*STRICTLY CONFIDENTIAL*

**IDC EXECUTIVE MANAGEMENT COMMITTEE (EXCO) MEETING: 12 MARCH 2026**

**PROCUREMENT, INFORMATION TECHNOLOGY AND FINANCIAL MANAGEMENT DEPARTMENTS THROUGH THE PROCUREMENT COMMITTEE**

**SINGLE SOURCE PROCUREMENT: APPOINTMENT OF SYSTEM APPLICATIONS PRODUCTS SOUTH AFRICA T/A SAP SOUTH AFRICA FOR THE PROCUREMENT OF SAP LICENCES**

**FOR APPROVAL**

## 1. PURPOSE

The purpose of this report is to put forward the recommendation as supported by the Procurement Committee (PC), and to request EXCO to approve the appointment of System Applications Products South Africa t/a SAP South Africa, on a single source basis, for SAP licenses as follows:

| Name of Service Provider | Service Offered | Duration | Total Cost (VAT Incl.) |
|---|---|---|---|
| System Applications Products South Africa (Pty) Ltd t/a SAP South Africa | SAP ARIBA (Sourcing, Commerce Automation (electronic invoicing) and Contracts) | Five (5) Years | **R22 666 059 .07** |
| | Annual Support (current SAP licenses) | | **R32 241 484.87** |
| **Total Cost (VAT Incl.)** | | | **R54 907 543.94** |
| Contingency at 10% | | | R5 490 754.39 |
| **Total Estimated Contract Value (VAT Inc)** | | | **R60 398 298.33** |
| **Note: The contingency fee is meant to cover any costs that may occur during the duration of the contract e.g. annual CPI increase for the support fees and any additional licences that may be required.** | | | |

## 2. BACKGROUND INFORMATION

### 2.1 Business Case

IDC has, since 2001, been using SAP as the Enterprise Resource Planning (ERP) system. ERP is a software system that helps organizations to streamline their core business processes, including Finance, HR, Supply Chain/ Procurement, Sales etc., with a unified view of activity and provides a single console.

The SAP modules currently implemented at the IDC are, amongst others, the following:

- Loans Management
- Employee User
- Human Capital Management (HCM)
- Treasury and Risk Management
- Business Suite Employee

- Material Management (MM)
- Finance Accounting (FI)

IDC is liable for annual support fees in order to ensure the continued use of the current SAP licenses. The support provided by SAP in this regard includes:

- Delivery of Releases and Versions;
- Support via Telephone;
- Correction of Defects;
- Remote support/update; and
- SAP PS online software services.

**Finance Division requirements**

It has been noted that the configurations of the SAP modules used within the Finance Division have proven to be fragmented and outdated i.e. MM module that is used to process Purchase Requisition (PR), Purchase Orders (PO), Vendor Management and Stores Management; and the FI module which is used for General Ledgers and Accounts Payable. Furthermore, the fragmentation in the current processes requires multiple checkpoints by different units within the Finance Division, which leads to various inefficiencies in the Procurement and Financial Management processes e.g. protracted process of creating Purchase Orders, delays in processing payments to vendors, limited payment/ spend reports etc.

It is against this background that the Finance Division, in collaboration with the IT department, has initiated the process of optimising the SAP environment to enhance IDC end-to-end procurement and payment processes, with the intention to achieve improved efficiency and productivity. This initiative is aligned to the IDC strategic objective of developing organisational capabilities through digital transformation and investment in technology.

The SAP Optimisation Project of the Finance Division has two key elements

- Part 1: Process re-engineering on the current SAP (ECC) platform to automate workflows, shorten processes etc., and
- Part 2: Implementation of additional SAP modules to bring in new functionality to automate processes that are currently managed manually.

**Part 1** is underway and the objective here is to implement best practice processes that integrate and create synergy between procurement and accounts payable i.e. Procure-to-Pay (P-2-P) process.

**Part 2** of the initiative seek to automate the following functions within the Finance Division:

- Tender Management,
- Contract Management,
- Supplier Lifecycle Management, and
- Invoice Management.

The tenders at the IDC currently are submitted via email or MS OneDrive, and the process is inefficient as it still requires a lot of administrative intervention and is time-consuming. Hence the Procurement department requires a suitable technological solution that will make the purchase of goods and services easier by automating the tender management process.

The IDC currently monitors and administrates contracts manually using spread sheets and the process is inefficient as it still requires a lot of administrative intervention and is time-consuming. The

Procurement department requires a suitable technological solution that will make the contract management process easier by cutting the manual, paper -based process to digitalize contracts request, approval, negotiations, monitoring and improving relationships.

The IDC also currently manages invoices using registers and the process is manual which is bound to have errors where suppliers can be paid wrong amounts. Hence the Financial Management department requires a suitable technological solution to automate the handling of invoices.

The optimisation of SAP in terms of implementing new functionality has also started. At the beginning of 2025 a new SAP module was added to the environment i.e. SAP Disclosure Module. This module was critical in enhancing the process of preparing the financial statements, and the benefits have already been seen in the efficiencies experience during 2025 Financial Year-end.

SAP remains an ERP for the IDC and key system for the Finance Division. The IDC has spent over R129 million on the SAP system to date, and this includes licenses, implementation and maintenance. This spend excludes costs of technical support provided by SAP Partners overtime. The investment made on SAP ERP System to date is substantial and material. Therefore, the optimisation of the SAP environment has been seen by the Team as the most efficient solution. Technically, this option ensures seamless integration of finance processes on a single platform.

The Team has taken a phased approach in executing Part 2 of the SAP optimisation project. The first phase includes the three SAP Ariba Modules i.e. Tender Management, Contract Management and Invoice Management, which form the scope of this submission. The second phase will include Supplier Lifecycle Management, which will be initiated once the current SAP environment is upgraded.

### 2.2 SCOPE OF WORK/ SERVICES

The scope of this transaction will include, among other, the following:

- Provision of new licenses for the three (3) SAP Ariba modules; and
- Support of current SAP licenses i.e. annual renewals

#### 2.2.1 New SAP Ariba Modules:

The SAP environment will be enhanced by implementing the following modules:

**i. SAP Ariba Sourcing**

This module is the sourcing/ tendering portal which will provide functionality to manage the issuing of requests (open tenders and RFQs) and receiving bids. The solution provides a secure platform for the management of a sourcing/ purchasing process with adequate resources for the handling and storage of procurement data e.g. tender documents, bid responses, questions and answers etc. SAP Ariba Sourcing also provides a network of suppliers which would expand Procurement’s pool of potential suppliers for targeted procurement. The following are key capabilities of the Ariba Sourcing Portal:

- Electronic, template-based support for RFQs and RFPs.
- Tender evaluation/ scoring features with comparison reporting.
- Flexible/ customisable project management tools with integrated workflows, document management, and approvals.
- Centralized sourcing information for faster and easier access.
- Dynamic and integrated reporting.

**ii. SAP Ariba Commerce Automation (electronic invoicing)**

This solution processes invoices without manual intervention through rules-based automation, helping eliminate processing delays.

The key features of the solution are as follows:

- Digital exchange of procurement and invoice information.
- Allow suppliers to flip a PO received on the network (SAP Ariba) to create an invoice, eliminating data entry and other errors.
- Give suppliers a view into invoice status updates to reduce inquiries.
- Enable suppliers to configure notifications to receive e-mails when their invoice status changes.
- Improved compliance through digital matching of invoices to POs and contracts.

**iii. SAP Ariba Contracts**

SAP Ariba Contracts is a contract management solution, which helps to automate and standardise contract management by streamlining and eliminating manual and inefficient processes. The key features of the solution are:

- Create template to enable digital processes to create, execute, and manage all supplier contract central Standardize and control contract deployment and approval.
- Track expiry dates and contract renewals.
- Analysis and reporting e.g. spend tracking and analysis.
- Electronic tracking of contract compliance.
- Create central repository to quickly find, track, and control essential contract documents.

### 2.2.2 Annual Support for current SAP licences:

In line with good governance, the license agreement with SAP must be reviewed periodically. From now on, the SAP license agreement will be reviewed every five years.

## 2.3 Procurement Committee Deliberations

The Procurement Committee (PC) considered the submission for the appointment of System Applications Products South Africa t/a SAP South Africa, on a single source basis, for the provision of SAP ARIBA License and support on the current SAP ECC, at the meeting held on 09 February 2026. The PC supported the recommendation as presented by the team and deliberated on the following:

| Issue Raised | Team's Response |
|---|---|
| Is SAP the only supplier that can provide ERP systems and is the IDC getting value for money? | The team indicated that SAP is not the only supplier of ERP systems as there are other ERP systems in the Markert e.g. Oracle, Sage etc. However, it remains the IT strategic position to continue using SAP as the ERP system of the IDC, which provides the core platform for the management of various business functions, including Financial Management and Procurement. This position has considered that SAP is still the best ERP system in the market and also the investment that has already been made by the IDC on SAP. IDC is getting value for money based on the functionalities and the capabilities that SAP provides. |

## 3. FINANCIAL IMPLICATIONS

The table below gives an indication of the financial implications:

### 3.1 Annual Support (current SAP licenses)

| Order Number | Material Description | Annual Support Fee |
|---|---|---|
| 1000115895 | SAP Business Suite Professional, ZBP CE ROT Catalogue, mySAP.com KM Training MaterialZAR121, SAP Payroll Processing and Purchase Order Processing | R1 182422.20 |
| 1000115916 | SAP Business Suite Professional, SAP Business Suite Employee and SAP Tutor for SolMan (for SolMan only) | R629 943.33 |
| 1000115921 | SAP Business Suite Professional, SAP Business Suite LF Professional and SAP Business Suite Employee | R405 359.44 |
| 000109166 | SAP Interact. Forms by Adobe, enable ent. | R55 828.38 |
| 1000114175 | BS Bus. Exp. Upg.Usr (from Prof Usr) and BusObj Access Control | R322 527.76 |
| 1000114178 | SAP business suite LTD Professional and SAP Payroll Processing | R486 167.22 |
| 1000109361 | SAP Developer User, SAP; loans Management Bank Suite ED, SAP Employee User SAP Interact Forms by Adobe | R1 025 611.39 |
| 1000109361 | SAP Disclosure Management | R708 900.19 |
| **Sub-Total (VAT Excl.)** | | **R5 607 214.76** |
| **VAT at 15%** | | **R841 082.21** |
| **Total cost (VAT Incl.)** | | **R6 448 296.97** |
| **Total Cost (VAT Incl.) for five years** | | **R32 241 484.87** |

**Note: The annual fee is charged at 22% of the software cost in the first year of purchase. Thereafter, an annual CPI adjustment of approximately 3–5% applies. Therefore, the fees indicated above will be escalating annually with CPI rates.**

### 3.2 New SAP Ariba and SuccessFactors Licenses

| Description | Total Cost (VAT Excl.) |
|---|---|
| SAP Ariba Sourcing | R1 215 636.48 |
| SAP Ariba Contracts | R1 036 920.12 |
| SAP Ariba Preferred Success | R450 511.32 |
| SAP AI Unit | R347 975.00 |
| **Year 1 From 01.03.2026 to 28.02.2027** | **R3 051 042.92** |
| SAP Ariba Sourcing | R1 215 636.48 |
| SAP Ariba Contracts | R1 036 920.12 |
| SAP Ariba Preferred Success | R450 511.32 |
| SAP AI Unit | R347 975.00 |
| SAP Commerce Automation | R812 342.16 |
| **Year 2 From 01.03.2027 to 29.02.2028** | **R3 964 069.49** |
| **Year 3 From 01.03.2028 to 28.02.2029** | **R4 094 883.78** |
| **Year 4 From 01.03.2029 to 28.02.2030** | **R4 230 014.95** |
| **Year 5 From 01.03.2030 to 28.02.2031** | **R4 369 605.45** |
| **Total Cost (VAT Excl.)** | **R19 709 616.59** |
| **VAT at 15%** | **R2 956 442.48** |
| **Total cost (VAT Incl.)** | **R22 666 059 .07** |

**Notes**

- The SAP ARIBA is intelligent cloud-based management software.
- The license fees are payable on an annual basis.
- The cost for year two going forward is inclusive of CPI and the Commerce Automation as it will only be implemented at the second year.
- SAP AI Unit is a service in the SAP Business Technology Platform that is designed to handle the execution and operations of AI assets in a standardized, scalable, and hyperscaler-agnostic way.
- The user metrics for Ariba are as per below:
    - Sourcing -– 11 users and one IT admin
    - Contract Management – 11 users and one IT admin
    - SAP Ariba Commerce Automation (Invoice Management) – minimum metric of 1 Block (= 200000 documents processed)

## 4. COMPLIANCE

The IDC Procurement Policy paragraph 17.9.5 considers single source as an acceptable limited bidding method, where, after a thorough analysis, there is good and justifiable reason to restrict the process to only one bidder.

The current Modules listed above are licensed with SAP and the new ones will also be licensed directly with SAP. The rationale to license directly with SAP is for the IDC to benefit on the below:

- Cost Savings
- Reduced turnaround time for support as IDC will call SAP directly
- Improve visibility on the licences

The value of this transaction / contract is R58 million and in terms of the IDC's Delegation of Authority, approval by EXCO is required.

The National Treasury Supply Chain Management (SCM) Instruction note 3 of 2021/22 makes provision that the Accounting Authority can procure services by other means, which a single source is one of the other means. The Accounting Authority must submit a monthly report to the relevant treasury and AGSA for any procurement by other means. Therefore, a report will be submitted to the National Treasury for the appointment of System Applications Products South Africa t/a SAP South Africa for SAP Ariba Licenses.

## 5. BACKGROUND CHECKS:

**5.1** The table below reflects the results of the background checks on **System Applications Products South Africa (Pty) Ltd t/a SAP South Africa:**

| Checks Conducted | Results |
|---|---|
| Credit Record | The bidder and its directors have no adverse information in terms of payment notifications; defaults listings; judgments; business rescue and debt review based on the credit report from Experian Business Information Report. |
| DPEP/FPEP/SIPs Check | Screening was conducted on the bidder, its directors, shareholders, and ultimate beneficial owners. No Domestic or Foreign Politically Exposed Persons (DPEPs/FPEPs) or Special Interest Persons X (SIPs) were found. |
| Sanction List | Screening was conducted on the bidder, its directors, shareholders, and ultimate beneficial owners. No sanctions were found. |
| Media Check | Media checks were conducted on the bidder, its directors, shareholders and ultimate beneficial owners. The following was noted:<br><br>**Date:13/08/2024**<br>**Publication: Africanews**<br>**Title: Oceana: South African Regulator pursues criminal complaints against SAP, KPMG, McKinsey**<br>South Africa's Companies and Intellectual Property Commission (CIPC) has filed criminal complaints against SAP, KPMG, and McKinsey, alleging that their business dealings with associates of President Jacob Zuma may have violated the Companies Act. The complaints, submitted to police in late 2024, mark the first criminal charges by a regulator against these firms in connection with the Gupta family scandal, which centres on alleged undue influence over government contracts. SAP, the German software giant, is accused of colluding with Gupta-linked companies to improperly secure state business. In response, SAP stated it has been cooperating with South African authorities, including the police's priority crime unit, for several months.<br>The investigation is ongoing, and assets tied to the case have been seized on suspicion of being proceeds of corruption, according to Corruption Watch.<br><br>**Date: 24 March 2024**<br>**Publication: SIU**<br>**Title: SAP ordered to pay back R500 Million earned from invalid Eskom Contract.**<br>The Special Tribunal has ordered SAP to pay R500 million to South Africa's Special Investigating Unit (SIU) within seven days, following a settlement agreement concerning two contracts awarded by Eskom between 2013 and 2016. These contracts—an Enabling Agreement and a Cloud Services Agreement—worth over R1.1 billion, were declared constitutionally invalid and set aside. The SIU found that the deals violated the Public Finance Management Act, leading to fruitless and wasteful expenditure by Eskom.<br><br>**Date:11 January 2024**<br>**Publication: Times live** |

| Checks Conducted | Results |
| --- | --- |
| | **Title: IT giant SAP to pay R2.2bn reparations, helps NPA probe Gupta linked official**<br>The National Prosecuting Authority (NPA) has announced a major corporate resolution with SAP and its South African subsidiary, following SAP's admission of corrupt practices linked to Gupta-associated contracts with several state entities.<br><br>E-mail was sent to SAP to provide status of the above articles. SAP indicated that they are aware of the media reports and would like to reassure IDC of their ongoing commitment to both ethical business practice and customer excellence. SAP further indicated the following:<br>• In January 2024, SAP reached agreements with U.S. and South African authorities to resolve past compliance matters. While the agreements to resolve the investigations were announced in 2024, the actions at issue occurred many years ago and at that time, SAP took immediate action to address the misconduct.<br>• SAP would like to reiterate, to all parties involved, that any press regarding this matter, relate directly to the original, and resolved, Department of Justice ruling on 10 January 2024,<br>• SAP fully cooperated with the authorities and has since invested in our compliance program, including identifying and addressing the root causes of misconduct, expanding our compliance monitoring and data analytics programs, and adjusting compensation incentives. Indeed, both the U.S. and South African authorities specifically highlighted SAP's strong remediation, robust controls, and compliance enhancements.<br>• SAP is committed to the highest standards of ethics and compliance and has a robust approach to compliance management. Our policy is to carry out all company activities in accordance with the letter and spirit of applicable laws in the more than 180 countries in which we operate. We have zero tolerance for those who do not adhere to our Global Code of Ethics and Business Conduct.<br>SAP remains vigilant in maintaining the highest standards of ethics and compliance so that, together with a global network of customers, partners, suppliers, employees, and thought leaders, SAP can help the world run better and improve people's lives. See attached response letter from SAP as Annexure B.<br><br>The overall inherent ML/TF/reputational risks of the bidder are **"medium"** after considering the risk factors. |
| IDC Delinquent Register | The bidder, its directors, shareholders and ultimate beneficial owners are not listed on the IDC delinquent register as confirmed by the Company Secretariat. |
| Restricted Suppliers | The IDC used the bidders CSD report dated **13 February 2026** which confirmed that the bidder, its directors and shareholders are not restricted. |
| Declaration of Interest | The bidder, its directors and shareholders, declared that no conflict of interest exists in terms of this project or its association with the State in this regard. |
| Related Parties | The bidder and its principals are not related to IDC Business Partners. |
| Black Shareholding % | Black Shareholding: 24.75%<br>Black Women Shareholding: 17.34%<br>Black Youth Shareholding: 19.50% |

| Checks Conducted | Results |
| --- | --- |
| Shareholders | The shareholders of SAP South Africa (Pty) Ltd:<br>• SAP Africa owns 80.5%<br>• SAP Empowerment Trust owns 19.5%<br><br>SAP Africa is 100% owned by SAP SE, the parent entity which is listed in Germany and the USA.<br><br>**SAP Empowerment Trust**<br>The objective of the trust is to enable and facilitate the economic empowerment of the beneficiaries through education. The beneficiaries are only natural persons who are bona fide full-time students and who are enrolled in and making satisfactory progress through studies.<br><br>**Note:** In line with the IDC strategy on preferential procurement, only enterprises with direct Black shareholding can be allocated points. Therefore, Therefore, SAP would not qualify for preference points for in a competitive process. |
| Tax Status | The bidder's CSD report dated **13 February 2026** confirmed that the bidder is Tax Compliant. |
| BEE Level | Level 4 |
| EME/QSE/Large Entity | Large Entity |

## 6. BUDGET

The IT Department has confirmed that they have sufficient budgeted for the SAP licenses for over five years and will continue to budget on an annual basis as SAP is a mission critical system within the IDC.

## 7. ATTACHMENTS

Annexure A: SAP Quotation
Annexure B: SAP Response letter
Annexure C: Screening Report
Annexure D: Budget Form

## 8. RECOMMENDATION

The purpose of this report is to put forward the recommendation as supported by the Procurement Committee (PC), and to request EXCO to approve the appointment of System Applications Products South Africa t/a SAP South Africa, on a single source basis, for SAP ARIBA License as follows:

<table>
<tr><th>Name of Service Provider</th><th>Service Offered</th><th>Duration</th><th>Total Cost (VAT Incl.)</th></tr>
<tr><td rowspan="2">System Applications Products South Africa (Pty) Ltd t/a SAP South Africa</td><td>SAP ARIBA (Sourcing, Commerce Automation (electronic invoicing) and Contracts).</td><td rowspan="2">Five (5) Years</td><td>R22 666 059 .07</td></tr>
<tr><td>Annual Support (current SAP licenses)</td><td>R32 241 484.87</td></tr>
<tr><td colspan="3">Total Cost (VAT Incl.)</td><td>R54 907 543.94</td></tr>
<tr><td colspan="3">Contingency at 10%</td><td>R5 490 754.39</td></tr>
<tr><td colspan="3">Total Estimated Contract Value (VAT Inc)</td><td>R60 398 298.33</td></tr>
<tr><td colspan="4">Note: The contingency fee is meant to cover any costs that may occur during the duration of the contract e.g. annual CPI increase for the support fees and any additional licences that may be required.</td></tr>
</table>

## 9. TEAM

***The signatories below hereby declare that they have no interest in any of the bidders / tenderers referenced in this report, which may raise a possible conflict of interest.***

| | | |
|---|---|---|
| **Procurement Manager** | **Mmanthudi Mosupyoe** | |
| **SAP Developer** | **Mathapelo Ntuli** | Mathapelo Ntuli |
| **Head: Information Technology** | **Philani Masuku** | |
| **Head: Procurement Department** | **Sandile Makhathini** | |

**Supported:**

| | | |
|---|---|---|
| **Procurement Committee Chairperson** | **Tshepo Legodi** | |
| **Acting Chief Operations Officer** | **David Jarvis** | |
| **Chief Financial Officer** | **Isaac Malevu** | |

# ANNEXURE A

**THIS NON-BINDING PRICING PROPOSAL IS SUBJECT TO SAP MANAGEMENT APPROVAL AND IS PROVIDED FOR DISCUSSION PURPOSES ONLY**

| | |
|---|---|
| Quote number: | 282191000145 |
| Offer Expiration Date : | 02/28/26 |

| | |
|---|---|
| Customer | Industrial Development Corporationof South Africa<br><br>19 Fredman Dr, Sandown 2146 |
| Financial Contact Name | Mr. Sandile Makhathini |
| Financial Contact Email Address | sandilem@idc.co.za |
| Technical Administrator Name | Mr. Philani Masuku |
| Technical Administrator Email Address | philanima@idc.co.za |
| With delivery to | Industrial Development Corporationof South Africa<br><br>19 Fredman Dr, Sandown 2146 |

## Terminated Cloud Services:

| Terminated Cloud Service | Original Start Date | Original End Date | Terminated Usage Metric | Terminated Usage Metric Limitation | Termination Date |
|---|---|---|---|---|---|

## Subscription Term:

Period From 03/01/26 To 02/28/31

| SAP Cloud Service | Usage Metric | Usage Metric Limitation | Annual Fee (ZAR) | Product Start Date | Product End Date | License Fee (ZAR) |
|---|---|---|---|---|---|---|
| SAP Ariba Sourcing | 1 User | 12 | 1,215,636.48 | 03/01/26 | 02/28/27 | 1,215,636.48 |
| SAP Ariba Contracts | 1 User | 12 | 1,036,920.12 | 03/01/26 | 02/28/27 | 1,036,920.12 |
| SAP Ariba Sourcing | 1 User | 12 | 1,215,636.48 | 03/01/27 | 02/28/31 | 4,862,545.92 |

| | | | | | | |
|---|---|---|---|---|---|---|
| SAP Ariba Contracts | 1 User | 12 | 1,036,920.12 | 03/01/27 | 02/28/31 | 4,147,680.48 |
| SAP BN Commerce Automation fnd. opt. | 200000 Document | 1 | 812,342.16 | 03/01/27 | 02/28/31 | 3,249,368.64 |
| SAP PrefSuccess Ariba | % of Net Recurring Fee | 1 | 450,511.32 | 03/01/26 | 02/28/27 | 450,511.32 |
| SAP AI Unit | 100 Capacity Unit | 25 | 347,975.00 | 03/01/26 | 02/28/27 | 347,975.00 |
| SAP PrefSuccess Ariba | % of Net Recurring Fee | 1 | 450,511.32 | 03/01/27 | 02/28/31 | 1,802,045.28 |
| SAP AI Unit | 100 Capacity Unit | 25 | 347,975.00 | 03/01/27 | 02/28/31 | 1,391,900.00 |

| | |
|---|---|
| Total License Fee* (ZAR) | 18,504,583.24 |

(*) Plus, applicable taxes

| Fee Per Period | Fee in (ZAR) | Fee in (ZAR) Without Fee Changes |
|---|---|---|
| Period from 01/03/2026 to 28/02/2027 | 3,051,042.92 | 3,051,042.92 |
| Period from 01/03/2027 to 29/02/2028 | 3,964,069.49 | 3,863,385.08 |
| Period from 01/03/2028 to 28/02/2029 | 4,094,883.78 | 3,863,385.08 |

| | | |
|---|---|---|
| Period from 01/03/2029 to 28/02/2030 | 4,230,014.95 | 3,863,385.08 |
| Period from 01/03/2030 to 28/02/2031 | 4,369,605.45 | 3,863,385.08 |
| Total Fee in (ZAR) | 19,709,616.59 | 18,504,583.24 |

# ANNEXURE B

**SAP South Africa**
**Ms Nazia Pillay – Managing Director**
SAP Business Park
1 Woodmead Drive
Woodmead
2148
T +27/11 235 6000
Nazia.pillay@sap.com

SAP South Africa, P O Box 1621, Gallo Manor, 2052, South Africa

26 September 2025

IDC - Industrial Development Corporation
Ms. Mmanthudi Mosupyoe
Procurement Manager
E: MmanthudiM@idc.co.za
T: 011 269 3709

**RE: RESPONSE TO IDC REGARDING HISTORIC SAP MEDIA COVERAGE**

Dear Ms., Mosupyoe,

Thank you for your e-mail dated 25 September 2025, relating to historic media reports mentioning SAP and past compliance issues, fines and reparations.

SAP is aware of these media reports and would like to reassure IDC of our ongoing commitment to both ethical business practice and customer excellence. Included below is a response to the three media reports you shared, as well as the remedial action that has been taken to address these.

**SAP**

- In January 2024, SAP reached agreements with U.S. and South African authorities to resolve past compliance matters. While the agreements to resolve the investigations were announced in 2024, the actions at issue occurred many years ago and at that time, SAP took immediate action to address the misconduct.
- SAP would like to reiterate, to all parties involved, that any press regarding this matter, relate directly to the original, and resolved, Department of Justice ruling on 10 January 2024, the details of which can be found here.
- SAP fully cooperated with the authorities and has since invested in our compliance program, including identifying and addressing the root causes of misconduct, expanding our compliance monitoring and data analytics programs, and adjusting compensation incentives. Indeed, both the U.S. and South African authorities specifically highlighted SAP's strong remediation, robust controls, and compliance enhancements.
- SAP is committed to the highest standards of ethics and compliance and has a robust approach to compliance management. Our policy is to carry out all company activities in accordance with the letter and spirit of applicable laws in the more than 180 countries in which we operate. We have zero tolerance for those who do not adhere to our Global Code of Ethics and Business Conduct.
- SAP remains vigilant in maintaining the highest standards of ethics and compliance so that, together with a global network of customers, partners, suppliers, employees, and thought leaders, SAP can help the world run better and improve people's lives.

At SAP, one of our biggest focus areas is customer satisfaction, we operate as business advisors to our extensive customer network, forming long term relationships. Core to every satisfied customer, is a strong relationship. Our AE's, sales teams, and entire partner network are single minded about this.

In closing, as a customer driven organisation, I would like to reiterate that SAP has zero tolerance for non-compliance and remains committed to doing business the right way, every day, in all markets where we operate.

I trust the provided information meets your satisfaction. Please don't hesitate to contact me if you have any additional questions or need further clarification.

We look forward to a continued relationship with IDC

Thank you for your continued trust in SAP.

Best Regards,

Signed by:

F04F0AEDF465498...

**Nazia Pillay**
Managing Director - SAP Southern Africa

# Annexure C

Industrial Development Corporation

*Anti-Financial Crime Compliance*

**Sanctions/ DPEP/FPEP/ Adverse Media Screening Report**

*Confidential*

# System Applications Products South Africa

**SEPTEMBER 23, 2025**

| | | | | |
|---|---|---|---|---|
| ***/ Business Partner Name:*** | System Application Products South Africa | Level(s) screened above | 1 | |
| ***Business Partner number:*** | N/A | | 2 | x |
| ***SBU/ Department/ Regional Office:*** | Procurement | | 3 | |
| ***Procurement Officer:*** | Lunga Mbatha | | 4 | |

| ***SECTION A: SERVICE PROVIDER SCREENING OVERVIEW*** | | | | | |
|---|---|---|---|---|---|
| ***TYPES OF DPEP/FPEP/PIP KCA/IFM/SIP/SOE /SOC/SIE)*** | ***Relationship or involvement in transaction.*** | ***Person*** | ***Entity*** | ***Name(s) of DPEP/ FPEP/ PIP/ KCA/IFM/SIP/SOE/ SOC/SIE*** | ***Status / Reason for Listing.*** |
| SIE | Prospective Service Provider | | x | System Application Products South Africa | • Adverse Media |
| **Total: 1** | | | **1** | | |

## SECTION B: MEDIA SEARCH (Adverse Media associated with DPEP/ FPEP/PIP/SIP/SOE/SIE)

| MEDIA PLATFORMS USED | Y | N |
|---|---|---|
| 1. Dow Jones | X | [redacted] |
| 2 World Check | X | |
| 3. News Monitor | X | |
| 4. CIPC/SA Company | X | |
| 5. Saflii.org/za | X | |
| 6. General internet | X | |
| 7. Legalbrief.co.za | X | |

### SUMMARY OF MEDIA REPORTS (If any)

**Date:13/08/2024**
**Publication: Africanews**
**Title: Oceana: South African Regulator pursues criminal complaints against SAP, KPMG, McKinsey**

South Africa's Companies and Intellectual Property Commission (CIPC) has filed criminal complaints against SAP, KPMG, and McKinsey, alleging that their business dealings with associates of President Jacob Zuma may have violated the Companies Act. The complaints, submitted to police in late 2024, mark the first criminal charges by a regulator against these firms in connection with the Gupta family scandal, which centres on alleged undue influence over government contracts.
SAP, the German software giant, is accused of colluding with Gupta-linked companies to improperly secure state business. In response, SAP stated it has been cooperating with South African authorities, including the police's priority crime unit, for several months.
The investigation is ongoing, and assets tied to the case have been seized on suspicion of being proceeds of corruption, according to Corruption Watch.

S. African regulator pursues criminal complaints against SAP, KPMG, McKinsey | Africanews

**Date: 24 March 2024**
**Publication: SIU**
**Title: SAP ordered to pay back R500 Million earned from invalid Eskom Contract.**

The Special Tribunal has ordered SAP to pay R500 million to South Africa's Special Investigating Unit (SIU) within seven days, following a settlement agreement concerning two contracts awarded by Eskom between 2013 and 2016.
These contracts—an Enabling Agreement and a Cloud Services Agreement—worth over R1.1 billion, were declared constitutionally invalid and set aside. The SIU found that the deals violated the Public Finance Management Act, leading to fruitless and wasteful expenditure by Eskom
SAP ordered to pay back R500 million earned from invalid Eskom contracts - Special Investigating Unit

**Date:11 January 2024**
**Publication: Times live**
**Title: IT giant SAP to pay R2.2bn reparations, helps NPA probe Gupta linked official**
The National Prosecuting Authority (NPA) has announced a major corporate resolution with SAP and its South African subsidiary, following SAP's admission of corrupt practices linked to Gupta-associated contracts with several state entities.

IT giant SAP to pay R2.2bn reparations, helps NPA probe Gupta-linked officials

## SECTION B: MEDIA SEARCH (Adverse Media associated with DPEP/ FPEP/PIP/SIP/SOE/SIE)

**Adverse Media Assessment**

- The Special Tribunal's order for SAP to pay R500 million to the SIU reflects a formal legal finding and financial consequence. It stems from a settlement agreement, indicating SAP's willingness to resolve the matter
- The National Prosecuting Authority (NPA) has reached a resolution with SAP, which includes an admission of corrupt practices.

**SAP Supplementary letter**

SAP responded to media reports by reaffirming its commitment to ethical business practices and customer excellence. The company clarified that the compliance issues referenced were resolved through agreements with U.S. and South African authorities in January 2024, relating to historical misconduct. SAP took immediate action at the time and has since strengthened its compliance framework enhancing monitoring, analytics, and incentive structures. Authorities acknowledged SAP's robust remediation efforts.
SAP emphasized its zero-tolerance stance on non-compliance, adherence to global ethical standards, and dedication to long-term customer relationships. The company remains focused on operating responsibly across all markets.

## SECTION C: RISK ASSESSMENT

| | L | M | H | |
|---|---|---|---|---|
| ***Director/Entity/Shareholder Risk*** | | x | | Screening has been conducted on System Application Products South Africa, its directors/ shareholders and UBOs and none were found to be Domestic Politically Exposed Person's (DPEP's) or sanctioned individuals or entities. However, adverse media relating to irregularities and/or misconduct were detected on System Application Products South Africa. |
| ***Adverse Media*** | | x | | Media checks have been conducted on System Application Products South Africa, its directors, shareholders and UBOs and adverse media was found on System Application Products South Africa as highlighted under section B above. |

## SECTION D: RISK ASSESSMENT F RISK RATING

The overall inherent ML/TF risks of System Application Products South Africa is Medium after considering the ML/TF risk factors. The assessment was conducted with information available at the time and therefore the risk rating of each of the risks considered or the overall risk rating may change depending on additional information.

| Director/Entity/ Shareholder Risk | Adverse Media | Overall ML/TF/Reputational Risk Rating |
|---|---|---|
| **M** | **M** | **M** |

## SECTION D: GENERAL COMPLIANCE COMMENTS/ RECOMMENDATIONS

| | |
|---|---|
| ***Compliance Comments*** | • Sanctions/ DPEP/Adverse Media Screening was undertaken for System Application Products South Africa in line with the Sanctions/ DPEP/FPEP/ Adverse Media Screening process. |
| ***Recommendation*** | CRAD made the following recommendation(s):<br>• CRAD has conducted the relevant background checks in arriving at **medium-risk** rating for the prospective bidder after |

| | |
|---|---|
| | considering the relevant risk factors, as well as adequate and effective controls implemented by IDC which ensure that irregularities or reputational risks associated with the entity are mitigated.<br>• Given that SAP is an established service provider to IDC, it is recommended that IDC continue leveraging existing oversight and controls to mitigate ML/TF risks, while ensuring these measures remain robust and responsive to any emerging compliance concerns.<br>• Maintaining vigilant monitoring of adverse media or negative reports concerning System Application Products South Africa, including its directors and shareholders. Should such information arise, a comprehensive review of the service provider will be initiated, reported and escalated to the relevant IDC governance committees.<br>• SAP fully collaborated with the authorities and has subsequently strengthened its compliance program by identifying and addressing the underlying causes of the misconduct therefore, CRAD recommends that IDC maintains the relationship. |
| ***Declaration of Conflict of Interest*** | The AMLC Officer(s) confirms that he:<br>• Does not have any interest arising because of economic interests, political or national affinities, family or emotional ties, or any other connection or shared interest in this entity.<br>• Will inform the AML Manager: CRAD as soon as possible and without delay, of any situation constituting a conflict of interest or that could give rise to a conflict of interest.<br>• Have not granted, sought, attempted to obtain, or accepted and will not grant, seek, attempt to obtain, or accept any advantage, financial or in kind, to or from the entity or any party whatsoever, constituting an illegal or corrupt practice, either directly or indirectly, as an incentive or reward relating to the assessment. |
| ***AML Compliance Officers:***<br><br>***Reviewed by:*** | Mzovuyo Mcaciso |
| ***Date*** | 23 September 2025 |

# Annexure D

Industrial Development Corporation

## BUDGET CONFIRMATION TEMPLATE IN RESPECT OF PROCUREMENT REQUESTS >R150K

| | |
|---|---|
| **Description of Procurement Requirement:** | Implement and support a SAP Ariba Sourcing (e-tendering portal) and Contracts Management Solution |
| **Please confirm whether this procurement requirement is an absolute necessity now and what impact this would have to the IDC if this request were deferred?** | This requirement is a business-critical requirement as Currently the tenders at the IDC are submitted via email and the process is inefficient as it still requires a lot of administrative intervention and is time-consuming. Further Procurement Department is monitoring the contracts manually using spread sheets and the process is inefficient it is against this background that the Procurement Department requires a suitable technological solution that will make the purchase of goods and services easier by automating the tender management process and Contract Management. |
| **Approved Budget for Listed Procurement requirement:** | *R18m spent over 3 years* |
| **Budget Period / Fiscal Year i.e., 2023-24 budget period** | *2025-28* |
| **SBU / Department Name:** | IT Department |
| **Services: Cost Centre Number:** | 10660 |
| **Services Account Number:** | 452100 (To use internal order number) |
| **Assets: Cost Centre Number:** | 10660 |
| **Assets Class Number (to be obtained from Financial Management)** | *33000* |

## VERIFICATION AND SIGNATURE

**Budget in respect of this procurement request has been provisioned: ~~YES~~ / NO**

19/09/2025
**Date**

**Phikani Masuku**
**Head: IT Department**

**~~Supported~~ / Not Supported**

22 September 2025
**Date**

**David Jarvis**
**Divisional Executive: COO**