lydia Matebisi Transnet Corporate JHB
Cc: Francois Van Der Merwe; Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: Notice of Extension Between Transnet and Neotel
Importance: High

Dear Lydia,

Please find attached letter for the attention of Mr. Brian Molefe. Please confirm receipt of mail.

Kind Regards,

Ryan Parbhunath | Key Account Manager : Strategic Accounts – (Transnet)
Neotel (Proprietary) Ltd 44 Old Pretoria Main Road, Midrand, Gauteng, South Africa,
☎ +27 11 585 1637 | +27 11 585 3232 | ① +27 83 383 1423
ryan.parbhunath@neotel.co.za | www.neotel.co.za

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE M2

Neotel

26 November 2013

Mr. Brian Molefe
Group Chief Executive
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

lydia.matebisi@transnet.net

Dear Brian

NOTICE OF EXTENSION – MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

Thank you for your letter dated 20 November 2013, sent to us on 23 November 2013, extending the duration of the MSA.

We face a few challenges at present stemming from the current MSA which prevent us from accepting the extension of the MSA on the terms proposed by you.

To give full and proper consideration to all the issues, technical and commercial, that impact an extension, I suggest a meeting of our respective teams to discuss and agree mutually beneficial terms of an extension that will ensure we continue to provide first-rate services to Transnet. We are also aware that there are certain issues that Transnet needs resolution on and thus a meeting is critical for both our organizations.

Neotel's relationship with Transnet has been a long and mutually beneficial one and we are committed to continue improving our service levels for the duration of any agreed extension of the MSA.

Considering the time constraints with the holiday season ahead, it's crucial for this meeting to take place soonest and we suggest before Thursday 5 December 2013. I designate Francois van der Merwe, GM Strategic Accounts, to liaise with the appropriate Transnet nominee to convene this meeting. We are confident that with this approach we can arrive at a mutually acceptable position on the extension.

I look forward to hearing from you.

Sincerely

Sunil Joshi
Managing Director and Chief Executive Officer

ANNEXURE M3

Neotel

26 November 2013

Mr. Brian Molefe
Group Chief Executive
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

lydia.matebisi@transnet.net

Dear Brian

NOTICE OF EXTENSION – MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

Thank you for your letter dated 20 November 2013, sent to us on 23 November 2013, extending the duration of the MSA.

We face a few challenges at present stemming from the current MSA which prevent us from accepting the extension of the MSA on the terms proposed by you.

To give full and proper consideration to all the issues, technical and commercial, that impact an extension, I suggest a meeting of our respective teams to discuss and agree mutually beneficial terms of an extension that will ensure we continue to provide first-rate services to Transnet. We are also aware that there are certain issues that Transnet needs resolution on and thus a meeting is critical for both our organizations.

Neotel's relationship with Transnet has been a long and mutually beneficial one and we are committed to continue improving our service levels for the duration of any agreed extension of the MSA.

Considering the time constraints with the holiday season ahead, it's crucial for this meeting to take place soonest and we suggest before Thursday 5 December 2013. I designate Francois van der Merwe, GM Strategic Accounts, to liaise with the appropriate Transnet nominee to convene this meeting. We are confident that with this approach we can arrive at a mutually acceptable position on the extension.

I look forward to hearing from you.

Sincerely

Sunil Joshi
Managing Director and Chief Executive Officer

www.neotel.co.za

Neotel (Pty) Ltd

Reg No. 2004/004619/07

44 Old Pretoria Main Road, Halfway House, Midrand, 1685, Gauteng South Africa
Telephone number +27 (0)11 585 0000 Facsimile number +27 (0)11 585 0001
DIRECTORS: N Srinath* (Non-Executive Chairman) S Joshi**** (Managing Director & Chief Executive Officer) S Baweja* C Sassoulas***
R Dhawan* XK Mamani FJP Ndoroma** SS Ntsaluba SG Ranade*
ALTERNATE DIRECTORS: WM van der Vyver**

(*India, **Namibia, ***French, ****New Zealand)

ANNEXURE M4

Neotel

26 November 2013

Your Ref: GSM/13/04/0722

Mr. Brian Molefe
Group Chief Executive
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

lydia.matebisi@transnet.net

Dear Brian

RFP FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE (3) YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO (2) YEARS

We value our relationship and engagement with Transnet and thank Transnet for the opportunity to respond to the RFP with the laid out criteria of evaluation.

We refer to your letter dated 20 November 2013 advising us that our bid was unsuccessful and further advising that the reason given primarily for this outcome was *"Business risk consideration"*.

Considering that *"Business risk consideration"* was neither an express criteria nor was it referenced in the Request For Proposal, we are unclear what *"Business risk consideration"* means as the reason put forward for our bid being unsuccessful.

Please provide clarification as what you mean by *"Business risk consideration"*. In such clarification, we would appreciate it if you could please provide the necessary details and appropriate references to the Request For Proposal to enable us to fully comprehend why we were unsuccessful in this tender.

Pending the response to this request, we are unable to understand and therefore unable to accept your letter of rejection of our bid for the reason put forward.

We reserve our rights.

We urgently look forward to hearing from you.

Sincerely

Sunil Joshi
Managing Director and Chief Executive Officer

www.neotel.co.za

Neotel (Pty) Ltd

Reg No. 2004/004619/07

44 Old Pretona Main Road, Halfway House, Midrand, 1685, Gauteng South Africa
Telephone number +27 (0)11 585 0000 Facsimile number +27 (0)11 585 0001
DIRECTORS: N Sinnath* (Non-Executive Chairman) S Joshi*** (Managing Director & Chief Executive Officer) S Baweja* C Sassoulas***
R Dhawan* XK Memani FJP Ndoroma** SS Ntsaluba SG Ranade*
ALTERNATE DIRECTORS: WM van der Vyver**

(*India, **Namibia, ***French, ****New Zealand)

ANNEXURE N1

Transnet SOC Ltd
Registration
Number
1990/000900/30

Carlton Centre
150 Commissioner
Str. Johannesburg
2001

P.O. Box 72501
Parkview
South Africa, 2122
T +27 11 308 2250
F +27 11 308 1269

TRANSNET

MEMORANDUM

www.transnet.net

To: Brian Molefe, Group Chief Executive (GCE)

From: Anoj Singh, Group Chief Financial Officer (GCFO)
Mantsika Matooane, Chief Information Officer (CIO)
Garry Pita, Group Chief Supply Chain Officer (GCSCO)

Date: 27 November 2013

Subject: **RFP No. GSM/13/04/0722 for Provision of Network Services – Request the GCE to Approve and Sign the Response Letter to Neotel**

PURPOSE OF SUBMISSION:

1. The purpose of this submission is to request the Group Chief Executive (GCE) to:
   - Note the letter from Neotel seeking further clarification on the reasons given for being unsuccessful in the Network services tender. Refer to Annexure A
   - Review and sign the letter providing clarifications to Neotel. Refer to Annexure B.

BACKGROUND:

2. The current five (5) year Neotel contract for Network Services was established through a sale agreement of Transtel to Neotel. This agreement was due to expire on 31 March 2013 and the Board subsequently approved five (5) and two (2) months extensions respectively and the current expiry date is 31 October 2013.

3. All Transnet Operating Divisions (ODs) make use of this contract for their Network Services requirements and the contract is managed at Group level by EIMS previously known as Group ICT.

4. The need for the Network Services RFP came about as a result of the imminent expiry of the Network Services agreement with Neotel (Pty) Ltd and the Transnet Board requested that management should test the open market for this requirement.

DISCUSSION

5. A Network Services sourcing strategy and RFP was prepared by the Cross Functional Sourcing Team (CFST) that consisted of technical representatives from all ODs. This sourcing strategy was recommended by the Executive Committee (EXCO) and Board Acquisitions and Disposals Committee (BADC) and approved by the Board of Directors (Board) in February 2013. The subsequent amendments on the sourcing strategy

pertaining to the contract period and technical threshold were further approved by the BADC on 29 May 2013.

6. The Board delegated authority to approve the Sourcing Strategy, RFP, Advert and Award to the Group Chief Executive Officer subject to approval of the BADC and the BADC concurred with that recommendation.

7. An RFP was sent out to the market on 14 June 2013 and closed on 13 August 2013 after being extended twice as per requests from the bidders and approved by the GCE. A compulsory briefing session was held on 27 June 2013 and all nineteen (19) bidders who purchased the RFP document attended the briefing session. Only five (5) bidders responded to the RFP.

8. Bidders were evaluated against specific criteria as set out in the Request for Proposal (RFP) that was approved by the GCE on 09 June 2013. The table below indicates the number of bidders that passed at each of the evaluation stages.

Evaluations				
Stage 1	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**
Administrative Responsiveness	Substantive Responsiveness	Technical Evaluation	Commercial Evaluation	Award incl. Post Tender Negotiations
5	4	3	3	1

9. It emerged during the technical evaluation process that three (3) bidders namely Neotel (Bidder 1), Dimension Data (Bidder 3) and T-Systems (Bidder 5) passed stage 1 to 4 of the evaluation process.

10. The preliminary Network Services evaluation results in the form of a Tender Evaluation and Recommendation (TEAR) report were presented to Management for review on 01 October 2013. Management identified scoring discrepancies and requested that the Cross Functional Evaluation Team (CFET) should re-moderate areas where there were huge scoring discrepancies to be in line with Section 18.4.1(iii) of the PPM that stipulates that an outlying score/s should as a general guideline be determined where there is a point differential of more than 4 points on the 10 point scale as compared to the other scores. A re-moderation session was held at Carlton Centre on 04 October 2013 where all the impacted service towers were re-moderated and agreed upon by the entire evaluation team including Transnet Internal Audit (TIA).

11. Transnet has also considered the issue of Vodacom acquiring Neotel, its assets and customer base as part of this RFP. Neotel has however indicated as part of the process that this risk will be mitigated and should the Due Diligence being conducted by Vodacom prove to be positive for the sale and should the Competition Commission approve the sale Neotel will continue to fulfill its mandate as part of Vodacom and offer services under the agreed Terms and Conditions between Neotel and Transnet. Should the sale not be concluded Neotel has also committed to continue delivery of services to Transnet on the

proposed services as described in their RFP response with the necessary commitment from their current shareholders.

12. A recommendation for approval of Due Diligence and negotiations was submitted to the GCE for approval upon conclusion of Commercial and B-BBEE evaluations. The GCE approved the Due Diligence and negotiations request on 14 October 2013. Due Diligence and negotiations letters were issued to the bidders on 14 October 2013 and the process commenced on 16 October 2013.

13. The Due Diligence process kicked off with discussions on the bid proposals with the individual shortlisted bidders to clarify their assumptions and enable them to submit their Best and Final Offers (BAFO) to Transnet. The process progressed to site visits to the three (3) shortlisted bidders' facilities to conduct interviews with some of their key resources and to conduct a facilities inspection to determine their technical capability to execute on the contract if successful on this RFP. The Due Diligence process culminated in conducting of telephonic interviews with two of the three references that were provided by each bidder to establish their performance track-record on the network related contracts which they have with their current customers. The above process was finalised on 23 October 2013 and a Due Diligence report that was compiled by the CFST.

14. After conclusion of Due Diligence, a recommendation for award and for conducting post award negotiations with the preferred bidder (Neotel) was submitted to the GCE for approval. The GCE referred the submission back to the CFST and requested that negotiations with the preferred bidder should be conducted first before a Letter of Intent (LOI) can be issued to them as that will give Transnet more leverage during the negotiation process.

15. The recommendation to award the business to Neotel was not approved by the GCE as recommended by the CFST on 20 November 2013. Refer to Annexure C.

16. The letter of Intent (LOI) was issued to T-Systems on 22 November 2013 as a preferred bidder to progress to negotiations stage and the letters of regret were sent to other four bidders who were unsuccessful Vodacom, Telkom, Dimension Data and Neotel. Subsequently, a letter to extend the contract with neotel was issued.

17. Neotel has responded to the letter of regret refer to (Annexure D) and are requesting clarification with regard to business risk that was mentioned in the letter of regret.

FINANCIAL IMPLICATIONS:

18. If this matter goes into litigation, the estimated legal cost will be R1.3 billion.

RECOMMENDATION:

19. To request the Group Chief Executive (GCE) to:
    - Note the letter from Neotel seeking further clarification on the reasons given for being unsuccessful in the Network services tender.
    - Review and sign the letter providing clarifications to Neotel.

COMPILED BY

Fanie van der Walt
Executive Manager: Group Strategic Sourcing
Date:

RECOMMENDED / NOT RECOMMENDED

Gerrie van der Westhuizen
Executive Manager: Office of the CIO
Date:

RECOMMENDED / NOT RECOMMENDED

Mantsika Matooane
Chief Information Officer
Date:

RECOMMENDED / NOT RECOMMENDED

Peter Volmink
Executive Manager: Governance
Date:

RECOMMENDED / NOT RECOMMENDED

Anoj Singh
Group Chief Financial Officer
Date:

APPROVED / NOT APPROVED

Garry Pita
Group Chief Supply Chain Officer
Date:

Brian Molefe
Group Chief Executive
Date:

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE N2

Brian Molefe; Group Chief Executive

TRANSNET

Our Ref No: BM/[redacted]

Mr Sunil Joshi
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
Midrand
2186

Dear Sunil

RFP NO. GSM/13/04/0722 FOR PROVISION OF NETWORK SERVICES

Your letter dated 26 November 2013, quoting our reference number GSM/13/04/0722 refers.

In your letter you request more clarity in terms of Transnet's decision not to award business to Neotel, citing "Business Risk Consideration" as the basis of the decision.

The Business Risk concerns are:

a. Counterparty Risk and alienation of state assets;
b. Concentration risk as Transnet is Neotel's largest client;
c. BBBEE Partners;
d. Information Security incident; and
e. CCTV camera exposures.

Counterparty Risk and alienation of state assets;

1. Government's intention with the sale of the Transnet Wide-Area Network (WAN) to Neotel was to create a second fixed line operator. Transnet does not believe that Neotel met this mandate due to the fact that they have had very little market penetration and Neotel has recently announced that they have entered into negotiations to sell this network to Vodacom which could be perceived to be alienation of state assets.

COMMISSION OF INQUIRY INTO STATE CAPTURE

2. Lastly, Transnet did not consider Vodacom's ability to manage the Neotel infrastructure and should the sale transaction of Neotel to Vodacom realize this will expose Transnet to unnecessary counterparty risk.

Concentration risk as Transnet is Neotel's largest client

3. Transnet is currently Neotel's biggest single client which exposes Transnet to unnecessary concentration risk.

BBBEE Partners

4. Neotel has not delivered against its BEE mandate which was part of the initial sale of state assets to Neotel and has in fact diluted black ownership of the company as is evident from the correspondence received from Mr. Kennedy Memani, the Chairman of Nexus Connexion, and the BEE partner to Neotel.

Information Security Incident

5. During 2011, Transnet Internal Audit (TIA) was requested by Management to perform a review on the Neotel Network Outsources IT Services. TIA issued a report highlighting certain weaknesses as it related to firewalls in October 2011.
6. Network traffic was analysed by Neotel on an ongoing basis, focusing on the highest volumes first to build required rules to resolve audit findings.
7. On 30 May 2012, Neotel indicated that they have found traffic on the network which were not known to them. Management made a decision not to block this traffic as it could potentially be related to operational systems and blocking this could result in business interruptions;
8. Group EIMS decided to do scanning of their own to identify the source of this unknown traffic;
9. On the 5 June 2012, the unknown traffic was identified as foreign traffic and IP addresses from 5 different countries were found on the Transnet network within a period of 24 hours;
10. Should skilled and determined third parties have made use of the vulnerabilities they may have been able to access servers and resources in the Transnet environment which may include servers containing:
    a. Financial information;
    b. Operational information; and
    c. Other sensitive / confidential information.

11. Although Transnet management and Neotel implemented certain actions, Transnet is of the view that the activities specifically as it relates to Neotel was not adequate and exposed Transnet to unnecessary risk.

CCTV Network issues

12. TNPA identified that a number of their CCTV cameras in various ports were not operational or operating as intended as a result of potential poor workmanship and network issues. Transnet's view is that Neotel had a role to play as far as the network supporting these cameras are concerned.

CONCLUSION OF THESE CONCERNS

13. Due to the above Business Risk Considerations, Transnet made a decision not to award a 3 year network contract to Neotel. This network is the heart of Transnet business and awarding the business to Neotel will expose Transnet to unnecessary risk.

_____

Brian Molefe
Group Chief Executive
Date:

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE O1

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Friday, 06 December 2013 14:59
To: Edward Thomas Transnet Corporate JHB; Ndiphiwe Silinga Transnet Corporate JHB; Peter Volmink Coorporate JHB
Subject: RE: Notice of Extension - Master Services Agreement 11 December 2007
Attachments: FW Notice of extension

Dear All,

Please find attached our acceptance of the condition stated by Neotel in the previous letter.

Kind Regards

TRANSNET

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020 0834476744
011-3081260 Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 06 December 2013 02:47 PM
To: Edward Thomas Transnet Corporate JHB; Ndiphiwe Silinga Transnet Corporate JHB; Peter Volmink Coorporate JHB
Cc: Mantsika Matooane Transnet Corporate JHB; Anoj Singh Corporate JHB; Garry.Pita@transnet.net
Subject: FW: Notice of Extension - Master Services Agreement 11 December 2007

Dear All,

Please find attached email from Neotel for the previous extension which covered potential future extensions.

The terms contained in the letter which was sent to us yesterday is contradictory to this previous agreement.

Kind Regards

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

TRANSNET 46th Floor, Carlton Centre, Johannesburg

011-3081020 0834476744
011-3081260 Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Fanie van_der_Walt Transnet JHB
Sent: 05 December 2013 09:04 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB; Edward Thomas Transnet Corporate JHB; Peter Volmink Coorporate JHB
Cc: Garry Pita Transnet Corporate JHB; Mantsika Matooane Transnet Corporate JHB; Anoj Singh Corporate JHB
Subject: RE: Notice of Extension - Master Services Agreement 11 December 2007

Gerrie,

I suggest that you also forward this to Ndiphiwe so that he is aware of this. Peter will be acting or Garry next week and I have included him in the email.

Regards

Fanie

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 05 December 2013 05:34 PM
To: Edward Thomas Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB; Fanie van_der_Walt Transnet JHB; Mantsika Matooane Transnet Corporate JHB; Anoj Singh Corporate JHB
Subject: FW: Notice of Extension - Master Services Agreement 11 December 2007

Hi Edward,

Please find attached letter from Neotel with proposed terms and conditions for a contract extension.

We will be drafting a response as a matter of urgency which we will cover the following points:

- That the extension is linked to the letter of intent, so we request that they withdraw their non-acceptance of the letter of regret;
- In terms of item number 3 of the attached letter, Neotel needs to supply us with the rates for data and voice usage and Transnet's actual usage for the previous 3 months, with a commitment that the unit price will be no higher than their best other customer price "favorite Nation clause:
- In terms of item 4, Neotel needs to supply Transnet with a list of items which needs to be replaced (Include the cost of these items for 2014, 2015 and 2016), in addition any Capex being spent by Transnet on equipment and software will be owned by Transnet.
- Item 8, change management
- Item 9, Service levels;
- Item 10, notice period (30 days change notice)

Feel free to contact me should you wish to discuss.

Kind Regards

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020 | 0834476744
011-3081260 | Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Ryan Parbhunath [mailto:Ryan.Parbhunath@neotel.co.za]
Sent: 05 December 2013 03:47 PM
To: Mantsika Matooane Transnet Corporate JHB
Cc: Gerrie van_der_Westhuizen Transnet Corporate JHB; Yusuf Loonat Transnet Corporate JHB; Francois Van Der Merwe
Subject: Notice of Extension - Master Services Agreement 11 December 2007

Dear Dr. Matooane,

Please find attached letter for your attention. Please confirm receipt of letter.

Thank you

Kind Regards,

Ryan Parbhunath | Key Account Manager : Strategic Accounts – (Transnet)
Neotel (Proprietary) Ltd 44 Old Pretoria Main Road, Midrand, Gauteng, South Africa,
☎ +27 11 585 1637 | +27 11 585 3232 | +27 83 383 1423
ryan.parbhunath@neotel.co.za | www.neotel.co.za

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ANNEXURE O2

COMMISSION OF INQUIRY INTO STATE CAPTURE

Neotel

05 December 2013

Dr Mantsika Matooane
Chief Information Officer
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

Email: Mantsika.Matooane@transnet.net

Dear Dr Matooane

NOTICE OF EXTENSION – MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

Following our letter of 25 November 2013 to Mr Brian Molefe, the Transnet and Neotel teams met yesterday morning to discuss the terms of an extension of the MSA. It is pertinent to note that both Parties acknowledged their audit and contractual exposure without the extension in place and understood the priority to finalise this extension. The meeting was adjourned on the basis that Neotel would table a proposal based on the discussions held at the meeting.

It is to be noted that the initial term of the MSA expired on 31 March 2013. Following the expiry of the initial term, the Parties mutually agreed to extend the duration of the MSA to 31 August 2013 and thereafter to 31 October 2013. The Parties now wish to further extend the duration of the MSA for a period of 12 months commencing on 01 November 2013.

It needs to be further noted however that at the discussions, Transnet made it clear that it will not consider a 24 month extension despite Neotel's proposal in order to maintain its current prices and better manage its own and third party costs. A 12 month extension on the other hand does not allow Neotel to absorb the costs associated with "keeping the lights on". Hence, Neotel cannot commit to maintain the current prices for a 12 month extension.

Neotel thus proposes:

1. The MSA be extended from 1 November 2013 for a fixed period of 12 months expiring on 31 October 2014 ("Third Extension").

2. The price for the Third Extension shall be a flat rate of R58 954 000,00 per month (excluding VAT) notwithstanding that during the period of this Third Extension, Transnet elects to migrate one or more Services to its incumbent, or any other, service provider. The flat rate will be due and payable on the last working day of each month.

3. The price in 2 above shall exclude charges for actual voice and data usage which charges for voice and data usage will be billed monthly in arrears in accordance with the terms and

Neotel

conditions of the MSA, save that payment will be made on the last working day of the month from when the invoice or statement is dated and not 30 days from such date of invoice or statement.

4. An order for the required upgrade of the technology as advised in our letter of 26 November 2013 is placed on Neotel on or before 13 December 2013.

5. For the duration of this Third Extension and for the period of the transition as provided for in the MSA and referred to in 6 below, Transnet shall not increase either directly or indirectly the current cost for telecommunications facilities utilised by Neotel, including but not limited to, site rental charges, facilities rental, fibre leasing, etc.

6. This Third Extension excludes all costs in relation to transitioning the current services as provided for in the MSA. The Parties agree that the costs for transitioning the current services will be determined and agreed in a separate transition plan in accordance with the provisions of the MSA after the Parties in conjunction with Transnet's incumbent service provider for network services have agreed the full scope of the transition required.

7. After the expiry of this Third Extension, should Neotel, whether expressly, tacitly or by inference, be required to continue to provide the Services, such Services will be provided on the same terms and conditions of this Third Extension, save that the flat rate in 2 above shall increase by 15% per annum.

Sincerely

Francois van der Merwe
General Manager: Strategic Accounts

ACCEPTED FOR AND ON BEHALF OF TRANSNET SOC LIMITED:

NAME: _____

SIGNATURE: _____

DESIGNATION: _____

DATE: _____

ANNEXURE O3

10 December 2013

Anoj Singh
Group Chief Financial Officer
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

Email: anoj.singh@transnet.net

Dear Anoj

NOTICE OF EXTENSION – MASTER SERVICES AGREEMENT BETWEEN TRANSNET AND NEOTEL DATED 11 DECEMBER 2007 ("MSA")

Following our letter of 5 December 2013, we had numerous discussions and meetings to deliberate mutually acceptable terms of an extension of the MSA.

It is to be noted that the initial term of the MSA expired on 31 March 2013. Following the expiry of the initial term, the Parties mutually agreed to extend the duration of the MSA to 31 August 2013 and thereafter to 31 October 2013. The Parties now wish to further extend the duration of the MSA for a period of 12 months commencing on 01 November 2013.

Neotel thus proposes an extension of the MSA on the following terms and conditions:

1. The MSA be extended from 1 November 2013 for a fixed period of 12 months expiring on 31 October 2014 ("Third Extension").

2. The price for the Third Extension shall be a flat rate of R50 000 000,00 per month (excluding VAT) notwithstanding that during the period of this Third Extension, Transnet elects to migrate one or more Services to its incumbent, or any other, service provider. The flat rate will be due and payable on the last working day of each month. As previously agreed, this amount includes an additional 5% usage fee over and above the agreed volume limit as at 31 March 2013.

3. The price in paragraph 2 shall exclude charges for actual voice and data usage over and above the 5% limit referred to in paragraph 2. The usage charges for voice and data over and above this 5% threshold will be billed separately monthly in arrears in accordance with the terms and conditions of the MSA, save that payment shall be made on the last working day of the month from when the invoice or statement is dated and not 30 days from such date of invoice or statement.

4. An order for the required upgrade of the technology as advised in our letter of 26 November 2013 is placed on Neotel on or before 13 December 2013. Please see attached proposal setting

Neotel

our the technology upgrade required. Ownership in all CISCO equipment procured in terms of this technology upgrade will pass to Transnet SOC once paid for in full.

5. For the duration of this Third Extension and for the period of the transition as provided for in the MSA and referred to in 6 below, Transnet shall not increase either directly or indirectly the current cost for telecommunications facilities utilised by Neotel, including but not limited to, site rental charges, facilities rental, fibre leasing, etc.

6. This Third Extension excludes all costs in relation to transitioning the current services as provided for in the MSA. The Parties agree that the costs for transitioning the current services will be determined and agreed in a separate transition plan in accordance with the provisions of the MSA after the Parties in conjunction with Transnet's incumbent service provider for network services have agreed the full scope of the transition required.

7. After the expiry of this Third Extension, should Neotel, whether expressly, tacitly or by inference, be required to continue to provide the Services, such Services will be provided on the same terms and conditions of this Third Extension, save that the flat rate in 2 above shall increase by the CPIX rate applicable at the time of the expiry of this Third Extension.

8. Neotel accepts the outcome of the RFP process for the provision of network services and acknowledges both the award to T-Systems South Africa (Pty) Ltd as the successful bidder and the letter of rejection Neotel received as an unsuccessful bidder.

Sincerely

Francois van der Merwe
General Manager: Strategic Accounts

ACCEPTED FOR AND ON BEHALF OF TRANSNET SOC LIMITED:

NAME: B. Molefe

SIGNATURE:

DESIGNATION: GCE

DATE: 11.12.13.

Neotel (Pty) Ltd

Reg No 2004 004619/07

44 Old Pretoria Main Road Halfway House Midrand, 1685, Gauteng South Africa
Telephone number +27 (0)11 585 0000 Facsimile number +27 (0)11 585 0001
DIRECTORS: N Srinath* (Non-Executive Chairman) S Joshi**** (Managing Director & Chief Executive Officer) S Baweja* C Sassoulas***
R Dhawan* XK Mamani FJP Ndoroma** SS Nisaluba SG Ranade*
ALTERNATE DIRECTORS: WM van der Vyver**

(*India, **Namibia, ***French, ****New Zealand)

Neotel

QUOTATION

Transnet

Customer Details			
BRS Name :	Carlton Centre	VAT Number:	4600224455
Attention :		Regional Office:	Midland
Client name :	Transnet Corporate	Key Account Manager:	Ryan Parbhunath
Address :	165 Commissioner Street Carlton Centre	Created by:	Ryan Parbhunath
QUOTE No :	1003307	Contact:	
Contact Person :	Gerne Van Der Westhuizen	Date :	10-Dec-13
Telephone. No. :			
Reference. No. :	1003307		

We have the pleasure in submitting a quotation as per our understanding of your requirements:

Customer Requirements

Supply replacement Cisco Switches to Transnet Network. Upgrade Avaya Software version from CM3-5 to CM6.

Item Number	Description	TYPE	UOM	UNIT PRICE	QTY	Non Recurring Cost (NRC)	Monthly Recurring Cost (MRC)
Service Enablement Hardware							
	1941 Router - 2x Price's						
	Cisco 1941 w/2 GE 2 EHWIC slots 256MB CF 512MB DRAM IP Base			12 430.64	1	12 430.64	
	PRTNR SS 8X5XNBD Cisco 1941 w/2 GE2			273.53	1	273.53	
	Cisco 1900 IOS UNIVERSAL			0.00	1	-	
	Data License for Cisco 1900			4 676.10	1	4 676.10	
	2-Port Serial WAN Interface Card			5 455.45	2	10 910.90	
	Cisco 1941 AC Power Supply			0.00	1	-	
	AC Power Cord (South Africa) C13 BS 546 1.8m			0.00	1	-	
	X.21 Cable DTE Male to Smart Serial 10 Feet			779.35	4	3 117.40	
	IP Base License for Cisco 1900			0.00	1	-	
	Cisco Config Pro Express on Router Flash			0.00	1	-	
	512MB Default DRAM for Cisco 1941 ISR			0.00	1	-	
	256MB Compact Flash for Cisco 1900 2900 3900 ISR			0.00	1	-	
	Insert Packout - PI-MSE			0.00	1	-	
	3650 24Port - IP Base						
	Cisco Catalyst 3650 24 Port PoE 2x10G Uplink IP Base			51 437.10	197	10 133 108.70	
	PRTNR SS 8X5XNBD Cisco Catalyst 3650 24 Port PoE 2x10G Up			1 685.06	197	331,956.82	
	CAT3650 Universal k9 image			3.82	197	-	
	640W AC Config 2 Power Supply			0.00	197	-	
	India AC Type A Power Cable			0.00	197	-	
	10Gig SFP's						
	10GBASE-LR SFP Module			31 135.04	564	17 560 162.60	
	3850 24Port - IP Services						
	Cisco Catalyst 3850 24 Port PoE IP Services			88 066.55	4	352 266.20	
	PRTNR SS 8X5XNBD Cisco Catalyst 3850 24 Port PoE IP Servi			1,863.20	4	7,452.80	
	India AC Type A Power Cable			0.00	4	-	
	Cisco Catalyst 3850 2 x 10GE Network Module			19 483.75	4	77 935.00	
	CAT3850 UNIVERSAL			0.00	4	-	
	50CM Type 1 Stacking Cable			0.00	4	-	
	Catalyst 3750X Stack Power Cable 30 CM			0.00	4	-	
	715W AC Config 1 Power Supply			0.00	4	-	
	3850 48Port - IP Services						
	Cisco Catalyst 3850 48 Port PoE IP Services			163 663.50	51	8 348 838.50	
	PRTNR SS 8X5XNBD Cisco Catalyst 3850 48 Port PoE IP Servi			3,317.42	51	169,188.32	
	India AC Type A Power Cable			0.00	51	-	
	Cisco Catalyst 3850 4 x 10GE Network Module			31 174.00	51	1 589 574.00	
	CAT3850 UNIVERSAL			0.00	51	-	
	50CM Type 1 Stacking Cable			0.00	51	-	
	Catalyst 3750X Stack Power Cable 30 CM			0.00	51	-	
	715W AC Config 1 Power Supply			0.00	51	-	
	Avaya Software Upgrade - CM3-5 to version CM6 refer Anex Site List				119	18,000,000.00	
					SUB TOTAL EXCLUDING VAT	R 56,600,190.90	R 0.00
					VAT @ 14%	R 7,924,026.73	R 0.00
					TOTAL	R 64,624,217.63	R 0.00

Terms & Conditions

1. This quotation is valid for 30 days, subject to change without prior notice and foreign exchange variations R/$ xR10.62
2. Pricing is based on the requirements received from Transnet
3. E&OE – (Errors and Omissions Excluded)
4. The terms and conditions of the MSA between Transnet and Neotel apply to this quotation
5. This quote is based on the quantities reflected. If such quantities are reduced during the contract term the price will be adjusted to reflect the initial expected revenue
6. Added Terms and Conditions attached as Addendum A : Applicable N

Assumptions and Exclusions

Pricing excludes installation charges, Project Management Fees and Management Monthly Charges

Strictly supply only...

Details of person providing quotation :		Acceptance by Transnet :	
Name :	Ryan Parbhunath	Name :	
Tel. :	0115851637	Signature :	
Fax :	0115853232	Account No. :	
Cell :	0833831423	Date :	
E-mail :	ryan.parbhunath@transnet.co.za	Purchase Order #:	
Signature :		Signature:	

COMMISSION OF INQUIRY INTO STATE CAPTURE

PROPOSAL SUBJECT TO THE MASTER SERVICES AGREEMENT

This Proposal is submitted to Transnet SOC Limited on the basis that the supply of the products and services set out in the Proposal ("Specified Services") will be undertaken in accordance with, and be subject to, the terms and conditions of the existing signed Master Services Agreement dated 11 December 2007 in place between Neotel (Pty) Ltd and Transnet SOC Limited ("Agreement"). In the event that the Agreement terminates for whatever reason before the expiry of the term of the Specified Services in this Proposal , all rights and obligations in relation to the provision of the Specified Services shall continue, in full force and effect, in accordance with the terms and conditions of the Agreement as if the Agreement had not been terminated, until the expiry of the term of the Specified Services.

Early Termination Fees

In the event that Transnet terminates the Specificed Services prior to the expiry of the term specified in this Proposal due to no fault on the part of Neotel, early termination fees shall be imposed and calculated based on the outstanding fees and charges for the Specificed Services as at the date on which Neotel will discontinue provision of the Specified Services to Transnet, and will be determined as follow:

Service Enablement Hardware

- 100 % of the fees relating to the Service Enablement Hardware for the term as set out in this Proposal.

Upon the full settlement of the amounts due and payable hereof, Transnet has the option to request Neotel to cede the hardware to Transnet at which point Neotel will transfer all risk and ownership of the hardware to Transnet. The early termination fees paid for by Transnet will be deemed as final settlement for the Service Enablement Hardware.

Monthly Service Fees

For monthly service fees (excluding Service Enablement Hardware) included in this Proposal for Specified Services, the following early termination fees shall apply calculated, based on the outstanding service fees and charges as at the date on which Neotel will discontinue provision of the Specified Services:

- In the event that the remaining term of the Specified Services is 12 (twelve) months or less, 100% of the service fees and charges will be due.
- In the event that the remaining term for the Specified Services is greater than 12 (twelve) months; 100% of the service fees and charges for the first 12 (twelve) months and 60% of the service fees and charges for each month thereafter until the end of the term specified in this proposal.

Once off Costs (NRC)

Upon installation of service 100% of Once off costs will be due and payable to Neotel.

Accepted on behalf of Transnet SOC Limited.

	SITE NAME	SOFTWARE VERSION	
1	Cape Town Trunk	R015x.01.1.415.1	CM5
2	Cape Town Harbour Container Bldg	R015x.01.0.414.3	CM5
3	Cape Town Harbour Portnet House	R015x.01.0.414.3	CM5
4	Bellville	R014x.00.4.739.0	CM4
5	Bellville Propnet Building	R015x.02.0.947.3	CM5
6	Salt River	R015x.02.0.947.3	CM5
7	Huguenot	R014x.00.4.739.0	CM4
8	Malmesbury	R014x.00.4.739.0	CM4
9	Saldanha Bay	R014x.00.4.739.0	CM4
10	Saldanha Harbour	R014x.00.4.739.0	CM4
11	Saldanha NPA Building	R014x.00.4.739.0	CM4
12	Beaufort West	R015x.02.0.947.3	CM5
13	Hutchinson	R014x.00.4.739.0	CM4
14	Laingsburg	R014x.00.4.739.0	CM4
15	Worcester	R015x.02.0.947.3	CM5
16	Klawer	R014x.00.4.739.0	CM4
17	George	R014x.00.4.739.0	CM4
18	Mossel Bay	R014x.00.4.739.0	CM4
19	Kimberley	R013x.01.2.632.1	CM3
20	Warrenton	R015x.02.0.947.3	CM5
21	Sishen	R015x.02.0.947.3	CM5
22	De Aar	R015x.02.0.947.3	CM5
23	Postmasburg	R015x.02.0.947.3	CM5
24	Upington	R015x.02.0.947.3	CM5
25	Klerksdorp	R015x.02.0.947.3	CM5
26	Coligny	R015x.02.0.947.3	CM5
27	Mafikeng	R015x.02.0.947.3	CM5
28	Bloemfontein Trunk	R014x.00.4.739.0	CM4
29	Bloemfontein Transwerk	R014x.00.4.739.0	CM4
30	Kroonstad	R015x.02.0.947.3	CM5
31	Sasolburg	R014x.00.4.739.0	CM4
32	Welkom	R014x.00.4.739.0	CM4
33	Bethlehem	R015x.02.0.947.3	CM5
34	PE North End Trunk	R014x.00.4.739.0	CM4
35	PE Coega Harbour	R015x.02.0.947.3	CM5
36	PE Deal Party	R015x.02.0.947.3	CM5
37	PE Sturrock	R015x.02.0.947.3	CM5
38	PE Port Captain	R015x.02.0.947.3	CM5
39	PE Swartkops	R015x.02.0.947.3	CM5
40	Alicedale	R014x.00.4.739.0	CM4
41	Rossmead	R014x.00.4.739.0	CM4
42	Uitenhage	R015x.02.0.947.3	CM5
43	Cuyler Manor	R015x.02.0.947.3	CM5
44	Cookhouse	R014x.00.4.739.0	CM4
45	Cradock	R014x.00.4.739.0	CM4
46	Noupoort	R014x.00.4.739.0	CM4
47	East London Trunk	R015x.02.0.947.3	CM5
48	Cambridge	R015x.02.0.947.3	CM5
49	Queenstown	R014x.00.4.739.0	CM4
50	Burgersdorp	R014x.00.4.739.0	CM4
51	Durban Trunk	R015x.02.0.947.3	CM5
52	Kingsmead	R015x.02.0.947.3	CM5
53	Empangeni	R014x.00.4.739.0	CM4
54	Empangeni RMO	R014x.00.4.739.0	CM4
55	Richards Bay	R014x.00.4.739.0	CM4
56	Richards Bay Bayvue	R014x.00.4.739.0	CM4
57	South Dunes RCB	R014x.00.4.739.0	CM4

58	Nsese	R014x.00.4.739.0	CM4
59	Estcourt	R014x.00.4.739.0	CM4
60	Glencoe	R014x.00.4.739.0	CM4
61	Ladysmith	R015x.02.0.947.3	CM5
62	Pietermaritzburg	R015x.02.0.947.3	CM5
63	Mason's Mill	R015x.02.0.947.3	CM5
64	Newcastle	R015x.02.0.947.3	CM5
65	Pinetown	R015x.02.0.947.3	CM5
66	Stanger	R014x.00.4.739.0	CM4
67	Vryheid	R014x.00.4.739.0	CM4
68	Johannesburg Trunk	R015x.02.0.947.3	CM5
69	Luipaardsvlei	R015x.02.0.947.3	CM5
70	Sivewright	R015x.02.0.947.3	CM5
71	Wellington Street	R015x.02.0.947.3	CM5
72	Carlton Centre	R014x.00.0.730.5	CM4
73	Kaserne	R013x.01.2.632.1	CM3
74	City Deep	R013x.01.2.632.1	CM3
75	City Deep Freight Dynamics	R014x.00.0.730.5	CM4
76	Germiston	R013x.01.2.632.1	CM3
77	Natalspruit	R014x.00.0.730.5	CM4
78	Isando	R014x.00.0.730.5	CM4
79	Isando Protekon	R015x.02.0.947.3	CM5
80	Benoni	R014x.00.0.730.5	CM4
81	Springs	R015x.02.0.947.3	CM5
82	Sentrarand	R015x.02.0.947.3	CM5
83	Trichardt	R014x.00.0.730.5	CM4
84	Heidelburg	R014x.00.0.730.5	CM4
85	Vereeniging	R015x.02.0.947.3	CM5
86	Langlaagte	R015x.02.0.947.3	CM5
87	Roodepoort	R014x.00.0.730.5	CM4
88	Krugersdorp	R015x.02.0.947.3	CM5
89	Randfontein	R014x.00.0.730.5	CM4
90	Potchefstroom	R014x.00.0.730.5	CM4
91	Standerton	R015x.02.0.947.3	CM5
92	Pretoria Trunk	R015x.01.0.414.3	CM5
93	Pretoria Translux	R014x.00.4.739.0	CM4
94	Capital Park	R015x.02.0.947.3	CM5
95	Koedoespoort	R015x.01.0.414.3	CM5
96	Pretoria North	R014x.00.4.739.0	CM4
97	Pyramid Sourh	R014x.00.4.739.0	CM4
98	Witbank	R013x.00.1.346.0	CM3
99	Rustenburg	R014x.00.4.739.0	CM4
100	Waterval Boven	R014x.00.4.739.0	CM4
101	Nelspruit	R013x.00.1.346.0	CM3
102	Ogies	R015x.02.0.947.3	CM5
103	Piet Retief	R014x.00.0.730.5	CM4
104	Ermelo	R015x.02.0.947.3	CM5
105	Kilner Park	R014x.00.4.739.0	CM4
106	Nylstroom	R014x.00.4.739.0	CM4
107	Potgietersrus	R014x.00.4.739.0	CM4
108	Pietersburg	R014x.00.4.739.0	CM4
109	Louis Trichardt	R014x.00.4.739.0	CM4
110	Messina	R014x.00.4.739.0	CM4
111	Middelburg	R014x.00.4.739.0	CM4
112	Tzaneen	R014x.00.4.739.0	CM4
113	Belfast	R014x.00.4.739.0	CM4
114	Kaapmuiden	R014x.00.4.739.0	CM4
115	Komatipoort	R014x.00.4.739.0	CM4
116	Lydenburg	R014x.00.4.739.0	CM4

117	Phalaborwa	R014x.00.4.739.0	CM4
118	Hoedspruit	R014x.00.4.739.0	CM4
119	Esselen Park	R014x.00.0.730.5	CM4

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE P

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Tuesday, 10 December 2013 08:43
To: Ndiphiwe Silinga Transnet Corporate JHB; Fanie van_der_Walt Transnet JHB; Peter Volmink Coorporate JHB; Mantsika Matooane Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB
Subject: RE: Urgent : Contract Extension

Hi Ndiphiwe,

As per sms correspondence, I will attend, but please note that Mantsika is on maternity leave and will not be attending the session.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]
Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

From: Ndiphiwe Silinga Transnet Corporate JHB
Sent: 10 December 2013 08:40 AM
To: Fanie van_der_Walt Transnet JHB; Gerrie van_der_Westhuizen Transnet Corporate JHB; Peter Volmink Coorporate JHB; Mantsika Matooane Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB
Subject: RE: Urgent : Contract Extension

Dear All

A consultation with Advocate Gilbert Marcus SC has been scheduled for 11h30 this morning at his chambers, situated in Thulamela Chambers, Protea Place, Sandton.

Regards,

Ndiphiwe

From: Fanie van_der_Walt Transnet JHB
Sent: 10 December 2013 08:29 AM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB; Peter Volmink Coorporate JHB; Ndiphiwe Silinga Transnet Corporate JHB; Mantsika Matooane Transnet Corporate JHB
Cc: Garry Pita Transnet Corporate JHB; Fanie van_der_Walt Transnet JHB
Subject: RE: Urgent : Contract Extension

Gerrie,

I had a discussion with Peter yesterday and we agreed that this is not just a Procurement and Legal matter to address. We need to work together as the working group previously established by Garry. Business needs to advise us on the risks. It was agreed at the last working group meeting that Gerrie will provide Ndipiwe with the file of evidence and meet with Senior Council.

The response to the letter from Neotel was addressed to the GCE and was not sent to Procurement. Be as it may we need to resolve the matter this week and we must meet on a daily basis to finalise the matter by the need of this week.

Peter and I spoke to Ndipiwe and he indicated that we will possibly meet with Senior Council today.

Ndipiwe,

Please confirm as this is becoming a very urgent matter. As previously agreed at our last meeting Gerrie and Mantshika needs t6o join for the meeting with Senior Council.

Regards

Fanie

From: Gerrie van_der_Westhuizen Transnet Corporate JHB
Sent: 09 December 2013 09:49 AM
To: Peter Volmink Coorporate JHB; Ndiphiwe Silinga Transnet Corporate JHB
Cc: Fanie van_der_Walt Transnet JHB; Garry Pita Transnet Corporate JHB; Edward Thomas Transnet Corporate JHB; Loyiso Mnqandi Transnet Corporate JHB; Anoj Singh Corporate JHB; Mantsika Matooane Transnet Corporate JHB; Yusuf Loonat Transnet Corporate JHB; Alwyn Botha Transnet Corporate JHB; Mandla Dube Transnet Corporate JHB
Subject: FW: Urgent : Contract Extension
Importance: High

Hi Peter and Ndiphiwe,

I met with the GCFO and Acting GSCSO last week and discussed the Neotel response letter (which was sent to you last week) indicating a significance increase in fees with him.

He indicated that this is a procurement / legal issue in his view and that between procurement and legal you need to deal with this matter.

Please see correspondence from Noetel below highlighting potential risk to Transnet.

Please let me know if you require anything from EIMS.

Kind Regards

[Description: Description: Description: Description: Description: Description: Transnet Limited]

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS Transnet Corporate Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

[Description: Description: Description: Description: Description: Description: Telephone Number]011-3081020

[Description: Description: Description: Description: Description: Description: Cellphone Number]0834476744

[Description: Description: Description: Description: Description: Description: Fax Number]011-3081260

[Description: Description: Description: Description: Description: Description: Email Address]Gerrie.van_der_westhuizen@transnet.net<mailto:Gerrie.van_der_westhuizen@transnet.net>

www.transnet.net<http://www.transnet.net/>

From: Francois Van Der Merwe [mailto:Francois.VanDerMerwe@neotel.co.za]
Sent: 09 December 2013 07:36 AM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: Urgent : Contract Extension
Importance: High

Dear Gerrie

I wish to bring the following to your attention

The status quo is that there currently is no MSA extension between Neotel and Transnet. We are now half way into month two where this applies and should we not conclude this by Friday 13 December 2013, Transnet will have no MSA or SLA's associated until , at a minimum best case, January 10 2014. I thus wish to highlight the severe risk Transnet is under during this period as Neotel cannot attend to any emergency or other network affecting break in service. This will have a severe impact on Transnet and your network ability/ availability during this festive season.

Your instruction to Neotel clearly states that no orders may be given to Neotel until a new contract extension is in effect. All further work is thus on hold and is already affecting services supplied to your company.

I thus respectfully request that :

* You convene the necessary groups before Tuesday close of business to finalise the MSA action points (this includes the vital capital expenditure needed to continue with the MSA compliance as is, you are aware, should we not place this order on Cisco and Avaya before Friday, delivery will further be impacted and Neotel cannot be held responsible for SLA delivery)

* Fast track the ability for Transnet to place orders on Neotel as this is affecting Transnet

Sincerely

[Description: Neotel Corp Logo]

Francois van der Merwe | General Manager - Strategic Customers

Neotel (Proprietary) Ltd,

* +27 11 585 1672 | * | * +27 82 78 0000 6

* francois.vandermerwe@neotel.co.za<mailto:francois.vandermerwe@neotel.co.za> | * www.neotel.co.za<http://www.neotel.co.za>

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Neotel is a Level 3 BBBEE contributor. Empower Logic EE

Neotel joins the nation and the world in mourning the loss of former President, Nelson Mandela. May his legacy continue to be a source of inspiration for us all.

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ANNEXURE Q1

Transnet SOC Limited Registration Number 1990/000900/30
Carlton Centre 150 Commissioner Str. Johannesburg 2001
P.O. Box 72501 Parkview South Africa, 2122
T +27 11 308 2526
F +27 11 308 2312

TRANSNET

www.transnet.net

MEMORANDUM

To: Brian Molefe, Group Chief Executive

From: Anoj Singh, Group Chief Financial Officer
Garry Pita, Group Chief Supply Chain Officer

SUBJECT: Revocation of Preferred Bidder status in respect of the Network Services RFP – LOI/GSM 13/04/0722

PURPOSE:

1. The purpose of this submission is to request the Group Chief Executive (GCE) to:
   - Approve the revocation of T-Systems SA (Pty) Ltd's status as preferred bidder for the Network Services tender to Transnet SOC Limited;
   - Sign the attached revocation letter to be sent to T-Systems SA (Pty) Ltd. See Annexure A.

BACKGROUND:

2. Transnet went out on tender for the provision of Network Services in June 2013 due to the imminent expiry of the Neotel contract at the time. The Network Services RFP was awarded to T-Systems SA (Pty) Ltd as recommended by the Group Chief Executive after a rigorous tender evaluation process.

3. A Letter of Intent (LOI) was issued to T-Systems SA (Pty) Ltd as the preferred bidder on this RFP subject to successful contract negotiations on 20 November 2013. Letters of Regret were also issued to the four (4) unsuccessful bidders on the same day namely; Neotel, Dimension Data, Telkom and Vodacom.

4. The Network Services Letter of Intent was duly signed by T-Systems SA (Pty Ltd) on 25 November 2013 and was to be effective for a period of four (4) months from date of issue. See Annexure B. The Network Services LOI was due to expire on 20 March 2014 and subsequently extended to 31st May 2014. See Annexure C.

5. The additional one month LOI extension required to 31st May 2014 was for the finalization of the signing of the Master Services Agreement (MSA) including the Service Level Agreement (SLA) by all internal stakeholders and T-Systems SA (Pty) Ltd. A further request to extend the LOI for a period of thirty (30) days commencing 1 June 2014 to the 1st of July 2014 was sent to the GCE for approval.

DISCUSSION:

6. External Audit obtained a legal opinion indicating that the award of the RFP to T-Systems SA (Pty) Ltd was not in compliance with the Public Finance Management Act (PFMA). The legal opinion highlighted the following concerns:

   - The factors taken into account by the GCE in making the award to Systems SA (Pty) Ltd do not support the objectives of fairness and transparency;
   - Possible conflicts of interest between T-Systems and Detecon GmbH as both parties are subsidiaries of T-Systems International. External Audit expressed the view that as T-Systems SA (Pty) Ltd could be regarded as an "affiliate" of Detecon, it should have been automatically excluded from the bidding process;
   - the manner in which scores were rounded off at the functionality stage was not in accordance with the principles of fairness, transparency and equal treatment of bidders. It created a perception that T Systems SA (Pty) Ltd was given favourable treatment over other bidders;
   - the fact that Dimension Data which was placed second in the final adjudication was overlooked, reinforced the perception that T-Systems was the preferred bidder.

   A copy of the external audit opinion is attached as Annexure D.

7. Group Legal sought the advice of Mkhabela Huntley Adeyeke Inc (Mkhabela Attorneys) on the External Audit report. Mkhabela Attorneys expressed their disagreement with the view expressed in the external audit opinion that T-Systems SA (Pty) Ltd should automatically have been disqualified on the "conflict of interest" grounds. They point out that the LOI issued to Detecon constituted a contract between Transnet and Detecon and that T Systems SA (Pty) Ltd was not a party to the agreement. They explain that South African law recognises that parties to contract may agree to bestow a benefit or right upon a third party who may not necessarily be a party to the contract, but may not impose obligations on a third party without their consent. In their view, it is incorrect to state that T Systems SA (Pty) Ltd should automatically have been excluded from the Network Services RFP process.

8. However, Mkhabela Attorneys stated that the affidavit received from T-Systems SA (Pty) Ltd did not completely mitigate the risk that information could have been shared between T-Systems SA (Pty) Ltd and Detecon. Mkhabela Attorneys advised that the value of the affidavit provided by T-Systems SA (Pty) Ltd lies in Transnet's judgement. If Transnet remains dissatisfied with the response provided by T-Systems SA (Pty) Ltd, Transnet would be entitled to reconsider the tender award. A copy of Mkhabela Attorneys' opinion is attached as Annexure E.

9. The Transnet GCE sent a letter to T-Systems SA (Pty) Ltd dated the 16th of May 2014 indicating Transnet's intention to revoke its status as preferred bidder in

RECOMMENDATION:

16. It is recommended that the Group Chief Executive (GCE):
- Approves the revocation of T-Systems SA (Pty) Ltd's status as preferred bidder for the Network Services tender to Transnet SOC Limited;
- Sign the attached revocation letter to be sent to T-systems SA (Pty) Ltd. See Annexure A.

COMPILED BY:

Fanie van der Walt
Executive Manager: Group Strategic Sourcing
Date: 03/06/2014

RECOMMENDED / ~~NOT RECOMMENDED~~

Gerrie van der Westhuizen
Executive Manager: Office of the Head, EIMS
Date: 04/06/2014

RECOMMENDED / ~~NOT RECOMMENDED~~

Peter Volmink
Executive Manager: Governance and Compliance
Date: 3/6/2014

Garry Pita
Group Chief Supply Chain Officer
Date: 3/6/14

RECOMMENDED / ~~NOT RECOMMENDED~~

P.P.
Anoj Singh
Acting **Group Chief Financial Officer**
Date 4/6/14

18/06/14

APPROVED / ~~NOT APPROVED~~

Brian Molefe
Group Chief Executive
Date: 6.6.14

JUDICIAL COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE Q2

Brian Molefe, Group Chief Executive

TRANSNET

T-SYSTEMS SA (PTY) LTD
International Business Gateway
New Road
Midrand
1685

Dear Mr Schoonbee

Revocation of Letter of Intent in respect of RFP No. GSM/13/04/0722 for Provision of Network Services

1. We refer to the Letter of Intent (LOI) entered into by Transnet SOC Limited ("Transnet") and T-Systems SA (Pty) Ltd ("T-Systems") on 20 November 2013 in terms of which Transnet identified T-Systems as the preferred bidder for the provision of Network Services to Transnet for a period of three (3) years, with an option to extend for a further period of two (2) years. The LOI was issued subject to successful contract negotiations between the parties. This LOI was subsequently extended on 18 March 2014 to enable the parties to successfully negotiate and conclude the Master Services Agreement ("MSA") by 31 May 2014.

2. Transnet's procurement process is governed by the Transnet Procurement Procedures Manual ("PPM"); the Public Finance Management Act 1 of 1999 ("PFMA"); the Preferential Procurement Policy Framework Act 5 of 2000 ("PPPFA"), and the Constitution of the Republic of South Africa Act 108 of 1996, amongst others.

3. Implicit in all the relevant governing instruments, including the Transnet Supply Chain Policy, the PPM provides that Transnet must have and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. These principles are also contained in section 51(1)(a)(i)(iii) of the PFMA.

4. During the month of April 2014, Transnet's external auditors audited the Network Services RFP ("RFP") and have highlighted certain concerns relating to the RFP process and the appointment of T-Systems as the preferred bidder, namely:

   4.1. According to the audit findings, T-Systems ought to have been excluded from the RFP bidding process by virtue of its association with Detecon SA (Pty) Ltd ("Detecon").

This association resulted in a conflict of interest which was explicitly prohibited during Phase 1 of the RFP when Detecon was awarded the contract to conduct the due diligence project for this RFP.

4.2. Further, the principles of fairness and transparency were not afforded to other bidders when T-Systems was given the opportunity to offer an explanation regarding its relationship with Detecon. A possible conflict of interest may have prevented another prospective party from bidding had they known that Transnet requires affidavits to explain their affiliations.

4.3. In addition seeking an explanatory affidavit goes against the principles of fairness, transparency and the equal treatment of bidders as set out in the PPM, the PFMA and the PPPFA.

5. As a result of the afore mentioned findings, Transnet is considering revoking the LOI and its decision to award the preferred bidder status to T- Systems. In accordance with the provisions of Section 3 of PAJA, you are hereby given notice to make representations in writing, if any, within seven (7) days from the date hereof, why Transnet should not take the decision to revoke the LOI dated 20 November 2013 and the decision to award the preferred bidder status to T-Systems.

Kind regards

Brian Molefe
Group Chief Executive
Date: 16-5-14.

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE Q3

T · · Systems ·

Mr Brian Molefe
Group Chief Executive
Transnet SOC Limited
Carlton Centre
150 Commissioner Street
Johannesburg
2001

Gert Schoonbee
011 254 7799
20 May 2014
Revocation of Letter of Intent in Respect of RFP No.GSM/13/04/0722 for Provision of Network Services

Dear Mr Molefe,

Thank you for your letter of 10 May 2014.

We have taken note of Transnet's intention to revoke its appointment of T-Systems South Africa (Pty) Ltd (T-Systems) as the preferred bidder, and the basis on which Transnet proposes to do so. However, we respectfully submit that Transnet is mistaken about the legal position and that if Transnet were to revoke T-Systems' preferred status, Transnet would not be correcting a wrong, as none exists, but would perpetrate a wrong against T-Systems, by treating it unfairly and unequally. We set our reasons for saying so out in Annexure A hereto.

We trust that Annexure A will provide Transnet with sufficient grounds not to revoke the Letter of Intent. However, if Transnet were to be challenged on an alleged involvement of Detecon in the preparation of T-Systems' proposal, T-Systems will assist Transnet to oppose such proceedings, if Transnet so requests.

T-Systems South Africa (Pty) Ltd
International Business Gateway, New Road, Midrand, 1685
PO Box 2496, Midrand, 1685
Phone: +27 11 254 7400 Fax: +27 11 266 0082 e-mail: communications@t-systems.co.za
Standard Bank, Branch Code: 019 205 90, Account No: 420 984 178
G Heil* (Non-Executive) MM Nxumalo (Executive), G Schoonbee (Director), ME Sethusha Letlape (Non-Executive), KPM Simelane (Non-Executive), M vd Walt-Korsten (Non-Executive and Chairperson), *German
Reg. No: 1989/007547/07, VAT Reg. No: 4540174028

COMMISSION OF INQUIRY INTO STATE CAPTURE

T · · Systems ·

Transnet's letter refers to an audit report that alleges a conflict of interest arising from T-Systems' alleged association with Detecon. And, T-Systems is aware that Transnet also obtained a legal opinion pursuant to the audit report. We believe that such audit report and opinion contain information as contemplated in the Promotion of Access to Information Act. T-Systems therefore requests that Transnet furnishes it with a copy of the report and opinion. We understand that you may have to redact certain parts of the report and opinion that do not pertain to T-Systems.

We trust that T-Systems' position is clearly set out in Annexure A, but we would be happy to debate any aspects thereof with you in a meeting, as a written response can only deal with such matters on a high level.

It occurs to us that the letter of intent might expire before this matter is resolved and we hereby formally request that its period of validity be extended until after resolution.

We await your response.

T-Systems' rights are reserved in full.

Regards

GERT SCHOONBEE
Managing Director

COMMISSION OF INQUIRY INTO STATE CAPTURE

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ANNEXURE A

RESPONSE IN TERMS OF SECTION 7 OF THE PROMOTION OF ADMINISTRATIVE JUSTICE ACT

1. The reasons that Transnet provides for revocation of T-Systems status are as follows:

1.1. there has been an audit finding that there is an association between T-Systems and Detecon SA (Pty) Ltd;

1.2. such association would give rise to a conflict of interests;

1.3. other bidders may have been precluded from bidding because they may not have known the requirement to provide affidavits to explain their affiliations;

1.4. seeking an affidavit would go against fairness transparency and equal treatment.

2. We will respond to each of these points separately hereunder. We will also deal with matters relating to the PFMA

Audit finding regarding an association with Detecon SA (Pty) Ltd

3. Your letter alleges an association with Detecon SA (Pty) Ltd. A search of the records of the Registrar of Companies will reveal that there is no entity registered in South Africa known as Detecon SA (Pty) Ltd and, therefore, T-Systems cannot be associated with it.

4. There is a company registered as a local presence of Detecon GmbH. Prior to the appointment of T-Systems as the preferred supplier, T-Systems provided an affidavit to Transnet (upon Transnet's request), in which T-Systems confirmed that it is not affiliated to Detecon GmbH and that position remains unchanged.

Such association would cause a conflict of interest

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5. As T-Systems does not have an association with either Detecon GmbH or its locally registered company, there can be no conflict of interest. Any allegations of such a conflict are unsubstantiated and, therefore, refuted.

6. Your letter refers to a conflict of interest that was prohibited during the due diligence phase. We assume that to be a reference to the agreement by Detecon GmbH to the effect that any of its affiliates would be excluded from taking part in the tender for the provision of the network services. We wish to point out that the term "affiliate" was not defined and also does not carry a generally accepted meaning in South African law. The existing Master Services Agreement with T-Systems defines an affiliate as any subsidiary of T-Systems. In terms of this definition T-Systems is not deemed to be an affiliate of its holding company or the subsidiaries of its holding company. As T-Systems has no association with Detecon GmbH, we deny that T-Systems is an affiliate of Detecon GmbH for the purposes of such an agreement or for the purposes of the network tender. Any representations by Detecon GmbH to the contrary would be unauthorised and unwarranted.

7. Be that as it may, Detecon GmbH did, in any event, not have any right or authority, in law or by contract, to accept such an exclusion of T-Systems and T-Systems can, therefore, not be held to it.

8. The PFMA makes no reference to "associations" creating a conflict of interest. We submit that the term "association" has such a broad application that using "associations" to support an argument for a conflict of interest, would be bad in law as it could easily be used to frustrate competitive bidding.

9. Within the context of the network tender, the concept of a conflict of interest is also not good in law. A conflict would exist when one party owes conflicting obligations to two different parties. That clearly is not the case in this matter. What is probably meant is that T-Systems may have enjoyed an unfair advantage over other bidders because of the involvement of Detecon GmbH in the due diligence phase. We repeat that there was no collaboration between T-Systems Detecon

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GmbH in the preparation of T-Systems' proposal. If any third party were to suggest that there was, the onus would be on it to prove such advantage which, because it did not exist, will be impossible. Transnet can, therefore, not rely on such a statement to revoke T-Systems' status as preferred bidder.

Other bidders may have been precluded from bidding because they may not have known the requirement to provide affidavits to explain their affiliations

10. We respectfully submit that this statement does not follow logically. As far as we are aware, there are no other South African ICT companies who may have any association with Detecon GmbH that would have precluded them from bidding. Theoretically the only company that could remotely have been in that position is T-Systems (and, as explained above, the reality does not admit of any association or prejudice).

11. Clauses 5 and 7 of section 10 of RFP response (RFP declaration form) required all respondents to declare any business or social relationships with regard to Transnet. T-Systems duly submitted such declarations. This would have given other prospective parties the opportunity to offer an explanation regarding the relationship with Detecon or Transnet.

12. It may, also, be noted that T-Systems provided an affidavit upon Transnet's request and not of its own volition.

Seeking an affidavit would go against the fairness transparency and equal treatment

13. Transnet's request for and acceptance of T-Systems' affidavit cannot amount to unfairness, as it was merely a step to seek clarification which Transnet was entitled and even obliged to take.

14. We draw Transnet's attention to the following points:

14.1. Clause 10 of the bid conditions specifically provides for the bidder being permitted to respond to any question related to the bid, after submission.

T · · Systems ·

14.2. Section 18 (Supplier Requirements) of Transnet's procurement policy reserves the right to Transnet to verify any details of a supplier;

14.3. Section 49 of the PFMA requires Transnet's accounting officer to present necessary documentation to satisfy any explanation or motivation required from the relevant treasury or the Auditor-General;

14.4. Section 50 of the PFMA requires Transnet's accounting officer to ensure that executive authorities are apprised of any material fact which may influence a decision and would be required to compile such information to meet the requirements of section 54(2) of the PFM; and

14.5. Section 60 of the PFMA permits an auditor to investigate whether adequate measures and procedures have been applied in the management of public entity.

15. Based on the above, a query raised with respect to a possible conflict of interest, would require an investigation from Transnet's accounting officer to ensure that the officer could demonstrate the integrity and transparency of the process. The response to the query would have to be documented to satisfy section 13 (Code of Ethics and Conflict of Interest) of the Transnet Procurement Policy requiring adherence to a documented process. These provisions and conditions would have applied equally to all bidders that responded to the bid, on *any* matter relevant to the response and do not create an advantageous position for T-Systems, but rather proof that due diligence was applied in the evaluation of the tender.

16. And, again, as there is no prejudice against any other party, no such party would have grounds for complaint.

T-Systems' participation not precluded by PFMA or Transnet's Bid Conditions

17. We have, in the light of Transnet's reliance on the PFMA, again reviewed the PFMA, the applicable Treasury Regulations and Treasury Practise Notes and wish to draw Transnet's attention to the following:

T · · Systems ·

17.1. The PFMA itself does not contain reference to "conflicts of interest" and accordingly even if there had been an association between T-Systems and Detecon (which there wasn't) the PFMA would not have prohibited T-Systems' participation in the tender process;

17.2. The Schedule of Treasury Regulations for departments, trading entities, constitutional institutions and public entities issued in terms of the PFMA apply to Schedule 2 companies only in respect of paragraph 6.1.2, 24, 25, 27 to 29 and 31 to 33;

17.3. National Treasury Practice Note Number SCM 3 of 2003, issued under the framework for supply chain management as published in Gazette no. 25767 on 5 December 2003 contains reference to conflicts of interest, but is applicable to only:

17.3.1. national and provincial departments and trading entities;

17.3.2. constitutional institutions;

17.3.3. public entities listed in Schedule 3A and 3C of the PFMA;

As Transnet is a Schedule 2 company the Treasury note (and hence, the conflict provisions) do not apply to Transnet.

17.4. The Transnet General Bid Conditions did not exclude T-Systems from the process.

17.5. Clause 3 of section 10 of the RFP response (RFP declaration form) required all respondents to declare that they received no information from other sources with regard to their bids. T-Systems duly submitted such declaration to the effect that that it had received no such information.

T-Systems' participation cannot precluded by agreement with third party

18. T-System's supports the purpose of the PFMA to satisfy the provisions of Section 217(1) of the Constitution to enforce the principles of procurement being conducted in accordance with a system that is fair, equitable, and transparent. To accept that Transnet and a third party could enter into an agreement, without T-Systems' knowledge or consent, to prevent T-Systems from

participating in a major tender process would thwart the provisions of clause 51(a)(iii) & (iv) of the PFMA, and contravene section 5 (Policy Statement) and section 14 (Procurement Process) of Transnet's own procurement policy which requires that:

18.1. all bidders are treated the same;

18.2. no bidder is disadvantaged over another; and

18.3. that the procurement process "ensures open, transparent and fair competition for any person or enterprise who wishes to tender for Transnet's business".

Conclusion

19. It is T-Systems' position that:

19.1. it cannot be seen as an affiliate of Detecon GmbH;

19.2. even if it were to be seen as an affiliate (which T-Systems denies), Detecon GmbH could not, in law or in contract, have excluded T-Systems from participation in the network tender;

19.3. Transnet's acceptance of T-Systems' affidavit was entirely regular;

19.4. no other party could have been precluded from tendering by virtue of Transnet's acceptance of T-Systems' affidavit;

19.5. neither the PFMA, nor the Treasury Regulations and Practice Notes contain any prohibition against Transnet's acceptance of T-Systems' participation in the network tender;

19.6. there was no collaboration *at all* between T-Systems and Detecon GmbH (whether with its German or South African presence) with regard to the network tender;

19.7. accordingly, there was no conflict of interest, T-Systems was not advantaged, and no third party was prejudiced in any manner whatsoever;

T · · Systems ·

19.8. therefore, if Transnet were to revoke T-Systems' preferred status, Transnet would not be correcting any wrong, as none exists, but would perpetrate a wrong against T-Systems, by treating it unfairly and unequally.

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE Q4

Our Ref No: BM/16944

Mr Gert Schoonbee
T-SYSTEMS SA (PTY) LTD
International Business Gateway
New Road
MIDRAND
1685

E-mail: Gert.Schoonbee@t-systems.co.za

Dear Mr Schoonbee

REVOCATION OF PREFERRED BIDDER STATUS IN RESPECT OF RFP NO. GSM/13/04/0722 FOR PROVISION OF NETWORK SERVICES

1. We refer to your letter dated 20 May 2014 written in response to Transnet's stated intention to revoke your status as preferred bidder in respect of the Networks Services tender.

2. Transnet considered your representations as set out in the aforementioned letter and hereby wish to inform you of our final decision which is that your preferred bidder status has been revoked.

Yours sincerely

Brian Molefe
Group Chief Executive
Transnet SOC Limited
Date: 6.6.14.

Acknowledgements:

1. We the undersigned hereby accept the revocation of T-Systems SA (Pty) Ltd's preferred bidder status for the Networks Services Tender GSM/13/04/0722 for Provision of Network Services.

2. We further acknowledge that our respective companies have no claims for damages or any other legal course of action against Transnet arising from this revocation.

TRANSNET

3. We consent to Transnet revoking T-Systems SA (Pty) Ltd's preferred bidder status without Transnet having to approach a court of law for an order to this effect.

4. We have been duly authorized to sign this acknowledgement on behalf of our respective companies.

Signed on behalf of:

_____
T-Systems SA (Pty) Ltd
Name: **Mr G. Schoonbee**
Designation:
Date:

_____
T-Systems International GmbH
Name:
Designation:
Date:

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE R1

Brian Molefe, Group Chief Executive

TRANSNET

Our Ref No: BM/16944

Reference: LOI/GSM 13/04/0722

Mr Joshi
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
MIDRAND
1685

Dear Mr. Joshi

LETTER OF INTENT TO NEGOTIATE THE MSA FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Pursuant to Transnet's Request for Proposal [RFP Number GSM/13/04/0722], we are pleased to inform you that your company has been identified as a preferred bidder to enter into negotiations for the provision of Network Services [the Services] for a period of three [3] years with an option to extend for a further two [2] years to Transnet SOC Ltd, subject to the conditions set out in section 1 below.

The Parties to this LOI are:

(1) **Transnet SOC Ltd** [**Transnet**], a State Owned Company and the procurer of the Services. [Registration Number 1990/000900/30]; together with

(2) **Neotel (Pty) Ltd** [**the Service Provider**] [Registration Number 2004/004619/07]

Transnet wishes to negotiate the MSA (Master Services Agreement) with the Service Provider for the provision of the Services which, if mutually agreed by the Parties, will be documented and effected in accordance with a three year [3] contract [**the MSA**] between the Parties.

The Parties are desirous of successfully concluding negotiations and thereafter executing the MSA to enable the Service Provider to provide the Services detailed thereto.

TRANSNET

In the interim there exists an extension to the existing contract (refer to the Transnet Extension letter, dated 10 December 2013) for the provision of the current services.

Conditions for the current requirement are specified in sections below.

The purpose of this Letter of Intent [**LOI**] is to document the intentions of the Parties in respect of the extension of the current services and the negotiation of the MSA and these will remain in effect until the MSA is negotiated and signed by both Parties, or until 120 [One Hundred and Twenty] days have elapsed from date of issue of this LOI, whichever event should occur first. Should the parties fail to reach agreement or conclude the MSA within 120 [One Hundred and Twenty] days, then Transnet reserves the right to approach the next ranked bidder.

NOW THEREFORE IT IS AGREED

1. With reference to the Service Provider's offer [Reference GSM 13/04/0722], Transnet wishes to negotiate and finalise the MSA, the Towers of Service contractual conditions and associated Pricing, the Supplier Development and B-BBEE details of the Services to be provided and other matters in order to conclude the Agreement with the Service Provider. In the interim, the under-mentioned conditions will apply:

1.1 The Parties agree to work towards concluding an MSA to provide the Services over a period of three [3] years commencing from the signature date of the new Master Services Agreement.

1.2 The Parties agree to amend the existing agreement (refer to the Transnet Extension letter, dated 10 December 2013) to reflect the principles contained here under:

1.2.1 That the incumbent Service Provider provides the existing services under the current contractual terms and conditions, until such time that the MSA is formally negotiated and subsequently concluded between the Parties, and

1.2.2 The current monthly service fees paid to Neotel will be reduced to R 42 300 000.00 (forty two million three hundred thousand rand), effective from LOI signature date. This is based on a 15% increase in usage on the March 2013 reporting figures and applicable usage fees will only be applied after the limit has been reached, and

1.2.3 The new contractual pricing that has to be negotiated will take effect regardless of service transition on 1 November 2014, and

1.2.4 No historical usage charges will be applied or levied over and above the fixed monthly fee from 1 March 2013 to LOI signature date, and

1.2.5 Transnet has noticed a degradation of services over the previous months and service levels have been missed and as such an urgency has arisen to confirm the root cause of these issues, via a Root Cause Analysis report that needs to be produced by Neotel (30 days after LOI signature date), as well as execution on the remediation plans identified in these Root Cause Analysis report (30 days after final Root Cause Analysis report), so as to restore service levels to the required levels, and

1.2.6 Transnet requires a fully dedicated account and service team to deliver and transition services as part of the current contract extension as well as transition of the, to be negotiated contract. As such an account plan detailing all resources that will be allocated to the Transnet account must be presented and agreed by Transnet within 30 days after the LOI signature date, and

1.2.7 Transnet requires the immediate initiation of an infrastructure audit for all Neotel Points of Presence with the intention that aged or failing equipment is identified and remediation plans put in place to prevent service failures within 90 days of LOI signature date, and

1.2.8 Updated WAN/LAN diagrams of the current overall Transnet network environment per Operating Division, needs to be submitted to Transnet 30 days after the LOI signature date, and

1.2.9 All billing reporting must within 90 days after the LOI signature date reflect accurate and valid billing from a single source system, and

1.2.10 All usage reports must be accurate and auditable within 30 days of LOI signature date.

1.3 Transnet will negotiate with the Service Provider and reach agreement on the terms and conditions of the MSA, this will include the following:

COMMISSION INTO STATE CAPTURE

TRANSNET

1.3.1 The Neotel Supplier Development Commitment must be a minimum of 30% (Thirty percent) of the contract value, as stipulated on the Network Services RFP.

1.3.2 Neotel to establish a local National Operations Centre (NOC), within the agreed transition period.

1.3.3 An accurate, valid and complete Configuration Management Database (CMDB) containing all assets used to provide services to Transnet regardless of ownership needs to be completed and shared with Transnet as per the requirements and timelines agreed in the Transition plan.

1.3.4 Formal acceptance that the proposal, including pricing submitted as part of the Network RFP is still valid and will be used as a basis in the negotiations going forward.

1.3.5 Formal acceptance that the Transition cost as quoted for in the RFP will be waived, as it is Transnet's intent to successfully negotiate and award all Service Towers to Neotel.

1.3.6 An agreement between Transnet and Neotel which will allow Transnet to buy-back certain assets which will include but are not limited to assets on the Transnet campuses and sites. This agreement needs to be reached within 90 days after the LOI signature date. Non fulfillment of this condition may result in cancellation of the LOI by Transnet.

1.3.7 Neotel to transition its other clients off the Avaya platform currently in use by Transnet to enable Transnet to potentially procure this platform;

2. Interim Service Requirement

The Service Provider agrees to continue to provide the existing Services as per the agreed extension of the current contractual terms and conditions between the parties, including additional conditions set out in this LOI, post this LOI's signature date and until such time that either, the MSA is formally concluded or the 120 [One Hundred and Twenty] days LOI validity period expires.

TRANSNET

3. Miscellaneous

Neither Party shall reveal the contents of this LOI or anything disclosed to the other Party in pursuance hereof to any third party, except with the prior express written consent of the other Party, and then only to the extent required to facilitate progression of the Negotiations.

The contractual documents will be drafted by Transnet and be subject thereafter to final agreement between the Parties. Pending the final approval of the Agreement by both Parties, the Parties hereby attest to the speedy resolution of all outstanding matters in order to finalise the MSA within 120 [One Hundred and Twenty] days from date of signature hereof.

Thus duly signed at Johannesburg, South Africa on this 9th day of July 2014 on behalf of:

Transnet SOC Ltd

WITNESSES

1 .....

2 .....

NAME: Brian Molefe

DESIGNATION: Group Chief Executive

Thus duly signed at Midrand, South Africa on this 12th day of JULY 2014 on behalf of:

Neotel (Pty) Ltd

WITNESSES

1 .....

2 .....

NAME: Sunil Joshi

DESIGNATION: Managing Director and Chief Executive Officer

PS: We accept the terms of the LoI save that the billings for services will continue as it currently applies until the successful conclusion of the MSA for the provision of network services to TRANSNET SOC LIMITED

ANNEXURE R2

Brian Molefe, Group Chief Executive

TRANSNET

Our Ref No: BM/16944

Reference: LOI/GSM 13/04/0722

Neotel (Pty) Ltd
44 Old Pretoria Main Road
Halfway House
MIDRAND
1685

Dear Mr Joshi

LETTER OF INTENT TO NEGOTIATE THE MSA FOR THE PROVISION OF NETWORK SERVICES TO TRANSNET SOC LIMITED FOR A PERIOD OF THREE [3] YEARS WITH AN OPTION TO EXTEND FOR A FURTHER TWO [2] YEARS

Pursuant to Transnet's Request for Proposal [RFP Number GSM/13/04/0722], we are pleased to inform you that your company has been identified as a preferred bidder to enter into negotiations for the provision of Network Services [the Services] for a period of three [3] years with an option to extend for a further two [2] years to Transnet SOC Ltd, subject to the conditions set out in section 1 below.

The Parties to this LOI are:

(1) **Transnet SOC Ltd** [**Transnet**], a State Owned Company and the procurer of the Services. [Registration Number 1990/000900/30]; together with
(2) **Neotel (Pty) Ltd** [**the Service Provider**] [Registration Number 2004/004619/07]

Transnet wishes to negotiate the MSA (Master Services Agreement) with the Service Provider for the provision of the Services which, if mutually agreed by the Parties, will be documented and effected in accordance with a three year [3] contract [**the MSA**] between the Parties.

The Parties are desirous of successfully concluding negotiations and thereafter executing the MSA to enable the Service Provider to provide the Services detailed thereto.

In the interim there exists an extension to the existing contract (refer to the Transnet Extension letter, dated 10 December 2013) for the provision of the current services.

Conditions for the current requirement are specified in sections below.

The purpose of this Letter of Intent [**LOI**] is to document the intentions of the Parties in respect of the extension of the current services and the negotiation of the MSA and these will remain in effect until the MSA is negotiated and signed by both Parties, or until 120 [One Hundred and Twenty] days have elapsed from date of issue of this LOI, whichever event should occur first.

TRANSNET

Should the parties fail to reach agreement or conclude the MSA within 120 [One Hundred and Twenty] days, then Transnet reserves the right to approach the next ranked bidder.

NOW THEREFORE IT IS AGREED

1. With reference to the Service Provider's offer [Reference GSM 13/04/0722], Transnet wishes to negotiate and finalise the MSA, the Towers of Service contractual conditions and associated Pricing, the Supplier Development and B-BBEE details of the Services to be provided and other matters in order to conclude the Agreement with the Service Provider. In the interim, the under-mentioned conditions will apply:

1.1 The Parties agree to work towards concluding an MSA to provide the Services over a period of three [3] years commencing from the signature date of the new Master Services Agreement.

1.2 The Parties agree to amend the existing agreement (refer to the Transnet Extension letter, dated 10 December 2013) to reflect the principles contained here under:

1.2.1 That the incumbent Service Provider provides the existing services under the current contractual terms and conditions, until such time that the MSA is formally negotiated and subsequently concluded between the Parties, and

1.2.2 The parties agree that the monthly service fees payable to Neotel will remain at R50 million per month until expiry of the current Master Services Agreement (MSA) on 31 October 2014.

1.2.3 Should Transnet and Neotel be successful in concluding an MSA within a period of four (4) months from the LOI signature date, Neotel commits to give Transnet a R25 million discount on the market value of the ICT assets that Transnet intends to buy-back from Neotel in due course.

1.2.4 The new contractual pricing that has to be negotiated will take effect regardless of service transition on 1 November 2014, and

1.2.5 No historical usage charges will be applied or levied over and above the fixed monthly fee from 1 March 2013 to LOI signature date, and

1.2.6 Transnet has noticed a degradation of services over the previous months and service levels have been missed and as such an urgency has arisen to confirm the root cause of these issues, via a Root Cause Analysis report that needs to be produced by Neotel (30 days after LOI signature date), as well as execution on the remediation plans identified in these Root Cause Analysis report (30 days after final Root Cause Analysis report), so as to restore service levels to the required levels, and

1.2.7 Transnet requires a fully dedicated account and service team to deliver and transition services as part of the current contract extension as well as transition of the, to be negotiated contract. As such an account plan detailing all resources that will be allocated to the Transnet account must be presented and agreed by Transnet within 30 days after the LOI signature date, and

1.2.8 Transnet requires the immediate initiation of an infrastructure audit for all Neotel Points of Presence with the intention that aged or failing equipment is identified and remediation plans put in place to prevent service failures within 90 days of LOI signature date, and

1.2.9 Updated WAN/LAN diagrams of the current overall Transnet network environment per Operating Division, needs to be submitted to Transnet 30 days after the LOI signature date, and

1.2.10 All billing reporting must within 90 days after the LOI signature date reflect accurate and valid billing from a single source system, and

1.2.11 All usage reports must be accurate and auditable within 30 days of LOI signature date.

1.3 Transnet will negotiate with the Service Provider and reach agreement on the terms and conditions of the MSA, this will include the following:

1.3.1 The Neotel Supplier Development Commitment must be a minimum of 30% (Thirty percent) of the contract value, as stipulated on the Network Services RFP.

1.3.2 Neotel to establish a local National Operations Centre (NOC), within the agreed transition period.

1.3.3 An accurate, valid and complete Configuration Management Database (CMDB) containing all assets used to provide services to Transnet regardless of ownership needs to be completed and shared with Transnet as per the requirements and timelines agreed in the Transition plan.

1.3.4 Formal acceptance that the proposal, including pricing submitted as part of the Network RFP is still valid and will be used as a basis in the negotiations going forward.

1.3.5 Formal acceptance that the Transition cost as quoted for in the RFP will be waived, as it is Transnet's intent to successfully negotiate and award all Service Towers to Neotel.

1.3.6 An agreement between Transnet and Neotel which will allow Transnet to buy-back certain assets which will include but are not limited to assets on the Transnet campuses and sites. This agreement needs to be reached within 90 days after the LOI signature date. Non fulfillment of this condition may result in cancellation of the LOI by Transnet.

1.3.7 Neotel to transition its other clients off the Avaya platform currently in use by Transnet to enable Transnet to potentially procure this platform;

TRANSNET

2. Interim Service Requirement

The Service Provider agrees to continue to provide the existing Services as per the agreed extension of the current contractual terms and conditions between the parties, including additional conditions set out in this LOI, post this LOI's signature date and until such time that either, the MSA is formally concluded or the 120 [One Hundred and Twenty] days LOI validity period expires.

3. Miscellaneous

Neither Party shall reveal the contents of this LOI or anything disclosed to the other Party in pursuance hereof to any third party, except with the prior express written consent of the other Party, and then only to the extent required to facilitate progression of the Negotiations.
The contractual documents will be drafted by Transnet and be subject thereafter to final agreement between the Parties. Pending the final approval of the Agreement by both Parties, the Parties hereby attest to the speedy resolution of all outstanding matters in order to finalise the MSA within 120 [One Hundred and Twenty] days from date of signature hereof.

Brian Molefe
Transnet SOC Ltd

18.8.14.

10/9/14

Sunil Joshi
Neotel (Pty) Ltd

1. We accept this LOI from the date of signature hereof by Neotel, subject to the Technical and Commercial finalisation of the MSA negotiations 120 days from the date of issue of the LOI or signature date of the MSA, whichever occurs first.
2. Usage threshold will be substantiated by Neotel to Transnet and agreed and finalised 120 days from the date of issue of the LOI or signature date of the MSA, whichever occurs first.

ANNEXURE S1

30 September 2014

Transnet SOC Ltd

150 Commissioner Street

Johannesburg

2001

Subject: Letter of resignation

Dear Mantsika,

This letter serves to confirm that I hereby tender my resignation to Transnet SOC Ltd as of 30 September 2014.

I would like to thank Transnet for the fantastic opportunity provided to me over the previous 7 and a half years.

I would also like to thank you as the Group Executive: EIMS for the support and commitment and my colleagues for contributing to my development over these years.

Respectfully Yours,

Gerrie vd Westhuizen

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE S2

From: Mantsika Matooane Transnet Corporate JHB <Mantsika.Matooane@transnet.net>
Sent: Tuesday, 30 September 2014 20:05
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: Re: Resignation

Dear Gerrie,
Thank you. Lets discuss Wednesday morning please.
We have rescheduled BIMCO so if you are able to
Meet at office before lawyers, that would be great.

Regards,

Mantsika Matooane

On 30 Sep 2014, at 15:42, "Gerrie van_der_Westhuizen Transnet Corporate JHB" <Gerrie.van_der_westhuizen@transnet.net> wrote:

Hi Mantsika,

Please find attached my letter of resignation from Transnet.

Kind Regards

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

<image001.gif>

46th Floor, Carlton Centre, Johannesburg

<image002.gif>011-3081020 <image003.gif>0834476744
<image004.gif>011-3081260 <image005.gif>
Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

<Signed Res letter.pdf>

ANNEXURE T1

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Friday, 05 December 2014 20:29
To: Clara Motlana
Cc: Basetsana Molebatsi; Martin Lotz Transnet Corporate JHB; Macdonald Maluleke Transnet Corporate JHB; Yogesh Bhika; Thoriso Monare Transnet Corporate JHB; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri; Ndiphiwe Silinga Transnet Corporate JHB
Subject: Re: Transnet Network MSA Final 05-12-2014

Dear All,

The MSA have been recommended for signature by the Transnet GCE earlier today.

Do not send Transnet any further changes or comments.

If you are not in agreement with the current agreement, please ask Sunil to discuss it with Anoj or Brian.

Regards,
Gerrie

Sent from my iPhone

On Dec 5, 2014, at 8:24 PM, Clara Motlana <Clara.Motlana@neotel.co.za> wrote:

> Thank you Base.
>
> Please note that Neotel requires the amendments to be made.
>
> Is there a way of reaching an amicable solution to this?
>
> Regards
>
> Clara
>
> Sent from my HTC
>
> ----- Reply message -----
> From: "Basetsana Molebatsi" <basetsana@hnmattorneys.co.za>
> To: "Clara Motlana" <Clara.Motlana@neotel.co.za>, "Martin Lotz Transnet Corporate JHB" <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, "Gerrie van_der_Westhuizen Transnet Corporate JHB" <Gerrie.van_der_westhuizen@transnet.net>, "Yogesh Bhika" <Yogesh.Bhika@neotel.co.za>
> Cc: "Thoriso Monare" <thoriso.monare@transnet.net>, "Thabiso Mhlanga" <thabiso@hnmattorneys.co.za>, "Karen Ferreira Transnet Freight Rail JHB" <Karen.Ferreira@transnet.net>, "Jack Matthews" <Jack.Matthews@gartner.co.za>, "Loyiso Mnqandi Transnet Corporate JHB" <Loyiso.Mnqandi@transnet.net>, "Francois Van Der Merwe" <Francois.VanDerMerwe@neotel.co.za>, "Abid Qadiri" <Abid.Qadiri@neotel.co.za>, "Ndiphiwe Silinga Transnet Corporate JHB" <Ndiphiwe.Silinga@transnet.net>

Subject: Transnet Network MSA Final 05-12-2014
Date: Fri, Dec 5, 2014 7:36 PM

Dear Clara,

Transnet does not accept Neotel's proposed changes.

Kind regards,
<3D75DA77-AA3B-4828-9762-8875C3847062[287].png>

From: Clara Motlana <Clara.Motlana@neotel.co.za>
Date: Friday 05 December 2014 at 6:08 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>
Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, Ndiphiwe Silinga Transnet Corporate JHB <Ndiphiwe.Silinga@transnet.net>
Subject: RE: Transnet Network MSA Final 05-12-2014

Dear Base,

It is my instruction that the following clauses should be read as follows:

25.4 "It is recorded that as part of the Transition Services, the Parties have agreed in good faith to conclude a sale of asset agreement by 31 January 2015, but under no circumstances later than 28 February 2015 for the sale of fixed assets owned by the Service Provider and used exclusively to provide Services to Transnet and physically held within Transnet premises subject to certain mutually agreed exclusions for an amount of R200 000 000.00 (two hundred million rand) excluding VAT. Transnet may also procure customer premises equipment leased from the Service Provider at a cost equal to the value of all outstanding payments due for the lease residual period."

46.9 Use of Transnet Facilities

46.9.1 Transnet shall, where possible make the necessary office space, storage space, office equipment and assets installed or operated on Transnet premises (the "Transnet Facilities") available to the Service Provider for performing the Services at all Transnet Sites and/or for the placement of Service Provider Equipment, (or Transnet Owned Equipment and Transnet Leased Equipment, as the case may be), required by the Service Provider in providing the Services throughout the Term, subject to the availability of such Transnet Facilities.

46.9.2 The Parties agree that no rental shall be payable by the Service Provider to Transnet or its Affiliates in respect of the Transnet Facilities where the Service Provider is using the Transnet Facilities to provide the Services exclusively to Transnet. Such Transnet Facilities as at the Effective Date are listed in Attachment E1.

46.9.3 Where the Service Provider is occupying Transnet Facilities not for the exclusive use of providing the Services (in a multi-tenanted environment), the Service Provider will be liable for

market related rental for use of such Transnet Facilities. The list of the Transnet Facilities not exclusively used for the provision of the Services is contained in Attachment E2. In this instance where the Transnet Facilities is occupied by either Transnet or another service provider, the market related rent payable by the Service Provider shall be pro-rated accordingly.

46.9.4 The Parties agree to enter into lease agreements by no later than 3 (three) months from Effective Date, or the date of occupation of such Transnet Facilities in the event that such occupation takes place after the stipulated period of 3 (three) months from Effective Date, to set out terms and conditions of the use of Transnet Facilities by the Service Provider with respect to Attachments E1 and E2 for the duration of the Term, as determined in accordance with clause 46.9.5. In the event that the Parties fail to conclude such lease agreements within the time stipulated above, Neotel shall remain liable to pay market related rental to Transnet for the Transnet Facilities in Attachment E2 from the Effective Dateas determined in accordance with clause 46.9.5 and Transnet shall not be entitled to prevent the Service Provider from gaining access to the Transnet Facilities in question. In terms of clause 46.9.2 above, no rental is payable for Transnet Facilities in Attachment E1 irrespective of the conclusion of lease agreements for Transnet Facilities in Attachment E1.

46.9.5 For the purposes of this clause 46.9, the market related rental payable for the Transnet Facilities listed in Attachment E2 shall be determined ~~having regard to, inter alia~~as follows:

46.9.5.1 in the event that the Service Provider and Transnet have an existing agreement regarding the rental payable for the Transnet Facilities in question, the market related rate shall be the value of the agreed rental amount plus CPI;

46.9.5.~~21~~in the event that the Service Provider and Transnet do not have an existing agreement regarding the rental payable for the Transnet Facilities in question,the market related rate shall the amount that would be paid for rental of similar property in the same condition and in the same area. If the Parties are not able to agree on the value of such rental, the market related rate shall be the determined by an estate agent or estate agents agreed on by the Parties or, should the Parties fail to agree on an arbitrator within 10 (ten) days after such determination has been demanded, the estate agent shall be nominated by the Estate Agency Affairs Board of South Africa ; and

46.9.5.~~32~~ calculated as a percentage of the portion of the Transnet Facility being utilized by Neotel in relation the total extent of such Transnet Facility.

Please note that the reasons have already been provided in my email of 4:35pm. We are of the opinion these are reasonable amendments.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 05:57 PM
To: Clara Motlana; Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri; Ndiphiwe Silinga Transnet Corporate JHB
Subject: Re: Transnet Network MSA Final 05-12-2014
Importance: High

Dear Clara,

Firstly, we made very minor changes to clause 25.3. You proposed wording, which we largely accepted. It is Transnet's view that it will be impossible to conclude the Sale ofAssets Agreement by 31 January 2015. Thus, Transnet accepted a comprised position to move from its initial position of 31 March 2015 to 28 February 2015. Further, it is my understanding that the cost of the sale of the assets has been agreed at R200 000 000.00 (two hundred million rand) excluding VAT. That is the final cost which the parties have agreed to and amending the clause to no less that R200 000 000.00 does not reflect the true position.

With respect to clause 46.9, this is a new MSA and all the terms shall be re-negotiated, as we have been doing over the past few months. The Parties will decide as when they meet to implement the provisions of clause 46.9 how they wish to proceed regarding Neotel's occupation of Transnet Property.

I have been instructed to advise you that all pre-approvals of the MSA have been done and it is not Transnet's intention to delay the process by amending the MSA and trying to procure the approvals again.

Kind regards,
<image001.png>

From: Clara Motlana <Clara.Motlana@neotel.co.za>
Date: Friday 05 December 2014 at 5:08 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>
Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, Ndiphiwe Silinga Transnet Corporate JHB <Ndiphiwe.Silinga@transnet.net>
Subject: RE: Transnet Network MSA Final 05-12-2014

Dear Base,

1. We proposed wording to clauses 20 and 25 earlier today. You then sent us a finalised and ready for signature agreement with further changes to these clauses. Such changes have not been agreed to.
2. With regards to changes to clause 46.9, upon receipt of Attachments E1 and E2 from Transnet, which we have subsequently sent back to Transnet earlier, there were sites listed where rental has already been agreed between the parties, hence the amendments to the clause to address the situation. In addition we merely wanted to create a mechanism to create any future disputes that may arise regarding what "market related" refers to by making reference to an independent estate agent.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 05:01 PM
To: Clara Motlana; Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso

Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri; Ndiphiwe Silinga Transnet Corporate JHB
Subject: Re: Transnet Network MSA Final 05-12-2014

Dear Clara,

I have been instructed to advise you that the MSA has been finalised and as such we will not be making further amendments. The only outstanding item on the table is the Financial and Parent Company Guarantee which we are trying to finalise this evening.

Kind regards,
<image001.png>

From: Clara Motlana <Clara.Motlana@neotel.co.za>
Date: Friday 05 December 2014 at 4:35 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>
Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>
Subject: RE: Transnet Network MSA Final 05-12-2014

Hi Base,

1. We note the changes you have effected to clause 20.1.4 and we accept same.

2. We would like to revise clause 25.4 as follows:

   "It is recorded that as part of the Transition Services, the Parties have agreed in good faith to conclude a sale of asset agreement by 31 January 2015, but under circumstances later than 28 February 2015 for the sale of fixed assets owned by the Service Provider and used exclusively to provide Services to Transnet and physically held within Transnet premises subject to certain mutually agreed exclusions for an amount of R200 000 000.00 (two hundred million rand) excluding VAT. Transnet may also procure customer premises equipment leased from the Service Provider at a cost equal to the value of all outstanding payments due for the lease residual period."

3. The following has been suggested by our facilities team, to close the loop in the event that 1. the parties can't agree on market related rates and 2. in the circumstances where there is currently an agreed rate:

46.9 Use of Transnet Facilities
46.9.1 Transnet shall, where possible make the necessary office space, storage space, office equipment and assets installed or operated on Transnet premises (the "Transnet Facilities") available to the Service Provider for performing the Services at all Transnet Sites and/or for the placement of Service Provider Equipment, (or Transnet Owned Equipment and Transnet Leased

Equipment, as the case may be), required by the Service Provider in providing the Services throughout the Term, subject to the availability of such Transnet Facilities.

46.9.2 The Parties agree that no rental shall be payable by the Service Provider to Transnet or its Affiliates in respect of the Transnet Facilities where the Service Provider is using the Transnet Facilities to provide the Services exclusively to Transnet. Such Transnet Facilities as at the Effective Date are listed in Attachment E1.

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46.9.5.1 in the event that the Service Provider and Transnet have an existing agreement regarding the rental payable for the Transnet Facilities in question, the market related rate shall be the value of the agreed rental amount plus CPI;

46.9.5.2~~1~~in the event that the Service Provider and Transnet do not have an existing agreement regarding the rental payable for the Transnet Facilities in question,the market related rate shall the amount that would be paid for rental of similar property in the same condition and in the same area. If the Parties are not able to agree on the value of such rental, the market related rate shall be the determined by an estate agent or estate agents agreed on by the Parties or, should the Parties fail to agree on an arbitrator within 10 (ten) days after such determination has been demanded, the estate agent shall be nominated by the Estate Agency Affairs Board of South Africa ; and

46.9.5.3~~2~~ calculated as a percentage of the portion of the Transnet Facility being utilized by Neotel in relation the total extent of such Transnet Facility.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 02:20 PM
To: Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika; Clara Motlana
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri

Subject: Transnet Network MSA Final 05-12-2014
Importance: High

Dear All,

Please find attached hereto the final MSA ready for execution.

Kind regards,
<image001.png>

From: Suzanne ODonnell <suzanne@hnmattorneys.co.za>
Date: Friday 05 December 2014 at 2:16 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>
Subject: Transnet Network MSA Final 05-12-2014

This email and attachments are confidential and may be legally privileged or otherwise exempt from disclosure. If you are not the intended recipient, any unauthorised use, dissemination, distribution or reproduction of this message is strictly prohibited. If this e-mail is received in error, please delete immediately from your system along with any of its attachments.

Neotel is a level 3 contributor to B-BBEE

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Neotel is a level 3 contributor to B-BBEE

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE T2

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Saturday, 06 December 2014 10:37
To: Anoj Singh Corporate JHB
Subject: Fwd: Transnet Network MSA - Not finalised
Attachments: image001.jpg

Fyi

Sent from my iPhone

Begin forwarded message:

From: Tracy Cohen <Tracy.Cohen@neotel.co.za>
Date: December 6, 2014 at 10:15:53 AM GMT+2
To: "Gerrie.van_der_westhuizen@transnet.net" <Gerrie.van_der_westhuizen@transnet.net>, Clara Motlana <Clara.Motlana@neotel.co.za>, "basetsana@hnmattorneys.co.za" <basetsana@hnmattorneys.co.za>, "Martin.Lotz@transnet.net" <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>, "Thoriso.Monare@transnet.net" <Thoriso.Monare@transnet.net>, "thabiso@hnmattorneys.co.za" <thabiso@hnmattorneys.co.za>, "Karen.Ferreira@transnet.net" <Karen.Ferreira@transnet.net>, "Jack.Matthews@gartner.co.za" <Jack.Matthews@gartner.co.za>, "Francois Van Der Merwe" <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, "Ndiphiwe.Silinga@transnet.net" <Ndiphiwe.Silinga@transnet.net>
Subject: Transnet Network MSA - Not finalised

Dear All,

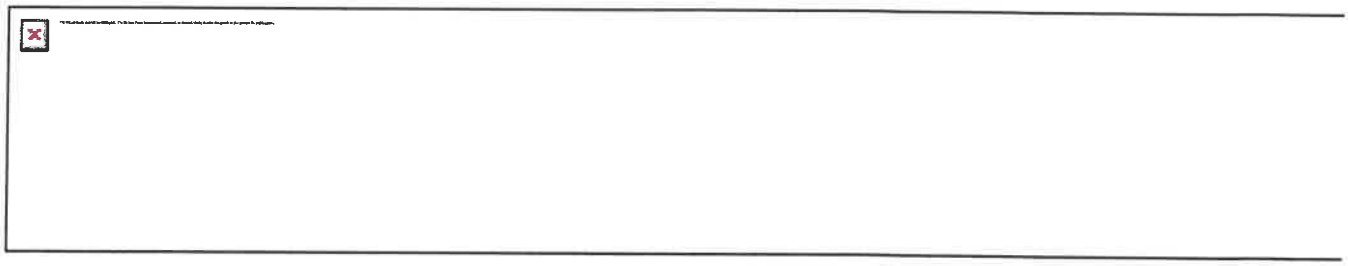
Please note that we did not conclude agreement on the PCG and the Financial Guarantee yesterday.
We certainly made progress and our thanks to those who stayed on call to do so.
However, this matter is not resolved and Neotel will certainly not be in a position to accept that the MSA is thus closed and ready for signature.

There remains a fundamental deviation from the previously agreed position on the process to the guarantee as per the MSA. The changes do not address this deviation.
We also have minor changes that have been required by Investec Bank, which we spoke about yesterday and which we said would be required. These are not yet reflected as we only received them late last night.
In addition, the Parent Company guarantee needs to mirror that of the financial guarantee – when finalized and agreed. This is not yet been done.

All of this– we believe - can be resolved, and all of which we attempted to resolve by way of a face to face meeting yesterday. We have been trying to engage over the last two days to do this.
We are aware there are time constraints and we remain available and willing to resolve the outstanding issues as per the MSA. Only thereafter do we believe the MSA can be recommended for signature as reflecting the intent of the parties.

Please advise how you wish to proceed.

Kind regards,



-------- Original message --------
From: Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>
Date:05/12/2014 8:54 PM (GMT+02:00)
To: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Cc: Clara Motlana <Clara.Motlana@neotel.co.za>, Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, Macdonald Maluleke Transnet Corporate JHB <Macdonald.Maluleke@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>, Thoriso Monare Transnet Corporate JHB <Thoriso.Monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, Ndiphiwe Silinga Transnet Corporate JHB <Ndiphiwe.Silinga@transnet.net>
Subject: Re: Transnet Network MSA Final 05-12-2014

Dear All
Just to re iterate what has been said earlier, the instruction from the Group Executive Legal and Compliance is that apart from the clauses relating to the Parent Company Guarantee/ Financial Guarantee which we have subsequently agreed on a position with Neotel this afternoon there are no further outstanding issues hence our instruction to Ms Molebatsi is to accept no further amendments to the MSA which has been recommended for Signature by the GCE.

Regards

Loyiso

Sent from my iPhone

On 05 Dec 2014, at 8:29 PM, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net> wrote:

> Dear All,
>
> The MSA have been recommended for signature by the Transnet GCE earlier today.
>
> Do not send Transnet any further changes or comments.
>
> If you are not in agreement with the current agreement, please ask Sunil to discuss it with Anoj or Brian.

Regards,
Gerrie

Sent from my iPhone

On Dec 5, 2014, at 8:24 PM, Clara Motlana <Clara.Motlana@neotel.co.za> wrote:

> Thank you Base.
>
> Please note that Neotel requires the amendments to be made.
>
> Is there a way of reaching an amicable solution to this?
>
> Regards
>
> Clara
>
> Sent from my HTC
>
> ----- Reply message -----
> From: "Basetsana Molebatsi" <basetsana@hnmattorneys.co.za>
> To: "Clara Motlana" <Clara.Motlana@neotel.co.za>, "Martin Lotz Transnet Corporate JHB" <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, "Gerrie van_der_Westhuizen Transnet Corporate JHB" <Gerrie.van_der_westhuizen@transnet.net>, "Yogesh Bhika" <Yogesh.Bhika@neotel.co.za>
> Cc: "Thoriso Monare" <thoriso.monare@transnet.net>, "Thabiso Mhlanga" <thabiso@hnmattorneys.co.za>, "Karen Ferreira Transnet Freight Rail JHB" <Karen.Ferreira@transnet.net>, "Jack Matthews" <Jack.Matthews@gartner.co.za>, "Loyiso Mnqandi Transnet Corporate JHB" <Loyiso.Mnqandi@transnet.net>, "Francois Van Der Merwe" <Francois.VanDerMerwe@neotel.co.za>, "Abid Qadiri" <Abid.Qadiri@neotel.co.za>, "Ndiphiwe Silinga Transnet Corporate JHB" <Ndiphiwe.Silinga@transnet.net>
> Subject: Transnet Network MSA Final 05-12-2014
> Date: Fri, Dec 5, 2014 7:36 PM
>
> Dear Clara,
>
> Transnet does not accept Neotel's proposed changes.
>
> Kind regards,
> <3D75DA77-AA3B-4828-9762-8875C3847062[287].png>
>
> ---
>
> **From:** Clara Motlana <Clara.Motlana@neotel.co.za>
> **Date:** Friday 05 December 2014 at 6:08 PM

To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>
Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, Ndiphiwe Silinga Transnet Corporate JHB <Ndiphiwe.Silinga@transnet.net>
Subject: RE: Transnet Network MSA Final 05-12-2014

Dear Base,

It is my instruction that the following clauses should be read as follows:

25.4 "It is recorded that as part of the Transition Services, the Parties have agreed in good faith to conclude a sale of asset agreement by 31 January 2015, but under no circumstances later than 28 February 2015 for the sale of fixed assets owned by the Service Provider and used exclusively to provide Services to Transnet and physically held within Transnet premises subject to certain mutually agreed exclusions for an amount of R200 000 000.00 (two hundred million rand) excluding VAT. Transnet may also procure customer premises equipment leased from the Service Provider at a cost equal to the value of all outstanding payments due for the lease residual period."

46.9 Use of Transnet Facilities

46.9.1 Transnet shall, where possible make the necessary office space, storage space, office equipment and assets installed or operated on Transnet premises (the "Transnet Facilities") available to the Service Provider for performing the Services at all Transnet Sites and/or for the placement of Service Provider Equipment, (or Transnet Owned Equipment and Transnet Leased Equipment, as the case may be), required by the Service Provider in providing the Services throughout the Term, subject to the availability of such Transnet Facilities.

46.9.2 The Parties agree that no rental shall be payable by the Service Provider to Transnet or its Affiliates in respect of the Transnet Facilities where the Service Provider is using the Transnet Facilities to provide the Services exclusively to Transnet. Such Transnet Facilities as at the Effective Date are listed in Attachment E1.

46.9.3 Where the Service Provider is occupying Transnet Facilities not for the exclusive use of providing the Services (in a multi-tenanted environment), the Service Provider will be liable for market related rental for use of such Transnet Facilities. The list of the Transnet Facilities not exclusively used for the provision

of the Services is contained in Attachment E2. In this instance where the Transnet Facilities is occupied by either Transnet or another service provider, the market related rent payable by the Service Provider shall be pro-rated accordingly.

46.9.4 The Parties agree to enter into lease agreements by no later than 3 (three) months from Effective Date, or the date of occupation of such Transnet Facilities in the event that such occupation takes place after the stipulated period of 3 (three) months from Effective Date, to set out terms and conditions of the use of Transnet Facilities by the Service Provider with respect to Attachments E1 and E2 for the duration of the Term, as determined in accordance with clause 46.9.5. In the event that the Parties fail to conclude such lease agreements within the time stipulated above, Neotel shall remain liable to pay market related rental to Transnet for the Transnet Facilities in Attachment E2 from the Effective Dateas determined in accordance with clause 46.9.5 and Transnet shall not be entitled to prevent the Service Provider from gaining access to the Transnet Facilities in question. In terms of clause 46.9.2 above, no rental is payable for Transnet Facilities in Attachment E1 irrespective of the conclusion of lease agreements for Transnet Facilities in Attachment E1.

46.9.5 For the purposes of this clause 46.9, the market related rental payable for the Transnet Facilities listed in Attachment E2 shall be determined ~~having regard to, inter alia~~as follows:

46.9.5.1 in the event that the Service Provider and Transnet have an existing agreement regarding the rental payable for the Transnet Facilities in question, the market related rate shall be the value of the agreed rental amount plus CPI;

46.9.5.2~~1~~in the event that the Service Provider and Transnet do not have an existing agreement regarding the rental payable for the Transnet Facilities in question,the market related rate shall the amount that would be paid for rental of similar property in the same condition and in the same area. If the Parties are not able to agree on the value of such rental, the market related rate shall be the determined by an estate agent or estate agents agreed on by the Parties or, should the Parties fail to agree on an arbitrator within 10 (ten) days after such determination has been demanded, the estate agent shall be nominated by the Estate Agency Affairs Board of South Africa ; and

46.9.5.3~~2~~ calculated as a percentage of the portion of the Transnet Facility being utilized by Neotel in relation the total extent of such Transnet Facility.

Please note that the reasons have already been provided in my email of 4:35pm. We are of the opinion these are reasonable amendments.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 05:57 PM
To: Clara Motlana; Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri; Ndiphiwe Silinga Transnet Corporate JHB
Subject: Re: Transnet Network MSA Final 05-12-2014
Importance: High

Dear Clara,

Firstly, we made very minor changes to clause 25.3. You proposed wording, which we largely accepted. It is Transnet's view that it will be impossible to conclude the Sale ofAssets Agreement by 31 January 2015. Thus, Transnet accepted a comprised position to move from its initial position of 31 March 2015 to 28 February 2015. Further, it is my understanding that the cost of the sale of the assets has been agreed at R200 000 000.00 (two hundred million rand) excluding VAT. That is the final cost which the parties have agreed to and amending the clause to no less that R200 000 000.00 does not reflect the true position.

With respect to clause 46.9, this is a new MSA and all the terms shall be re-negotiated, as we have been doing over the past few months. The Parties will decide as when they meet to implement the provisions of clause 46.9 how they wish to proceed regarding Neotel's occupation of Transnet Property.

I have been instructed to advise you that all pre-approvals of the MSA have been done and it is not Transnet's intention to delay the process by amending the MSA and trying to procure the approvals again.

Kind regards,
<image001.png>

From: Clara Motlana <Clara.Motlana@neotel.co.za>
Date: Friday 05 December 2014 at 5:08 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>
Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>, Ndiphiwe Silinga Transnet Corporate JHB

<Ndiphiwe.Silinga@transnet.net>
Subject: RE: Transnet Network MSA Final 05-12-2014

Dear Base,

1. We proposed wording to clauses 20 and 25 earlier today. You then sent us a finalised and ready for signature agreement with further changes to these clauses. Such changes have not been agreed to.
2. With regards to changes to clause 46.9, upon receipt of Attachments E1 and E2 from Transnet, which we have subsequently sent back to Transnet earlier, there were sites listed where rental has already been agreed between the parties, hence the amendments to the clause to address the situation. In addition we merely wanted to create a mechanism to create any future disputes that may arise regarding what "market related" refers to by making reference to an independent estate agent.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 05:01 PM
To: Clara Motlana; Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri; Ndiphiwe Silinga Transnet Corporate JHB
Subject: Re: Transnet Network MSA Final 05-12-2014

Dear Clara,

I have been instructed to advise you that the MSA has been finalised and as such we will not be making further amendments. The only outstanding item on the table is the Financial and Parent Company Guarantee which we are trying to finalise this evening.

Kind regards,
<image001.png>

From: Clara Motlana <Clara.Motlana@neotel.co.za>
Date: Friday 05 December 2014 at 4:35 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>, Martin Lotz Transnet Corporate JHB <Martin.Lotz@transnet.net>, "Macdonald.Maluleke@transnet.net" <Macdonald.Maluleke@transnet.net>, Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>, Yogesh Bhika <Yogesh.Bhika@neotel.co.za>

Cc: Thoriso Monare <thoriso.monare@transnet.net>, Thabiso Mhlanga <thabiso@hnmattorneys.co.za>, Karen Ferreira Transnet Freight Rail JHB <Karen.Ferreira@transnet.net>, Jack Matthews <Jack.Matthews@gartner.co.za>, Loyiso Mnqandi Transnet Corporate JHB <Loyiso.Mnqandi@transnet.net>, Francois Van Der Merwe <Francois.VanDerMerwe@neotel.co.za>, Abid Qadiri <Abid.Qadiri@neotel.co.za>
Subject: RE: Transnet Network MSA Final 05-12-2014

Hi Base,

1. We note the changes you have effected to clause 20.1.4 and we accept same.

2. We would like to revise clause 25.4 as follows:

   "It is recorded that as part of the Transition Services, the Parties have agreed in good faith to conclude a sale of asset agreement by 31 January 2015, but under circumstances later than 28 February 2015 for the sale of fixed assets owned by the Service Provider and used exclusively to provide Services to Transnet and physically held within Transnet premises subject to certain mutually agreed exclusions for an amount of R200 000 000.00 (two hundred million rand) excluding VAT. Transnet may also procure customer premises equipment leased from the Service Provider at a cost equal to the value of all outstanding payments due for the lease residual period."

3. The following has been suggested by our facilities team, to close the loop in the event that 1. the parties can't agree on market related rates and 2. in the circumstances where there is currently an agreed rate:

46.9 Use of Transnet Facilities

46.9.1 Transnet shall, where possible make the necessary office space, storage space, office equipment and assets installed or operated on Transnet premises (the "Transnet Facilities") available to the Service Provider for performing the Services at all Transnet Sites and/or for the placement of Service Provider Equipment, (or Transnet Owned Equipment and Transnet Leased Equipment, as the case may be), required by the Service Provider in providing the Services throughout the Term, subject to the availability of such Transnet Facilities.

46.9.2 The Parties agree that no rental shall be payable by the Service Provider to Transnet or its Affiliates in respect of the Transnet Facilities where the Service Provider is using the Transnet Facilities to provide the Services exclusively to Transnet. Such Transnet Facilities as at the Effective Date are listed in Attachment E1.

46.9.3 Where the Service Provider is occupying Transnet Facilities not for the exclusive use of providing the Services (in a multi-tenanted environment), the Service Provider will be liable for

market related rental for use of such Transnet Facilities. The list of the Transnet Facilities not exclusively used for the provision of the Services is contained in Attachment E2. In this instance where the Transnet Facilities is occupied by either Transnet or another service provider, the market related rent payable by the Service Provider shall be pro-rated accordingly.

46.9.4 The Parties agree to enter into lease agreements by no later than 3 (three) months from Effective Date, or the date of occupation of such Transnet Facilities in the event that such occupation takes place after the stipulated period of 3 (three) months from Effective Date, to set out terms and conditions of the use of Transnet Facilities by the Service Provider with respect to Attachments E1 and E2 for the duration of the Term, as determined in accordance with clause 46.9.5. In the event that the Parties fail to conclude such lease agreements within the time stipulated above, Neotel shall remain liable to pay market related rental to Transnet for the Transnet Facilities in Attachment E2 from the Effective Dateas determined in accordance with clause 46.9.5 and Transnet shall not be entitled to prevent the Service Provider from gaining access to the Transnet Facilities in question. In terms of clause 46.9.2 above, no rental is payable for Transnet Facilities in Attachment E1 irrespective of the conclusion of lease agreements for Transnet Facilities in Attachment E1.

46.9.5 For the purposes of this clause 46.9, the market related rental payable for the Transnet Facilities listed in Attachment E2 shall be determined ~~having regard to, inter alia~~as follows:

46.9.5.1 in the event that the Service Provider and Transnet have an existing agreement regarding the rental payable for the Transnet Facilities in question, the market related rate shall be the value of the agreed rental amount plus CPI;

46.9.5.2~~1~~in the event that the Service Provider and Transnet do not have an existing agreement regarding the rental payable for the Transnet Facilities in question,the market related rate shall the amount that would be paid for rental of similar property in the same condition and in the same area. If the Parties are not able to agree on the value of such rental, the market related rate shall be the determined by an estate agent or estate agents agreed on by the Parties or, should the Parties fail to agree on an arbitrator within 10 (ten) days after such determination has been demanded, the estate agent shall be nominated by the Estate Agency Affairs Board of South Africa ; and

46.9.5.3~~2~~ calculated as a percentage of the portion of the Transnet Facility being utilized by Neotel in relation the total extent of such Transnet Facility.

Regards,

Clara

From: Basetsana Molebatsi [mailto:basetsana@hnmattorneys.co.za]
Sent: 05 December 2014 02:20 PM
To: Martin Lotz Transnet Corporate JHB; Macdonald.Maluleke@transnet.net; Gerrie van_der_Westhuizen Transnet Corporate JHB; Yogesh Bhika; Clara Motlana
Cc: Thoriso Monare; Thabiso Mhlanga; Karen Ferreira Transnet Freight Rail JHB; Jack Matthews; Loyiso Mnqandi Transnet Corporate JHB; Francois Van Der Merwe; Abid Qadiri
Subject: Transnet Network MSA Final 05-12-2014
Importance: High

Dear All,

Please find attached hereto the final MSA ready for execution.

Kind regards,
<image001.png>

From: Suzanne ODonnell <suzanne@hnmattorneys.co.za>
Date: Friday 05 December 2014 at 2:16 PM
To: Basetsana Molebatsi <basetsana@hnmattorneys.co.za>
Subject: Transnet Network MSA Final 05-12-2014

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distribution or reproduction of this message is strictly prohibited. If this e-mail is received in error, please delete immediately from your system along with any of its attachments.

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ANNEXURE U

File | Meeting | Tell me what you want to do...

Delete | Respond | Meeting Notes | Calendar | Move | Rules | Mark Unread | Categorize | Follow Up | Translate | Find | Related | Select | Zoom

Delete | Respond | Meeting Notes | Calendar | Move | Tags | Editing | Zoom

Tue 2014/12/09 14:32

Arianna Behnam <Arianna.B@neotel.co.za>

FW: Meeting Transnet/Neotel - Messrs Anoj Singh & Sunil Joshi

Required Arianna Behnam; Gerrie van_der_Westhuizen Transnet Corporate JHB

As the meeting organizer, you do not need to respond to the meeting.

When Thursday, 11 December 2014 10:00-11:30 **Location** Slow Lounge - Meeting Room Name - 'Corner of 5th' - Radisson Gautrain Corner Rivonia & West

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE V1

Neotel

New Business Consultancy Agreement

Between

Neotel (Pty) Ltd

a company duly registered under the company laws of the Republic of South Africa having registration number 2004/004619/07, and having its principle place of business at 44 Old Pretoria Main Road, Midrand, Gauteng.

("Neotel")

And

Homix (Pty) Ltd

a company duly registered under the company laws of the Republic of South Africa having registration number 2012/176951/07 and having its principle place of business at 192 Springbok Street, Wierda Park, Pretoria, Gauteng.

("Consultant")

WHEREAS

a. Neotel provides the Neotel Services.

b. Neotel requires the assistance of the Consultant with certain activities that will lead to the conclusion of business transactions with various organizations countrywide.

c. Neotel and the Consultant wish to record the terms and conditions which will govern the relationship between the Parties.

WHEREBY THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1. In this Agreement -

1.1.1. clause headings are for convenience and are not to be used in its interpretation.

1.1.2. The words "include" and "including" mean "include without limitation" and "including without limitation". The use of the words "include" and "including" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it.

APPROVED AS TO FORM
FOR SIGNATURE
NEOTEL LEGAL DEPARTMENT
By:
Signature:
Date: 17/07/2015

Neotel

1.1.3. Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

1.1.4. Any substantive provision, notwithstanding that it is only a definition in this Agreement, conferring rights or imposing obligations on a Party, shall be given effect to as if it were a substantive provision in the body of this Agreement.

1.1.5. Unless the context indicates a contrary intention an expression which denotes -

1.1.5.1. any gender includes the other genders;

1.1.5.2. a natural person includes a juristic person and vice versa; and

1.1.5.3. the singular includes the plural and vice versa.

1.2. In this Agreement the following expressions bear the meanings assigned to them below and cognate expressions bear corresponding meanings -

1.2.1. **"Affiliate"** means, with respect to either Party, any other entity which is a subsidiary or a holding company of such Party. In regard to this definition the terms "subsidiary" and "holding company" shall have the meaning assigned thereto in Section 1 of the Companies Act No. 71 of 2008, but shall include any foreign entity which, had it been registered in terms of that Act, would fall within the ambit of such term;

1.2.2. **"Agreement"** means this New Business Consultancy Agreement and the Annexes and Schedules, if applicable, hereto;

1.2.3. **"Business Day"** means any day other than Saturday, Sunday or a public holiday officially recognized as such in the Republic of South Africa;

1.2.4. **"Commencement Date"** means 12 December 2014, notwithstanding the date that this Agreement is signed by the Party signing last in time;

1.2.5. **"Consultancy Services"** means the consultancy services to be rendered by the Consultant for the Project as set out in clause 4 of this Agreement; and

1.2.6. **"Customer"** means the entity set out in clause 4 of this Agreement;

1.2.7. **"Fee"** means the amounts referred to in clause 6;

1.2.8. **"Intellectual Property Rights"** means and includes:

1.2.8.1. rights in and in relation to any invention (whether or not patented), patent, design, trade mark(whether or not registered), trade or business name (including all goodwill associated with any trade mark, or any trade or business name), copyright, database, domain name, circuit topography design, and/or utility model, and including the benefit of all registrations or applications to register and the right to apply for registration of any of the foregoing items and all rights in the nature of any of the foregoing items, each for their full term (including any extensions or renewals thereof) and wherever in the world enforceable; and

1.2.8.2. all other intellectual property rights and forms of protection of a similar nature or having equivalent or similar effect and which may subsist anywhere in the world;

1.2.9. **"Neotel Services"** means those services provided by Neotel to various customers in the course of ordinary business as may be developed, supplemented, enhanced, modified, replaced or discontinued in Neotel's sole discretion from time to time;

Neotel

1.2.10. **"Order"** means an order, duly completed and signed by a Customer, in respect of the Neotel Services, which is attached to a valid services agreement (entered into between Neotel and the Customer) which references the applicable Project;

1.2.11. **"Parties"** means collectively, the parties to the Agreement, as are defined on page 1 of this Agreement; and "Party" shall mean either one of them; and

1.2.12. **"Project"** means as defined in clause 4, in respect of which Neotel requires the Consultant to provide the Consultancy Services.

2. ENGAGEMENT FOR SERVICES

2.1. Neotel may, in its sole discretion, engage the Consultant, on a non-exclusive basis, to provide Consultancy Services for Projects described in this Agreement.

2.2. Notwithstanding the completion of any Schedule, Neotel shall, at all times, be entitled either itself or through other consultants (and/or agents) to solicit Orders from customers (including potential Customers) for Neotel Services.

2.3. The Consultant shall perform the Consultancy Services itself and shall not be entitled to appoint sub-consultants to provide the Consultancy Services.

2.4. Neotel reserves the right to modify or discontinue all or any portion of the Neotel Services at any time upon 90 (ninety) days written notice to the Consultant, without Neotel incurring any liability to the Consultant.

2.5. Apart from the terms and conditions of this agreement, Neotel shall not be liable for a Fee in relation to any Project unless a Schedule has been executed. The Fee shall be specific to a Project and related Customer identified in a Schedule. Any work undertaken by the Consultant which is not set forth in an executed Schedule shall be at the Consultant's risk and cost.

3. DURATION

3.1. This Agreement shall come into effect on the Commencement Date and shall remain in force until terminated in accordance with the terms hereof.

3.2. Either Party may terminate this Agreement on 60 (sixty) days written notice to the other Party without the obligation to formulate or furnish written reasons to the other Party. In the event that there is a signed Schedule for a Project at the time of the termination notice and an Order is not received by Neotel during the sixty (60) day notice period, neither party shall have any further obligations to the other Party in relation to such Project.

3.3. Neotel shall be obliged to comply with all payment obligations in relation to Fees in accordance with clauses 6 and 7 for fulfilment of the Consultancy Services by the Consultant.

4. CONSULTANCY SERVICES

4.1. The Consultant undertakes to facilitate the successful conclusion of the Asset Sale referred to in the Master Services Agreement concluded between Neotel and Transnet SOC Limited (Transnet).

4.2 For the purposes of this Agreement:

a. "CUSTOMER" means: Transnet SOC Limited;

b. "PROJECT" means: the successful conclusion and signature of the asset sale forming part of the MSA concluded between Neotel and Transnet SOC Limited.

Neotel

c. "NEOTEL REPRESENTATIVE" means Francois van der Merwe

5. WARRANTIES REGARDING THE PERFORMANCE OF SERVICES

5.1. Throughout the period of the Agreement, the Consultant warrants that it will:

5.1.1. work in a manner that will reflect favourably on and promote the good name and reputation of Neotel and observe the highest standards of integrity and fair dealing with the public and not do anything which will adversely affect Neotel;

5.1.2. not make any false or misleading misrepresentations or engage in any unauthorised or illegal (under any applicable law) acts;

5.1.3. adhere to applicable laws and obtain such permissions and approvals necessary for it to undertake the Consultancy Services; and

5.1.4. not sign or execute documents, nor make any representation or warranty relating to the Neotel Services.

5.2. The Consultant shall be solely responsible for all expenses incurred by it in connection with this Agreement, including staff costs, office and travelling expenses.

5.3. In carrying out the Consultancy Services under this Agreement, the Consultant will liaise with the representative of Neotel (the "Neotel Representative").

5.4. Subject to the terms of this Agreement, Neotel will, in its sole discretion, grant the Consultant access to various aspects of Neotel's business which Neotel believes to be necessary for the Consultant to carry out the Consultancy Services.

5.5. The Consultant warrants that, at all times, in undertaking the Consultancy Services under this Agreement, it shall

5.5.1. diligently provide the Consultancy Services, to the best of its skills, ability, knowledge and expertise and shall at all times conduct itself with integrity with regard to or in connection with the Consultancy Services and any matter or thing in connection with this Agreement.

5.5.2. comply with the instructions of the Neotel Representative;

5.5.3. conduct itself in a manner that is not illegal or fraudulent; and

5.5.4. comply with Neotel's governance and compliance requirements, included but not limited to US Sarbanes-Oxley Act of 2002 and King III as Neotel may request from time to time and agrees to provide its full co-operation and assistance (including with disclosing all relevant information and data) to Neotel in any related audit exercise which Neotel may undertake.

5.6. The Consultant indemnifies and holds Neotel harmless from any and all losses arising from, or in connection with any claim or action arising from the Consultant's failure to comply with the terms of this clause 0.

6. FEES

6.1. For satisfactory performance of the Consultancy Services in accordance with the terms and conditions of the Agreement, Neotel shall pay to the Consultant the Fees as follows:

6.1.1. For the successful implementation and finalization of an operational agreement relating to the future maintenance, insurance and operating of the Assets bought by Transnet for Neotel, a full and final once of fee of R25 000 000.00 (Twenty Five Million

Neotel

Rand), payable 30 days after signature of the Operational Agreement between Neotel and Transnet SOC Limited currently anticipated for 18 March 2015 or any other later date agreed by the Neotel and Transnet SOC Limited;

6.1.2. The Fees contemplated in 6.1 above are excluding VAT.

6.2. The work is to be carried out on a pure risk basis and the Consultant shall not bill for any time and material nor any out of pocket expenses.

6.3. Notably, the Fees referred to above in this clause 6 is success fee commission payable because of the assistance and expertise provided by Consultant enabling Neotel to successfully close the Project which Project is currently agreed to be lost business as confirmed by both Neotel and Transnet SOC Limited.

6.4. For the avoidance of any doubt whatsoever, satisfactory performance of the Consultancy Services shall be evidenced by the following:

6.4.1. Successful conclusion and signature of an agreement giving effect to the sale of assets as contemplated in the Master Services Agreement concluded between Neotel and Transnet SOC on or before 19 December 2014, and

6.4.2. Confirmation and agreement of related asset sale and the conclusion of an operational agreement in this regard by no later than 18 March 2015.

6.5. Notwithstanding the remaining provisions of this Agreement, the Consultant shall only become entitled to a Fee upon payment by Transnet SOC Limited to Neotel of the upfront payments agreed to in the Master Services Agreement.

7. PAYMENT OF FEES

7.1. The Consultant will invoice Neotel for Consultancy Services rendered on completion of the above set out in clauses 6.

7.2. Specifically payment for the asset sale contemplated in clause 6 above shall be made 30 days after the Operational Agreement between Neotel and Transnet SOC Limited has been signed by both parties – currently anticipated for 18 March 2015 but which may be extended by agreement of both Neotel and Transnet SOC Limited, in which event, the payment date for fees due to Consultant will be extended by 30 days accordingly.

7.3. Payment to the Consultant of the Fee shall constitute the entire and sole liability of Neotel for performance under this Agreement. The Consultant shall not be entitled to any additional fee or other compensation for any Neotel business facilitated through the services of the Consultant unless expressly agreed in writing to the contrary. Neotel shall not be liable for any expenses or costs incurred incidental to performance of this Agreement.

8. INDEPENDENT OPERATIVE

8.1. For the avoidance of doubt, it is expressly agreed and declared that, in performing the Consultancy Services, the Consultant is an independent operative and not a legal representative, franchisee, servant, an employee or agent of Neotel. The Parties warrant and acknowledge that the relationship between them is not in the nature of a partnership or franchise relationship and that neither Party is in any manner entitled to make or enter into binding agreements of any nature on behalf of the other Party. Save as specifically herein contemplated –

8.2. the Consultant shall have no authority to assume any obligation of any kind on behalf of Neotel or to bind or commit Neotel in any way.

Neotel

8.3. It is specifically recorded that-

8.3.1. the Consultant has an existing, established business of its own, which business is entirely associated with the Consultant's own brand, trade marks and advertising; and

8.3.2. the Consultant currently or will in the future, sells, markets, promotes and distributes the products and services of other parties, which products and services will be associated with the brand names and trade marks of such parties, and are in no way linked to Neotel.

8.4. The Parties agree that Neotel –

8.4.1. has not charged, nor has it been paid any consideration or fee to enter into this Agreement with the Consultant, and will not receive any such consideration or fee for the sale/promotion of its Serviced by the Consultant; and

8.4.2. is not by this Agreement or at all, granting the Consultant the right to carry on a business or extending the right to carry on the Neotel business to the Consultant.

8.5. The Consultant shall have no authority or power to enter into any agreement or incur obligations on Neotel's behalf or commit Neotel in any way and the Consultant shall not hold itself out as having any such power or authority.

9. AVAILABILITY

Owing to the nature of the Consultancy Services, the Consultant agrees to be available to Neotel for performance of the Consultancy Services during all reasonable working hours as and when requested by Neotel provided that sufficient notice is given to the Consultant. The Consultant undertakes to notify Neotel of its availability or non-availability, as the case may be, for any meeting within 5 (five) Business Days of receiving written notification thereof.

10. STATUTORY OBLIGATIONS

10.1. Without prejudice to its other obligations or responsibilities, the Consultant warrants that the Consultancy Services provided under this Agreement shall be executed in all respects in accordance with all relevant requirements of any statute, statutory rule or order or other instrument having the force of law, all rules or instructions relating to safety, all rules, principles, codes of conduct and ethics, standards and customs applicable to persons undertaking the activities of an independent sales consultant, as the case may be, and all reasonable requirements of Neotel.

10.2. The Consultant hereby undertakes that, in the provision of the Consultancy Services, and in all of its engagements with Customers or prospective customers, it will (to the extent relevant) comply with the provisions of the Consumer Protection Act 68 of 2008 and any Regulations imposed thereunder, and further indemnifies Neotel against any claims or damages arising out of the Consultant's failure to comply with this clause 10.2.

11. CONFIDENTIAL INFORMATION

11.1. "Confidential Information" means that information disclosed to or obtained by the Consultant which relates to Neotel and/or its Affiliates products, services, data, staff, agreements to which the disclosing Party is a party, affairs or methods of doing business (including member records, trade secrets and information of commercial value such as the identity of existing or prospective customers and/or Customers) or any research or development matters or activities. It shall also mean all items prepared for or submitted to Neotel in connection with work performed under this Agreement.

Neotel

11.2. The Consultant acknowledges that the Confidential Information is proprietary to Neotel.

11.3. The Consultant agrees to hold all such Confidential Information in trust and confidence for Neotel and not to use such Confidential Information other than for the benefit of Neotel. Except as may be authorised by Neotel in writing, the Consultant agrees -

11.3.1. not to utilise, employ, exploit or in any other manner whatsoever use the Confidential Information for any purpose whatsoever; or

11.3.2. not to disclose any such Confidential Information by publication or otherwise for any reason or purpose whatsoever; and

11.3.3. to restrict the dissemination of the Confidential Information to only those of its staff who are actively involved in activities for which use of Confidential Information is authorised and then only on a "need to know" basis and the Consultant shall initiate, maintain and monitor internal security procedures reasonably acceptable to Neotel to prevent unauthorised disclosure by its staff.

11.4. The Consultant shall procure that its staff who have access to the Confidential Information agree in writing to be bound by and to comply with the provisions of this clause 11.

11.5. Upon termination or expiration of this Agreement, the Consultant shall return to Neotel all materials and items including but not limited to papers, documents, tapes or other media which contain any such Confidential Information. In the event of loss of any item containing such Confidential Information, the Consultant shall promptly notify Neotel of such loss in writing. The Consultant shall keep all materials and items containing Confidential Information safe and secure at all times until such materials and items are returned to Neotel. Furthermore, the Consultant shall disclose such material under this Agreement only to those persons of Neotel whom Neotel has identified to the Consultant as an authorised recipient of such material and items.

12. TERMINATION

12.1. Termination for cause

Without prejudice to any rights and remedies that may have accrued, either Party may terminate this Agreement with immediate effect upon written notice if the other Party:

12.1.1. ceases to trade (either in whole, or as to any part involved in the performance of this Agreement);

12.1.2. becomes insolvent, has a receiver, administrative receiver, administrator or manager appointed of the whole or any part of its assets or business; or

12.1.3. makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt, is unable to pay its debts under any applicable law relating to bankruptcy or the relief of debtors.

12.2. Breach

12.2.1. Either Party shall be entitled to terminate this Agreement in the event of the other Party committing a material breach of any of the terms of the Agreement and failing to remedy such breach within a period of 14 (fourteen) days after receipt of written notice drawing its attention to the breach and demanding that it be remedied.

12.2.2. For the purposes of clause 12.2.1, failure to comply with the terms of clause 0 and the occurrence of any of the events listed in clause ~~Error! Reference source not found.~~ shall constitute a material breach of this Agreement.

12.1

Neotel

13. DISPUTE RESOLUTION

13.1. In the event of any dispute arising between the Parties under this Agreement, the Parties will act in good faith to attempt to settle the dispute through discussions between their respective senior representatives within 30 (thirty) days of a either Party giving the other Party notice of the issue in dispute.

13.2. Any dispute which cannot be resolved by the Parties within the 30 (thirty) day period, as provided in this clause 12, shall on written demand by either Party to the dispute be submitted to arbitration at the Arbitration Foundation of Southern Africa ("AFSA"). The arbitrations shall be held at Johannesburg, in the English language by a single arbitrator appointed by the AFSA, in accordance with the AFSA Rules. The decision of the arbitrator shall be binding on the Parties after the expiry of the period of 20 (twenty) days from the date of the arbitrator's ruling if no appeal has been lodged by any Party or upon the issue of determination by the appeal panel, as the case may be. Any appeal shall also be dealt with in accordance with the AFSA rules, by a panel of 3 (three) arbitrators appointed by AFSA. A decision, which becomes final and binding in terms of this clause 13.2, may be made an order of court at the instance of either Party.

13.3. Notwithstanding the provisions of this clause 12, either Party shall have the right to seek interim relief from any court of competent jurisdiction.

14. LIMITATION OF LIABILITY

Save for a breach of any warranties contained in this Agreement

14.1. neither Party shall be liable to the other Party, its employees, agents or sub-contractors or any third party for any consequential, indirect, punitive, special or incidental loss or damage howsoever arising which shall include but shall not be limited to loss of property or loss of profit, business, goodwill, revenue or anticipated savings or any costs, claims or demands of whatsoever nature and howsoever arising, whether out of breach of express or implied warranty, breach of contract, misrepresentation, negligence, strict liability, in delict or otherwise, whether asserted against that Party by any third party and whether based on or in relation to this Agreement, any Services performed or undertaken under or in connection with this Agreement, the rendering or non-rendering of the Services, their withdrawal or suspension, or otherwise; and

14.2. without in any way limiting or derogating from the above provisions, the Parties agree that the total amount of Neotel's liability arising out of the performance of its obligations under and in terms of this Agreement and whether in contract, delict, breach of statutory duty or otherwise, shall be limited to the total amount to be paid to the Consultant under this Agreement, in a 12 (twelve) month period.

15. BREACH

15.1. In the event that either Party defaults in the performance of any of its duties or obligations under this Agreement and does not cure such default within 7 (seven) business days after being given written notice of such default, then the Party not in default may terminate this Agreement forthwith by giving written notice to the defaulting Party to this effect.

15.2. The Consultant indemnifies and holds harmless Neotel against all costs and expenses that Neotel may incur as a result of the Consultant's failure to comply with the terms of this Agreement.

Neotel

16. INTELLECTUAL PROPERTY RIGHTS

16.1. Neotel retains all right, title and interest in and to the Neotel Intellectual Property Rights. As of the Commencement Date, the Consultant is granted a non-exclusive license for the continued duration of this Agreement to perform any lawful act in respect of the Neotel Intellectual Property Rights for the sole purpose of providing the Consultancy Services to Neotel pursuant to this Agreement. The Consultant shall not be permitted to use the Neotel Intellectual Property Rights for the benefit of any entities other than Neotel without the written consent of Neotel, which may be withheld at Neotel's sole discretion. The Consultant shall cease all use of the Neotel Intellectual Property Rights as of the termination or expiration date of this Agreement, or the date of completion of the Consultancy Services, whichever is the earlier.

16.2. Nothing contained in this Agreement shall be construed to confer or be deemed to confer on either party the Intellectual Property Rights of the other Party.

16.3. The Consultant indemnifies Neotel against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees and expenses, arising out of any claims of infringement of any (i) Neotel Intellectual Property Rights; and/or (ii) patent, trade secret, copyright, trademark, service mark, trade name or similar proprietary right of any third party, which claim arises directly or indirectly out of the infringement by the Consultant of the Intellectual Property Rights of Neotel.

17. ADVERTISING AND MARKETING:

17.1. The Consultant shall not make or issue any formal or informal announcement, advertisement or statement to the press in connection with the Agreement or otherwise disclose the existence of the Agreement or the subject matter thereof to any other person without the prior written consent of Neotel.

17.2. Neotel shall be entitled, in its sole discretion, to make or issue any formal or informal announcement, advertisement or statement to the press in connection with the Agreement and to disclose the existence of the Agreement or the subject matter thereof to any other person.

18. CESSION AND ASSIGNMENT

18.1. Subject to clause 18.2, no rights, duties or liabilities under this Agreement may be ceded, assigned, transferred, conveyed or otherwise disposed of by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

18.2. Notwithstanding the provisions of clause 18.1, Neotel is entitled to cede, transfer and make over its right, title and interest in and to any and all debts and receivables due and/or payable to Neotel under this Agreement, both future and present arising under this Agreement, as security or otherwise. The Consultant hereby recognises and consents to such cession and/or transfer (including any splitting of claims that may arise) and agrees that the prohibitions of clause 18.1 shall not apply to any such cession and/or transfer.

19. GENERAL

19.1. Save where expressly provided for in writing and signed by Neotel and the Consultant, this Agreement embodies and sets forth the entire agreement and understanding of the parties and supersedes all prior oral and written agreements, understandings or arrangements relating to the subject matter of this Agreement. No Party shall be entitled to rely on any agreement, understanding, arrangement, promise, term, condition or obligation, oral or written, expressed or implied other than those expressly set forth in this Agreement.

Neotel

19.2. This Agreement shall not be amended, modified, varied or supplemented except in writing signed by Neotel and the Consultant.

19.3. No failure or delay on the part of either Party hereto, to exercise any right or remedy under this Agreement shall be construed as or operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, as the case may be.

19.4. Neither Party shall assign or charge their respective rights hereunder or purport to do the same nor transfer, make over or subcontract or purport to transfer, make over or subcontract the performance of their respective obligations hereunder or any part thereof without the prior consent in writing of the other.

19.5. If any provision of this Agreement is declared invalid by any court or tribunal of competent jurisdiction, then such provisions shall be deemed automatically adjusted to conform to the requirements of validity as declared at such time and, as so adjusted, shall be deemed a provision of this Agreement as though originally included herein. In the event that the provision invalidated is of such a nature that it cannot be adjusted, the provision shall be deemed deleted from this Agreement as though the provision has never been included herein. In either case, the remaining provisions of this Agreement shall remain in effect.

19.6. Any notices to be given by either Party to the other in terms of this Agreement shall be sent to the addresses on the cover page of this Agreement, which the parties choose as their domicilium citandi et executandi.

19.7. Either Party shall be entitled to change its address upon written notice to the other Party to be effective 10 days after posting of same.

19.8. Any notice required to be given hereunder shall be in writing and shall be given by delivering the same by hand at or by sending the same prepaid first class recorded delivery post or other fast postal or courier service. Any such notice given as aforesaid shall be deemed to have been given or received at the time of delivery (if delivered by hand or courier) or when signed for (if sent by post). In providing the fact of dispatch by post it shall be sufficient to show that the envelope containing the notice was properly addressed, stamped and posted, and delivery recorded by the recipient's signature.

19.9. Clause headings are inserted for ease of reference and shall be ignored in interpreting or construing this Agreement.

19.10. The rule of construction that a contract shall be interpreted against the Party responsible for the drafting or preparation of the contract shall not apply.

19.11. This Agreement shall be governed and construed in accordance with the laws of South Africa and the parties hereto hereby submit to the jurisdiction of the South African courts.

19.12. The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination, or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

Neotel

SIGNED at Midrand on 19th Feb 2015.

For and on behalf of

NEOTEL (PROPRIETARY) LIMITED

SUNIL JOSHI

Name of Signatory

MD & CEO

Designation of Signatory

SIGNED at _____ on _____ 2015.

For and on behalf of

HOMIX (PROPRIETARY) LIMITED

TAUFIQUE HASWARE

Name of Signatory

CFO

Designation of Signatory

HOMIX (Pty) Ltd
Reg 2012/178031/07 VAT 4630263159
102 Springbok St Wierda Park Centurion
PO Box 21369 Valhalla 0173
Fax +27 12 654 0193
Tel +27 12 651 0163
www.homix.co.za
HOMIX
APPLYING THOUGHT

HOMIX (PTY) LTD
REG NO.: 2012/176951/07
192 SPRINKBOK STREET, WEIRDA PARK, PRETORIA
P.O BOX 21369, VALHALLA, 0173
TEL: +27 12 654 0183
FAX: +27 12 654 0188
www.homix.co.za

HOMIX
APPLYING THOUGHT

TAX INVOICE

VAT No.:4880263159

INVOICE TO:

NEOTEL (PTY) LTD
NEO VATE PARK
44 OLD PRETORIA MAIN ROAD
MIDRAND
1685

VAT NO:4800224455

DATE: 2/01/2015
INVOICE NO: 378
ORDER NO: TN-SOC
PROJECT: MSA
CONTACT:
ACC. NO: NE001

QTY	DESCRIPTION	UNIT PRICE	TOTAL
	For- Master Servisss Agreement Successful Conclusion		
	Success Fee	R 36 000 000,00	R 36 000 000,00
		SUB TOTAL	R 36 000 000,00
	Payment 7 Days from Invoice	VAT	R 5 040 000,00
		TOTAL	R 41 040 000,00

ACCOUNT DETAILS:

BANK:	STANDARD BANK
ACCOUNT NAME:	HOMIX (PTY) LTD
ACCOUNT TYPE:	CURRENT ACCOUNT
ACCOUNT NUMBER:	011863897
BRANCH NAME:	VAN DER WALT STREET
BRANCH CODE:	10145

ANNEXURE V2

COMMISSION OF INQUIRY INTO STATE CAPTURE

Neotel

New Business Consultancy Agreement

Between

Neotel (Pty) Ltd

a company duly registered under the company laws of the Republic of South Africa having registration number 2004/004619/07, and having its principle place of business at 44 Old Pretoria Main Road, Midrand, Gauteng.

("Neotel")

And

Homix (Pty) Ltd

a company duly registered under the company laws of the Republic of South Africa having registration number 2012/176951/07 and having its principle place of business at 192 Springbok Street, Wierda Park, Pretoria, Gauteng.

("Consultant")

WHEREAS

a. Neotel provides the Neotel Services.

b. Neotel requires the assistance of the Consultant with certain activities that will lead to the conclusion of business transactions with various organizations countrywide.

c. Neotel and the Consultant wish to record the terms and conditions which will govern the relationship between the Parties.

WHEREBY THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1. In this Agreement -

1.1.1. clause headings are for convenience and are not to be used in its interpretation.

1.1.2. The words "include" and "including" mean "include without limitation" and "including without limitation". The use of the words "include" and "including" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it.

APPROVED AS TO FORM FOR SIGNATURE
NEOTEL LEGAL DEPARTMENT
By: T. Cohen
Signature:
Date: 17/02/2015

1.1.3. Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

1.1.4. Any substantive provision, notwithstanding that it is only a definition in this Agreement, conferring rights or imposing obligations on a Party, shall be given effect to as if it were a substantive provision in the body of this Agreement.

1.1.5. Unless the context indicates a contrary intention an expression which denotes -

1.1.5.1. any gender includes the other genders;

1.1.5.2. a natural person includes a juristic person and vice versa; and

1.1.5.3. the singular includes the plural and vice versa.

1.2. In this Agreement the following expressions bear the meanings assigned to them below and cognate expressions bear corresponding meanings -

1.2.1. **"Affiliate"** means, with respect to either Party, any other entity which is a subsidiary or a holding company of such Party. In regard to this definition the terms "subsidiary" and "holding company" shall have the meaning assigned thereto in Section 1 of the Companies Act No. 71 of 2008, but shall include any foreign entity which, had it been registered in terms of that Act, would fall within the ambit of such term;

1.2.2. **"Agreement"** means this New Business Consultancy Agreement and the Annexes and Schedules, if applicable, hereto;

1.2.3. **"Business Day"** means any day other than Saturday, Sunday or a public holiday officially recognized as such in the Republic of South Africa;

1.2.4. **"Commencement Date"** means 12 December 2014, notwithstanding the date that this Agreement is signed by the Party signing last in time;

1.2.5. **"Consultancy Services"** means the consultancy services to be rendered by the Consultant for the Project as set out in clause 4 of this Agreement; and

1.2.6. **"Customer"** means the entity set out in clause 4 of this Agreement;

1.2.7. **"Fee"** means the amounts referred to in clause 6;

1.2.8. **"Intellectual Property Rights"** means and includes:

1.2.8.1. rights in and in relation to any invention (whether or not patented), patent, design, trade mark(whether or not registered), trade or business name (including all goodwill associated with any trade mark, or any trade or business name), copyright, database, domain name, circuit topography design, and/or utility model, and including the benefit of all registrations or applications to register and the right to apply for registration of any of the foregoing items and all rights in the nature of any of the foregoing items, each for their full term (including any extensions or renewals thereof) and wherever in the world enforceable; and

1.2.8.2. all other intellectual property rights and forms of protection of a similar nature or having equivalent or similar effect and which may subsist anywhere in the world;

1.2.9. **"List Price"** means the standard published price offered by Neotel to its customers, as may by amended at the sole discretion of Neotel from time to time;

1.2.10. **"Neotel Services"** means those services provided by Neotel to various customers in the course of ordinary business as may be developed, supplemented, enhanced, modified, replaced or discontinued in Neotel's sole discretion from time to time;

1.2.11. **"Order"** means an order, duly completed and signed by a Customer, in respect of the Neotel Services, which is attached to a valid services agreement (entered into between Neotel and the Customer) which references the applicable Project;

1.2.12. **"Parties"** means collectively, the parties to the Agreement, as are defined on page 1 of this Agreement; and "Party" shall mean either one of them; and

1.2.13. **"Project"** means as defined in clause 4, in respect of which Neotel requires the Consultant to provide the Consultancy Services.

2. ENGAGEMENT FOR SERVICES

2.1. Neotel may, in its sole discretion, engage the Consultant, on a non-exclusive basis, to provide Consultancy Services for Projects described in this Agreement.

2.2. Notwithstanding the completion of any Schedule, Neotel shall, at all times, be entitled either itself or through other consultants (and/or agents) to solicit Orders from customers (including potential Customers) for Neotel Services.

2.3. The Consultant shall perform the Consultancy Services itself and shall not be entitled to appoint sub-consultants to provide the Consultancy Services.

2.4. Neotel reserves the right to modify or discontinue all or any portion of the Neotel Services at any time upon 90 (ninety) days written notice to the Consultant, without Neotel incurring any liability to the Consultant.

2.5. Apart from the terms and conditions of this agreement, Neotel shall not be liable for a Fee in relation to any Project unless a Schedule has been executed. The Fee shall be specific to a Project and related Customer identified in a Schedule. Any work undertaken by the Consultant which is not set forth in an executed Schedule shall be at the Consultant's risk and cost.

3. DURATION

3.1. This Agreement shall come into effect on the Commencement Date and shall remain in force until terminated in accordance with the terms hereof.

3.2. Either Party may terminate this Agreement on 60 (sixty) days written notice to the other Party without the obligation to formulate or furnish written reasons to the other Party. In the event that there is a signed Schedule for a Project at the time of the termination notice and an Order is not received by Neotel during the sixty (60) day notice period, neither party shall have any further obligations to the other Party in relation to such Project.

3.3. Neotel shall be obliged to comply with all payment obligations in relation to Fees in accordance with clauses 6 and 7 for all Orders obtained by the Consultant prior to the effective date of termination.

4. CONSULTANCY SERVICES

The Consultant agrees to undertake to analyse the requirements of both Neotel and Transnet SOC to find a workable solution to the impasse in negotiations between Neotel and Transnet SOC in regard to their Master Services Agreement.

4.2 For the purposes of this Agreement:

a. "CUSTOMER" means: Transnet SOC Limited;

b. "PROJECT" means: the successful conclusion and signature of the asset sale forming part of the MSA concluded between Neotel and Transnet SOC Limited.

c. "NEOTEL REPRESENTATIVE" means Francois van der Merwe

5. WARRANTIES REGARDING THE PERFORMANCE OF SERVICES

5.1. Throughout the period of the Agreement, the Consultant warrants that it will:

5.1.1. work in a manner that will reflect favourably on and promote the good name and reputation of Neotel and observe the highest standards of integrity and fair dealing with the public and not do anything which will adversely affect Neotel;

5.1.2. not make any false or misleading misrepresentations or engage in any unauthorised or illegal (under any applicable law) acts;

5.1.3. adhere to applicable laws and obtain such permissions and approvals necessary for it to undertake the Consultancy Services; and

5.1.4. not sign or execute documents, nor make any representation or warranty relating to the Neotel Services.

5.2. The Consultant shall be solely responsible for all expenses incurred by it in connection with this Agreement, including staff costs, office and travelling expenses.

5.3. In carrying out the Consultancy Services under this Agreement, the Consultant will liaise with the representative of Neotel or with an alternate designated by him (the "Neotel Representative").

5.4. Subject to the terms of this Agreement, Neotel will, in its sole discretion, grant the Consultant access to various aspects of Neotel's business which Neotel believes to be necessary for the Consultant to carry out the Consultancy Services.

5.5. The Consultant warrants that, at all times, in undertaking the Consultancy Services under this Agreement, it shall

5.5.1. diligently provide the Consultancy Services, to the best of its skills, ability, knowledge and expertise and shall at all times conduct itself with integrity with regard to or in connection with the Consultancy Services and any matter or thing in connection with this Agreement.

5.5.2. comply with the instructions of the Neotel Representative;

5.5.3. conduct itself in a manner that is not illegal or fraudulent; and

5.5.4. comply with Neotel's governance and compliance requirements, included but not limited to US Sarbanes-Oxley Act of 2002 and King III as Neotel may request from time to time and agrees to provide its full co-operation and assistance (including with disclosing all relevant information and data) to Neotel in any related audit exercise which Neotel may undertake.

5.6. The Consultant indemnifies and holds Neotel harmless from any and all losses arising from, or in connection with any claim or action arising from the Consultant's failure to comply with the terms of this clause a.

Neotel

6. FEES

6.1. For satisfactory performance of the Consultancy Services in accordance with the terms and conditions of the Agreement, Neotel shall pay to the Consultant the Fees as follows:

6.1.1. For the successful conclusion and signature of the Master Services Agreement, a Fee of 2% of the value of the contract (currently at R1.8 Billion);

6.1.2. The Fees contemplated in 6.1 above are excluding VAT.

6.2. The work is to be carried out on a pure risk basis and Consultant shall not bill for any time and material nor any out of pocket expenses.

6.3. *Notably, the Fees referred to above in clause 6 is success fee commission payable because of the assistance and expertise provided by Consultant enabling Neotel to successfully close the Master Services Agreement currently agreed to be lost business as confirmed by both Neotel and Transnet SOC Limited. For the avoidance of any doubt whatsoever, satisfactory performance of the Consultancy Services shall be evidenced by the successful conclusion and signature of a Master Services Agreement between Neotel and Transnet SOC.*

6.4. Notwithstanding the remaining provisions of this Agreement, the Consultant shall only become entitled to a Fee upon payment by Transnet SOC Limited to Neotel of the upfront payments agreed to in the Master Services Agreement.

7. PAYMENT OF FEES

7.1. The Consultant will invoice Neotel for Consultancy Services rendered on completion of the above set out in clauses 6.

7.2. For the avoidance of doubt, all amounts due and payable under this Agreement will be paid in respect of the Master Services Agreement, after signature of the Master Services Agreement and after mobilization fee has been received by Neotel from Transnet SOC Limited.

7.3. Payment to the Consultant of the Fee shall constitute the entire and sole liability of Neotel for performance under this Agreement. The Consultant shall not be entitled to any additional fee or other compensation for any Neotel business facilitated through the services of the Consultant unless expressly agreed in writing to the contrary. Neotel shall not be liable for any expenses or costs incurred incidental to performance of this Agreement.

8. INDEPENDENT OPERATIVE

8.1. For the avoidance of doubt, it is expressly agreed and declared that, in performing the Consultancy Services, the Consultant is an independent operative and not a legal representative, franchisee, servant, an employee or agent of Neotel. The Parties warrant and acknowledge that the relationship between them is not in the nature of a partnership or franchise relationship and that neither Party is in any manner entitled to make or enter into binding agreements of any nature on behalf of the other Party. Save as specifically herein contemplated –

8.2. the Consultant shall have no authority to assume any obligation of any kind on behalf of Neotel or to bind or commit Neotel in any way.

8.3. It is specifically recorded that-

8.3.1. the Consultant has an existing, established business of its own, which business is entirely associated with the Consultant's own brand, trade marks and advertising; and

8.3.2. the Consultant currently or will in the future, sells, markets, promotes and distributes the products and services of other parties, which products and services will be

associated with the brand names and trade marks of such parties, and are in no way linked to Neotel.

8.4. The Parties agree that Neotel –

8.4.1. has not charged, nor has it been paid any consideration or fee to enter into this Agreement with the Consultant, and will not receive any such consideration or fee for the sale/promotion of its Serviced by the Consultant; and

8.4.2. is not by this Agreement or at all, granting the Consultant the right to carry on a business or extending the right to carry on the Neotel business to the Consultant.

8.5. The Consultant shall have no authority or power to enter into any agreement or incur obligations on Neotel's behalf or commit Neotel in any way and the Consultant shall not hold itself out as having any such power or authority.

9. AVAILABILITY

Owing to the nature of the Consultancy Services, the Consultant agrees to be available to Neotel for performance of the Consultancy Services during all reasonable working hours as and when requested by Neotel provided that sufficient notice is given to the Consultant. The Consultant undertakes to notify Neotel of its availability or non-availability, as the case may be, for any meeting within 5 (five) Business Days of receiving written notification thereof.

10. STATUTORY OBLIGATIONS

10.1. Without prejudice to its other obligations or responsibilities, the Consultant warrants that the Consultancy Services provided under this Agreement shall be executed in all respects in accordance with all relevant requirements of any statute, statutory rule or order or other instrument having the force of law, all rules or instructions relating to safety, all rules, principles, codes of conduct and ethics, standards and customs applicable to persons undertaking the activities of an independent sales consultant, as the case may be, and all reasonable requirements of Neotel.

10.2. The Consultant hereby undertakes that, in the provision of the Consultancy Services, and in all of its engagements with Customers or prospective customers, it will (to the extent relevant) comply with the provisions of the Consumer Protection Act 68 of 2008 and any Regulations imposed thereunder, and further indemnifies Neotel against any claims or damages arising out of the Consultant's failure to comply with this clause 10.2.

11. CONFIDENTIAL INFORMATION

11.1. "Confidential Information" means that information disclosed to or obtained by the Consultant which relates to Neotel and/or its Affiliates products, services, data, staff, agreements to which the disclosing Party is a party, affairs or methods of doing business (including member records, trade secrets and information of commercial value such as the identity of existing or prospective customers and/or Customers) or any research or development matters or activities. It shall also mean all items prepared for or submitted to Neotel in connection with work performed under this Agreement.

11.2. The Consultant acknowledges that the Confidential Information is proprietary to Neotel.

11.3. The Consultant agrees to hold all such Confidential Information in trust and confidence for Neotel and not to use such Confidential Information other than for the benefit of Neotel. Except as may be authorised by Neotel in writing, the Consultant agrees -

11.3.1. not to utilise, employ, exploit or in any other manner whatsoever use the Confidential Information for any purpose whatsoever; or

11.3.2. not to disclose any such Confidential Information by publication or otherwise for any reason or purpose whatsoever; and

11.3.3. to restrict the dissemination of the Confidential Information to only those of its staff who are actively involved in activities for which use of Confidential Information is authorised and then only on a "need to know" basis and the Consultant shall initiate, maintain and monitor internal security procedures reasonably acceptable to Neotel to prevent unauthorised disclosure by its staff.

11.4. The Consultant shall procure that its staff who have access to the Confidential Information agree in writing to be bound by and to comply with the provisions of this clause 11.

11.5. Upon termination or expiration of this Agreement, the Consultant shall return to Neotel all materials and items including but not limited to papers, documents, tapes or other media which contain any such Confidential Information. In the event of loss of any item containing such Confidential Information, the Consultant shall promptly notify Neotel of such loss in writing. The Consultant shall keep all materials and items containing Confidential Information safe and secure at all times until such materials and items are returned to Neotel. Furthermore, the Consultant shall disclose such material under this Agreement only to those persons of Neotel whom Neotel has identified to the Consultant as an authorised recipient of such material and items.

12. TERMINATION

12.1. Termination for cause

Without prejudice to any rights and remedies that may have accrued, either Party may terminate this Agreement with immediate effect upon written notice if the other Party:

12.1.1. ceases to trade (either in whole, or as to any part involved in the performance of this Agreement);

12.1.2. becomes insolvent, has a receiver, administrative receiver, administrator or manager appointed of the whole or any part of its assets or business; or

12.1.3. makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt, is unable to pay its debts under any applicable law relating to bankruptcy or the relief of debtors.

12.2. Breach

12.2.1. Either Party shall be entitled to terminate this Agreement in the event of the other Party committing a material breach of any of the terms of the Agreement and failing to remedy such breach within a period of 14 (fourteen) days after receipt of written notice drawing its attention to the breach and demanding that it be remedied.

12.2.2. For the purposes of clause 12.2.1, failure to comply with the terms of clause a and the occurrence of any of the events listed in clause ~~Error! Reference source not found.~~ shall constitute a material breach of this Agreement.

13. DISPUTE RESOLUTION

13.1. In the event of any dispute arising between the Parties under this Agreement, the Parties will act in good faith to attempt to settle the dispute through discussions between their respective senior representatives within 30 (thirty) days of a either Party giving the other Party notice of the issue in dispute.

13.2. Any dispute which cannot be resolved by the Parties within the 30 (thirty) day period, as provided in this clause 12, shall on written demand by either Party to the dispute be submitted to arbitration at the Arbitration Foundation of Southern Africa ("AFSA"). The arbitrations shall be held at Johannesburg, in the English language by a single arbitrator appointed by the AFSA, in accordance with the AFSA Rules. The decision of the arbitrator shall be binding on the Parties after the expiry of the period of 20 (twenty) days from the date of the arbitrator's ruling if no appeal has been lodged by any Party or upon the issue of determination by the appeal panel, as the case may be. Any appeal shall also be dealt with in accordance with the AFSA rules, by a panel of 3 (three) arbitrators appointed by AFSA. A decision, which becomes final and binding in terms of this clause 13.2, may be made an order of court at the instance of either Party.

13.3. Notwithstanding the provisions of this clause 12, either Party shall have the right to seek interim relief from any court of competent jurisdiction.

14. LIMITATION OF LIABILITY

Save for a breach of any warranties contained in this Agreement

14.1. neither Party shall be liable to the other Party, its employees, agents or sub-contractors or any third party for any consequential, indirect, punitive, special or incidental loss or damage howsoever arising which shall include but shall not be limited to loss of property or loss of profit, business, goodwill, revenue or anticipated savings or any costs, claims or demands of whatsoever nature and howsoever arising, whether out of breach of express or implied warranty, breach of contract, misrepresentation, negligence, strict liability, in delict or otherwise, whether asserted against that Party by any third party and whether based on or in relation to this Agreement, any Services performed or undertaken under or in connection with this Agreement, the rendering or non-rendering of the Services, their withdrawal or suspension, or otherwise; and

14.2. without in any way limiting or derogating from the above provisions, the Parties agree that the total amount of Neotel's liability arising out of the performance of its obligations under and in terms of this Agreement and whether in contract, delict, breach of statutory duty or otherwise, shall be limited to the total amount to be paid to the Consultant under this Agreement, in a 12 (twelve) month period.

15. BREACH

15.1. In the event that either Party defaults in the performance of any of its duties or obligations under this Agreement and does not cure such default within 7 (seven) business days after being given written notice of such default, then the Party not in default may terminate this Agreement forthwith by giving written notice to the defaulting Party to this effect.

15.2. The Consultant indemnifies and holds harmless Neotel against all costs and expenses that Neotel may incur as a result of the Consultant's failure to comply with the terms of this Agreement.

16. INTELLECTUAL PROPERTY RIGHTS

16.1. Neotel retains all right, title and interest in and to the Neotel Intellectual Property Rights. As of the Commencement Date, the Consultant is granted a non-exclusive license for the continued duration of this Agreement to perform any lawful act in respect of the Neotel Intellectual Property Rights for the sole purpose of providing the Consultancy Services to Neotel pursuant to this Agreement. The Consultant shall not be permitted to use the Neotel Intellectual Property Rights for the benefit of any entities other than Neotel without the written consent of

Neotel, which may be withheld at Neotel's sole discretion. The Consultant shall cease all use of the Neotel Intellectual Property Rights as of the termination or expiration date of this Agreement, or the date of completion of the Consultancy Services, whichever is the earlier.

16.2. Nothing contained in this Agreement shall be construed to confer or be deemed to confer on either party the Intellectual Property Rights of the other Party.

16.3. The Consultant indemnifies Neotel against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees and expenses, arising out of any claims of infringement of any (i) Neotel Intellectual Property Rights; and/or (ii) patent, trade secret, copyright, trademark, service mark, trade name or similar proprietary right of any third party, which claim arises directly or indirectly out of the infringement by the Consultant of the Intellectual Property Rights of Neotel.

17. ADVERTISING AND MARKETING:

17.1. The Consultant shall not make or issue any formal or informal announcement, advertisement or statement to the press in connection with the Agreement or otherwise disclose the existence of the Agreement or the subject matter thereof to any other person without the prior written consent of Neotel.

17.2. Neotel shall be entitled, in its sole discretion, to make or issue any formal or informal announcement, advertisement or statement to the press in connection with the Agreement and to disclose the existence of the Agreement or the subject matter thereof to any other person.

18. CESSION AND ASSIGNMENT

18.1. Subject to clause 18.2, no rights, duties or liabilities under this Agreement may be ceded, assigned, transferred, conveyed or otherwise disposed of by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

18.2. Notwithstanding the provisions of clause 18.1, Neotel is entitled to cede, transfer and make over its right, title and interest in and to any and all debts and receivables due and/or payable to Neotel under this Agreement, both future and present arising under this Agreement, as security or otherwise. The Consultant hereby recognises and consents to such cession and/or transfer (including any splitting of claims that may arise) and agrees that the prohibitions of clause 18.1 shall not apply to any such cession and/or transfer.

19. GENERAL

19.1. Save where expressly provided for in writing and signed by Neotel and the Consultant, this Agreement embodies and sets forth the entire agreement and understanding of the parties and supersedes all prior oral and written agreements, understandings or arrangements relating to the subject matter of this Agreement. No Party shall be entitled to rely on any agreement, understanding, arrangement, promise, term, condition or obligation, oral or written, expressed or implied other than those expressly set forth in this Agreement.

19.2. This Agreement shall not be amended, modified, varied or supplemented except in writing signed by Neotel and the Consultant.

19.3. No failure or delay on the part of either Party hereto, to exercise any right or remedy under this Agreement shall be construed as or operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, as the case may be.

19.4. Neither Party shall assign or charge their respective rights hereunder or purport to do the same nor transfer, make over or subcontract or purport to transfer, make over or subcontract

the performance of their respective obligations hereunder or any part thereof without the prior consent in writing of the other.

19.5. If any provision of this Agreement is declared invalid by any court or tribunal of competent jurisdiction, then such provisions shall be deemed automatically adjusted to conform to the requirements of validity as declared at such time and, as so adjusted, shall be deemed a provision of this Agreement as though originally included herein. In the event that the provision invalidated is of such a nature that it cannot be adjusted, the provision shall be deemed deleted from this Agreement as though the provision has never been included herein. In either case, the remaining provisions of this Agreement shall remain in effect.

19.6. Any notices to be given by either Party to the other in terms of this Agreement shall be sent to the addresses on the cover page of this Agreement, which the parties choose as their domicilium citandi et executandi.

19.7. Either Party shall be entitled to change its address upon written notice to the other Party to be effective 10 days after posting of same.

19.8. Any notice required to be given hereunder shall be in writing and shall be given by delivering the same by hand at or by sending the same prepaid first class recorded delivery post or other fast postal or courier service. Any such notice given as aforesaid shall be deemed to have been given or received at the time of delivery (if delivered by hand or courier) or when signed for (if sent by post). In providing the fact of dispatch by post it shall be sufficient to show that the envelope containing the notice was properly addressed, stamped and posted, and delivery recorded by the recipient's signature.

19.9. Clause headings are inserted for ease of reference and shall be ignored in interpreting or construing this Agreement.

19.10. The rule of construction that a contract shall be interpreted against the Party responsible for the drafting or preparation of the contract shall not apply.

19.11. This Agreement shall be governed and construed in accordance with the laws of South Africa and the parties hereto hereby submit to the jurisdiction of the South African courts.

19.12. The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination, or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Neotel

SIGNED at Midrand on 19th Feb 2015.

For and on behalf of

NEOTEL (PROPRIETARY) LIMITED

SUNIL JOSHI

Name of Signatory

MD & CEO

Designation of Signatory

SIGNED at _____ on _____ 2015.

For and on behalf of

HOMIX (PROPRIETARY) LIMITED

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Reg 2012/176951/07 VAT 4630263159
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HOMIX
APPLYING THOUGHT

TAUFIQUE HASWARE KHAN

Name of Signatory

C.F.O.

Designation of Signatory

ANNEXURE V3

HOMIX

APPLYING THOUGHT

12 December 2014

Mr Sunil Joshi
MD & CEO
Neotel (Pty) Ltd
44 Old Pretoria Main Road
Midrand, Gauteng
South Africa
Ph: +27-11-5850013

Dear Sir

This letter serves to confirm today's engagement with Neotel pertaining to their Master Services Agreement and the related Asset Sale negotiation with Transnet SOC. The talks have reached an impasse and Neotel wishes to engage the services of Homix to analyse both entities requirements to find a workable solution.

The work is to be carried out on a Pure Risk basis and Homix shall not bill for any time and material nor any out of pocket expense.

If successful, Neotel shall pay Homix:

1. For the Asset Sale a Full and Final once of fee of R25 000 000.00 (Twenty Five Million Rand), payable 30 days after signature.
2. For the Master Services Agreement A Fee of 2% of the value of the contract (Currently at R1.8 Billion)
3. These Fees are excluding VAT

These Fees are Success Fee Commissions payable because of the assistance and expertise provided by Homix enabling Neotel to close these two deals that are currently agreed to be lost business as confirmed by both Neotel and Transnet.

Please concur the above together with the success-fee structure, where the latter shall become binding on Neotel.

Yours Sincerely

Mr Khan

INTELLECTUAL PROPERTY & HUMAN RESOURCE CONSULTANTS

HOMIX (PTY) LTD
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P O BOX 21369, VALHALLA, 0173

DIRECTORS: T S HASWARE & Y A S BHIKHU

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE W1

Maria M.A. Etsebeth

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Thursday, 20 February 2014 10:34
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: FW: Procurement of CISCO equipment

Importance: High

Response to Gerrie comments included below:

Kind Regards

TRANSNET

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020 0834476744
011-3081260 Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Jack Matthews [mailto:Jack.Matthews@gartner.co.za]
Sent: 19 February 2014 01:18 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: FW: Procurement of CISCO equipment
Importance: High

Hi Gerrie,

The Transnet intent makes sense as;

1. You state that the equipment is "end of life", whch does start to pose a risk.
2. The current contract precludes Transnet from purchasing from other suppliers.
3. We will get a like for like discount from TSSA for the replacement of this equipment, which they in all probability would have requested in order to meet SLA and if Transnet did not "replace" then they would potentially ask for service excuse.

The concern that Gartner has;

1. Whilst 58% sounds good, given that both Neotel and Cisco have their financial year ends, we feel that there is "further discount available to Transnet".....65% sounds like a nice round number. Transnet has pushed back on the R315 million and the maximum value will be R300 which gives Transnet a better deal and includes a 10% Supplied Development commitment so we believe the price is fair;

2. What is Neotel charging for the project to replace this equipment or does that form part of the R315 cost? – No, this cost will be agreed with T-Systems as they will install the kit and the price will be reduced on a like to like basis from the latest RFP pricing.
3. What is the discount in transition that TSSA will give for not having to perform this task (is the TSSA Transition discount comparable to the Neotel rollout cost)? – See above, no discount as TSSA will be installing the equipment.
4. Will Neotel/Cisco guarantee to meet the available timelines prior to contract expiry – This will be negotiated with Cisco / T-Systems as after the equipment is procured, but we believe the time is adequate to install the equipment as this should only take a maximum of 4 months.
5. What penalties structures will be put in place should they miss the deadlines – Will include penalties in the negotiations.
6. Can we obtain a letter from TSSA confirming their acceptance of the equipment and that they confirm that it will enable them to meet contracted SLAs, prior to awarding to Neotel should Transnet opt to purchase the equipment – I have requested this from T-Systems, - Email dated 20/02/2014 to Shaheen Vawda from T-Systems.

Hope this helps.

Kind Regards

Jack Matthews

Gartner Africa

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Gartne

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From: Gerrie van_der_Westhuizen Transnet Corporate JHB [mailto:Gerrie.van_der_westhuizen@transnet.net]
Sent: 19 February 2014 10:48
To: Jack Matthews
Subject: Procurement of CISCO equipment

Hi Jack,

Our recent discussion regarding the replacement of CISCO equipment in all the campuses refers.

I have drafted a proposed memorandum to the Transnet GCFO to approve the proposed procurement of these switches.

Please can you have a look at the attached memo and let me know what your thoughts are and being intricately involved in the process if you would recommend this from a Gartner perspective?

Thank you in advance.

Kind Regards

TRANSNET

Gerrie van der Westhuizen
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ANNEXURE W2

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F +27 11 308 1269

TRANSNET

www.transnet.net

MEMORANDUM

To : Anoj Singh, Group Chief Financial Officer

From : Gerrie van der Westhuizen, Executive Manager: Office of the Head: EIMS

Date : 21 February 2014

Subject: **REQUEST FOR APPROVAL TO PROCURE CISCO EQUIPMENT TO A MAXIMUM VALUE OF R305 MILLION**

PURPOSE:

The purpose of this submission is:

1. To request the Group Chief Financial Officer to approve the procurement of unbudgeted Cisco equipment from Neotel to a maximum value of R305 million.

BACKGROUND:

2. During 2008 Transnet sold off its non-core assets including its network division (Transtel) to Neotel (Pty) Ltd as part of an open tender process. Majority of Transnet's network assets were included with the sale of Transtel.

3. This sale agreement was linked to a Master Services Agreement (MSA) signed between Transnet and Neotel which expired on the 31st March 2013, this was subsequently extended by the Transnet GCE to the 31st October 2014.

DISCUSSION:

4. Transnet recently awarded the network RFP to T-Systems (Pty) Ltd for a period of three (3) years with an option to extend for a further two (2) years, at Transnet's discretion.

5. The fact that a different service provider has been chosen to the current incumbent, and will be providing the future network services to Transnet, will result in a transition of network services, which could expose the Transnet business to risk.

6. The T-Systems RFP proposal reply catered for the replacement of all the switches and routers in the Transnet "Campuses". A Transnet "Campus" is described as a port or yard where connectivity is required to multiple users or systems.

7. Transnet EIMS is recommending that we procure these assets (all Cisco switches and routers in the campuses) as soon as possible due to the following reasons:
   - Neotel is unable to commit to the sale or lease of the current assets to Transnet as this is in direct conflict with their business operating principles. In addition, these assets are reaching the end of useful life and the software support has expired on a number of these assets; (Annexure A)
   - A network transition will not be possible unless these switches are replaced;
   - T-Systems would have replaced the assets as part of their network transition proposal and have confirmed that the proposed assets being acquired meet their technical requirements and that the proposed T-Systems pricing will be adjusted taking this purchase into account; (Annexure B)
   - To provide an independent view, Transnet approached Gartner for an opinion. They support the proposed procurement of the assets and the timing thereof due to the fact that this mitigates the transition risk; (Annexure C)
   - The ownership of these assets will reduce the dependency on any network service provider in the future and will ensure easier future transitions for Transnet;
   - Both Neotel and Cisco have financial year ends approaching and are eager to make their respective company targets which makes it an opportune time for Transnet to negotiate favourable pricing for the replacement of these switches. Cisco has informally indicated that they will give Transnet a minimum 58% discount off list price if the order is placed on or before Friday the 21st February 2014.
   - Representatives from Transnet, T-Systems, Neotel and Cisco met on the 17th February 2014 to discuss the network transition plans, and Cisco indicated that the lead time to order these assets could be up to two (2) months. It is further estimated that the service provider will need four (4) months to install these switches. It is crucial that these switches are procured and installed prior to the expiration date of the current Neotel MSA and subsequent extensions, which current expiration date is the 31st October 2014, in order to minimise the business risk of network unavailability to the Transnet business.
   - We believe that the transaction will assist the relationship between T-Systems and Neotel as the equipment will be installed by T-Systems with assistance from Neotel which should reduce the transition risk as both parties are committed to the Transnet transition.

OTHER CONSIDERATIONS:

PROCUREMENT

8. The following clauses extracted from the ruling Master Services Agreement signed between Transnet and Neotel are relevant as it relates to the procurement of equipment:

9. Master Services Agreement (MSA)

Clause 2.2 Introduction - "Transnet wishes to appoint the Service Provider as the sole supplier of the Specified Services to Transnet upon the terms and subject to the conditions set forth in this Agreement, with effect from the Commencement Date and the Service Provider accepts such appointment"

Clause 3.2 Appointment - "Subject always to the provisions of clause 23 below, the Service Provider shall be the sole provider of the Services for the duration of this Agreement during which period Transnet shall not appoint any other party(ies) to provide the Specified Services."

10. Schedules to the MSA

Schedule 1: Voice and data SLA, service description, pricing and service levels;

Exhibit 2: Network Service Level Agreement;

Clause 3.2.1.3 Acquisition & Management states the following:

"The acquisition and management process includes the purchase of all networking equipment, including new equipment, upgrades to existing equipment, or purchases resulting from a service or repair request. It also includes the execution of purchase orders, provides quotations, deals with goods handling."

11. The above extracts from the ruling MSA in place between Transnet and Neotel not only indicates that network equipment can be bought through Neotel, but also that the equipment must be bought exclusively from Neotel.

COMPATABILITY, WARRANTY, MAINTENANCE AND COMPETITIVE PRODUCTS

12. The current Transnet documented standard is to procure and deploy CISCO network equipment only - the reason for this is that although technically possible, the introduction of another brand of network equipment e.g. Huawei introduces unnecessary complexities into an already highly complex network environment.

13. The introduction of another network brand onto the network will significantly increase the transition complexity and duration and would expose the Transnet business to an increased risk of network unavailability which could have catastrophic consequences to Transnet. It would also likely have a cost impact too (which cannot be quantified at this early stage).

14. Another brand such as Huawei would also require the additional development of commensurate skills and experience in managing the equipment appropriately so as to meet the required service levels to Transnet. The management platform would also not

be compatible between the two brands further increasing the complexity and cost to manage the services.

15. Included in the quotation is a twelve (12) month Smartnet contract, which is a 8 x 5 x 4 replacement guarantee. This Smartnet contract is transferable to another service provider at Transnet's request. T-Systems have indicated that they propose entering into a Partner Self Service agreement thereafter.

FINANCIAL AND BUDGET IMPLICATIONS:

16. The total cost for the procurement of the Cisco equipment will be a maximum of R305 million. The net effect of this transaction should be insignificant, as T-Systems will remove the pricing for like for like equipment from their proposed transition cost / monthly recurring cost.

17. The pricing of the equipment is similar to the pricing supplied by Neotel recently, notwithstanding the fact that Neotel has committed to spend a minimum of 10% of the total value of this transaction on Supplier Development.

18. Group EIMS do not have capital budget available for the Cisco equipment as it was not known if a network transition would be required when the budgets were finalised. There is however a Group wide underspending of Capital which could be utilised for the procurement of this equipment.

RECOMMENDATION:

It is recommended that the GCFO:

19. Approves the procurement of unbudgeted Cisco equipment at a maximum value of R305 Million as per the attached quotation from Neotel. (Annexure D)

Compiled by:

Gerrie van der Westhuizen
Office of the Group Executive: EIMS
Date: 21/02/2014

Recommended by:

Yusuf Loonat
Executive Manager: Enterprise Service Delivery
Date: 21/02/2014

Recommended / ~~Not recommended~~ by:

Garry Pita
Group Chief Supply Chain Officer
Date: 21/2/14

Approved/ ~~Not Approved~~ by:

Anoj Singh
Group Chief Financial Officer
Date: 21/02/14.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Thursday 20 February 2014 at 2:37:22 PM South Africa Standard Time

Subject: FW: Buying or leasing of Neotel assets
Date: Thursday 20 February 2014 at 2:36:24 PM South Africa Standard Time
From: Gerrie van_der_Westhuizen Transnet Corporate JHB
To: Basetsana Molebatsi

Kind Regards

TRANSNET

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

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From: Francois Van Der Merwe [mailto:Francois.VanDerMerwe@neotel.co.za]
Sent: 20 February 2014 11:26 AM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Cc: Yusuf Loonat Transnet Corporate JHB
Subject: RE: Buying or leasing of Neotel assets

Hi Gerrie

In response to your email request below please find the official Neotel position .

The assets of Neotel (including the assets used to service Transnet), are subject to a security to the Neotel lenders. We are not at liberty to sell these assets.

Leasing of the Neotel assets is not the current business model of Neotel.

Sincerely

Neotel

Francois van der Merwe | General Manager – Strategic Customers
Neotel (Proprietary) Ltd,

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From: Gerrie van_der_Westhuizen Transnet Corporate JHB [mailto:Gerrie.van_der_westhuizen@transnet.net]
Sent: 18 February 2014 10:30 AM

Gerrie van_der_Westhuizen Transnet Corporate JHB

From: Shaheen Vawda <Shaheen.Vawda@t-systems.co.za>
Sent: 20 February 2014 03:02 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Cc: Martin Vergunst; Len de Goede; Ilana Goddard; Jacques Wilkins; Dean Young
Subject: RE: Cisco equipment
Attachments: Transnet LAN BoM - 20-02-2014.xlsx; Transnet CPE Routers V6 Total_724-Equipment List 20-02-2014.xlsx

Hi Gerrie,
Please see our response below. Also, As per our telephonic conversation, I would like to note Transnet's request to remove all voice cards from the routers (Please reply confirming the same). Unfortunately I cannot amend the BoM now, but TSSA agrees that Transnet can exclude the voice cards in its request to Neotel.

- **That from a technical perspective these switches will work as part of the solution proposed by TSSA in the recent RFP process and this equipment will not have a negative impact on any SLA's;**

  Regarding the LAN switches, T-Systems accepts the BoM as compiled by Neotel as correct, as Neotel is the current incumbent and has the best knowledge and information available regarding the Transnet LAN environment. Discrepancies may arise during rollout, which may add additional costs. From a LAN perspective – this will not impact any LAN SLA based on current knowledge.

  Regarding the WAN routers provided in the BoM by Neotel, T-Systems will be recommending an amendment to meet the design specifications as per our proposal and to ensure that there is no negative impact on the WAN SLA's (attached is the amended BoM, however this does not take into effect discrepancies that may arise as per the assumptions below).

  Assumptions used:

  1. Access link type not finalised – Estimate as to the number of sites which will require copper using X.21 HDLC WIC interface cards(serial) – applicable to WAN
  2. As requested, only 12Months of Cisco Smartnet SNT(8x5x4) hardware maintenance has been included. Additional Cisco support will be priced for the remaining contract period. – applicable to LAN and WAN
  3. Voice components were based on the following assumptions – applicable to WAN:

     1. Small sites(480, Bronze SLA) – Bandwidth of 64K to 960K – No PSTN breakout, SRST or DSP's required as per agreement with Transnet. **Transnet to review and confirm.**
     2. Medium sites(183, Bronze SLA) – Bandwidth of 1024 to 2048K – Voice components to cater for SRST and DSP's for 50 user license
     3. Large sites(61, Gold SLA) – Bandwidth over 2Meg – Voice components to cater for SRST and DSP's for 500 user license and failover.

- **That this is a deviation from what was indicated in the RFP as Transnet will now procure the switches from Neotel (due to the sole provider) commitment and that this is acceptable to T-Systems as this represents a deviation from the original RFP;** Accepted based on point 1 above. T-Systems requests that we meet to reconsider the 3 year period, as the nature of the service and length of transition would not logically support a 3 year term rather a 5 year term.
- **That the equipment is similar to what you proposed in your RFP and that T-Systems will commit to a like for like price reduction as part of the total contract value as submitted as part of the RFP process and subsequent pricing;** Yes the equipment is similar as per point 1. The price book will be amended to remove our RFP BoM, on a per tower basis, that is now included in the Neotel order.

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0834476744
Gerrie.van_der_westhuizen@transnet.net

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE C

Thursday 20 February 2014 at 2:32:59 PM South Africa Standard Time

Subject: FW: Procurement of CISCO equipment
Date: Thursday 20 February 2014 at 10:33:44 AM South Africa Standard Time
From: Gerrie van_der_Westhuizen Transnet Corporate JHB
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Priority: High

Response to Gartner comments included below:

Kind Regards

TRANSNET

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020 0834476744
011-3081260 Gerrie.van_der_westhuizen@transnet.net
www.transnet.net

From: Jack Matthews [mailto:Jack.Matthews@gartner.co.za]
Sent: 19 February 2014 01:18 PM
To: Gerrie van_der_Westhuizen Transnet Corporate JHB
Subject: FW: Procurement of CISCO equipment
Importance: High

Hi Gerrie,

The Transnet intent makes sense as;

1. You state that the equipment is "end of life", whch does start to pose a risk.
2. The current contract precludes Transnet from purchasing from other suppliers.
3. We will get a like for like discount from TSSA for the replacement of this equipment, which they in all probability would have requested in order to meet SLA and if Transnet did not "replace" then they would potentially ask for service excuse.

The concern that Gartner has;

1. Whilst 58% sounds good, given that both Neotel and Cisco have their financial year ends, we feel that there is "further discount available to Transnet".....65% sounds like a nice round number. Transnet has pushed back on the R315 million and the maximum value will be R300 which gives Transnet a better deal and includes a 10% Supplied Development commitment so we believe the price is fair;
2. What is Neotel charging for the project to replace this equipment or does that form part of the R315 cost? – No, this cost will be agreed with T-Systems as they will install the kit and the price will be reduced on a like to like basis from the latest RFP pricing.
3. What is the discount in transition that TSSA will give for not having to perform this task (is the TSSA Transition discount comparable to the Neotel rollout cost)? – See above, no discount as TSSA will be installing the equipment.
4. Will Neotel/Cisco guarantee to meet the available timelines prior to contract expiry – This will be negotiated with Cisco / T-Systems as after the equipment is procured, but we believe the time is

adequate to install the equipment as this should only take a maximum of 4 months.

5. What penalties structures will be put in place should they miss the deadlines – Will include penalties in the negotiations.
6. Can we obtain a letter from TSSA confirming their acceptance of the equipment and that they confirm that it will enable them to meet contracted SLAs, prior to awarding to Neotel should Transnet opt to purchase the equipment – I have requested this from T-Systems, - Email dated 20/02/2014 to Shaheen Vawda from T-Systems.

Hope this helps.

Kind Regards

Jack Matthews

Gartner Africa

Office: +27 (0)21 794 4569
Fax: +27 (0)21 794 3313
Mobile: +27 (0)82 886 8000
Email: jack.matthews@gartner.co.za

Gartner

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From: Gerrie van_der_Westhuizen Transnet Corporate JHB [mailto:Gerrie.van_der_westhuizen@transnet.net]
Sent: 19 February 2014 10:48
To: Jack Matthews
Subject: Procurement of CISCO equipment

Hi Jack,

Our recent discussion regarding the replacement of CISCO equipment in all the campuses refers.

I have drafted a proposed memorandum to the Transnet GCFO to approve the proposed procurement of these switches.

Please can you have a look at the attached memo and let me know what your thoughts are and being intricately involved in the process if you would recommend this from a Gartner perspective?

Thank you in advance.

Kind Regards

Gerrie van der Westhuizen
Executive Manager: Office of the Head EIMS
Transnet Corporate
Transnet SOC Ltd

46th Floor, Carlton Centre, Johannesburg

011-3081020
011-3081260
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Gerrie.van_der_westhuizen@transnet.net

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Neotel

QUOTATION

Transnet

BRS Name :	Transnet SOC	VAT Number:	4500234455
Attention :	Gerrie van der Westhuizen	Regional Office:	Midrand
Client name :	Transnet	Key Account Manager:	Ryan Parbhunath
Address :	Carlton Centre	Created by:	Ryan Parbhunath
QUOTE No :		Contact:	
Contact Person :	Gerrie van der Westhuizen	Date :	18-Feb-14
Telephone. No. :			
Reference. No. :			

We have the pleasure in submitting a quotation as per our understanding of your requirements:

Replacement of Switches "End of Software Support", including EOL Routers.

Item Number	Description	Type	Unit	Unit Price	Qty	Item Recurring Cost (RC)	Monthly Recurring Cost (MRC)
WS-C3560CG-8PC-S	Catalyst 3560C Switch 8 GE PoE 2 x Dual Uplink IP Base			11,630.16	533	6,198,877.48	
CON-SNTE-WSC3560C	SMARTNET 8X5X4 Catalyst 3560C Switch 8 GE PoE 2 x Dual			1,437.31	533	766,083.57	
CAB-ACE	AC Power Cord (Europe) C13 CEE 7 1.5M			0.00	533	0.00	
PWR-CLP	Power Retainer Clip For Cisco 3560-C and 2960-C Compact Swit			0.00	533	0.00	
PI-MSE-PRMO-INGRT	Insert Package - PI-MSE			0.00	533	0.00	
GLC-LH-SMD=	1000BASE-LX/LH SFP transceiver module MMF/SMF 1310nm DOM			6,446.80	1,066	6,872,293.06	
WS-C3850-48F-S	Cisco Catalyst 3850 48 Port Full PoE IP Base			90,706.80	165	14,966,952.00	
CON-SNTE-WSC385FS	SMARTNET 8X5X4 Cisco Catalyst 3850 48 Port Full PoE IP			11,828.63	165	1,951,724.17	
CAB-TA-EU	Europe AC Type A Power Cable			0.00	165	0.00	
C3850-NM-2-10G	Cisco Catalyst 3850 2 x 10GE Network Module			16,196.00	165	2,672,670.00	
S3850UK9-32-0SE	CAT3850 UNIVERSAL			0.00	165	0.00	
STACK-T1-50CM	50CM Type 1 Stacking Cable			0.00	165	0.00	
CAB-SPWR-30CM	Catalyst 3750X Stack Power Cable 30 CM			0.00	165	0.00	
PWR-C1-1100WAC	1100W AC Config 1 Power Supply			0.00	165	0.00	
SFP-10G-LR=	10GBASE-LR SFP Module			25,884.40	330	8,541,853.32	
ME-3600X-24FS-M	ME3600X Ethernet Access Switch 24 GE SFP + 2 10GE SFP+			71,238.80	2	142,477.61	
CON-SNTE-M36X24FS	SMARTNET 8X5X4 ME3600X Ethernet Access Switch 24 GE SFP			12,391.87	2	24,783.74	
RCKMNT-ME3IX-23IN	23inch Rack Mount for ME3600X / ME3800X Switches			485.94	2	971.88	
ME-FANTRAY	ME3600X/ME3800X Fan Tray			0.00	2	0.00	
ME3600X-10G	ME3600X 10GE Upgrade License			19,405.20	2	38,810.41	
CON-SNTE-LME360XG	SMARTNET 8X5X4 ME3600X 10GE Upgrade Lic w/Ele Delivery			1,788.26	2	3,576.52	
S360XVK9T-15204S	Cisco ME 360X SERIES IOS UNIVERSAL TAR			0.00	2	0.00	
PWR-ME3XX-AC	ME3600X/ME3800X AC Power Supply			6,446.80	2	12,893.61	
ME3600X-I	ME3600X Metro IP Access license			0.00	2	0.00	
CON-SNTE-ME3600XI	SMARTNET 8X5X4 ME3600X Metro IP Access license			0.00	2	0.00	
CAB-ACE	AC Power Cord (Europe) C13 CEE 7 1.5M			0.00	2	0.00	
WS-C3850-24PD-S	Cisco Catalyst 3850 24 Port PoE 2x10G Uplink IP Base			42,762.72	685	29,292,463.20	
CON-SNTE-WSC385PDS	SMARTNET 8X5X4 Cisco Catalyst 3850 24 Port PoE 2x10G Up			5,574.41	685	3,818,472.65	
S3850UK9-339SE	CAT3850 Universal k9 image			0.00	685	0.00	
PWR-C2-640WAC	640W AC Config 2 Power Supply			0.00	685	0.00	
CAB-TA-EU	Europe AC Type A Power Cable			0.00	685	0.00	
WS-C4507R+E	Catalyst4500E 7 slot chassis for 48Gbps/slot fan no ps			45,322.00	173	7,840,706.76	
CON-SNTE-C4507R+E	SMARTNET 8X5X4 Catalyst4500E 7 slot chassis for 48Gbps			37,029.31	173	6,404,814.33	
WS-X45-SUP8-E	Catalyst 4500 E-Series Supervisor 8-E			129,551.60	173	22,412,427.56	
WS-X45-SUP8-E/2	Catalyst 4500 E-Series Redundant Supervisor 8-E			129,551.60	173	22,412,427.56	
WS-X4712-SFP+E	Catalyst 4500 E-Series 12-Port 10GbE (SFP+)			174,906.00	173	30,258,738.76	
WS-X4712-SFP+E	Catalyst 4500 E-Series 12-Port 10GbE (SFP+)			174,906.00	173	30,258,738.76	
WS-X4624-SFP-E	Catalyst 4500 E-Series 24-Port GE (SFP)			129,584.00	173	22,418,032.00	
WS-X4624-SFP-E	Catalyst 4500 E-Series 24-Port GE (SFP)			129,584.00	173	22,418,032.00	
S6EU-33-1511XO	CAT4500e SUP8e Universal Image			0.00	173	0.00	
PWR-C45-1400AC	Catalyst 4500 1400W AC Power Supply (Data Only)			9,586.40	173	1,658,747.96	
CAB-AC-2800W-EU	Europe Power Cord			0.00	346	0.00	
PWR-C45-1400AC/2	Catalyst 4500 1400W AC Power Supply Redundant(Data Only)			9,586.40	173	1,658,747.96	
C4500E-IPB	Paper IP Base License			0.00	173	0.00	
GLC-LH-SMD=	1000BASE-LX/LH SFP transceiver module MMF/SMF 1310nm DOM			6,446.80	692	4,461,189.37	
SFP-10G-LR=	10GBASE-LR SFP Module			25,884.40	1 036	26,808,011.35	

CISCO2911/K9	Cisco 2911 w3 GE 4 EHWIC 2 DSP 1 SM 256MB CF 512MB DRAM IPB			17,461.44	695	12,135,703.65	
CON-SNTE-2911	SMARTNET 8X5X4 Cisco 2911 w3 GE4			6,195.95	695	4,306,185.00	
SSLUK9-152-4M	Cisco 2901-2921 IOS UNIVERSAL			0.00	695	0.00	
HWIC-2T	2-Port Serial WAN Interface Card			4,535.44	695	3,152,130.80	
PWR-2911-AC	Cisco 2911 AC Power Supply			0.00	695	0.00	
CAB-ACE	AC Power Cord (Europe) C13 CEE 7 1.5M			0.00	695	0.00	
PI-MSE-PRMO-INSRT	Insert Packout - PI-MSE			0.00	695	0.00	
SL-29-IPB-K9	IP Base License for Cisco 2901-2951			0.00	695	0.00	
HWIC-BLANK	Blank faceplate for HWIC slot on Cisco ISR			0.00	2,085	0.00	
ISR-CCP-EXP	Cisco Config Pro Express on Router Flash			0.00	695	0.00	
MEM-2900-512MB-DEF	512MB DRAM for Cisco 2901-2921 ISR (Default)			0.00	695	0.00	
MEM-CF-256MB	256MB Compact Flash for Cisco 1900 2900 3900 ISR			0.00	695	0.00	
SM-S-BLANK	Removable faceplate for SM slot on Cisco 2900/3900/4400 ISR			0.00	695	0.00	
SFP-10G-LRM=	10GBASE-LRM SFP Module			6,446.50	1,384	8,922,378.74	

SUB TOTAL EXCLUDING VAT	R 302,928,612.61	R 0.00
VAT @ 14%	R 42,409,585.79	R 0.00
TOTAL	R 345,338,198.40	R 0.00

1. This quotation is valid for 30 days
2. Pricing is based on the requirements received from Transnet
3. E&OE – (Errors and Omissions Excluded)
4. Ownership of switches and routers will pass to Transnet after final payment - Refer to Agreement
5. This quotation and its acceptance is subject to the terms of the attached agreement.

Details of person providing quotation :

Name : Ryan Pardhumath
Tel. : 0115851037
Fax : 0115853232
Cell : 0823831423
E-mail : ryan.pardhumath@neotel.co.za
Signature :

Acceptance by Transnet :

Name :
Signature :
Account No. :
Date : 21/02/14
Purchase Order #:
Signature:

STATE CAPTURE INTO

ANNEXURE W3

From: Homix SA <homixsa@gmail.com>
Sent: Friday, 21 February 2014 11:46
To: francois.vandermerwe@neotel.co.za
Subject: Project at Transnet
Attachments: Letter from Homix to Neotel Jan 6, 2014.pdf

Dear Sir, Enclosed please find a copy of the letter which was faxed to you on Jan 6, 2014. We would request you to kindly revert on the proposal outlined in the letter at your earliest convenience. Best Regards, Mr. T. Khan

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE W4

HOMIX PTY LTD
(Regn. No. 2010/001905/07)

January 6, 2014

Neotel Pty Ltd
Johannesburg, South Africa

For the attention of Mr. Francois Van der Merwe

Subject: **Opportunity at Transnet**

Dear Sir,

Following our discussions, we are pleased to confirm that we are in a position to deliver on an opportunity at Transnet that we have been working on for some time.

The opportunity involves replacement of Network Equipment for a value of approximately **R315million** excluding. VAT. The full details of the opportunity will be disclosed to you after we have agreed on the conditions of the deal as listed below.

We are in a position to offer Advisory Services to Neotel for this opportunity and ensure that support from the current Contract holder is obtained to facilitate a direct award of the Contract from Transnet to Neotel.

In lieu of the services so provided to Neotel, and in consideration of the risk factor undertaken by us in the entire project, we would request a success fee to be paid to us to the value of **10% of the Contract value**, excluding VAT, payable to us within 14 (Fourteen) days from the date of award of Contract to Neotel.

Please advise if you are in agreement with our proposal. In the affirmative, please advise if you wish to enter into a separate Agreement pursuant to this letter to enable all stakeholders to have a level of comfort with respect to the deal.

Thanking You and looking forward to hear from you at the earliest,

We remain with the best wishes,

For **HOMIX PTY LTD**

TKhan

Mr. T. Khan

HOMIX PTY LTD
(Regn. No. 2010/001905/07)

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE W5

From: Gerrie van_der_Westhuizen Transnet Corporate JHB <Gerrie.van_der_westhuizen@transnet.net>
Sent: Saturday, 22 February 2014 12:37
To: Anoj Singh Corporate JHB
Subject: Re: Equipment order

It will give T-systems the opportunity to get a better understand of the network if they install the new equipment.

Will also allow t-systems to generate some revenue as they have now lost revenue as a result of the the procurement of the equipment through Neotel which was initially included in the T-systems transition.

G
Sent from my iPhone

> On Feb 22, 2014, at 11:23 AM, "Anoj Singh Corporate JHB" <Anoj.Singh@transnet.net> wrote:
>
> Hi G
>
> Why is installation excluded.
>
> A
>
> Sent from my iPad
>
>> On 21 Feb 2014, at 4:58 PM, "Gerrie van_der_Westhuizen Transnet Corporate JHB" <Gerrie.van_der_westhuizen@transnet.net> wrote:
>>
>> Hi Francois,
>>
>> You latest quote to the value of R302,7 m and recent conversation refers.
>>
>> Please go ahead and order the Cisco equipment as amended by Yusuf Loonat.
>>
>> As discussed I will be expecting the discount agreed with Cisco this morning to be passed on to Transnet.
>>
>> Further, Transnet will be the owners of the equipment and the equipment must include a 12 month Smartnet contract.
>>
>> Lastly the storage cost is included in the quote but it excludes installation cost.
>>
>> Regards,
>> Gerrie
>>
>> Sent from my iPhone
>> [Logo]
>>
>>
>>
>>

>>
>>
>>
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