



## **TRANSNET STATEMENT ON 1064 LOCOMOTIVE TRANSACTION INVESTIGATION**

15<sup>TH</sup> February 2018

On the 17<sup>th</sup> of March 2014, Transnet entered into contracts with four Original Equipment Manufacturers (OEMs) for the supply of 1064 diesel and electric locomotives. These OEMs were General Electric, Bombardier Transport, China South Rail and China North Rail.

In 2017, a number of media allegations were made relating to the total estimated costs of the acquisition of these locomotives, most of them relating to the alleged involvement of the Gupta family and their associated companies in this transaction.

Following the allegations and the subsequent public interest in the matter, the Transnet Board of Directors, via its audit committee, appointed Werksmans Attorneys to investigate these allegations. The Terms of Reference for the investigation were duly provided based on these allegations.

The investigation report by Werksmans was presented to the Transnet board who have considered the report.

The Board resolved that the Werksmans' report was incomplete and inconclusive based on the Terms of Reference provided to them. This conclusion is corroborated by Werksmans who have specifically alluded this in their report due to limitations expressed therein.

The Board has further resolved that an independent forensic auditor be commissioned immediately to finalise the outstanding Terms of Reference in line with the investigation report.

The Transnet Board has also approved the recommendation by Werksmans that certain matters in the report be referred to the judicial commission of inquiry into state capture, headed by Deputy Chief Justice Raymond Zondo. The board has therefore undertaken to refer all relevant matters pertaining to this investigation to the inquiry promptly.

Transnet had in any event reported these media allegations to the Directorate for Priority Crime Investigation concurrent to this investigation.

Transnet will fully co-operate with the judicial commission of inquiry, and will continue to do the same in this regard with all the law enforcement agencies of our country.

The Board has further resolved that there are no concrete grounds provided in the report to effect any disciplinary processes or suspensions of any officials at this stage due to the inconclusive nature of the report.



The steps taken by the Board to date including the commissioning of the forensic investigation demonstrate Transnet's unyielding commitment to rooting out corruption in our company, ensuring that we continue to remain a solid state-owned enterprise both in financial and commercial terms, delivering good results as demonstrated by our recent financial performance.

**Issued on behalf of Transnet SOC Ltd**

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