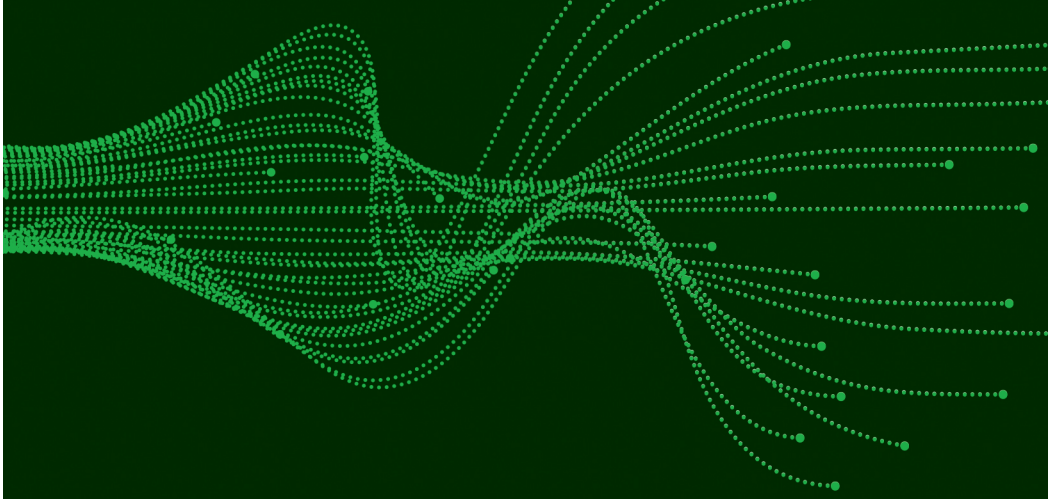


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BBI CORPORATE PLAN 2021/22 TO 2025/26

Official Sign-Off

It is hereby certified that in preparation of the document, the following was undertaken:

1. The Management Team of BBI under the guidance of the Board formulated the strategy;
2. All relevant policies, legislation, and other mandates for which the BBI is responsible were considered; and
3. The strategy accurately reflects the strategic outcome-oriented goals and objectives which BBI will endeavour to achieve over the financial period 2021/22–2025/26.

COMPILED BY:

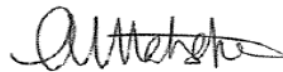
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Date 26/02/2021

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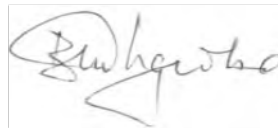
Mr Andrew Matseke
Chair of EXCO



Date 26/02/2021

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Chairperson of the Board



Date 26/02/2021

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Glossary of Terms

ABBREVIATION	TERM
4IR	Fourth Industrial Revolution
5G	Fifth generation of cellular network technology
ADLash	Lashed All-Dielectric Cable
ADSS	All-Dielectric Self-Supporting
AI	Artificial Intelligence
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ASON	Automatically Switched Optical Network
ANP	Access Network Provider
AWS	Amazon Web Services
BBI	Broadband Infraco SOC Limited
BCX	Business Connexion
Board	Board of Directors of Broadband Infraco SOC Limited
BPM	Business Process Management
BSC	Balanced Score Card
BSS	Business Support System
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CMSO	Chief Marketing and Sales Officer
COLA	Cost of Living Annual Salary Adjustment
COS	Cost of Sales
CRA	Executive Compliance, Risk and Audit
CSI	Corporate Social Investment
CTO	Chief Technical Officer
DCDT	Department of Communications and Digital Technologies
DCN	Dynamic Circuit Network
DDM	District Delivery Model
DFA	Dark Fibre Africa
DFF	Digital Development Fund Act
DOE	Department of Education
DOH	Department of Health
DPE	Department of Public Enterprises
DPW	Department of Public Works
DSL	Digital Subscriber Line
DCDT	Department of Communications and Digital Technologies
DWDM	Dense Wavelength Division Multiplexing
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECA	Electronic Communications Act No. 36 of 2005
ECNS	Electronic Communications Network Service Licence
ECM	Enterprise Content Management
EXCO	Executive Management Committee

EXCOPS	Executive Procurement Sub-Committee
FCAPS	Fault, Configuration, Accounting, Performance and Security
FM	Frequency Modulation
FSAPP	Framework for Strategic and Annual Performance Plans
FTTH	Fibre-to-the-Home
FTTX	Fibre to the premises (x)
FY	Financial Year
GBN	Gauteng Broadband Network
Gbps	Gigabit Per Second
GDP	Gross Domestic Product
HDS	High Demand Spectrum
HR	Human Resources
HRRC	Human Resource and Remuneration Committee
I-ECNS	Individual Electronic Communications Network Services
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IFTPC	Investment, Finance, Tender and Procurement Committee
IoT	Internet of Things
IP	Internet Protocol
ISP	Internet Service Provider
IT	Information and Technology
ITA	Invitation to Apply
ITC	Information and Technology Committee
ITU	International Telecommunication Union
IXPs	Internet Exchange Points
KPIs	Key Performance Indicators
KZN	Kwa-Zulu Natal
M2M	Machine-to-Machine
Mbps	Megabit Per Second
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority
MNO	Mobile Network Operators
Mol	Memorandum of Incorporation
MPLS	Multiprotocol Label Switching
MTSF	Medium Term Strategic Framework
MW	Medium Wave
NBN	National Broadband Network
NDP	National Development Plan
NLD	National Long Distance
NOC	Network Operations Centre
OPEX	Operating Expenditure
OPGW	Optical Ground Wire
OSI	Open Systems Interconnection
OSS	Operations Support System

OTT	Over-the-Top
PC	Portfolio Committee
PESTEL	Political, Economic, Social, Technologic, Environment and Legal Factors
PFMA	Public Finance Management Act
PIME	Performance Information Monitoring and Evaluation
PO	Purchase Order
PoC	Proof of Concept
PoP	Points of Presence
R&D	Research and Development
ROU	Right of Use
SaaS	Software as a Service
SADC	Southern African Development Community
SATA	Southern African Telecommunications Association
SCM	Supply Chain Management
SDIC	State Digital Infrastructure Company
SDG	Sustainable Development Goal
SDH	Synchronous Digital Hierarchy
SDN	Service Defined Networks
SEC	Social and Ethics Committee
SETA	Sector Education Training Authority
Shareholders	Department of Telecommunications and Postal Services and Industrial Development Corporation
SHEQ	Safety, Health, Environmental and Quality
SIP	Strategic Infrastructure Project
SITA	State Information Technology Agency
SLA	Service Level Agreements
SMMEs	Small, Medium and Micro-Enterprises
SOC	State Owned Company
SOE	State Owned Enterprise
STM	Synchronous Transport Module
SWOT	Strengths, Weakness, Opportunities and Threats
the Act	Refers to the Broadband Infraco Act No. 33 of 2007
Tbps	Terabits per Second
TNMS	Telecommunications Network Management System
TV	Television
U/G	Underground (cable)
USO	Universal Service Obligations
VAS	Value Added Services
VOIP	Voice Over Internet Protocol
VSAT	Ver Small Aperture Terminal
WACS	West Africa Cable System
WAN	Wide Area Network
WEF	World Economic Forum (ranking)
WOAN	Wholesale Open Access Network

1. EXECUTIVE SUMMARY

The FY2021/22 – FY2025/26 Corporate Plan reflects the five-year implementation plan of the 10-year strategy. Broadband Infraco (BBI) is a Schedule 2 entity in terms of the Public Finance Management Act, No. 01 of 1999 (PFMA), mandated through the Broadband Infraco Act (No. 33 of 2007) (the Act), amongst other key pieces of legislation. The main objectives as set out in the Act include:

- expanding the availability and affordability of access to electronic communications, including but not limited to underdeveloped and underserved areas, in accordance with the Electronic Communications Act (No. 25 of 2002); and
- the provision of electronic communications network services and electronic communications services in accordance with international best practice and pricing.

BBI provides long-distance national and international connectivity to licensed and license-exempt customers, for projects of national importance and to previously underserved areas. The existence of BBI is intended to improve market efficiency in the long-distance connectivity segment by increasing available long-distance network infrastructure. It also avails capacity to stimulate private sector innovation in the telecommunications services and content offerings. BBI is in a unique position to deploy both a commercial and a social mandate, thereby contributing to the competitiveness and development of the South African economy. Essential to the sustainability of BBI is the requirement for the commercial mandate to be competitive and viable; thereby enabling the social mandate of the organisation.

Industry trends reveal that there have been large-scale investment into the telecommunications industry within South Africa, despite low economic growth. Furthermore, as the industry is rapidly evolving and highly competitive, tactical decisions must be made as to the positioning of the company and its resource allocation. A strategic approach is necessary to leverage the existing resources and competencies at the company's disposal. It must be noted that private investment has been identified as a key-feeder to develop high-demand routes, and metros with limited investment to underdeveloped and underserved areas. This approach provides BBI with a strategically focused action plan that aligns broadly with its mandate.

BBI has reviewed its business strategy to ensure that the company remains relevant in an increasingly competitive and resource-intensive climate within its industry. Central to BBI's strategic approach in fulfilling its mandate (providing communication services to a connected and transformed society), and competitively positioning itself within the market, is the alignment of three pertinent business drivers: commercial viability; service delivery; and socio-economic upliftment. An enabling legislation, good customer relations, and having Government as a key partner, provide BBI with a competitive advantage and are the main drivers of the revised strategy.

2. ORGANISATIONAL OVERVIEW

2.1 Introduction

The Board and Executive Management of BBI herewith present the organisation's five-year Corporate Plan for FY2021/22 to FY2025/26, and the Annual Performance Plan (APP) for 2021/22. The Corporate and Annual Performance Plans are prepared and presented to the shareholders, being: the Minister of Communications and Digital Technologies (DCDT) (the Executive Authority in terms of the Public Finance Management Act, No. 01 of 1999 (PFMA), as amended), in her capacity as the Executive Authority and shareholder representative on behalf of the Government of the Republic of South Africa; and the Industrial Development Corporation (IDC) of South Africa, as the secondary shareholder; and to Parliament.

The organisation utilises the Corporate Plan, Shareholders Compact and Annual Performance Plan, Quarterly Reports, Integrated Annual Report, Annual Financial Statements, and information requested by the shareholder from time to time, as its main accountability instruments.

The Corporate Plan is tabled annually in Parliament in compliance with the requirements of the PFMA as amended, the Money Bills Amendment Procedures and Related Matters Act, No. 09 of 2009, the National Treasury Regulations issued in terms of the PFMA, and the Companies Act, No. 71 of 2008.

The primary aim of this Corporate Plan is to provide insight into BBI's value proposition and strategy, opportunities, and risks, as well as its business model and governance framework. It also serves to provide a synopsis of past performance against its strategic objectives in a manner that affords stakeholders a holistic view of the organisation and its potential to successfully deliver on its future commitments.

The Corporate Plan, as presented, includes information on the rollout of SA Connect (Phase 1) and forward-looking material to enable stakeholders to make an insightful assessment of the organisation's prospective value creation ability.

BBI was established in 2007 in terms of the Broadband Infraco Act No 33 of 2007 (the Act) as a State-Owned Entity (SOE). The organisation was registered in 2008 with the then Companies Intellectual Property Registration Office (CIPRO), now known as the Companies and Intellectual Property Commission (CIPC) as an entity owned by the Government of the Republic of South Africa and the Industrial Development Corporation (IDC) of South Africa. The Company launched commercially on 18 November 2010. Per the requirements of the Companies Act, No. 71 of 2008, BBI was converted from a private company to a State-Owned Company (SOC) with the CIPC with effect from 2013. BBI is a Schedule 2 public entity in terms of the PFMA.

2.2 Regulatory Environment

2.2.1 Legislative Mandate

BBI's legislative mandate and objectives are set out in the Act. The main objectives are to expand the availability and affordability of access to electronic communications, including but not limited to, underdeveloped and underserved areas (in accordance with the Electronic Communications Act, No. 36 of 2005 (the ECA)), and commensurate with international best practice and pricing, through the provision of electronic communications network services and electronic communications services.

Below is an excerpt from the Act about the main objects of BBI:

(1) The main objects of Infraco are to expand the availability and affordability of access to electronic communications, including but not limited to underdeveloped and underserved areas, in accordance with the Electronic Communications Act and commensurate with international best practice and pricing, through the provision of:

- (a) electronic communications network services; and
- (b) electronic communications services.

(2) For the purposes of section 33(1) of the Companies Act, none of the objects ancillary to the main objects of Infraco are excluded.

(3) The powers of Infraco include the common powers contained in Schedule 2 to the Companies Act and none of those powers are excluded or qualified.

(4) Subject to subsection (1), with effect from the transfer date the Minister may, in consultation with the Ministers of Finance and of Communications and subject to the Public Finance Management Act, in one or more transactions transfer the whole or any part of the shares, assets, rights, obligations or interests of the State in relation to Infraco to such transferees as the Minister and the Ministers of Finance and of Communications deem in the public interest.

The Act draws on the ECA for alignment on purpose and objectives, as BBI supports the fulfilment of the ECA.

In addition, the broader applicable legislative and regulatory framework includes, but is not limited to:

- The Constitution of the Republic of South Africa, No. 08 of 1996;
- Companies Act, No. 71 of 2008;
- Public Finance Management Act, No. 01 of 1999 (as amended); and
- Protection of Personal Information Act, No. 04 of 2013.

Legislative/Policy Amendments

The following legislative is under consideration:

- State Digital Infrastructure Company Bill, which will be formed for the merger of BBI and Sentech.

2.2.2 Mandate

BBI’s mandate is summarised as pursuing a dual mandate, as shown in the figure below.

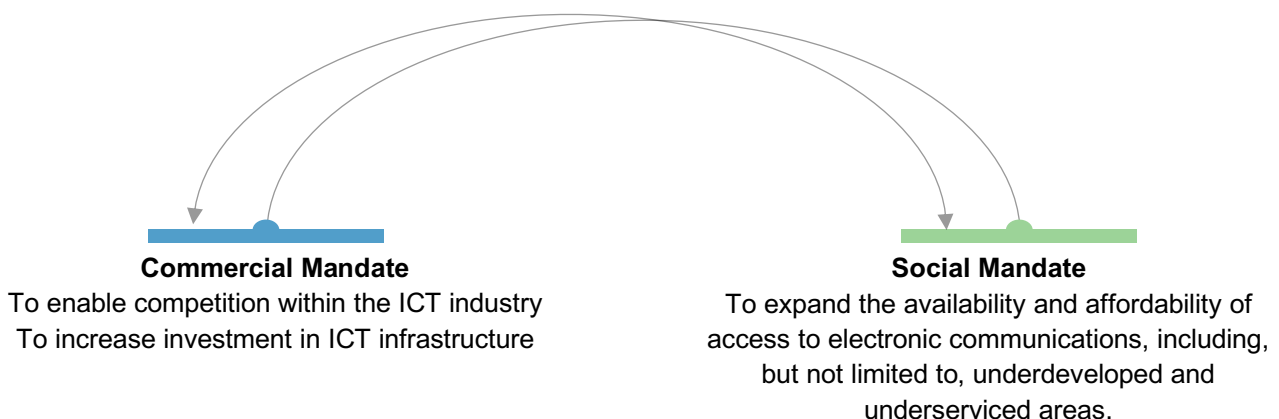


Figure 1: BBI’s Dual Mandate

The organisation’s purpose is in line with the National Development Plan (NDP) of establishing national, regional, and municipal fibre-optic networks to provide the backbone for broadband access. The NDP aims to “eliminate poverty and reduce inequality by 2030”. BBI operates on the premise that the national, provincial, and districts backhaul require State intervention to allow services into underserved areas. The private sector intervention needs to be complemented by public funds in the form of incentives, subsidies, and grants to address the social objective of connecting all and bridging the digital divide.

A summary of BBI’s mandate relative to national plans and outcomes is summarised in the figure below.

NDP	<p>A South Africa that has resumed its rightful place on the global stage - with an e-literate, economically active population fully able to access and utilise appropriate content and services to enhance quality of life.</p> <p>BBI's purpose is in line with the NDP for establishing national, regional, and municipal fibre-optic networks to provide the backbone for broadband access. BBI operates on the premise that national backhaul, provincial backhaul, and districts backhaul require State intervention, thus allowing private investment to lead the way in the access market.</p>
SA Connect	<p>BBI's roll-out of long distance backhaul fibre to underserved areas will enable provincial governments to leverage such broadband infrastructure and services for economic growth, job creation initiatives and poverty reduction efforts.</p>

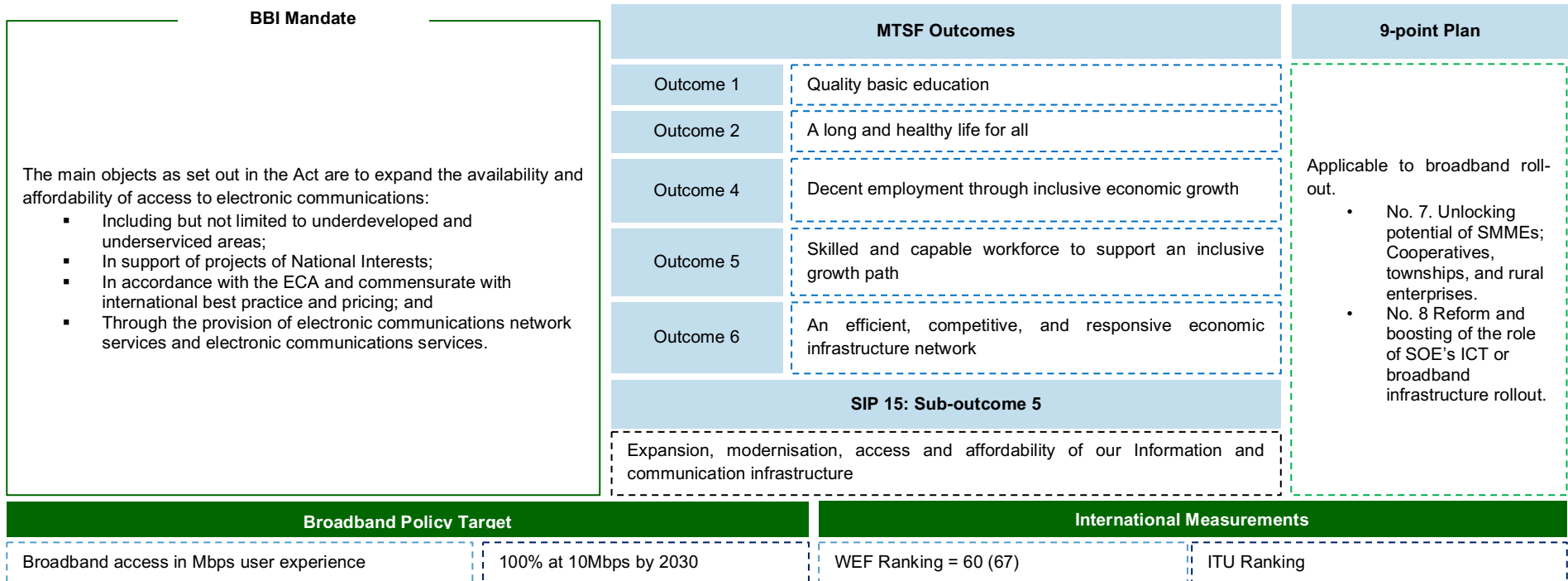


Figure 2: BBI Mandate relative to National Plans and Outcomes

2.3 Governance Framework

The figure below depicts the Governance Framework, which regulates the relationship with the shareholders and guides the way BBI conducts its business. The framework indicates that there are clear roles, responsibilities, and policies in place. The Board has established a new committee to focus on IT governance in line with King IV principles.

New operational committees accountable to the Executive Management Committee (EXCO), are in place. These committees will ensure the enhancement of compliance and strategic deliverables, which are aligned with international best governance practices.

2.3.1 Composition of the Board of Directors

The Memorandum of Incorporation (MoI) indicates that the Board shall consist of nine Directors, of whom seven (including the Chairman), should be independent Non-Executive Directors, and two should be Executive Directors. The Executive Directors are the Chief Executive Officer and Chief Financial Officer. Non-Executive Directors are appointed to the Board by the Shareholders, and approved by Parliament. The Director appointments are made for a period of three years, renewable annually, at the Annual General Meeting. Refer to Appendix A for details of the qualifications and experience of Board members.

2.3.2 Board Committees

In line with the requirements of the Companies Act and the MoI, the Board of Directors established the Audit and Risk Committee (ARC), the Human Resource and Remuneration Committee (HRRC), the Investment, Finance, Tender and Procurement Committee (IFTPC), the Social and Ethics Committee (SEC), and the Technology, Knowledge, and Information Management Committee (TKIMC).

The figure below encapsulates our governance framework:

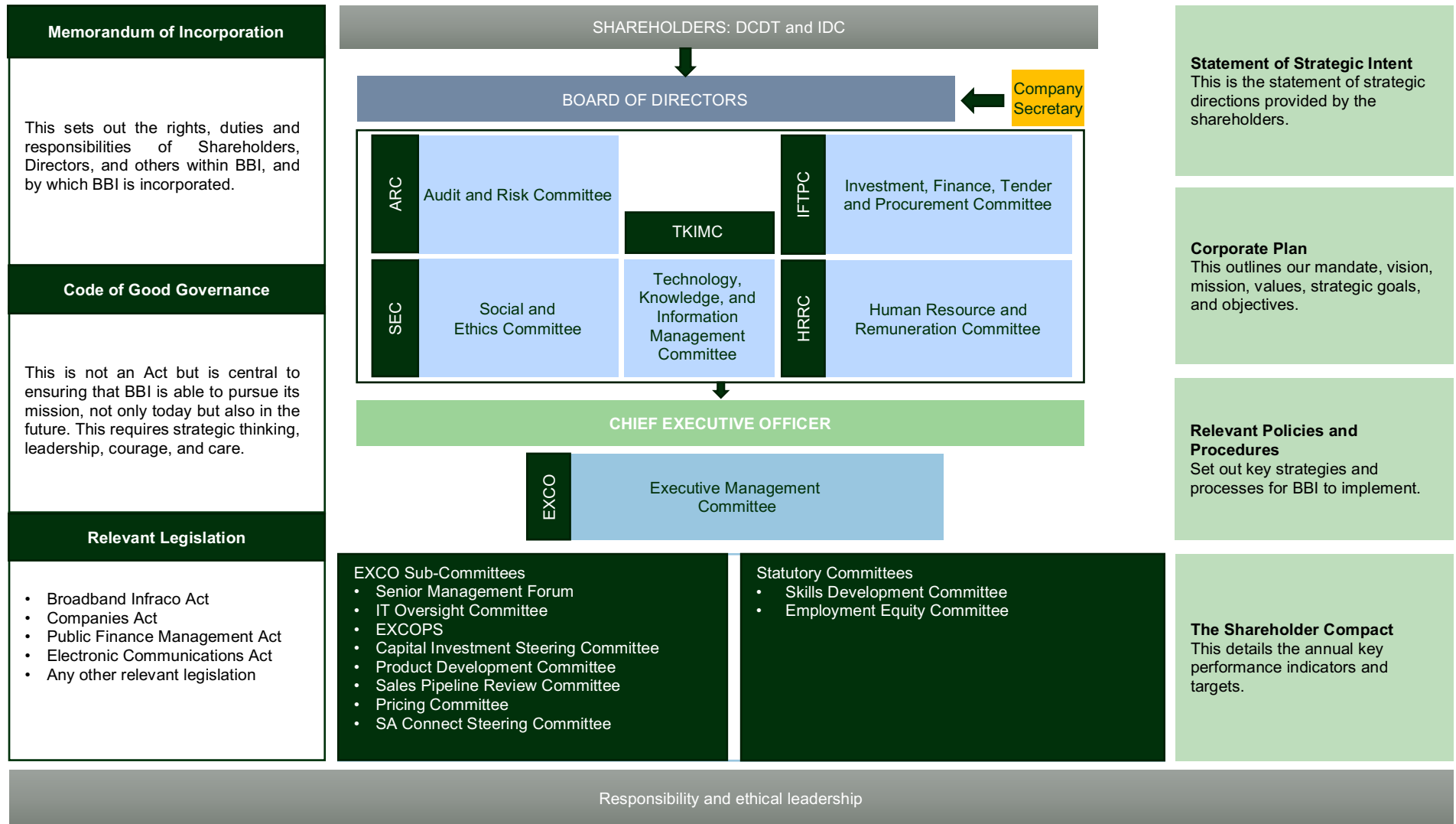


Figure 3: BBI's Governance Framework

2.3.3 Organisational Structure

The Chief Executive Officer (CEO) is the Accounting Officer of the organisation. There are six Executive Managers, four of whom report directly to the CEO. This includes the Chief Financial Officer (CFO), Chief Technical Officer (CTO), Chief Marketing and Sales Officer (CMSO) and the Executive: Human Resources. Two of the Executive Managers, the Company Secretary and the Executive Compliance, Risk and Audit (CRA) report administratively to the CEO and functionally to the Board and the ARC, respectively. The organisation has seven divisions including the Office of the Chief Executive.

The qualifications and experience of Executive Managers are detailed in **Annexure A** and the organisational structure is depicted in the figure below:

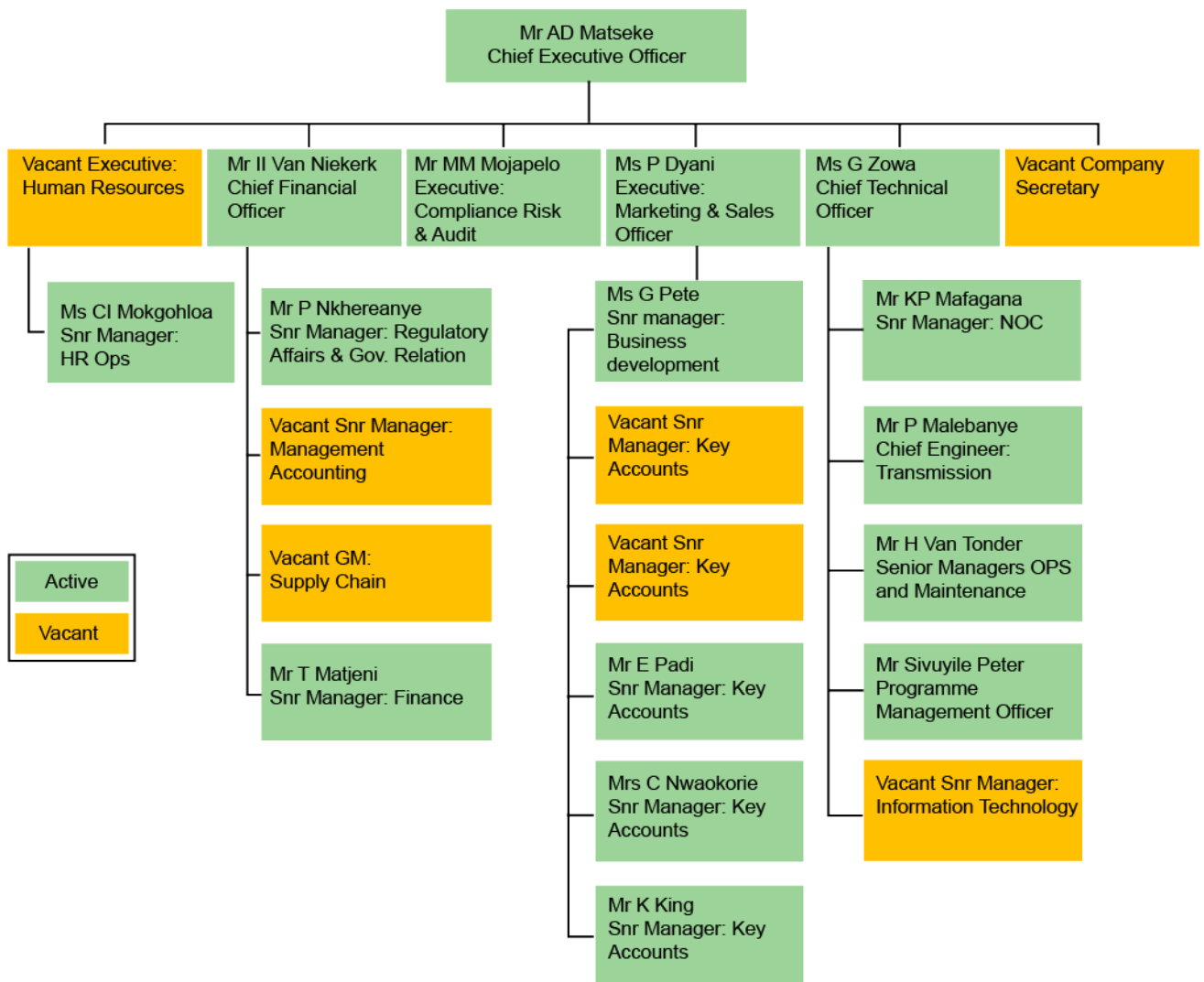


Figure 4: Organisational Structure

The Employment Equity Plan is included as **Annexure B**.

2.4 Description of Operations

The figure below outlines the functions of BBI, demonstrating the high-level value chain.

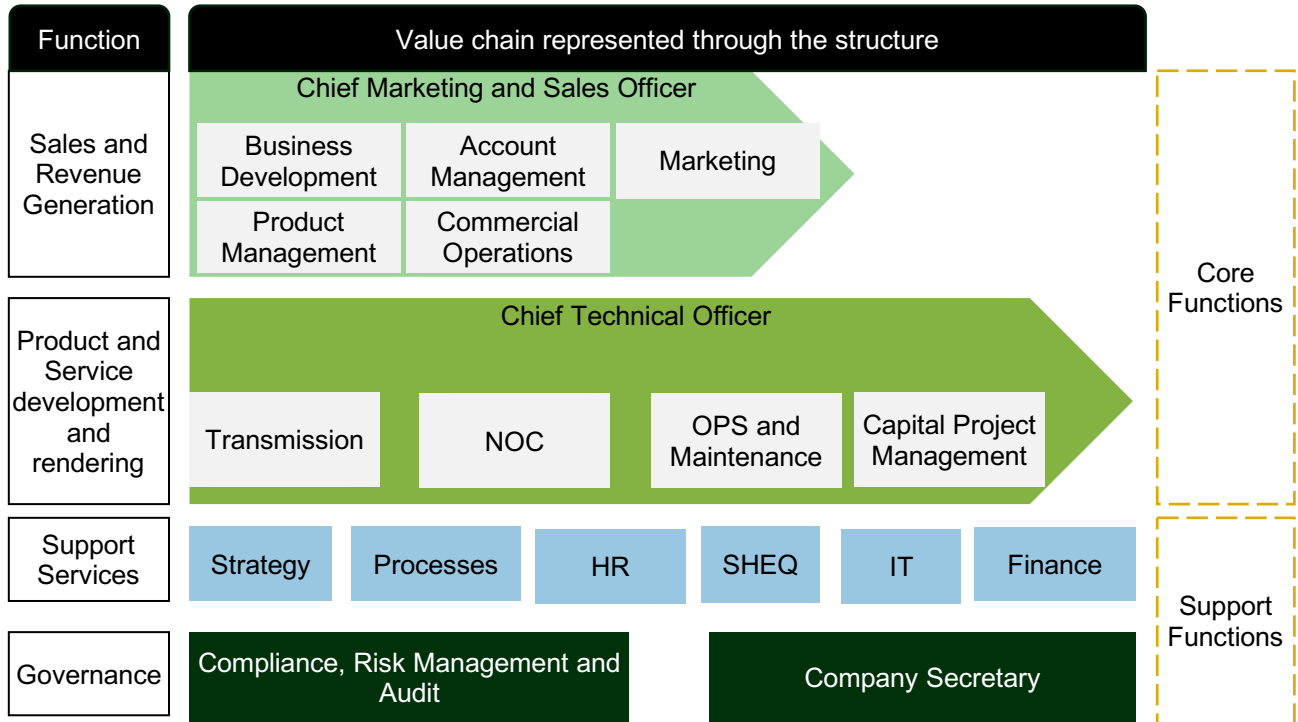


Figure 5: Summary of Operations

Marketing efforts are informed through the analysis of the market space in which BBI operates and is at the heart of its value chain. Business Development supports market insights with tangible prospects of opportunities. Such examples include potential markets, new products, and investment opportunities. As this is a revenue-generating function, it allows for the commercial and social mandate to be delivered through revenues generated from Sales, by using relevant funding mechanisms. The second component, a core function that makes up the largest portion of the organisation, is the Chief Technical Office. This office is responsible for the development, customisation, and delivery of products and services. This core function also ensures the maintenance and upgrading of infrastructure and networks.

Core functions are enabled by support functions. This ensures that the provision of sufficient direction, resources, and management of funds are provided. The organisation is underpinned by adequate control mechanisms overseen by the compliance and audit functions, as well as the company secretary.

2.4.1 Operating Principles

BBI is shifting the operating model to a new model that maintains customer-centricity and drives innovation through strategic partnerships. The following principles will be applied:

1. Becoming the backbone provider of choice for all of Government’s broadband connectivity requirements while establishing collaborative partnerships with other ICT State-owned companies;
2. Being a true neutral broadband carrier-of-carriers with a multi-level commercial approach to the market;

3. Providing commercialised backhaul services to its direct customers;
4. Establishing a Next Generation Network that can provide a range of capacities from as small as 10 Megabits Per Second (Mbps) to as large as 100 Gigabits Per Second (Gbps);
5. Targeting corporate and Government clients;
6. Providing service that is underpinned by high service levels;
7. Developing an autonomous, resilient, and reliable network that ensures that no performance penalties are incurred and that no rebates are paid out;
8. Network footprint that ensures that the organisation is embedded within its customers' footprint; and
9. Building capacity and capability to be a true provider of choice.

2.5 Products and Services

BBI provides long-distance national and international connectivity to licensed and license-exempt customers. It also provides connectivity for projects of national importance, while simultaneously providing services to previously underserved and underdeveloped areas through broadband connectivity projects. The organisation aims to improve the long-distance connectivity segment by increasing available long-distance network infrastructure. Furthermore, it will avail capacity to stimulate private sector innovation in telecommunications services, and content offerings.

National, provincial, and district backhaul require that the State, through intervention, allows private investments to facilitate market access. The private sector intervention must be complemented by public funds in the form of incentives, subsidies, and grants, to address BBI's social objective of bridging the digital divide.

BBI's portfolio of products and services is based on the provision of high-capacity bandwidth from Point of Presence (PoP) to PoP, delivered on BBI's National Long-Distance network. BBI has implemented next generation Dense Wavelength Division Multiplexing (DWDM) in its core network. BBI adopted the Open Systems Interconnection (OSI) model to define products rather than use definitions based on the technology. Most of BBI's services are in the first three layers of the OSI model, which is described in Table 1 and further details are provided in Table 2 below.

BBI's products include the following:

- Bandwidth services;
- Synchronous Digital Hierarchy (SDH), DWDM and Ethernet Services;
- West African Cable System (WACS) Connectivity;
- Customer Tie Cable Maintenance Service;
- Colocation;
- Mast Colocation;
- Network Operations Centre (NOC) as a service; and
- Maintenance as a service.

2.5.1 Portfolio of Products and Services Description

The evolution of technology, with the high consumption of Internet Protocol (IP) based services, has resulted in customers requesting high bandwidth service that is delivered through our National Long-Distance network (NLD). Some of the services provided by BBI are in the first three layers of the OSI model, as depicted in the table below.

Table 1: Services and Products by Layers

Layer	Layer 1	Layer 2	Layer 3
Description of Layer	Physical Layer	Data Link Layer	Network Layer
Products Embedded in Layer	SDH and DWDM		IP Connectivity and Transit

The detail description of BBI's services and product are as follows:

Table 2: Description of Services and Products

Services	Description	Remarks
Layer 1 Bandwidth services	This is the physical network connection. BBI offers bandwidth services of up to 10 Gig using SDH technology. It also offers bandwidth higher than 10 Gig using DWDM technology.	The products are packaged in STM equivalents of up to STM 64 for SDH technology and multiples of 10 Gigs using DWDM technology.
Layer 2 Bandwidth services	These are packet-based bandwidth services where ethernet services are offered over the SDH or DWDM or native IP technology.	These services are already being offered to current customers albeit inefficiently. The planned network upgrade will allow more efficient provisioning of these services which many small ISPs are interested in.
Layer 2 Services	BBI's Remote Peering service provides customers with the cost-effective Virtual Layer 2 Ethernet connectivity to the Internet Exchange Points (IXPs) via a single port.	With this connection our customers benefit from enhanced network performance due to lower latency and are then able to arrange peering directly with content providers and network(s) operators.
Layer 3 Services	IP Transit is a service access to the internet. Availing a full routing table to the service provider customers of the organisation and provides a connection with an upstream provider for IP Transit at Teraco Isando.	The proof of concept with one of the international customers was successful.
WACS Connectivity	A Tier-1 owner that connects the West Coast of Africa to Portugal and London.	The service enables BBI to provide back-up services and connections for the landlocked countries in the region and beyond.
Customer Tie Cable Maintenance Service	A one-stop solution for a direct connection to BBI sites.	This allows our customers to use this service for repair and maintenance of handover links between our PoPs and customer's PoP.
Colocation	Containerised hosting facility where customers rent space inside these containers and colocate their equipment inside our PoP sites and yards.	This product already exists and will be strongly marketed to both new and existing customers. It provides power, air-conditioning, interconnect, and basic engineering services for the equipment, including landing sites that offer interconnect capabilities to local and international operators.
Mast Colocation	This is designed to allow customers to lease space on a mast owned by BBI to locate their equipment to connect to the organisation's network.	This product is still in its infancy, but the concept has been successfully trialled with current customers.
Network Operations Centre (NOC) as a service	Disaster Recovery NOC is a service where customers can utilise BBI premises to monitor their networks in cases of a disaster.	Remote monitoring service offered to third-party networks/operators, offering network reports and performance of the customer network components. NOC as a service is currently under development for launch in the next financial year.
Maintenance as a service	Human resources and technical expertise are available to efficiently	

Services	Description	Remarks
	repair and maintain third-party fibre networks and communication equipment systems.	

2.5.2 Service Availability

BBI’s objective is to promote joint infrastructure planning to avoid the duplication of fibre network rollouts. BBI utilises optic fibre in its network to deliver broadband services to its customers. This enables the provision of high-speed transmission to accommodate the end-user. The organisation owns optic fibre cables and leases primarily from Eskom and Transnet. The table below depicts the type of fibre optic cable that is owned or leased by BBI, or where BBI has Rights of Use (ROU).

Table 3: Fibre Network Owned, Leased and ROU

Infraco Status	OPGW	ADSS	ADLash	U/G	Total
Total Owned	0	2 370	3 107	1 020	6 497
Total Leased	448	5 976	65	1 245	7 774
Total ROU	687	0	0	0	687
Total Fibre	1 175	8 346	3 172	2 265	14 958

BBI has a fibre network that connects South Africa’s neighbouring countries. The strategic intention is to strengthen the existing network connections so that the current SLAs are improved, by introducing redundant links. The primary result will be to ensure improved service levels, which are required for backhauling high volumes of data between South Africa and its neighbouring countries.

With the capacitation of national and regional inclusivity in the Fourth Industrial Revolution (4IR), the SA Connect project envisions a social agenda of connecting people in remote areas and is implemented as part of the NDP. The project encompasses the connection of Government facilities such as, schools, clinics, hospitals, post offices, Thusong Centres, and the police stations, to the internet - enabling access to Government services.

2.6 Customers

At present, BBI has 101 customers across various segments as shown in the figure below:

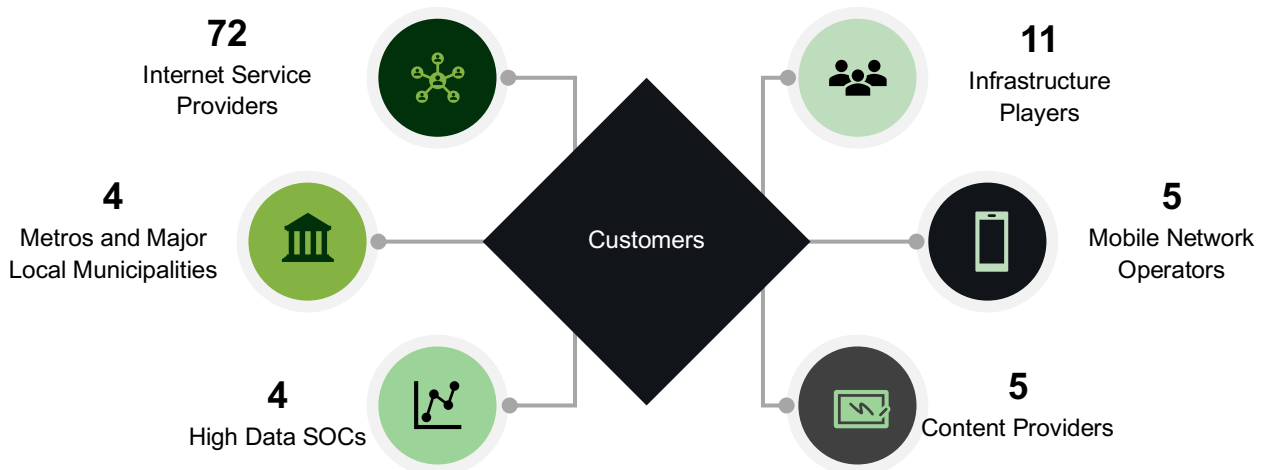


Figure 6: BBI’s Number of Customers

3. CORPORATE ETHOS

3.1 Vision

Provide communication services to enable a connected and transformed society.

3.2 Mission

BBI strives to:

- Expand the availability and affordability of access to communication services, including, but not limited to, underdeveloped and underserved areas; and
- Enable the acceleration of the State’s digital transformation through broadband connectivity.

3.3 Values

BBI strives to deliver efficiently and effectively, through active engagement with stakeholders, a customer-centric approach, and innovation that is guided by the highest levels of integrity. These are reflected through its core values shown below:



Figure 7: BBI Values

3.4 Critical Success Factors

- Access to funding;
- Customer-centricity;
- Resilient network;
- Participation in WACS;
- High-speed broadband connectivity for all provinces, districts and municipalities in South Africa;
- Continuing the delivery of the SA Connect Project;
- Adding redundant links to all six neighbouring countries of South Africa; and
- Fostering good relationships with Transnet, Eskom, and the provinces.

4. PERFORMANCE REVIEW

4.1 Five-Year Performance Review

BBI’s milestones for the previous five financial years are highlighted in the diagram below:

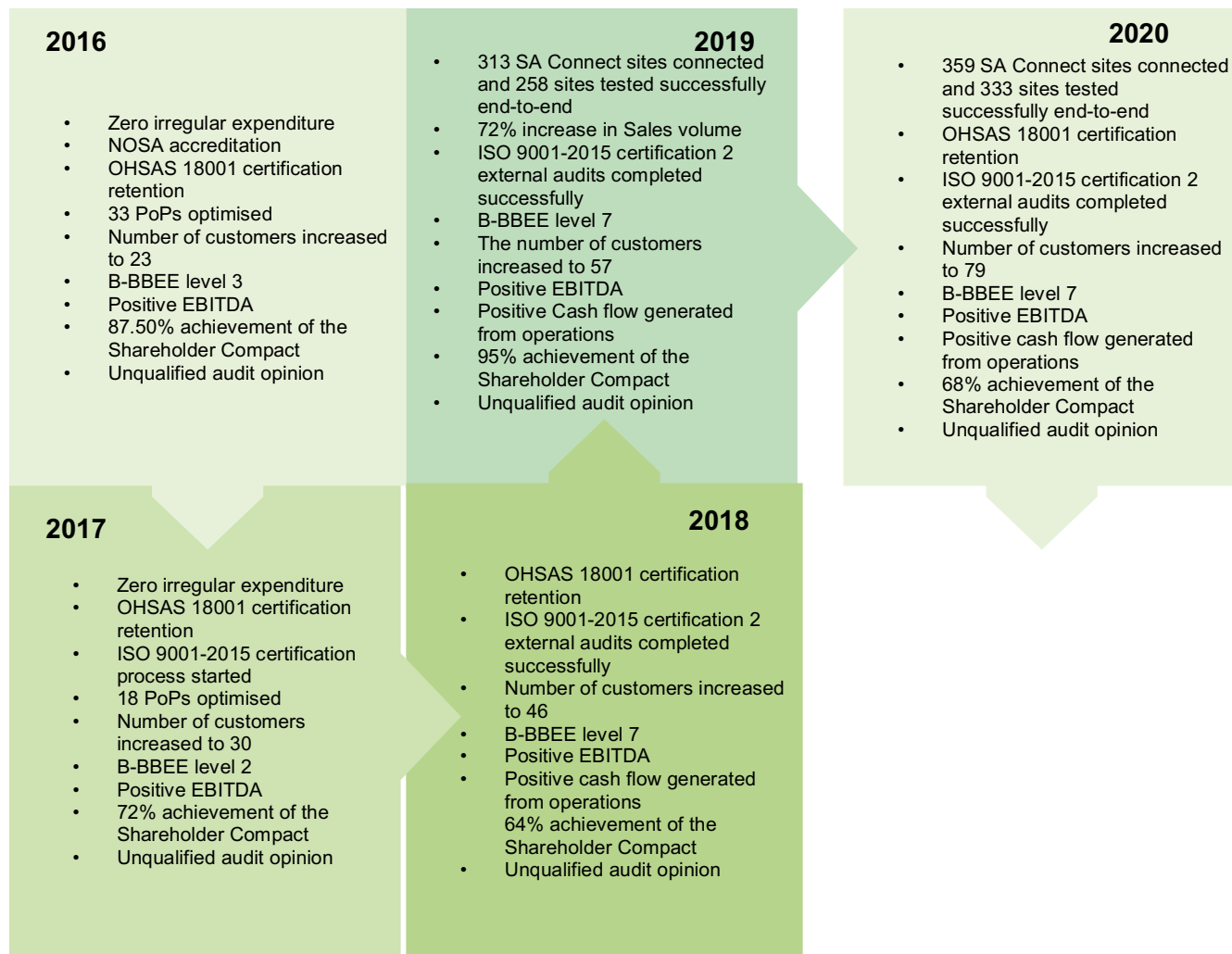


Figure 8: Milestones over the Previous Five Years

4.2 Intellectual Capital

The Final Corporate Plan for 2021/26, including the Annual Performance Plan, will be submitted to shareholders at the end of February 2021, a month before the beginning of the new financial year in terms of section 52 of the PFMA. The Company is entering the second year of executing its 2030 strategy, of which the first year was impacted by COVID-19 pandemic, thus the Key Performance Indicators (KPIs) will remain unchanged.

The new normal of corporates having to enable employees to work from home and for education to be delivered through online learning, has magnified the requirement for high network capacity and expansion of access to broadband connectivity in rural and underserved areas. The so-called new normal has widened the digital divide and further highlighted inequalities within the South African market.

4.2.1 Processes

Management has accelerated the review of current business processes to build effective internal capability and excellence. The progress cascades to the detailed methods and procedures. In the year under review, the company will continue focusing on key end-to-end business processes and supporting individual processes that span across the core operations and support functions. It is envisaged that other processes will be completed and implemented in the new financial year to eradicate any silos and improve collaboration among various divisions and departments.

4.2.2 Policies

BBI will continue manage the policy register on quarterly basis. The new policies identified intends to effect the relevant acts of law and regulations.

Table 4: Total Number of Policies

Policy Status	Number of Policies
Total number of policy documents in good standing	40
Total number of policies due for review	8
Total number of policy documents published on SharePoint	48
Total number of policy documents in draft (new)	6
Total number of policies	54

4.2.3 Quality

The Company retained its ISO 9001:2015 certification. The new audit process will be conducted during the last quarter of the current financial year, 2020/21.

4.3 Financial Capital

4.3.1 Sales

A six-pillar sales strategy, that focused on growth segments, was crafted in the financial year 2019/20. The strategy was successful in yielding results - albeit under challenging circumstances as outlined below:

Key Accounts: substantial progress was made in implementing a Strategic Account planning methodology to accounts that contribute more than 80% of revenue. Significant growth was achieved from two of the major accounts. This was as a result of working closely and collaboratively with the customers and aligning to their strategies.

One of the key accounts suffered significant financial challenges resulting in the consolidation of its business and signing of a roaming agreement with a Mobile Network Operator (part of the key accounts). Despite this turn of events, BBI recognises an opportunity to continue to acquire business through the key account, albeit indirectly. The growth of another key account was stunted during the year as a result of capacity constraints experienced in our network. BBI will continue to place a large focus on key accounts but notes that the commercially lucrative routes are under threat, as customers have focused on self-provisioning.

Acquisition Accounts Strategic intent and focus is applied to acquisition, as it fuels the revenue pipeline. With intense focus on named accounts, the team locked a longstanding opportunity with a major infrastructure player. It has taken more than five years to secure this account, and it required a dedicated effort, as well as a collaborative approach by the team. Strategic acquisition requires a unique sales skill, requiring a hunter-type Account Manager. The

company will seek to acquire more hunter-type account managers in the upcoming financial year, with the intent to complement the existing skills within in the team.

Strategic Partnerships: Strategic intent and focus is applied to acquisition, as it fuels the revenue pipeline. With intense focus on named accounts, the team locked a longstanding opportunity with a major infrastructure player. It has taken more than five years to secure this account, and it required a dedicated effort, as well as a collaborative approach by the team. Strategic acquisition requires a unique sales skill, requiring a hunter-type Account Manager. The company will seek to acquire more hunter-type account managers in the upcoming financial year, with the intent to complement the existing skills within in the team.

SADC: SADC continues to provide opportunity due to the long-established relationships through SATA. Funding constraints continue to challenge BBI's ability to build the high-demand routes, and to provide redundancy to the SADC routes. The delayed completion of the Northern Ring upgrade significantly hampered the business, as customers opted to acquire services from alternate service providers. BBI has however identified existing opportunity to promote the route for redundancy to both new and existing clients. The SOE collaboration is particularly important for this purpose and is captured as integral to meeting the five-year strategic plan. We will continue capitalising on the good working relationships and the SADC Operator plans to optimise investments in SADC connectivity.

Public Sector: The acquisition and retention of the public sector business is an important driver for the business. Major developments have taken place in the 2019/20 financial year that include the completion of the Proof of Concept (PoC) with the Kwa-Zulu Natal (KZN) Department of Education (DoE) which was as a result of a concerted effort put together to increase the market share within the public sector. The PoC successfully translated into a Purchase Order (PO), which indicates that the implementation of the public sector strategic approach was successful.

There are several initiatives underway with various provinces and Government departments, to name a few below:

- Gauteng Broadband Network (GBN) in partnership with Sentech.
- Limpopo Broadband Project in partnership with Sentech and Limpopo Connexion.
- Unisa Teaching Centres in partnership with Roshcomms.
- Northern Cape Department of Education in partnership with Redline.

The slow turnaround time experienced with public sector initiatives remains a challenge. The re-allocation of decision makers to different departments is a contributing factor in this regard. The tender processes presents an additional concern, as the process timelines are lengthy and often no feedback as to the outcome of the tender is received.

BBI takes a tactical approach in its engagement with Government. One such example is the implementation of the company's forward strategy. The strategy sees BBI assisting provinces with limited budget to seek funding by approaching the private sector and/or international government funding organisations (such as the British Trade Council). BBI provides support on network designing, and costing of the required infrastructure and equipment. The approach to provinces that have sufficient budget, is one which sees quick response times and assistance with queries

and requirements. This ensures that all opportunities are captured at an early stage, and that good customer relations may be fostered.

Channel Partners: The strategy adopted for regional penetration is to utilise the channel partners to reach customers, and to leverage the SA Connect project. This approach has proven especially successful on the back of capacity constraints for larger requirements. The ISPs that were acquired provided much-needed continuity and have grown substantial in the 2019/20 financial year. We will continue leveraging ISPs for the FTTx aggregations and providing dynamic solutions for content and business market capture.

4.3.2 Revenue

Over the past few years, the ICT sector continued to experience economic pressure. As a result, revenue generation was difficult, BBI was still able to report an increase in revenue. The momentum for revenue growth is expected to continue to increase with the implementation of the sales strategy. This forecast is reflected in the figure below.

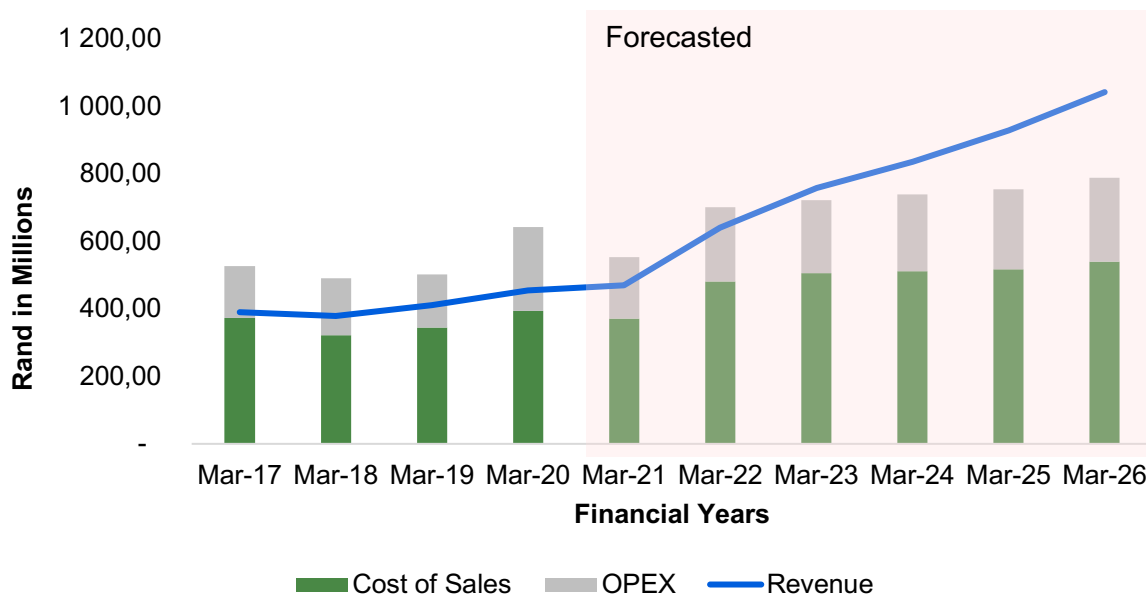


Figure 9: Nominal Revenue, OPEX and Cost of Sales - Historical and Forecasted

4.4 Manufactured Capital

BBI has collaborative and commercial engagements with other national (African), and international markets. The figure below depicts the national and international connectivity footprint.

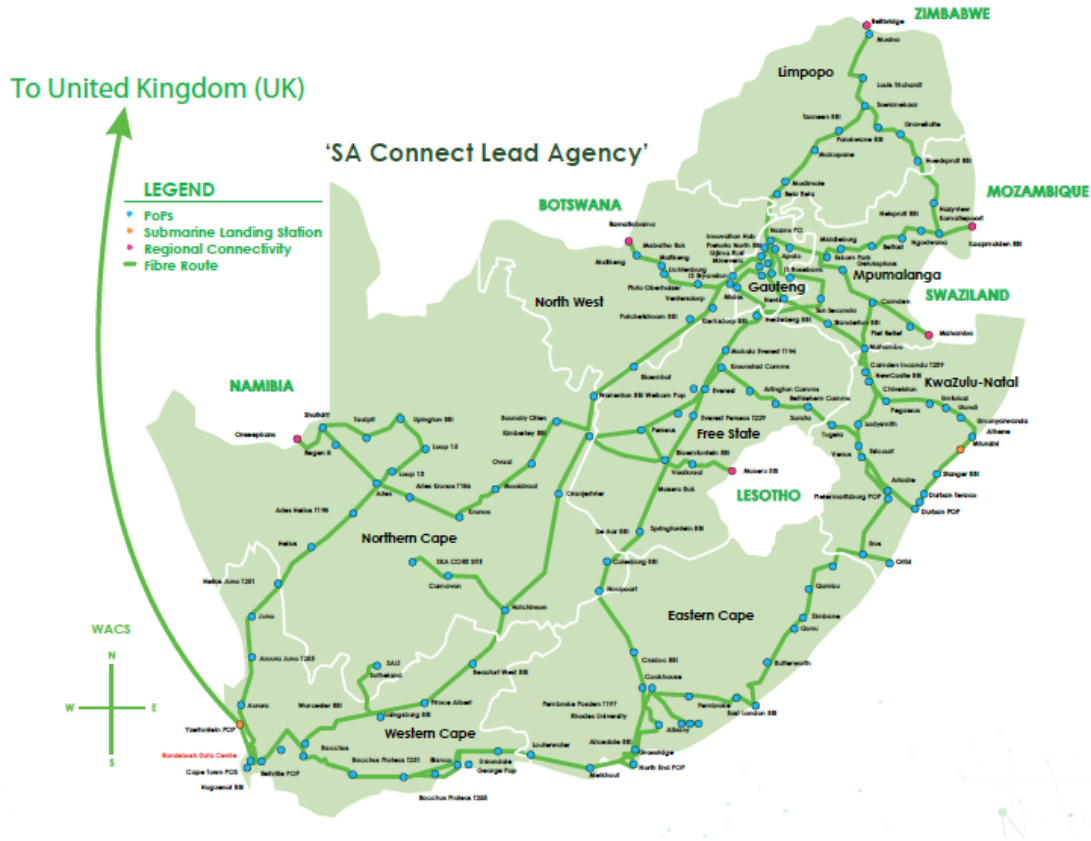


Figure 10: BBI’s Fibre Footprint

The organisation operates and maintains 147 PoPs, of which 127 are Open Access PoPs. The table below denotes the number of operational sites per ownership.

Table 5: Network Operational Sites

Site Description	Number	3 rd Party Access	
		Yes	No
Infracore-owned LD sites	57	56	1
SOC colocation sites	16	10	6
SOC site sharing sites	48	43	5
Customer PoPs	6	0	6
Open Access PoPs	10	10	0
Private lease	8	8	0
Private colocation	2	0	2
Total sites	147	127	20

BBI has presence in all nine of the country’s provinces. It offers 13 regional offices, and its head office, which is based in Gauteng. The map shown below, exhibits the sites of the regional offices, and the planned future expansion offices.



Figure 11: Regional Centres

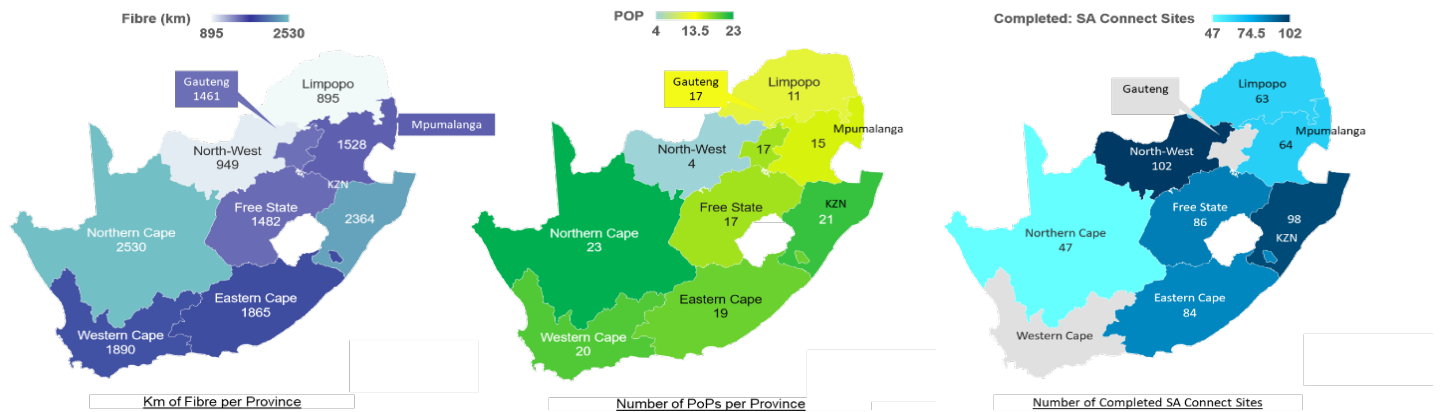


Figure 12: Current Status of Fibre, PoPs, and Completed SA Connect Sites

4.4.1 Network Footprint

National Connectivity

BBI’s national long-distance fibreoptic network comprises more than 14 863km of optic fibre cable, utilising DWDM equipment to provide combinations of base capacities ranging from 2.5 Gbps to 100 Gbps lambdas along major network routes. BBI supports small Internet Service Providers (ISPs) by offering sub-gigabit capacity connections on an IP platform. This allows smaller businesses to provide services to their clients.

The expansion of SA Connect into the rural areas and other underserved areas, will assist with increasing the number of SMMEs having access to internet connectivity.

Regional Connectivity

BBI’s network covers all nine provinces, major cities, and towns of South Africa. Its network also extends to the borders of South Africa’s neighbouring countries (Botswana, Lesotho, Mozambique, Namibia, Swaziland, and Zimbabwe) to provide the required interconnectivity.

In line with the Southern African Development Community (SADC) Protocol, BBI has connected all the SADC PoPs. BBI offers services to all the neighbouring countries through interconnections at border posts.

The following are the border connectivity points:

- Ramatlabama at the border with Botswana;
- Maseru at the border with Lesotho;
- Onseepkans at the border with Namibia;
- Mahamba at the border with Swaziland;
- Beitbridge at the border with Zimbabwe; and
- Komatipoort at the border with Mozambique.

International Connectivity

BBI is a Tier 1 Investor in the 5.1 Terabits Per Second (Tbps) WACS. The cable connects South Africa to the United Kingdom, with landing stations in Portugal and along the West Coast of Africa.

The interlink between international cables landing on the east coast and international cables landing on the west coast of South Africa is crucial to its plans. This forms an important backup link for undersea cables on the east and west coasts. It also provides connectivity between the two regions.

SA Connect and Other Projects

BBI is mandated to provide network connectivity for the SA Connect Project. This will drive the rollout of broadband infrastructure to rural and underserved areas, with the goal of achieving an average universal connection speed of 100 Mbps by 2030. The target is to be achieved progressively by increasing user experience speed of 5 Mbps in 2016 to 50% of the population, and to 90% of the population by 2020.

The SA Connect Phases 1A (313 sites) and 1B (400 sites) have been completed. All of these sites (713) have been successfully tested across eight nominated districts.

Network Performance

Network performance is focused on service assurance and fulfilment to BBI's customers. This is achieved through proactive monitoring of the network performance indicators, the configuration management, through provision of services, re-routing of services, and by promoting the use of BBI's maintenance department, so that failures are repaired in the shortest possible time.

The goal is to ensure that BBI delivers an acceptable quality service that complies with the performance metrics set out in the SLAs. In order to ensure business continuity, BBI has a primary Network Operations Centre (NOC) based in Woodmead, and a fully equipped disaster recovery centre is based in Centurion.

The five classical network management functional areas, namely, (fault, configuration, accounting, performance, and security (FCAPS) management) are key to providing network reliability:

- **Fault Management:** functions and procedures that enable the detection, isolation, and correction of abnormal operation of the network.
- **Configuration Management:** responsible for the activation of systems and services, addition of new channels/systems, switching and rerouting traffic, and monitoring of the current system condition.
- **Performance Management:** provides functions to evaluate and report on the behaviour of the network equipment, and the effectiveness of the network or its elements. This is achieved through the gathering and analysis of statistical data for the purpose of monitoring, and by correcting the performance and effectiveness of the network.
- **Network Security and Accounting:** these are systems (including software, hardware, and personnel), that ensure that both internal and external network elements are secure enough to prevent debilitating intrusions on services offered. This will be achieved through regular software updates, hardware systems maintenance and awareness campaigns.

BBI's strategy places emphasis is on the automation of core business processes, through the implementation of Operations Support System (OSS)/Business Support System (BSS), the upgrading of key servers that are relied upon for network management, and by reducing dependency on specific personnel members through skills transfer and recruitment of additional resources.

4.5 Social and Relationship Capital

Over the past year, BBI's customer base increased from 79 to 101 across various market segments. The organisation (as a responsible corporate citizen) adopted a high school in the year 2013, to

support the Maths and Science programmes by providing broadband connectivity. In subsequent years, interactive teaching and learning aids, such as interactive whiteboards, telematics programmes, computers, tablets, and a laboratory, have been provided. During the year 2018/19, cybersecurity was installed, and the educators and learners were trained on cybersecurity as a close-out of the CSI programme. This model is replicated at schools in underserved areas of the country, such as Borakanelo (Free State) and Byllets Secondary School (Eastern Cape). To support the sustainability of the CSI initiatives deployed, BBI has partnered with Google to deliver ICT training to students at the adopted schools. The first rollout began in the 2018/2019 year.

4.6 Human Capital

The workforce profile of BBI is shown below. This section details key staff, the workforce statistics (including productivity and employment cost efficiency evaluation), the organisation’s employee relations dynamics, training and development initiatives, and the employment equity status.

4.6.1 Workforce Statistics

The figure below shows the year-on-year change in headcount of employees (excluding contract workers) from 2008/09 financial year to the third quarter of 2020/21.

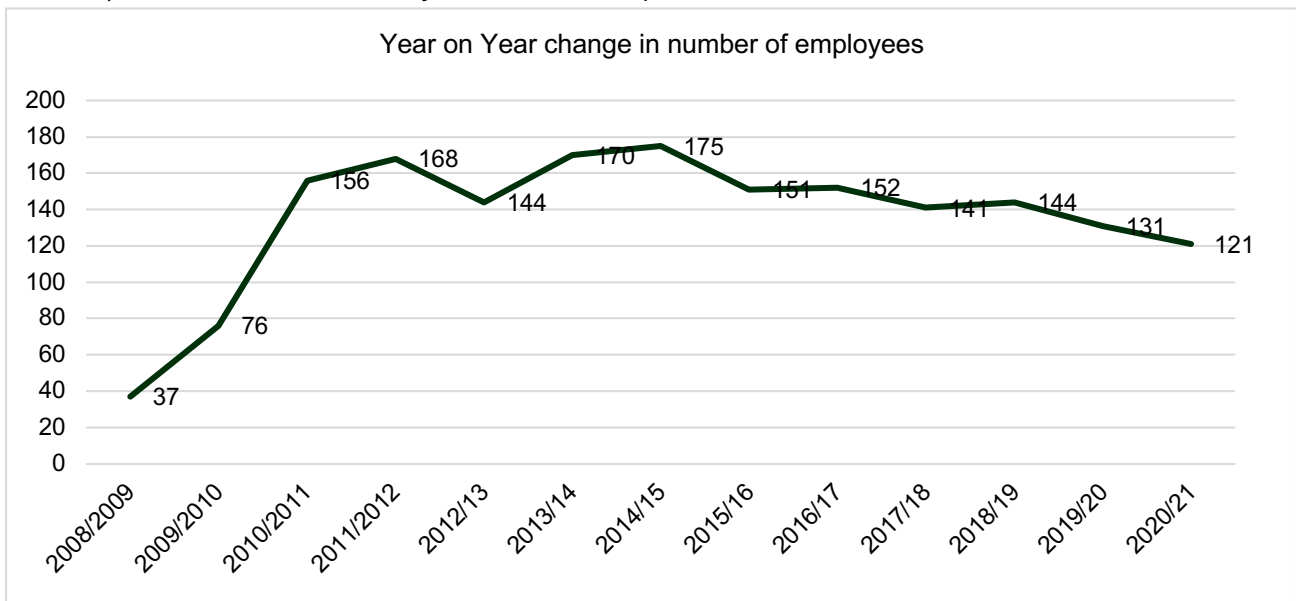


Figure 13: Annual Employee Numbers

Table 6: Employment Equity Demographics as at 31 December 2020

EMPLOYMENT EQUITY DEMOGRAPHICS													
Job Levels	Male				Female				Foreign Nationals		Sub-Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Executives	3	0	0	1	1	0	0	0	0	0	4	1	5
	60%	0%	0%	20%	20%	0%	0%	0%	0%	0%	80%	20%	100%
Senior Management	5	1	0	1	2	0	0	0	1	1	8	3	11
	45%	9%	0%	9%	18%	0%	0%	0%	9%	9%	73%	27%	100%
Professional Specialist & Middle Management	24	1	2	4	12	1	0	0	0	0	31	13	44
	55%	2%	5%	9%	27%	2%	0%	0%	0%	0%	70%	30%	100%

EMPLOYMENT EQUITY DEMOGRAPHICS													
Job Levels	Male				Female				Foreign Nationals		Sub-Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Supervisory & Junior Management	11	0	0	2	4	0	0	0	0	0	13	4	17
	65%	0%	0%	12%	24%	0%	0%	0%	0%	0%	76%	24%	100%
Operational	26	0	1	0	14	0	0	0	0	0	27	14	41
	63%	0%	2%	0%	34%	0%	0%	0%	0%	0%	66%	34%	100%
Support	0	0	0	0	5	0	0	1	0	0	0	6	6
	0%	0%	0%	0%	83%	0%	0%	17%	0%	0%	0%	100%	100%
Total Permanent and fixed term contracts	69	2	3	8	38	1	0	1	1	1	83	41	124
	56%	2%	2%	6%	31%	1%	0%	1%	1%	1%	67%	33%	100%
GRAND TOTAL	69	2	3	8	38	1	0	1	1	1	83	41	124

Note: A=Africans, C=Coloureds, I=Indians and W=Whites, FN=Foreign Nationals

The table below depicts the age profile as per job level.

Table 7: Age Profile by Job Level

Job Levels	Average Age
Executives	50.
Senior Management	49
Professional Specialist and Middle Management	42
Supervisory and Junior Management	49
Support	38
Average Company Age Profile	45

4.6.2 Employee Matters

BBI currently faces notable challenges with regard to employee matters. BBI has an overstretched human resource capacity, which poses a potential health risk. The organisation is at risk of losing critical skills and knowledge, due to its lack of staff-retention capability. No succession planning and career pathing is available due to an inadequately established organisational structure (unfilled vacancies, career stagnation, no promotional opportunities). A low workplace morale, and an ever-present risk of poor performance, is experienced within the organisation due to a lack of funds to drive employee appreciation initiatives, and the employee's job security concerns caused by the impending merger of BBI with Sentech. The trade union (now a minority union) has suffered a loss of members to a newly onboarded trade union that holds the majority membership by BBI employees. The majority union has introduced new dynamics in the relationship between the employer and organised labour.

4.7 Future Outlook

The outlook for BBI has improved significantly over the past two years. Whilst the SA Connect implementation has provided positive spin-offs and has been positively perceived by various stakeholders, there are areas of improvement which will receive special focus in the coming year.

Despite this, an increased market interest in BBI continues to be noted. This is identified by the increase in the number of customers within the same period, as well as the growth of the organisation's opportunities pipeline.

The strategic outlook of BBI for the medium- to long-term will consider the impact of the rationalisation of SOEs. In December 2017, Cabinet approved the framework for the rationalisation of SOEs. This approved framework includes the formation of the State Digital Infrastructure Company (SDIC), which will be formed out of the merger of BBI and Sentech. The first Phase of this Project involved a Post-Merger Integration Plan as well as the valuation of the individual entities, both of which have been completed. The second Phase makes provision for the development of the strategy for the SDIC (due end February 2021).

SA Connect continues to be a strategic project for BBI. When the next phases of the SA Connect project are implemented, various models will be considered for the last mile of the network. This will create and maintain a balance that leverages the existing infrastructure (owned by both private and public entities), and the strategic need for the state to guarantee the availability of affordable services to underdeveloped and underserved areas. Some of these models have been discussed with current SA Connect service providers, who agree with the notion that a workable model can be achieved.

To support the abovementioned plan, and to minimise duplication of infrastructure on the back of a constrained fiscus, engagements with various provinces have begun. Engagements aim to align project goals and leverage the existing municipal infrastructure in the rollout of essential network services to underserved areas.

BBI has an excellent Wide Area Network (WAN) infrastructure, spanning thousands of kilometres, and offers both Layer 2 and Layer 3 services. It is envisaged that this current strength will continue through the new SDIC, which joins BBI's robust fibre connectivity and expertise, and Sentech's sturdy terrestrial wireless network and expertise. A full end-to-end solution can thus be provided based on a wholesale model. This model is founded on the current SA Connect project, in which both these SOCs are participating. For BBI to take advantage of these opportunities, it requires funding to (amongst others) extend its network footprint, upgrade its core transmission network, and build a national IP/MPLS layer in its network. This will be achieved together with relevant SOCs, such as Sentech, and municipalities with ICT infrastructure. The rollout of SA Connect, the sales momentum, and effective cost containment measures, indicate positively that this will be provided. The implementation of SA Connect is expected to strengthen BBI's financial position in the short-term.

The five-year corporate plan continues to create a foundation from which BBI will create sustainability and profitability to ensure continued delivery on its mandate to expand the availability and affordability of access to electronic communications in underdeveloped and underserved areas.

The organisation requires social re-engineering as a preventative measure to create hope for future stability, sustainability, and employment. Communication can be leveraged to ensure transparency and promote adherence to due process, where necessary. A participative and inclusive approach must be employed for successful re-engineering.

Building of requisite capacity for the implementation of BBI's strategic intent is essential. Significant investment is required to identify future skills and knowledge requirements, perform competency gap analysis and the execution of appropriate interventions, and to ensure the continued competency of BBI's human resources. The lack of financial resources needed to enhance organisational

competence means that internal creativity is required to upskill and enable access to career advancement opportunities, establish a succession pipeline, and strengthen leadership effectiveness.

SOE collaborations can be used to borrow technical expertise, for job rotation and SETA offerings. Sponsored international seminars should be considered as opportunities for upskilling the organisation towards technological advancement trends, such as 4IR.

To be recognised as an employer committed to the transformational objectives of the country, the human resource management function continues to find ways of assisting the organisation to achieve affirmative action measures, which aim to eradicate any forms of discrimination associated with the injustices of our historical background. The lack of internal HR capacity and financial resources have hindered the company’s ability to address the transformation agenda.

The Corporate Plan evaluated the potential products that can be presented by the process of SOC Rationalisation in the context of:

- Immediate products that can be sold to the market;
- Enhanced and stronger proposition that can be launched into the market in the short- to medium-term;
- Additional products that will require some investment and faster returns; and
- A long-term view of products that should be explored as parallel offerings to the current value proposition.

SOC RATIONALISATION				
Connectivity	Content & Multimedia	VAS	Extended Services	New Offering
<p><u>Managed fibre services (FTTX)</u></p> <p>Managed wireless services VSAT services Enterprise Content Management (ECM)</p>	<p><u>TV terrestrial</u></p> <p>Satellite TV Frequency modulation (FM) MW OTT Digital Audio E-Learning</p>	<p><u>Co location</u></p> <p>3rd Party site management Consulting NOC + call centre as a service Maintenance Internet (Wholesale) White labelling and unified solutions 4IR (IOT Solutions) Voice over internet protocol (VOIP)</p>	<p><u>TV and FM broadband</u></p> <p>Virtual education and healthcare Video on demand (as part of OTT)</p>	<p><u>New</u></p> <p>IOT Network Backhaul services Data Centres Enterprise internet Innovation hub Disaster recovery Cloud (Platforms and software)</p>
Immediate		Scale and Build		

Figure 14: Merged Entity’s Products & Services

The products falling under value added services (VAS), and those requiring enhancements, are offered by the entities. These would however require improved co-ordination, and building at scale, in order to access their intended market. The final category will require investment.

5. ENVIRONMENTAL ANALYSIS

The following section highlights the evolution of the external environment. This includes amendments within the regulatory environment, the macro landscape, industry analysis, target markets, and the market position of BBI.

5.1 Regulatory Environment Amendments

The following legislative changes are under review.

5.1.1 Electronic Communications Amendment Bill

The Department of Communications and Digital Technologies (DCDT) published a draft Policy Direction on the licensing of unassigned high-demand spectrum. The National Integrated ICT White Paper has been converted into the draft Electronic Communications Amendment (ECA) Bill. The Bill is intended to give legislative and regulatory effect to the policy objectives outlined in the White Paper. The Bill seeks to govern the establishment of the Wholesale Open Access Network (WOAN) and includes details around the WOAN's spectrum allocation, ownership structure and pricing of facilities leased from MNOs as well as BBI's participation. The Bill was withdrawn in February 2019 and has not been re-issued.

5.1.2 High Demand Spectrum and the WOAN

The licensing process of High Demand Spectrum (HDS) has been finalised through ICASA publishing an Invitation to Apply (ITA) in October 2020. Unfortunately for BBI, despite ICASA stating in its Information Memorandum on the licensing of HDS in January 2020 that a set-aside of HDS should be made available for SA Connect, ICASA failed to provide such a set-aside in the ITA. BBI raised the issue with the DCDT. The DCDT indicated that, noting the dire need for HDS for SA Connect, the issue should be addressed via a policy direction from the Minister.

ICASA's ITA for HDS also included an allocation of HDS for the Wholesale Open Access Network (WOAN).

HDS will be allocated to existing I-ECNS licensees via an auction process which ICASA intends finalising by the end of 2021.

Selection of the winning entity for the WOAN licence will also be finalised in late 2021. BBI's prospective participation in the WOAN could be via it providing backhaul capacity to the WOAN since the Company's Shareholder Ministry has not officially sanctioned the Company's participation in the WOAN as an equity holder or otherwise. An amendment in favour of additional responsibilities allocated to BBI will benefit BBI in terms of a consolidated mandate reducing overlaps with other entities.

5.1.3 SOC Rationalisation

The formation of the SDIC will require the drafting of new legislation to replace the Act, , as well as the Sentech Act, No. 63 of 1996. BBI and Sentech have completed the 1st Phase of the process towards the merger and are now engaging with a new Service Provider developing a comprehensive Strategy for the joined entity.

BBI believes that SOC Rationalisation would benefit both organisations in terms of:

- The total value of the combined entity;
- The consolidated infrastructure as well as asset base which will enable complimentary services in the value chain; which will in turn,
- Boost the combined entity's market position and competitive offering, along with increased financial capability.

BBI believes that the SOC rationalisation will benefit the state developmental objectives through:

1. Connecting the masses as mandated, enabling access to connectivity for all as well as smart cities through infrastructure deployment;
2. Reducting of duplication in infrastructure roll-out as well as enabling fiscal savings through scale and efficiency;
3. Shared efficiency across distribution channels and an end-to-end connectivity offering;
4. Integrated end-to-end content delivery;
5. Sustainability achieved via State ownership of infrastructure;
6. Developmental of core skills and capability in readiness for 4IR;
7. An ethical and responsible corporate organisation with a focus on the social developmental mandate; and
8. Providing a distinguished and strategic ICT partner to business, government and SOCs instrumental to the digitisation of the country.

BBI recognises the role that this merged entity can play in the transformation of society, in uplifting the quality of life for citizens, as well as the role it plays in being a catalyst for rapid change and an enabler of service delivery to citizens. ICT is a critical catalyst to the country's goals of closing the gap of the digital divide, under the National Development Plan. BBI believes that the SDIC will contribute greatly to the achievement of these goals. The merged entity will, from Day 1, enable a seamless offering of the current product range, and will contribute to expanded future products, services, and solutions.

Financial Impact

BBI included in its budget funds for fund the next phase of the SOC Rationalisation processes for the 2021 financial year, which will entail a full due diligence, development of a corporate strategy and business plan and business model. A view on the merged SDIC consolidated financial position is as follows:

Financial Position

The overall financial position of the SDIC would require further analysis and strategic restructuring to ensure that the financial position is stabilised and appropriately geared to embark on expansive growth initiatives in core telecoms/broadband business offerings.

The operating cash flows are forecasted to yield a steady growth, as both businesses have highly liquid customers. The cash to be invested into the network will primarily be used to drive business growth within the existing service offerings, with a national broadband network company that provides end-to-end connectivity offering. The SDIC's financial position will be stronger if consolidated and will enable access to third-party funding for financing of the envisaged growth opportunities. This coupled with the good corporate governance, and sound financial policies, will ensure long-term financial sustainability.

Financial Performance

The financial projections for the SDIC are expected to reveal growing revenues and a modest profit. The growth will be driven primarily by the growth in connectivity revenues whilst anticipated cost savings will be offset by the costs that will be incurred in integrating the business processes of the two companies in the short-term. In the medium-term, efficiency improvements should come into play, coupled with the expected growth opportunities, which should see overall profitability of SDIC improving. The benefits and risks of SOC rationalisation are encapsulated in the key strategic enablers.

5.2 Macro Environment Analysis

5.2.1 Global Market

The global telecommunications market continues its transformation and is underpinning the digital, sharing, and interconnected economy. Digital evolution was accelerated, being driven by a need to work from home and to continue economic activities remotely. Much more development was driven in the spaces of Machine-to-Machine (M2M), Big Data Analytics, Artificial Intelligence (AI), Cloud Computing and the over-arching Internet of Things (IoT).

Fibre-based projects capture a large portion of capital expenditure (CAPEX); BBI has witnessed a growth in CAPEX as operators begin spending on infrastructure in preparation for 5G technology. With more video applications being used by consumers and initiatives around M2M and the IoT beginning to increase, there is a widespread interest in upgrading to higher-speed services. There are now approximately 1-Billion fixed broadband subscribers worldwide.

The high-speed transmission technologies can be used to connect the end-users to the internet. Broadband technologies currently being used are digital subscriber line, fibre optics, wireless and broadband over powerlines. The global fibre market is on the rise and this is driven mainly by the telecommunication industry.

5.2.2 National Market

The emergence of COVID-19 has accelerated the move towards Digital Transformation with many Corporates implementing work-from-home policies. A significant increase in e-commerce services has also been noted as a result of the COVID-19 emergence. Customer plans are also focused on Service Defined Networks (SD WAN), with one of BBI's major Public Sector customers having had this as part of the 2020 plans. 5G remains topical, with major operators making headway in testing. Edge computing is also topical with centres that have computing power being cascaded to create different levels of Edge. Traditional centres are fewer in number, larger, and potentially far from Edge devices. Developing trends are around Edge, with virtualisation, greater computing power (for local analysis and response), achieving low latencies.

In the market, we note a few operators deploying Fixed Wireless Access which may be a move to cost-effectively deploy 5G. Whilst Fixed Wireless Access introduces efficiency in the deployment,

much work still needs to be done to finalise the standards for interoperability. The key players have maintained offering of fixed broadband solutions - predominantly in metropolitan areas - with the exception of Vumatel, that has trialled a rural offering. This introduces a new dynamic as BBI was the main backbone provider that extended their services to remote areas. Due to a focus on major routes, there has been an increase in investments in the provision of national long-distance networks. Other routes have remained uncompetitive, resulting in the cost to connect remote locations remaining high. There is an access issue in South Africa and national long-distance networks can be used to increase internet access in remote access.

The ICT industry is ever-changing and requires that BBI remain agile and proactive to continue to be valuable and sustainable. Cloud services and data centre services are market trends that will (in the near future) impact the face of broadband connectivity in Africa at large, hence solid infrastructure is required. BBI needs to improve its vertical product offerings and reselling of cloud services to SMMEs, the ISP market, and Government departments. There is a need for collaborations with some of the SOEs for cloud and data centre proposition.

Within the South African context, the relationship between South Africa's National GDP, the South African telecommunication industry, and telecommunication investment, indicates that the industry has been resilient in the face of economic downturn and stagnation. The impact of COVID-19 will still be felt in the market, with projections of growth-contraction by more than 7% in 2020 (according to the Global Economic Prospects report). Whilst the resilience of the market is noted, the market pressure has been felt in a more rigid push for improved prices and shorter-term contracts.

5.2.3 Factors Impacting Sector Trends

BBI's success is linked to the macro-environment it operates in and this will be analysed using PESTEL, the figure below summarises the political, economic, social, technological, environment and legal factors.

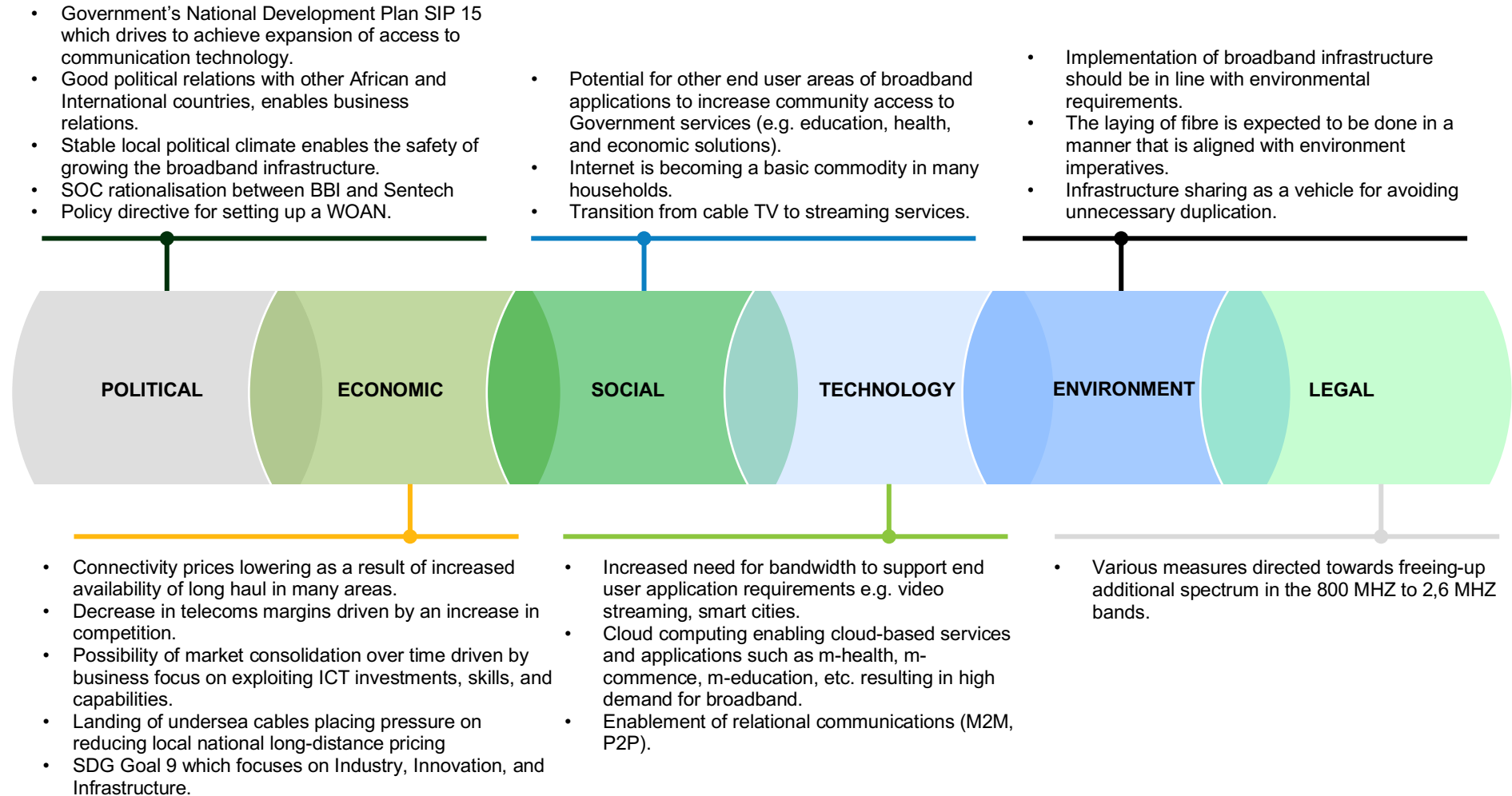


Figure 15: PESTEL Analysis

The main factor that is going to affect BBI's operation is the possibility of consolidation with Sentech facilitated by the Government.

5.3 Industry Analysis

5.3.1 Market Trends

The following are the notable market trends, and they are supplemented by the BMIT Study on the evolution of the Broadband Market:

- FTTx growth: SA investors have shifted from being uncertain of the potential in 2013, to actively seeking investments in 2020, especially in FTTx. Investment is in companies (with track records) but also in projects. Operators also acquire companies, customer bases, and fibre assets (provided they are built to quality). BMIT recently completed a due diligence for a R2.3billion sale of FNO Octotel.
- Data Centres: The Uptime Institute claims that investors in its markets are seeing Data Centres as a long term, fairly stable play, and for some the investment is regarded as 'more like a bond'.
- Towercos: In many countries, including Africa (but not South Africa), operators have shifted ownership of their towers to independent companies, to operate and to lease back to them, whilst also sharing space with other operators. The move by MTN to offload the tower infrastructure is a sure sign that South Africa is considering the Towerco model as the revenues get pressurised and investors are looking for consistent returns on their investments.
- Cloud: The South African cloud market is set to grow to over R20billion in 2023, with Software as a Service (SaaS) accounting for 60% of spend.
- WOAN: The ITA for the WOAN was issued on 2 October 2020. The WOAN will operate as a single network, built via a consortium, which will sell HDS to telecom operators on a wholesale basis.
- High Demand Spectrum: The ITA (Invitation to Apply) for the HDS closed on 28 December 2020. ICASA will auction radio frequency spectrum to eligible licensees in the 700 MHz, 800 MHz, 2600 MHz, and 3500 MHz IMT spectrum bands, which will be divided into different lot categories and lot sizes. The allocation for HDS allocation will be critical for Mobile Operators in the deployment of 5G.
- TV White Spaces: 2020 saw a year where many industry players were actively testing TV white spaces as potential frequencies to use for deploying connectivity in deep rural areas. BBI has also been active with many partners (the outcomes of which will be instrumental in the submissions to the Regulator).

All shifts in the market indicate years that will drastically change the structure of the industry as well as the market dynamics for the coming years. Strides are being made in Artificial Intelligence (AI) affecting multiple industries including health, retail, and manufacturing. AI is data rich and will require both Edge computing capacity as well as data centre power supported by massive fibre capacity requirements. The evolution of 4IR introduces many players and requirements for much more capacity to transport the data to where it is required.

The landing of multiple undersea cables marks the increase in content demand and much more requirement for high speeds. ACE, which was scheduled to land in September 2020 has been delayed but is schedule for delivery in the first half of 2021. A consortium of Facebook, China Mobile, MTN Group, Vodafone Group and Telecom Egypt has structured a collaboration to deliver 2Africa, a 37 000km long undersea cable by 2024.

5.3.2 Competitor Landscape

BBI's main competitors remain Telkom (Openserve), Liquid Telecom, SEACOM, WIOCC and Dark Fibre Africa (DFA). Each of these entities have varying strategies evident in their network profiles. At present, the underserved and underdeveloped areas appear as less of a focus area of competitors as they continue attempts to immerse the competing organisations in areas such as metros and building network chains across the African continent. This is with the exception of Vumatel, which is starting to penetrate the rural market with creative commercial propositions. The focus is on low capacities with best effort service levels.

The South African wholesale backhaul bandwidth market currently lies predominantly with Telkom due to its extensive fibre infrastructure.

Competitor moves in 2020:

- Liquid Telecom has intensified competition in the open access wholesale market and have made strides in investing in national long-distance fibre. Additionally, in 2020, Liquid Telecom invested in \$308million through a rights issue to fund a rapid expansion of its data centre business across Africa.
- SEACOM: shared its strategic focus on 1.7Tbps to its network, bringing its total capacity to 3.2Tbps along Africa's eastern and southern coasts.
- Vodacom and MTN (and to a lesser extent Cell C) offer wholesale on an opportunistic basis with long-distance fibre self-build initiatives by FibreCo and mobile operators. However, this has declined significantly with the Durban to Port Elizabeth to Cape Town route still being underserved, providing a significant competitive advantage for BBI. Vodacom and MTN have fully fledged divisions for carrier services with a staff complement that is comparable with BBI. Vodacom's carrier business also stretches into other parts of Africa.
- Demand for dark fibre has increased and there is a significant decline in demand for managed bandwidth. This is due to the scale opportunity provided by SOEs, who are disrupting the market and offering dark fibre to wholesale customers.

5.3.3 Existing and Target Markets

BBI's market segments can be sub-divided by customers essential to the commercial mandate (revenue generating customers) and customers who are service recipients of the social mandate.

Existing and Target Markets Essential to the Commercial Mandate

BBI has identified eight market segments that can form part of its customer base. The table below summarises the different market segments in both public and private sectors.

Table 8: Market Segments of Customers

Segment	Description
Mobile Network Operators (MNOs)	Mobile network operators requiring national backhaul from base station controllers/mobile switching centres and redundancy.
Other broadband infrastructure companies	Other wholesale broadband infrastructure operators, both competitors and partners as well as potential clients e.g., for redundancy.
High data usage Government departments / SOCs	Government departments or SOCs with high national backhaul requirement – primarily licensed or license exempt.
Major metropolitan municipalities	Large urban municipalities developing own metro networks.
ICT firms and ISPs / Content providers	Systems, infrastructure, and services firms with large data centre.

Segment	Description
International / Regional Telecoms and Broadband operators	Telecoms and broadband operators in neighbouring SADC countries and internationally requiring regional connectivity, international backhaul and redundancy.
Provincial Government, DOH, DOE, DPW	Areas of Government tasked with provincial economic, and supporting infrastructure development, and improving access to Government services in underserved areas.

Existing and Target Markets for the Delivery of the Social Mandate

The goal of the South African government is to achieve a universal average download speed of 100 Mbps by 2030. The target to be achieved in a progressive manner, reviewable targets by increasing user experience speed of 5 Mbps in 2016 to 50% of population and to 90% by 2020. Targets are set for schools, clinics, and the public sector at 10Mbps for Phase 1 of SA Connect.

BBI has been mandated to provide network connectivity for the SA Connect Project that will drive the rollout of broadband infrastructure to rural and under-served areas. The table below reflects targets for existing and targets markets in the public sector.

Table 9: SA Connect Market Segments

Target Market	Penetration Measure	Baseline (2013)	By 2016	By 2020	By 2030
Broadband access in Mbps user experience	% of population	33.7% internet access	50% at 5 Mbps	90% at 5 Mbps 50% at 100 Mbps	100% at 10 Mbps 80% at 100 Mbps
Schools	% of schools	25% connected	50% at 10 Mbps	100% at 10 Mbps 80% at 100 Mbps	100% at 1 Gbps
Health facilities	% of health facilities	13% connected	50% at 10 Mbps	100% at 10 Mbps 80% at 100 Mbps	100% at 1 Gbps
Government facilities	% of Government facilities		50% at 5 Mbps	100% at 10 Mbps	100% at 100 Mbps

5.3.4 Gap Analysis

Tabulated below are the factors that demonstrate where the gap lies for BBI.

Table 10: Gap Analysis

FACTOR	DESCRIPTION
Market structure and regulatory regime	Regulatory bottlenecks are hampering expansion of the sector, the fairness of competition and ultimately, the welfare of consumers is impacted.
Universal access	Failure to enforce universal service obligations on mobile operators had done little to close the digital divide and unintended outcomes have been compounded by failure to enforce universal service obligations (USOs) and the utilise universal service funds in a timely manner for the purposes intended. An overhaul of existing policy,

FACTOR	DESCRIPTION
	institutions and funding mechanisms is required before universal access strategies for broadband can be put in place.
Infrastructure reach	The gap in high-capacity backbone infrastructure is greatest in rural areas and in former homelands. There are also some urban areas with high population densities that remain unserved. However, some parts of Kwa-Zulu Natal, North West and Eastern Cape have fibre backbone coverage which reaches within 10 km of most communities.
Infrastructure cost	Lack of effective regulation of wholesale markets and the inability to provide incentives to operators to share infrastructure means wholesale broadband has not been widely accessed thus affecting the development of service-based competition.
Funding	New innovative ways that blend private and Government funding sources to fund not only infrastructure rollout, but also critical development and the provision of public services online. Funding models that share investment risk between the public and private sector are emerging across the globe.
Regional integration	The vision to achieve a Digital SADC by 2027 which acknowledges that the key benefits in becoming a knowledge-based society are based on the provision of always-on affordable broadband connectivity to deliver relevant content and useful applications by means of easy-to-use access devices.
Skills development	The greatest gap for South Africa is overcoming human development issues and having the skills-base necessary to operate a knowledge economy. This calls for the prioritising of connecting schools with high-speed broadband towards encouraging R&D, innovation, and entrepreneurship as well as continuous personal development of our employees.

5.4 SWOT Analysis

BBI’s strategic position allows for multiple opportunities to be explored based on its resources and environment. The table below outlines the strengths, weaknesses, opportunities, and threats.

Table 11: SWOT Analysis

STRENGTHS		WEAKNESSES
<ul style="list-style-type: none"> Agility in execution (speed of execution). Decision making due to access to executives and the speed thereof. Easy access to senior leadership by staff and customers. Operational ability to deliver (SLAs). New Product development (in terms of engineering services, technical services etc.). SA Connect is opening a market that allows smaller players to participate. HR policies and procedures that make people management effective. Innovative culture. Knowledge management (transfer of skills). A better recognised brand and visibility 		<ul style="list-style-type: none"> Legacy technology. Lack of business process automation. Lack of funding. Capacity of the organisation (i.e. number of people) and the inability to permanently fill vacant positions. Low staff morale. Inadequate financial provision for skills upgrading requirements. Inability to compete for critical core skills on the market. Lack of forward investment due to immediate operational needs
OPPORTUNITIES		THREATS
<p>High Priorities</p> <ul style="list-style-type: none"> Broader SOC consolidation and SOC rationalisation. Leverage SA Connect to drive network extension. To build a state-of-the-art, resilient, and 	<p>Medium Priorities</p> <ul style="list-style-type: none"> Strategic partnerships with OTTs incremental revenue. SADC expansion and beyond utilise subsea cable. Competitive advantage of reach and network capacity. 	<ul style="list-style-type: none"> Lack of National Treasury funding allocation to continue with the roll-out of SA Connect. Customer self-provision of own infrastructure Competitors and Non-ICT SOC’s offering dark fibre. Fibre swaps. OTTs price makers. Virtual network operators.

<p>redundant transmission and IP network.</p> <ul style="list-style-type: none"> Automation of business process. Expansion of IP based product suite. COVID-19 impact on the demand for connectivity. 	<ul style="list-style-type: none"> Leveraging off entrepreneurs and start-ups to drive innovation in the public sector (e.g. Innovation hubs, attend entrepreneur summits and identify potential opportunities). Leveraging strategic partnerships to extend product offering. Data centres. <p>Low Priorities</p> <ul style="list-style-type: none"> FTTH 	<ul style="list-style-type: none"> Consolidation in the market. Inconsistencies in Government policy Continuous loss of critical and scarce skills. Lack of strategic investments to future-proof the business model.
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5.5 Implications

BBI has an opportunity to consider playing in the Data Centre space as well as possibly leveraging the SOC Rationalisation to significantly position a value proposition in the TowerCo space. Additionally, there is an opportunity to participate as part of the consortium in the undersea cables. The current funding challenges make it extremely difficult to have a strategic forward-looking approach in investments that are critical to the sustainability of the Business model. The positive side to this is that these considerations are being made in the SDIC strategy formulation process to not miss out on future opportunities that are critical to the joint entity.

BBI recognise the imminent shift of the market to the cloud and has forged strategic relationships with Microsoft in order to include this offering as a strategic value proposition. Cloud is highly technical as a skill base to acquire and with the challenges of filling in vacancies, BBI has opted to use strategic relationships to source this capability.

BBI continues to lobby for allocation of HDS in order to support the cost-effective deployment of SA Connect. This is being done with continuing tests of TV whitespaces with Industry players. BBI continues to embrace collaboration efforts to participate in the WOAN through supplying the backbone capability.

6. CORPORATE STRATEGY

6.1 Overview of Corporate Strategy

BBI’s mandate enables the organisation to be one of the central drivers of the fourth industrial revolution. Fibre is an essential product to enable connectivity and drive a gigabit society. BBI is mandated to increase accessibility to electronic communications and transactions across South Africa (and beyond). At present, the core of BBI’s products and services is within the hardware and connectivity elements of the value chain, as shown below.

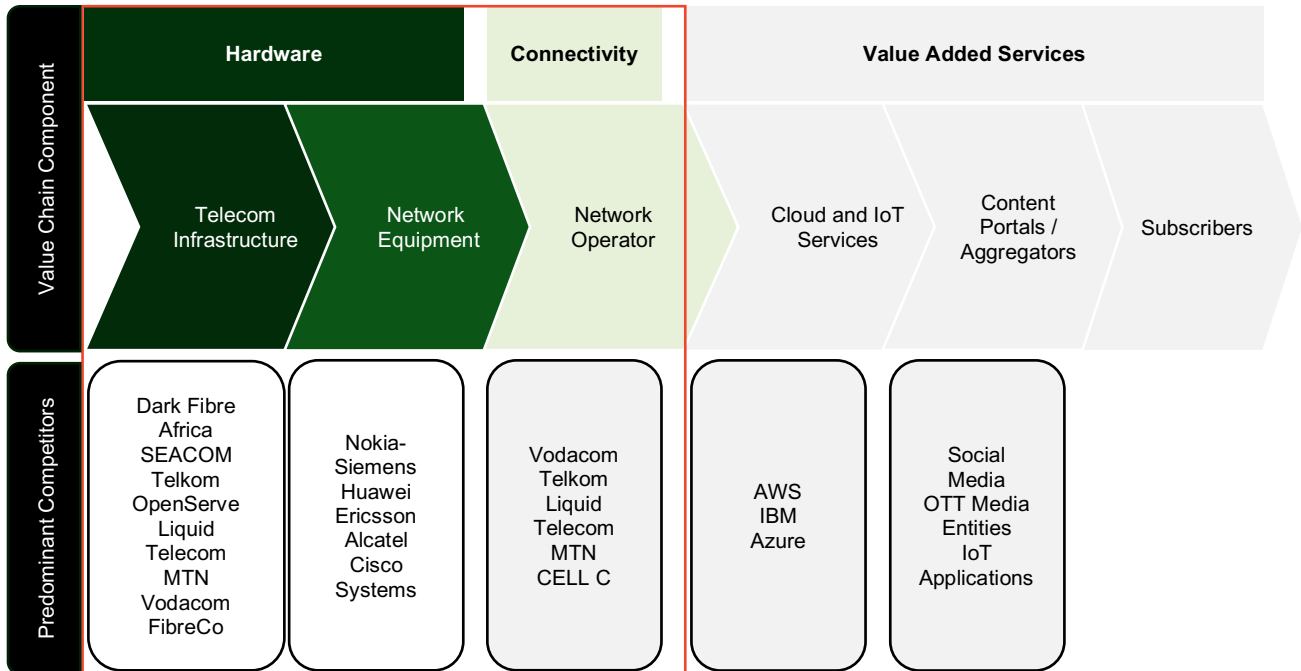


Figure 16: BBI’s Position within the Industry Value Chain

Overall, BBI seeks to reach its desired vision to: “Provide communication services to enable a connected and transformed society”. This impact will be enabled through three key phases: (1) Stabilise and Mobilise; (2) Build Infrastructure and Grow Customer Base; and (3) Grow Services to enable digital transformation. The phases, together with the strategic goals, are summarised in the figure below. Phases 1 and 2 commence in the short-term, and Phase 3 is expected to commence in the medium- to long-term.

Phase 1 Stability and mobilisation is a critical precursor to Phases 2 and 3. Within Phase 1, critical levers to enable financial stability are necessary, such as the securing of funds to expand on infrastructure. Similarly, key internal-focused activities are required to gear the organisation toward the delivery of the strategy, for example review of the business and operating models, as well as a review of processes, together with the implementation of automation systems.

Phase 2 Focuses on the tactical efforts in customer attraction and retention, through a customer-centric model to develop new business in both the private and public sectors. The commercial mandate will aid in the subsidisation of the social mandate, allowing BBI to expand faster into the underdeveloped and underserved areas.

Phase 3 Considers the expansion of products and services specifically to the State, enabling the State services through connected societies. The Phase is two-pronged with focus on digital connectivity promoting accessibility while facilitating socio-economic transformation through SMME development and school adoption. Phase 3 further seeks to leverage the strategic positioning of BBI as a key enabler to the digital transformation of the State.

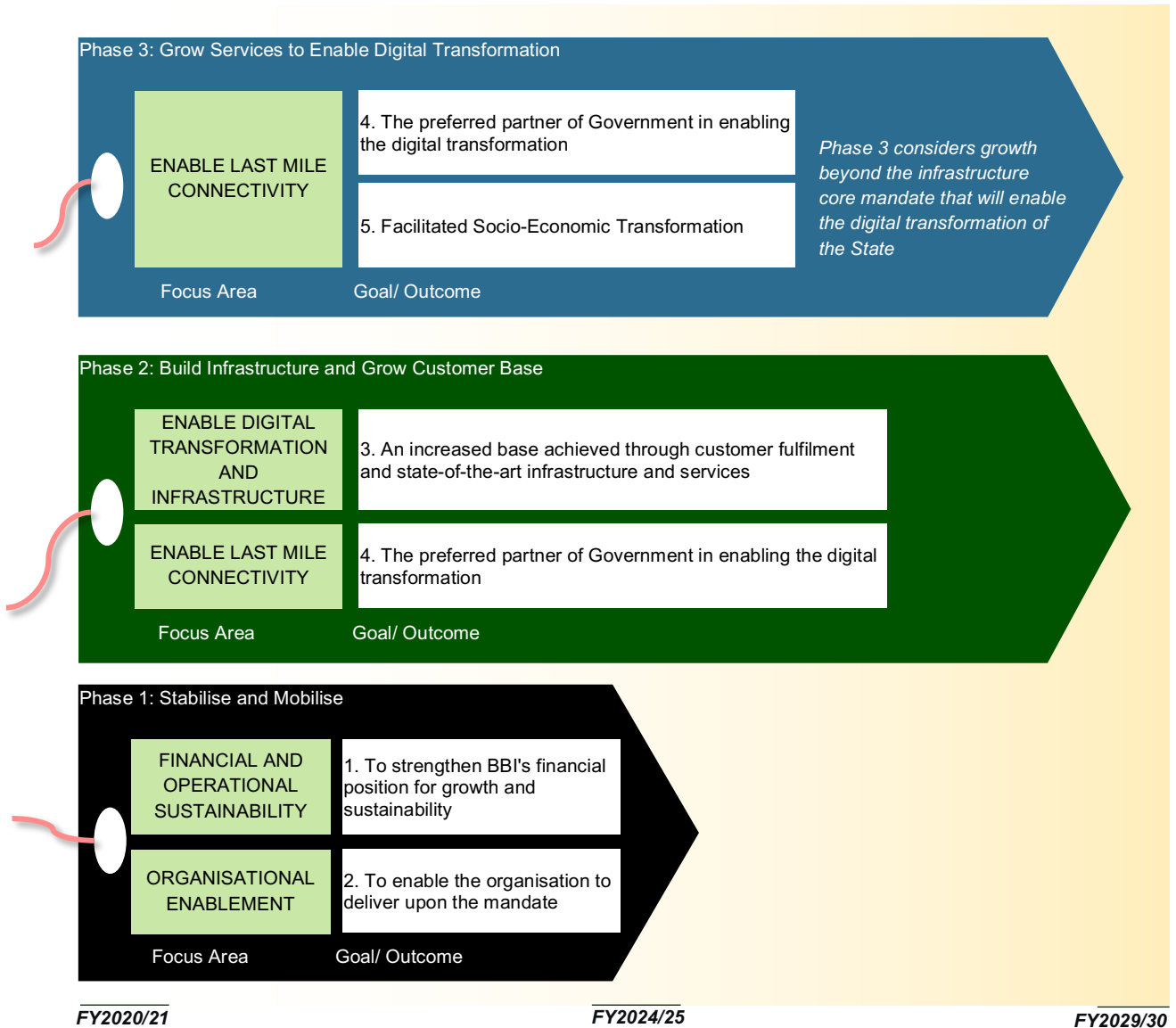


Figure 17: 2030 Strategic Horizon

6.2 Key Strategic Enablers

Each phase is underpinned by strategic enablers that are multi-pronged to facilitate success across phases. The figure below describes each of the key enablers based on the benefits and the factors that may lead to the risk of non-delivery.

KEY ENABLERS

	CAPACITY	ACCESS TO FUNDING	CONSOLIDATION OF STATE FIBRE	SOC RATIONALISATION	PARTNERSHIPS/ COLLABORATIONS/ ALLIANCES
PHASE	2 3	1 2 3	2	2 3	1 2 3
BENEFITS	<ul style="list-style-type: none"> Expanded network Faster conversion of sales into revenue Increase customer satisfaction and experience Flexible product offering Increase market share Increase competitive advantage Resilience/meshed network Intense technical training skills Optimisation of capacity through HR strategies Knowledge and skills sharing through collaborations with other SOCs and MICT SETA 	<ul style="list-style-type: none"> Conversion of shareholder loan will improve BBI's chances to acquire funding Enable BBI to prioritise builds outside of third-party requirements Enable BBI to deliver projects of national interest Enable faster service delivery 	<ul style="list-style-type: none"> A sole provider of state ICT connectivity Internal reduction of CAPEX and OPEX Provide with competitive advantage Minimise duplication of resources and CAPEX spend for the state Connectivity time frames will be minimised Service delivery will be quicker 	<ul style="list-style-type: none"> Allows spectrum that is needed and access to the expertise from Sentech Expansion of mandate Potential new business model Access to and expansion of business networks Enhanced human resources capacity Strengthen cash reserves (short-term) 	<ul style="list-style-type: none"> Expand infrastructure and products Develop new service offerings Increase competitive edge and access to new markets Skill transfer and sharing of knowledge Improved revenue and lower COS base Increase customer base Drive innovation
PRIORITY	High	High	High	Medium to High	High
RISK OF NON-DELIVERY	<ul style="list-style-type: none"> Loss of opportunities Hinderances in ability to deliver services on time Reduced customer trust Increased internal conflict Loss of revenue Lower network resilience Future uncertainty regarding merger affects morale Lack of resources creates inability to retain critical and scarce skills Lack of opportunity to implement transformational succession and career-pathing 	<ul style="list-style-type: none"> Threat to BBI's sustainability 	<ul style="list-style-type: none"> Threat to the sustainability of BBI Impact Government's delivery on social mandate - particularly the issue of accessibility and affordability 	<ul style="list-style-type: none"> Challenges of infrastructure growth Challenges of Network Expansion Critical to provincial roll-out 	<ul style="list-style-type: none"> Higher cost to deliver Siloed state delivery Limited product range Duplication of infrastructure and CAPEX spend Loss of revenue Limited customer acquisition Limited company growth

6.2.1 Implementation of SOC Rationalisation

The SDIC will be an infrastructure provider which will be essential to the national digitisation of the country. The greatest aspect to this will be connectivity enablement, which BBI already provides through a 15000km national backbone capability.

Being a telecoms company, SDIC will lean heavily on BBI's personnel and expertise. This includes functions, such as network engineering, project management, sales (customer on-boarding processes), WACS, telecoms process framework, maintenance systems (NOC and O&M), customer cares, SLA management, and regulatory compliance.

BBI is of the opinion that certain factors should be considered, for the success of the SDIC. This includes:

- Refining the SDIC mandate and defining the role of non-ICT SOCs, so as to manage the possible distortion of the market;
- Firming up the mandate of the SDIC as well as defining the role of non-ICT SOCs to manage the possible distortion of the market;
- Government aggregation of broadband demand across the three spheres of government and enabling the SDIC to be a preferred Provider to Government;
- Spectrum decision and allocation for rural deployment to ease on the cost of deployment; and
- A sound business model (funded or unfunded).

Below are options of possible legal structures of the merger:

1. One holding company with two subsidiaries; or
2. Sentech being incorporated into BBI; or
3. BBI being incorporated into Sentech.

BBI believes the most probable and beneficial option is Sentech being incorporated into BBI as a result of the following benefits:

- Broadband Infraco Act: The Act entitles or empowers Broadband Infraco in the following ways:
 - a) A statutory right of access to Eskom's and Transnet's servitudes. This is important for time to market as it will allow the merged entity to quickly expand its electronic communications network quicker without being subjected to timely wayleave acquisition issues.
 - b) Rights of expropriation of land for network roll-out and expansion. To the extent that the SDIC needs to acquire land to deploy or extend its electronic communications network, it may expropriate third-party land to do so. Such a right will, however, be subject to section 25 of the Constitution.
- Tax: BBI's assessed tax loss could, among other things, mean that SDIC will potentially not have to pay corporate income tax until the assessed loss is depleted. The details of this benefit is being investigated by the transaction advisor.
- Schedule 2 Public Entity: BBI is a schedule 2 entity. This is aligned the future outlook of the State, which intends for public entities to be sustainable and reduce dependency on the fiscus. It is envisaged that the SDIC will be a schedule 2 entity.

Progress

The first phase of the SOC Rationalisation process performed a high-level analysis of the current functions within the entities as well as the design of a possible merged entity, the outputs of which will be:

- The valuation of the merged entity; and
- The post-merger integration plan.

These were delivered to the Board and the Shareholder at the beginning of April 2020. The second phase was kickstarted in November 2020 that focused on the development of the strategy for the SDIC which is due for delivery in the first week of February 2021.

6.3 Focus Areas and Outcomes

Drawing from the Revised Framework for Strategic Plans and Annual Performance Plans (FSAPPs) released in 2019, the framework outlines the identification of an intended impact that is cascaded down through achievable outcomes and outputs. As such, BBI has identified five essential outcomes required to attain the impact: “Provide communication services to enable a connected and transformed society”. BBI’s outcomes are categorised into the segments depicted below.

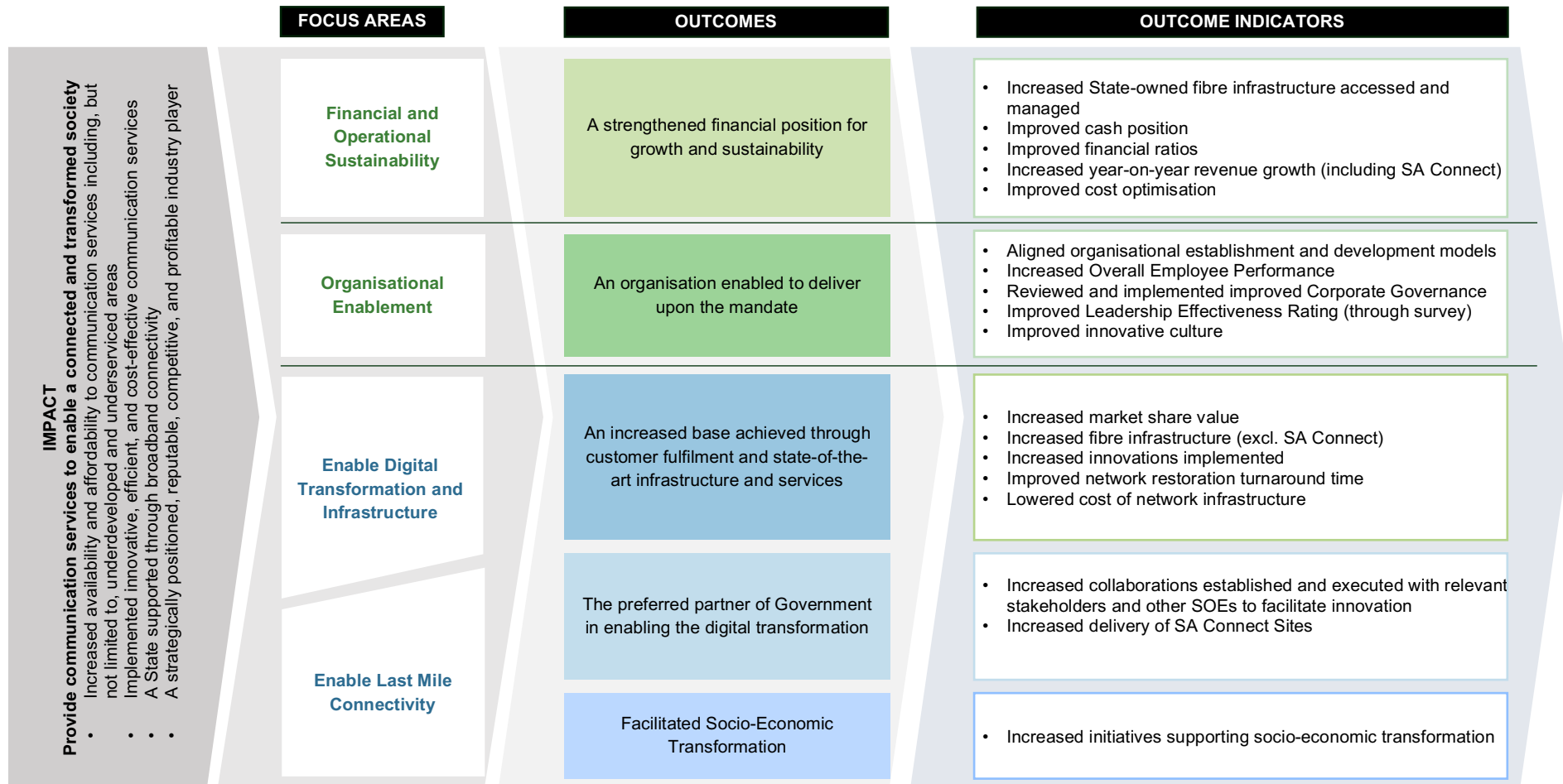


Figure 18: Impacts, Focus Areas and Outcomes

Each outcome has set out outputs to achieve the defined focus areas as reflected above. Outcomes identify a five-year intention while outputs are updated annually.

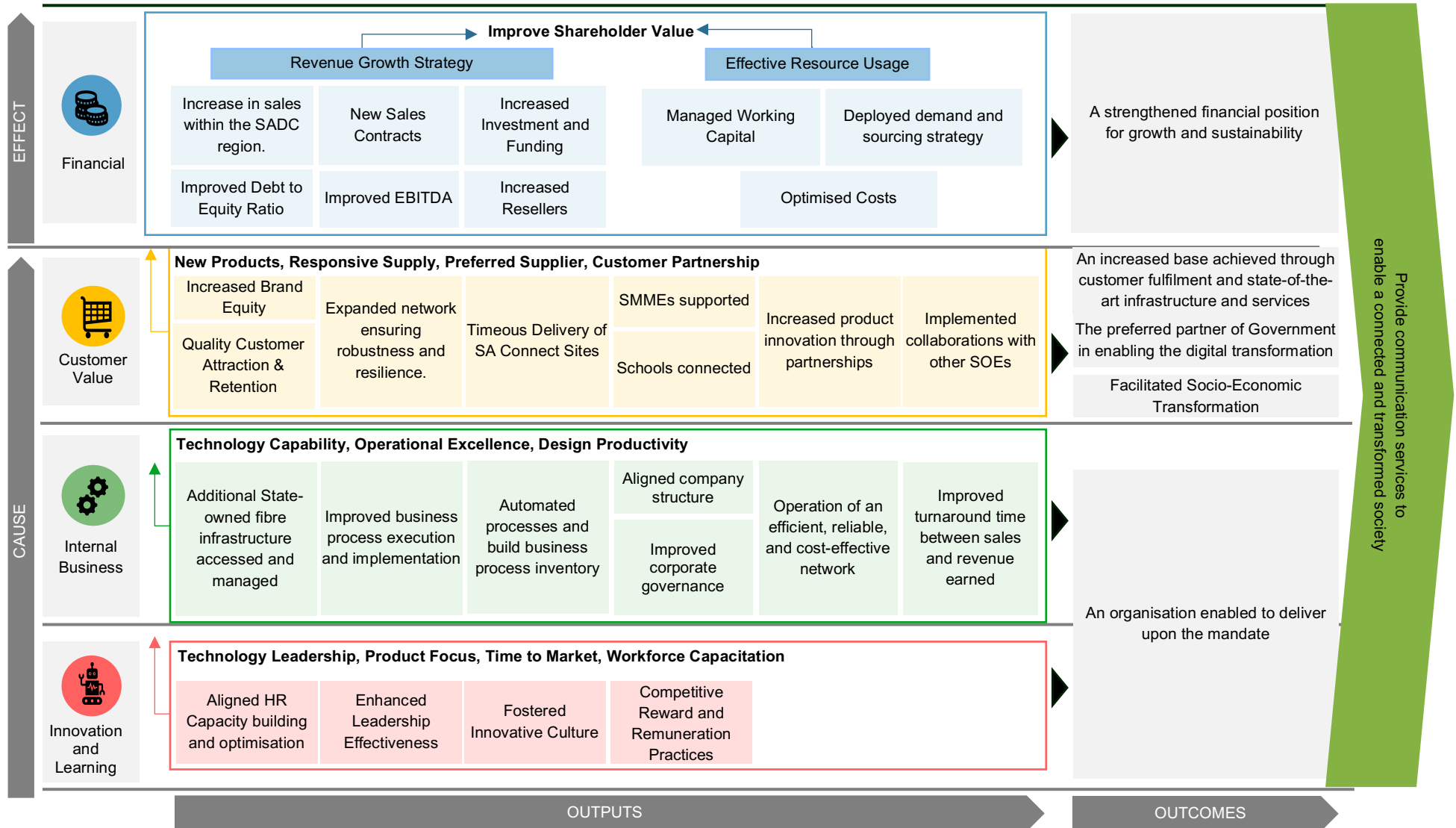
Table 12 Outcome descriptions

OUTCOME	DESCRIPTION
1. A strengthened financial position for growth and sustainability	To achieve an enhanced financial position of the business that ensures stable and increasing revenue streams, and optimised costs (expenses) to result in an improved cash position that is sustainable
2. An organisation enabled to deliver upon the mandate	To ensure that the BBI is operationally aligned and geared to deliver upon the mandate. This includes ensuring aligned and optimised business and operating models and processes, maintained consistent and effective leadership, strengthened governance, enhanced employee effectiveness and an innovative culture.
3. An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services	To increase the customer base and market-share by offering state-of-the-art infrastructure and services to customers. This includes delivering innovative and quality products and services to offer an enhanced value proposition to customers.
4. The preferred partner of Government in enabling the digital transformation	To position BBI as the preferred partner in Government by enabling the digital transformation of South Africa through increased collaboration and execution with relevant stakeholders and other SOEs to facilitate innovation and to deliver upon SA Connect sites.
5. Facilitated Socio-Economic Transformation	To facilitate socio-economic transformation within South Africa through targeted initiatives such as increasing access to fibre by schools and supporting the development and involvement of SMMEs in the sector.

6.4 Strategy Map

Applying the Balanced Scorecard (BSC) Model, Outputs were transposed to outline the requirements to achieve the Outcomes and intended Impact.

Figure 19: Strategy Map



Applying the BSC Model, the financial perspective seeks to capture four key elements: (a) revenue; (b) profit; (c) optimised business costs; and (d) asset utilisation. Elements (a) and (b) make up the revenue growth strategy while (c) and (d) contribute to effective resource usage. Overall, these elements seek to measure financial growth and sustainability, and are a result of the innovation and learning, internal business, and customer perspective (together with financial strategies). The above BSC identifies the outputs that BBI will utilise to drive the revenue growth strategy while ensuring effective resource utilisation. These activities will lead to the fulfilment of Outcome 1 (a strengthened financial position for growth and sustainability is directly linked to the attainment of these components).

The customer value perspective addresses areas that will lead to customer acquisition, retention, and satisfaction. These are made up of elements that address product and service attributes, and the relationship with the customer and image of the organisation. Applied to BBI, the outputs associated with product and service attributes include expanded network, ensuring robustness and resilience, SA Connect sites delivered and maintained, increased product innovation through partnerships, as well as implemented collaborations with other SOEs. The relationship with the customer is measured through quality customer attraction and retention, while the image of the organisation is measured through brand equity.

Included as part of customer relations are the SMMEs and schools that will be supported. Outputs such as SA Connect sites, supported SMMEs and schools are linked to BBI's social mandate as well as the NDP vision by connecting individuals in underdeveloped and underserved areas while focusing on socio-economic transformation in the process.

These outputs are linked to the delivery of three outcomes essential for the business:

- a. an increased base achieved through customer fulfilment and state-of-the-art infrastructure and services;
- b. preferred partner of Government in enabling the digital transformation; and (c)
- facilitated socio-economic transformation.

The internal business perspective is made up of areas that drive BBI towards organisational alignment, which will ultimately underpin the organisation's internal ability to deliver upon the dual mandate. The outputs include improved business process execution and implementation, automated processes and build business process inventory, aligned organisational structure, and improved corporate governance. It also focuses on the technology capability of BBI with focus on outputs such as operation of an efficient, reliable, and cost-effective network as well as improved turnaround time between sales and revenue earned. A key enabler is the access and management of State-owned fibre infrastructure that will enable greater technology capability (linked to increased capacity to sell), operational excellence, and design productivity.

Lastly, the innovation and learning perspective is essential to building and maintaining a competitive edge. These are to align the HR capacity building and optimisation, enhanced leadership effectiveness, fostered innovative culture and a competitive reward and remuneration practices. These outputs will ensure that BBI remains relevant, innovative, and that offers cost-effective solutions. This perspective is a key enabler of the remaining perspectives.

7. KEY PERFORMANCE INDICATORS (KPIs)

7.1 Five-Year Performance Plan

Below is a table outlining the five-year performance plan linked to the balanced scorecard framework.

Table 13: Five Year Performance Targets for Outputs

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
1. A strengthened financial position for growth and sustainability	Additional state-owned fibre infrastructure accessed and managed	A developed Business Case to empower the Department (DCDT) to engage with the Ministry (DPE) on the value of accessing and managing State-owned fibre	Draft Business Case to empower the Department (DCDT) to engage with the Ministry (DPE) on the value of accessing and managing State-owned fibre	Refine Business Case and obtain approval from DCDT Engage Non-ICT SOCs on the details of implementation	Access to fibre of at least one Non-ICT SOC Review the sales strategy and access agreements	Access to fibre owned by all Non-ICT SOCs	Implementation and review	Implementation and review
		Obtained access to fibre owned by Transnet and Eskom	1 207.9 km (Eskom) 5 479 km (Transnet)	Sign Fibre Agreements with one of the main fibre owning SOCs	Sign Fibre Agreements with all other fibre owning SOCs	Review and maintain the signed contracts	Review and maintain the signed contracts	Review and maintain the signed contracts
		Obtained access to fibre owned by province and	New	Conduct a study of fibres installed in provinces and municipalities.	Sign Fibre Agreements with four provinces	Sign Fibre Agreements with the final four provinces	Review and maintain the signed contracts	Review and maintain the signed contracts

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		local Government		Sign Fibre Agreements with at least one province	Sign Fibre Agreements with at least one province	Sign Fibre Agreements with at least one province	Sign Fibre Agreements with at least one province	Sign Fibre Agreements with at least one province
	New Sales contracts	New Sales contracts signed annually	R116 million New Sales Contracts Signed	R400 million New Sales contracts signed annually	R350 million New Sales contracts signed annually	R400 million New Sales contracts signed annually	R400 million New Sales contracts signed annually	R450 million New Sales contracts signed annually
	Increased sales within the SADC region	Rand amount of sales within the SADC region	5% sales increase year-on-year within SADC region	10% sales increase year-on-year within SADC region	30% increase year-on-year within SADC region	20% increase year-on-year within SADC region	20% increase year-on-year within SADC region	20% increase year-on-year within SADC region
	Increased Resellers	Increased facilitation to resellers	10 New Resellers Contracted	10 New Resellers Contracted	10 New Resellers Contracted	Five New Resellers Contracted	Five New Resellers Contracted	Two New Resellers Contracted
	Increased funding	Rand increase in funding	R120 million funding application submitted to the Minister of DCDT	R450 million funding secured	R200 million funding secured	R200 million funding secured	R200 million funding secured	R200 million funding secured
	Improved cash position	Percentage Revenue year-on-year growth (including SA Connect)	12% revenue year-on-year growth	36% revenue year-on-year growth	38% revenue year-on-year growth	10% revenue year-on-year growth	11% revenue year-on-year growth	12% revenue year-on-year growth
		Number of days per outstanding	67 Debtors days	Debtors collection of 60-	Debtors collection of 60-	Debtors collection of 60-	Debtors collection of 60-	Debtors collection of 60-

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		customer invoice per month		days per contract	days per contract	days per contract	days per contract	days per contract
	Improved Debt to Equity Ratio	Increased Gearing Ratio	63% Gearing Ratio	107% Debt to Equity	120% Debt to Equity	98% Debt to Equity	98% Debt to Equity	86% Debt to Equity
	Increased EBITDA	Improved Operating Profit before Depreciation after Interest	Decline by R34 million	Improve profit before depreciation after interest by R37 million	Improve profit before depreciation after interest by R62 million	Improve profit before depreciation after interest by R59 million	Improve profit before depreciation after interest by R77 million	Improve by R85 million profit before depreciation after interest
	Managed Working Capital	Increased Working Capital Ratio	36% working capital	51% working capital	45% working capital	54% working capital	72% working capital	98% working capital
		Maintain Positive Cash Balance monthly	R17 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available
		Number of days within which SMMEs invoices are paid	SMME invoice paid within 25-days	SMME invoice paid within 30 - days	SMME invoice paid within 25- days	SMME invoice paid within 25- days	SMME invoice paid within 25- days	SMME invoice paid within 25- days
	Deployed demand and sourcing strategy	New sourcing and demand planning strategy and policy developed and deployed	New	Detailed scoping of the terms of engagement	100% compliance with strategy and policies	100% compliance with strategy and policies	100% compliance with strategy and policies	100% compliance with strategy and policies

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		New contracts management monitoring strategy implemented	New	Develop contract management policy	100% compliance with strategy and policies	100% compliance with strategy and policies	100% compliance with strategy and policies	
	Improved turnaround time between sales and revenue earned	Rate of conversion between sales and revenue earned	30% conversion rate of sales	45% conversion rate of sales	70% conversion rate of sales	80% conversion rate of sales	90% conversion rate of sales	95% conversion rate of sales
2. An organisation enabled to deliver upon the mandate	Drive the SOC rationalisation process	Completed business case and plan for merger	Draft Strategy for State Digital Infrastructure Company	Complete merger details and refine integration plan	Implement merger and integration of BBI and Sentech			
	Improved business process implementation	Number of key end-to-end business processes implemented	Three end-to-end processes reviewed	Four identified end-to-end processes developed and implemented	Four end-to-end processes measured and conformed	Four identified end-to-end processes measured	Four end-to-end processes measured and conformed	Four identified end-to-end processes reviewed
	Improved business process visibility	Percentage of process visible on the dashboard	55% of Processes visible on the dashboard	45% of Processes visible on the dashboard	100% of Processes visible on the dashboard	BPM tool (system) Implemented	100% of Processes visible on the dashboard	100% of Processes visible on the dashboard
	Fostered Innovative Culture	Implemented change management interventions across the organisation	New	Develop and implement appropriate change management interventions	Conduct employee satisfaction surveys to track the organisational culture	Conduct employee satisfaction surveys to track the organisational culture	Conduct employee satisfaction surveys to track the organisational culture	Conduct employee satisfaction surveys to track the organisational culture

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
							culture of the organisation	
	Aligned Company Structure	Reviewed and implemented Organisational Structure	155 approved head count	Review operational human resource capacity requirements	Implement shareholder-approved company structure	Implement shareholder-approved company structure	Implement shareholder-approved company structure	Complete implementation of approved company structure
	Aligned HR capacity building and optimisation	Talent resourced and developed, and Succession Plan implemented	Talent resourcing and development succession planning strategy	Revise and implement talent sourcing and development and Succession Planning Strategy	Monitor implementation of talent sourcing and development and Succession Planning strategy	Monitor implementation of talent sourcing and development and Succession Planning strategy	Revise and implement talent sourcing and development and development and Succession Planning strategy	Revise and implement, talent sourcing and development and Succession Planning strategy
		Maintained talent retention within market norm	85% retention of permanent headcount	85% retention of permanent headcount	90% retention of permanent headcount	90% retention of permanent headcount	95% retention of permanent headcount	95% retention of permanent headcount
		Approved career pathing framework for core areas	Specifications have been developed to source consultants	Source consultants to implement the career pathing for the technical	Review the technical career pathing framework according to the revised professional engineering structure	Align competency framework to the revised professional technical stream	50% implementation of the revised technical career pathing framework	Implementation of the remaining technical job families

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		Number of intake of interns recruited requiring experience	Five interns appointed	Five interns to be allocated to various environments	Five interns who require experience to obtain qualifications	Five interns who require experience to obtain qualifications	Five interns who require experience to obtain qualifications	Five interns who require experience to obtain qualifications
		Providing required HR capacity for strategy execution	Moratorium not to fill vacancies	80% of activated positions filled	80% of activated positions filled	80% of activated positions filled	80% of activated positions filled	80% of activated positions filled
		Improved representation of females, PWDs and minority groups	33% Females 67% Males 2% PWDs	Improve representation of females, PWDs and minority groups	Improve representation of females, PWDs and minority groups	Improve representation of females, PWDs and minority groups	Achieve Employment equity targets	Achieve Employment equity targets
		Maintained employment costs for optimum benefit	Employee cost efficiency ratio per industry norm	Employment cost at 30% of revenue	Cost efficiency ratio as per industry survey	Cost efficiency ratio as per industry survey	Cost efficiency ratio as per industry survey	Cost efficiency ratio as per industry survey
		Payroll spent on training per annum	1% of payroll spend on training per annum	1% of the salary bill spend on targeted training and development by end of year	1.5% of the salary bill spend on targeted training and development by end of year	2% of the salary bill spend on targeted training and development by end of year	1% of the salary bill spend on targeted training and development by end of year	1% of the salary bill spend on targeted training and development by end of year

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		Improved productivity per employee	Manual performance management system	Automate performance management system	Review automated performance management system	Maintenance of the performance management system	Maintenance of the performance management system	Maintenance of the performance management system
	Enhanced Leadership Effectiveness	Increased interventions development by leadership	Skills audit conducted	Conduct a needs analysis and identify the interventions in support of a cohesive and coherent leadership team	Conduct a need analysis and identify the intervention in support of a cohesive and coherent leadership team	Implement leadership interventions	Implement leadership interventions	Conduct a need analysis and identify the intervention in support of a cohesive and coherent leadership team
	Improved Corporate Governance	Percentage of Strategic Risks Mitigated	60% of Strategic Risks Mitigated	70% of Strategic Risks Mitigated	80% of Strategic Risks Mitigated	90% of Strategic Risks Mitigated	95% of Strategic Risks Mitigated	95% of Strategic Risks Mitigated
		Percentage compliance with key legislations	70% compliance with key legislations	90% compliance with key legislations	100% compliance with key legislations	100% compliance with key legislations	100% compliance with key legislations	100% compliance with key legislations
		Percentage of Internal Audit Findings Resolved by Deadline	90% of Internal Audit Findings Resolved by Deadline	90% of Internal Audit Findings Resolved by Deadline	90% of Internal Audit Findings Resolved by Deadline	100% of Internal Audit Findings Resolved by Deadline	100% of Internal Audit Findings Resolved by Deadline	100% of Internal Audit Findings Resolved by Deadline
		Unqualified External Audit Report Maintained	Unqualified external audit report	Maintain unqualified external audit report	Maintain unqualified external audit report	Maintain unqualified external audit report	Maintain unqualified external audit report	Maintain unqualified external audit report

				SHORT TERM	MEDIUM TERM		LONG TERM		
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26	
3. An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services	Quality Customer Attraction and Retention	Number of new customers	101 customers	Five new customers	Five new customers	Eight new customers	Four new customers	Five new customers	
	Increased Brand Equity	Percentage increase in customer satisfaction	Completed customer survey	5% year-on-year change	5% year-on-year change	5% year-on-year change	5% year-on-year change	5% year-on-year change	
		Percentage increase in Net Promoter Score	New	Improve by 1%	Improve by 1%	Improve by 1%	Improve by 2%	Improve by 2%	
	Expanded network ensuring robustness and resilience	Reduced gross revenue paid as network performance rebates	0.83% of gross revenue paid as network performance rebates	≤0.3% of gross revenue paid as network performance rebates	≤0.3% of gross revenue paid as network performance rebates	≤0.3% of gross revenue paid as network performance rebates	≤0.3% of gross revenue paid as network performance rebates	≤0.2% of gross revenue paid as network performance rebates	≤0.2% of gross revenue paid as network performance rebates
		Actual time to restore core network faults	7.1 hours Actual Time to Restore Core Network Faults	7.5 hours Actual Time to Restore Core Network Faults	7.5 hours Actual Time to Restore Core Network Faults	7.25 hours Actual Time to Restore Core Network Faults	7.0 hours Actual Time to Restore Core Network Faults	6.75 hours Actual Time to Restore Core Network Faults	
		Increased refurbishment of existing network and infrastructure	Full scope of old network completed	Refurbish 10% of identified weaknesses in the network	Refurbish 20% of identified weaknesses in the network	Replace 30% of existing old infrastructure	Replace 20% of existing old infrastructure	Replace rest of the 20% of existing old infrastructure	
		Increased expansion and upgrade of IP network	3 X IP PoPs	One major PoP built in Bloemfontein	4 upgraded PoPs with route redundancy	Nine Provincial Capital PoP Upgrades	15 Regional PoP Upgrades	500G Capacity Upgrades for the Golden Triangle plus Bloemfontein	

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
	Increased product innovation through partnerships	A developed fit-for-purpose and innovative products and services with the private-sector and public-sector	Reviewed the future of broadband	Conduct market demand study to determine sector trends and requirements	Implement relevant solutions	Implement relevant solutions	Implement relevant solutions	Implement relevant solutions
			Engaged with GBN and Limpopo Connect	Engage with government partners to drive delivery of innovative solutions	Roll-out increased offerings to customers	Roll-out increased offerings to customers	Roll-out increased offerings to customers	Roll-out increased offerings to customers
	Increased infrastructure offering	Established product innovation through POCs and Collaborations	Established cloud hosting offering through a partnership	Establish an MOU for joint SOC POCs	Run 1 X Proof of Concept emanating from the MoU	Sell the result of the POC to 2 customers	Two POCs	Two POCs
Operation of an efficient, reliable, and cost-effective network infrastructure	Automated business and operational process (BSS/OSS)	Automated network restoration and resource management	Implemented TNMS upgrade to v17	Upgrade DCN in a phased approach	Implement the CRM version of the OSS-BSS solution	Expand the OSS-BSS solution	Review solution effectiveness	Manage the solution
			Automated network management system scope	Review Specification for an automated network management system	Implement phase 1 of an automated network management system	Complete the 2nd phase of the roll out	Review solution effectiveness	Manage the solution
			Identified required skills	15% of key technical	Send 5% (of the 15%) of the	Send 5% (of the 15%) of the	Send 5% (of the 15%) of the	Send 20% of the people for the identified training

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
		Software development)		resources trained	people for the identified training	people for the identified training	people for the identified training	
		Increased asset utilisation levels	81% route optimisation	Review the effectiveness of the route 7 optimisation	Routes 1 and 5 optimisation	Routes 2 and 9 optimisation	Routes 4 and 8 optimisation	Routes 10 and 14 optimisation
		Revised and implemented OEM strategy	One international supplier	Select an alternative OEM supplier	Identify a region for rollout	Monitor for effectiveness and plan for further roll out	Monitor and evaluate cost-benefits of OEM diversification	Revise and implement OEM strategy
4. The preferred partner of Government in enabling the digital transformation	SA Connect Sites delivered and maintained	Increased SA Connect sites connected to BBI network	713 SA Connect sites connected to BBI network	Maintain 713 SA Connect sites connected to BBI network	Maintain 713 SA Connect sites connected to BBI network	Maintain 713 SA Connect sites connected to BBI network	Maintain 713 SA Connect sites connected to BBI network	Maintain 713 SA Connect sites connected to BBI network
				Planning for implementation of Phase 2 of SA Connect	Network expansion in support of backhauling Phase 2 of SA Connect	Implement next phase of SA Connect	Implement next phase of SA Connect	Implement next phase of SA Connect
	Implemented collaborations with other SOEs and external strategic partners	Improved innovation collaboration with partners	Approved Stakeholder Engagement Policy	Engage 3 strategic partners	Conclude 3 collaborations agreements	1 collaboration products commercialised	2 collaboration products commercialised	3 collaboration products commercialised
		Signed secondments agreement for HR skills sharing	New	Identify and implement critical positions required for secondments for HR skills sharing	Implement critical positions required for secondments for HR skills sharing	Review the secondments agreement for HR skills sharing	Evaluate the success of secondment agreements terms and conditions	Evaluate the success of secondment agreements terms and conditions

				SHORT TERM	MEDIUM TERM		LONG TERM	
OUTCOMES	OUTPUTS	OUTPUT INDICATORS	BASELINE (2020/21)	TARGET 2021/22	TARGET 2022/23	TARGET 2023/24	TARGET 2024/25	TARGET 2025/26
5. Facilitated Socio-Economic Transformation	SMMEs supported	Increased allocated installation work for SMMEs	Six SMMEs allocated installation work	Three SMMEs allocated installation work	Three SMMEs allocated installation work	Five SMMEs allocated installation work	Five SMMEs allocated installation work	10 SMMEs allocated installation work
	Increased targeted procurement	% of total discretionary budget to be spend on B-BBEE	119% of total discretionary budget spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE
		% of total B-BBEE spend to be spend on black owned entities	54% of total spend B-BBEE spend on black owned entities	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE
		% of total spend on BOEs to be spend on Black Women Owned entities	43% of total spend on BOEs spend on Black Women Owned entities	10% spend of 40% spend on BWO entities	10% spend of 40% spend on BWO entities	10% spend of 40% spend on BWO entities	10% spend of 40% spend on BWO entities	10% spend of 40% spend on BWO entities
	Improved B-BBEE Level	Improve B-BBEE Level	Level 4	Maintain Level 4	Level 3	Level 2	Level 1	
	Increased connected schools	Increase number of Schools with broadband connectivity	Three schools provided with broadband connectivity	Broadband connectivity provided to one school identified in alignment with DCDT priorities	Broadband connectivity provided to one school identified in alignment with DCDT priorities	Broadband connectivity provided to one school identified in alignment with DCDT priorities	Broadband connectivity provided to one school identified in alignment with DCDT priorities	Broadband connectivity provided to one school identified in alignment with DCDT priorities

7.2 Annual Performance Plan

Tabulated below is the Annual Performance Plan for FY2021/22

Table 14: Annual Performance Plan FY21/22

OUTCOME	OUTPUTS	KPI	2020/21 BASELINE	2021/22 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
1. A strengthened financial position for growth and sustainability	New Sales Contracts	New sales contracts signed annually	R116 million	R400 million new sales contracts signed	R150 million new sales contracts signed	R100 million new sales contracts signed	R50 million new sales contracts signed	R100 million sales contracts signed
		Percentage Revenue year-on-year growth (including SA Connect)	12% revenue year-on-year growth	36% revenue year-on-year growth	26% revenue year-on-year growth	29% revenue year-on-year growth	45% revenue year-on-year growth	44% revenue year-on-year growth (Including SA Connect)
		Number of days per outstanding customer invoice per month	67 Debtors days	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract	Debtors collection of 60-days per contract
	Improved Debt to Equity Ratio	Gearing Ratio	63% Gearing Ratio	107% Debt to Equity	95% Debt to Equity	104% Debt to Equity	105% Debt to Equity	107% Debt to Equity
	Increased investment and funding	Maintain Positive Cash Balance monthly	R17 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available	R15 million cash and cash equivalent available
	Improved Operating Profit before Depreciation after Interest	Improve operating profit before depreciation after interest	Decline by R34 million	Improve by R37 million	Decline by R5 million	Improve by R8 million	Improve by R15 million	Improve by R18 million

OUTCOME	OUTPUTS	KPI	2020/21 BASELINE	2021/22 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
	SMMEs supported	Number of days within which SMMEs invoices are paid	SMME invoice paid within 25-days	SMME invoice paid within 30-days	SMME invoice paid within 30-days	SMME invoice paid within 30-days	SMME invoice paid within 30-days	SMME invoice paid within 30-days
2. An organisation enabled to deliver upon the mandate	Drive SOC Rationalisation process	Finalised Integration Plan for merger	Draft Strategy for SDIC	Integration Plan finalised and signed-off by key stakeholders	Approved strategy for the SDIC	Develop a Change Management Process	Consultation of key stakeholders	Develop integration plan
	Aligned HR Capacity building and optimisation	Percentage of payroll spend on training per annum	1% of the salary bill spend on Targeted training and development by end of year	1% of the salary bill spend on Targeted training and development by end of year	Compile Workplace Skills Plan and Annual training report	Training spent at 0.30% of payroll	Training spent at 0.35% of payroll	Training spent at 0.35% of payroll
	Improved Corporate Governance	Unqualified external audit report maintained	Unqualified external audit report	Maintain unqualified external audit report	Resolve external audit findings	Resolve external audit findings	Resolve external audit findings	Resolve external audit findings
3. An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services	Expanded network ensuring robustness and resilience	Improve Actual Time to Restore Core Network Faults	7.1 hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults	7.5hrs to Restore Core Network Faults
		Percentage of gross revenue paid as network performance rebates	0.71% of gross revenue	≤0.3% of gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue	≤0.3% of quarterly gross revenue

OUTCOME	OUTPUTS	KPI	2020/21 BASELINE	2021/22 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
4. The preferred partner of Government in enabling the digital transformation	SA Connect Sites delivered and maintained	Number of SA Connect Sites connected to Broadband Infraco network	713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network	Maintain 713 SA Connect Sites connected to Broadband Infraco Network
5. Facilitated Socio-Economic Transformation	SMMEs supported	Number of SMMEs allocated installation work	Six SMMEs allocated installation work	Three SMMEs allocated installation work	Identify the SMMEs	Allocate work to first SMME	Allocate work to second SMME	Allocate work to third SMME
		Percentage of total discretionary budget to be spend on B-BBEE	119% of total discretionary budget spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE	70% of total discretionary budget to be spend on B-BBEE
		Percentage of total B-BBEE spend to be spend on black-owned entities (BOE)	54% of total spend B-BBEE spend on black-owned entities	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE	40% of total B-BBEE spend to be spend on BOE
		Percentage of total spend on BOEs to be spend on Black Women-Owned entities (BWOE)	43% of total spend on BOEs spend on (BWOE)	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE	10% spend of 40% spend on BWOE

OUTCOME	OUTPUTS	KPI	2020/21 BASELINE	2021/22 TARGET	Q1 TARGETS	Q2 TARGETS	Q3 TARGETS	Q4 TARGETS
		Improve B-BBEE Level	Level 4	Maintain Level 4	Appoint service provider	Conduct verification audit		
	Connected schools	# of Schools provided with broadband connectivity	Three schools provided with broadband connectivity	Broadband connectivity provided to one school identified in alignment with DCDT priorities	Identify the province and the school	Identify partners to provide sponsorship	Acquire connectivity equipment	Train teachers and learners on the use of equipment

Refer to **Annexure C** for technical descriptions of the key performance indicators.

8. STRATEGIC PRIORITIES

The strategic priorities for BBI are illustrated below.

8.1 Financial and Operational Sustainability

Essential to the delivery of the strategy is the focus on financial and operational sustainability. This entails obtaining access to additional infrastructure, investment, and funding. These are pertinent to BBI’s growth strategy which will enable greater offerings to customers (network and connectivity). It also includes the internal enablement of the organisation through alignment initiatives such as business model optimisation, operating model review and implementation of improved processes, systems, structures, and governance. This will allow for organisational optimisation to maximise benefits for customers and stakeholders.

8.1.1 Sales Strategy

In 2019/20, BBI introduced a six-pillar sales strategy, with a focused approach to growth targeted segments as depicted below:

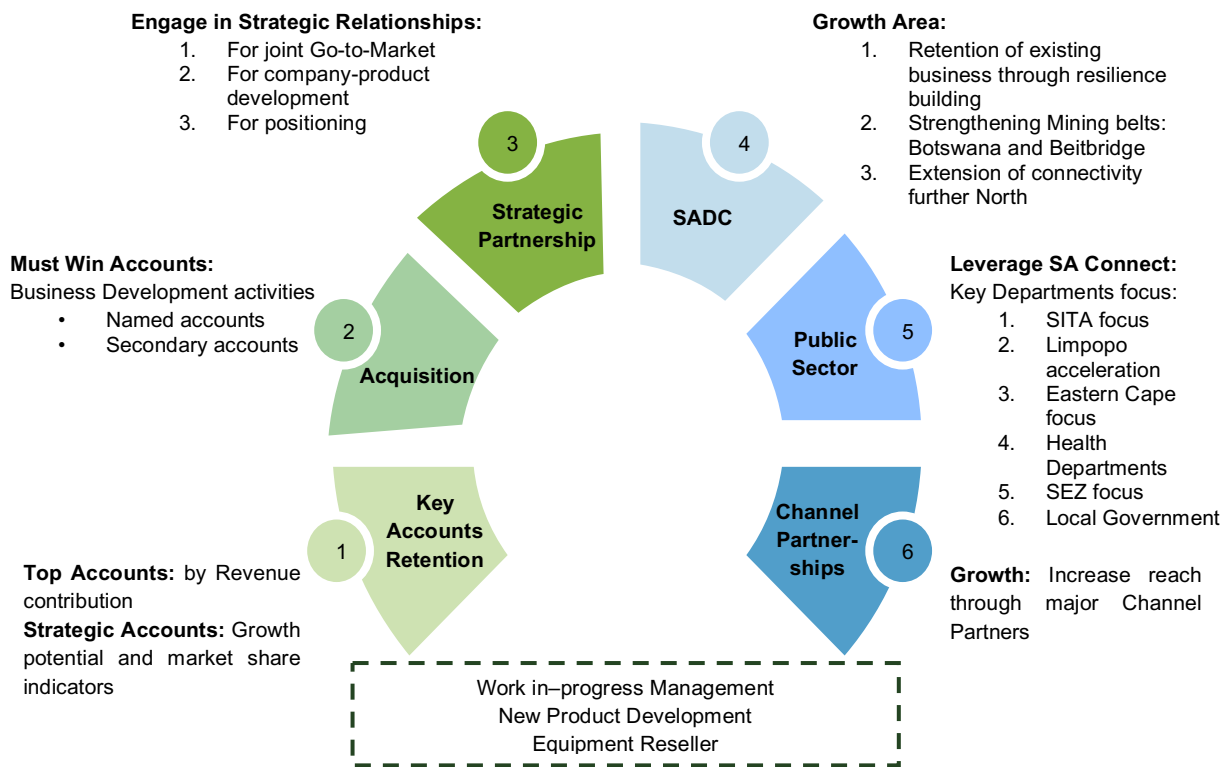


Figure 20: Six Pillar Sales Strategy

This strategy yielded results, albeit under challenging circumstances as detailed below:

Key Accounts: Great progress was made in implementing a Strategic Account planning methodology to the significant accounts that accounted for more than 80% of revenue. Significant growth was achieved from two of the major accounts and was a result of working much closer and collaboratively, aligning to their strategies. One of the key accounts suffered significant financial challenges and had to consolidate its business opting to sign a roaming agreement with one of the Mobile Operators (part of the key accounts).

Although the direct relationship has evolved, BBI still has an opportunity to acquire indirect business through the key account. The other key account's (Liquid) growth was stunted during this year, due to capacity constraints in our network. Whilst the focus will continue on key accounts, it is important to understand that the commercially lucrative routes are under threat as these customers have focused on self-provisioning.

Acquisition Accounts: With intense focus on named account, the team locked a longstanding opportunity with a major infrastructure player (DFA). Five-years have been spent on acquisition attempts (which included a dedicated focus and a collaborative approach), to no avail. As such, the attempts were terminated and will resume upon the resourcing of the vacant positions. Strategic acquisition requires a specific sales skills, requiring a 'hunter' type of Account Manager. This is the shortcoming of the current capability and in the coming year, focus will be on resourcing the vacant positions with strong acquisition skills. Acquisition is a particularly strategic for fuelling the revenue pipeline.

Strategic Partnerships: Strategic partnerships have become even more critical, as the challenges of capacity availability contribute significantly to meeting sales targets. The value of these relationships lies in the extension of the product range, and through enabling revenue from alternate streams. Internal process are extremely cumbersome to enabling these partnerships and attention will be held on improving the onboarding and execution processes. Many of these partnerships enable BBI to sell cloud, voice, and IoT solutions in the market.

SADC: SADC continues to be an area of opportunity, especially due to the long-established relationships through SATA, which have presented many opportunities for BBI. Lack of funding remains a constraint to building demanded routes and providing redundancy to the SADC routes. The delayed completion of the Northern Ring upgrade hampered the business significantly, as the customer opted to receive services from a competing service provider. However, the opportunity to upsell to existing customers remains, as does the opportunity to promote the route for redundancy, and the chance to market this potential customers. The SOE collaboration becomes particularly important for this and is captured as integral to meeting the five-year strategic plan.

Public Sector: The acquisition of the public sector business is key including the retention of the existing major public customers. Major developments have taken place in the 2019/20 financial year and include the completion of the Proof of Concept (PoC) with the KZN DoE which was as a result of a concerted effort put together to increase the market share in the public sector. The PoC successfully translated into a Purchase Order (PO) which is an indication of the successful implementation of the Public sector strategy.

There are several initiatives underway with different Provinces and Government departments, to name a few:

- Gauteng Broadband Network (GBN) in partnership with Sentech;
- Limpopo Broadband Project in partnership with Sentech and Limpopo Connex;
- Unisa Teaching Centres in partnership with Roshcomms; and
- Northern Cape Department of Education in partnership with Redline.

The challenge with the public sector initiatives is the turnaround time is much longer than expected. The re-allocation of decision makers into other departments is one of the contributing factors. The

additional concern has been the tender processes which takes long and at times no feedback received on the outcomes.

Strategic Public Sector engagement is the approach BBI uses in engaging with Government. An example of this has been BBI’s forward strategy, in assisting provinces with limited budget to approach the private sector and /or international government funding organisations (e.g. British Trade Counsel) for additional funding. BBI provides support on designing the network, costing the infrastructure and equipment required. The provinces with sufficient budget, the strategy is to respond on real time on all queries and requirements to that ensure that the opportunity is not missed or delayed.

Channel Partners: For Regional penetration, the strategy developed was to use Channel partners for customer reach as well as leveraging the SA Connect. This strategy has paid off, especially at the back of capacity constraints for larger requirements. The ISPs acquired provided the much-needed continuity and has shown substantial growth in the 2019/20 financial year. We will continue leveraging ISPs for the FTTx aggregation, providing dynamic solutions for capturing the content and business market.

Revised Sales Strategy

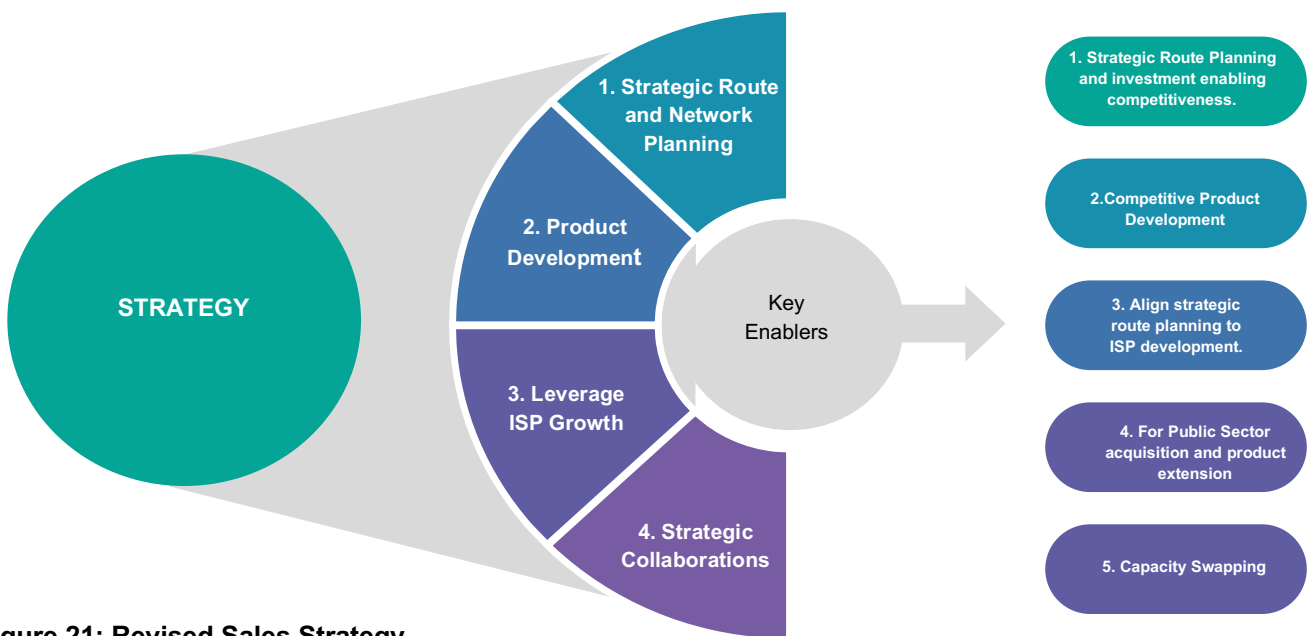


Figure 21: Revised Sales Strategy

The revised sales strategy has four components to it, looking at all the challenges experienced in implementation of the last strategy and seeks to provide a balanced corrective action that caters for the high road as well as the low road. The High road assumes that issues of funding will be resolved and therefore enable a network investment and upgrade. The Low road assumes that matters that could not be resolved in the past year, carry into the 2021/22 financial year, and therefore looks at the best possible approach to meeting the Sales performance as depicted below:

Strategic Routes and Network Planning: Strategic route planning is critical to being competitive and to reducing the high input costs. Focused build on the network creating capacity cost-effectively in order to price competitively is crucial to BBI’s existence. This, together, with capex investment, is

critical to selling the network competitively and with profitability. Sales will continue working with Technical providing insights on where growth areas are identified.

Product Development: Product development is key to deliver on the customer requirements. An increasing demand for the Alien Wavelength and other value services indicates a requirement to be responsive to market requirements with product development. The appointment of a dedicated resource to focus on product development and enhancement is key.

Leverage ISP growth: ISPs have indicated a growth engine and are starting to reflect a significant revenue contribution. These are driven by the growing home content requirements. Product development on products that support this segment remains critical.

Strategic Collaboration: Strategic relationships for joint bids and product bouquet expansion, will be a relied upon driver for BBI. A number of relationships were forged during the past year for product expansion. An example of this is a joint proposition with a partner that encompasses cloud offering with connectivity. The sales team will continue to drive these collaborations and will standardise the particularly frustrating process of customer onboarding.

Network Swaps: Network swaps will be an important means of enabling alternative routes, as an increased focus is placed on strategic routes being implemented.

8.2 Key Sales Enablers

The figure below illustrates the key sales enablers to unlock growth:



Figure 22: Sales Key Enablers

8.3 Network Expansion and Fourth Industrial Revolution (4IR)

The 4IR will require huge network capacity in the core network, and fast, flexible connectivity in the access layer. In preparation for 4IR various projects have been planned in different categories to support it. The broad categories of these projects are briefly described below, and the details are contained in **Annexure D**.

8.4 Stable Network

A stable network is critical for reducing customer churn and sustaining business growth. Broadband Infraco has planned to improve network reliability, performance, and route redundancy. The strategy is to focus on prioritising and improving the identified weaknesses of the network.

8.5 Regional Redundancy

Network expansion into the SADC region requires building network redundancy in order to improve network reliability and service availability that will strengthen customer relations and support business growth. Route redundancy and lower latency is of particular importance. For this to be cost-effectively implemented, existing network infrastructure from SOCs should be utilised.

8.6 Network Capacity Increase

A challenge that is to be addressed, is the lack of available capacity on the network. Capacity is required for both redundancy and direct customer provisioning. The base for the capacity upgrade has been set up by the execution of the core transmission network upgrade (mTera) project in the previous financial year. Further investment for additional capacity upgrade is required to seamlessly operate a resilient network. A scalable network is required to match the growing demand for bandwidth. The network capacity increase must cater for the expected introduction of 5G.

8.7 IP Transit

Phase 1 of the IP Transit implementation involves building an IP Transit PoP in London. A link from Yzerfontein (South Africa) to a Global Switch in London (United Kingdom) will be commissioned. Broadband Infraco is a Tier 1 investor in WACS (West African Cable System) and will use its own capacity to commission this link. Once this is completed, the IP Transit product will be mature enough for on-selling to third parties.

8.8 Agile and Knowledgeable Workforce

The telecommunications industry is fast-changing and ever-evolving, which requires continuous development of people and skillsets to remain relevant, agile, and knowledgeable. To achieve this, BBI will implement continuous development initiatives.

BBI has technical staff with vast experience and specialised expertise in the telecommunications arena, including transmission technologies, optic fibre splicing and cable jointing, as well as in the microwave radio technologies field. Due to the market trend of migration to IP products, and the network evolution to IP based technology, it is necessary that our employees are trained and re-skilled in IP and MPLS technologies. This re-skilling has been in progress for the past financial year and will be accelerated in 2021/22.

9. STRATEGY EXECUTION

BBI requires effort from across the company to successfully implement the strategy. As strategic projects require action, a methodical approach must be taken to drive efforts towards a unified vision. The CEO will be accountable for delivery of the strategy and will drive this through co-ordinated programme management. Heads of Departments will be responsible for the delivery on projects.

9.1 Programmes and Sub-Programmes

9.1.1 Programme 1: Strategy Management

This programme is aimed at driving enterprise effectiveness through developing the strategic direction, execution of strategy, monitoring and evaluation of the performance, process and quality management and state-of-the-art information systems. This programme is aligned to the Intellectual Capital that enables strategic execution in all areas of BBI.

Purpose: This is internally focused and seeks to measure execution of strategy and entrench the adoption of process management.

This programme executes outcome 1, a strengthened financial position for growth and sustainability focused on output (1.1) additional State-owned fibre infrastructure accessed and managed. Additionally, it seeks to, execute outcome 2, to be an organisation enabled to deliver upon the mandate with outputs (2.1) reviewed business model, (2.2) enhanced process operating model and systems and (2.8) fostered innovative culture.

The Key Performance Areas of this programme include: Strategy Management and Monitoring, Quality Management, Process Management and Information, and Systems Management.

Objectives:

- Ensure sustained business operations;
- Develop and implement the corporate strategy and annual performance plans;
- Facilitate development of end-to-end processes;
- Ensure continued improvement of quality management systems;
- Maximise use of effective information management systems; and
- Monitor and evaluate the implementation of the strategy.

The programme has four sub-programmes as per below.

Sub-Programme 1: Strategy Management and Monitoring

The purpose for this sub-programme is to develop and implement the strategy of BBI. The implementation of the strategy is cascaded through the Corporate Plan and Divisional Business Plans.

Sub-Programme 2: Process Development

This sub-programme aims to develop processes by ensuring that critical organisational policies are embedded in processes and that processes are standardised. It also aims to ensure that the organisation adheres to global quality standards.

Sub-Programme 3: Quality Management System (QMS)

The purpose of this sub-programme is to ensure that BBI retains the ISO9001:15 certification that was attained in 2018. The focus is on closing the gaps that have been identified during the interim audit, as well as to inculcate a culture of continuous improvement in the workplace in support of maintaining global operating standards.

Sub-Programme 4: Information and Systems Management

This sub-programme ensures that the platform created supports the organisational IT requirements in a cost-effective manner. It is responsible for managing the internal corporate enterprise network, to support the business objectives of BBI whilst ensuring compliance to IT Governance. The programme aims to ensure automation of manual tasks and integration of management and business processes into a single, coherent information system. It is measured by the successful safeguarding of organisation information and assurance of business continuity under any adverse situations.

9.1.2 Programme 2: Financial Capital

This programme is at the core of the organisation's financial sustainability. It is concentrated on ensuring that BBI focuses energy on prioritised opportunities and delivers on the set revenue targets. It is also focused on ensuring that the pricing strategy is aligned to the business strategy and factors in it the market pressures.

This programme is also responsible for the management of organisational costs within the approved budget parameters. It will limit unnecessary expenditures enabling BBI to meet its outcomes, outputs, and financial targets.

Purpose: To diversify and grow revenue whilst retaining and increasing the customer base through cost effective customer solutions and marketed related prices. In addition, this programme is concerned with the management of all matters associated with the cash flow of the organisation, both short- and long-term, the monitoring of resource utilisation, and sourcing of funds to support its working capital needs.

This programme executes outcome 1, a strengthened financial position for growth and sustainability with outputs (1.2) increased cash position, (1.3) improved debt to equity, (1.4) improved operating profit before depreciation after interest, (1.5) managed working capital, (1.6) increased sales within the SADC region, (1.7) increased resellers, and (1.8) increased revenue through new sales contracts. Additionally, it will execute on outcome 3, an increased base achieved through customer fulfilment with output (3.1) quality customer attraction and retention.

The programme has two sub-programmes as per below.

Sub-Programme 1: Market and Sell

This sub-programme is directed at developing a structured method of identifying revenue opportunities. This will enable better network planning, improved prioritisation of projects, and greater coordination across the fulfilment value chain. To build new relationships with clients and optimise existing relationships through customer loyalty and retention programmes. For the organisation to be able to sell the product effectively, the market is analysed in geographical segments, based on the customer profile.

Objectives:

- Implement the approved sales strategy;
- Build Key Account Managers' capacity to sell;
- Grow revenue; and
- Review pricing annually.

Sub-Programme 2: Financial Management

Financial management is concerned with the management of all matters associated with the cash flow of BBI both in the short-term and long-term, how the organisation uses its funds and funding of its working capital and seeking funding from third parties through loans/debt/shareholder support.

This sub-programme is responsible for ensuring long-term business sustainability. It is also responsible for the management of organisational costs within the approved budget parameters. It will limit unnecessary expenditures enabling BBI to meet its outcomes, outputs, and financial targets.

The objective of Financial Management is to drive Financial Sustainability of BBI. The objectives embedded in this is:

- Maintain operation cost increases to below inflation;
- Actively manage the current ration levels to acceptable ratio;
- Maintain debtors' days within acceptable levels; and
- Improve overall profitability of the organisation.

9.1.3 Programme 3: Network Infrastructure

This programme ensures the delivery of Government mandate and customer requirements. This includes the deployment of wholesale communication services in underserved areas. The services delivered must be sustainable and allow for economic activity in the areas where such services are consumed. This provides an opportunity for collaboration with SOCs. In addition, as part of its core planning, BBI will ensure that existing infrastructure (including that from external entities) is taken into consideration so as to minimise infrastructure duplication. For the customers running on the network, it is crucial that all SLAs are adhered to, so that prospects of additional business increase.

Purpose: To ensure that key Government projects such as SA Connect and all network refurbishments as well as customer requirements are cost-effectively and timeously fulfilled. Projects are identified from the Masterplan and socialised with various departments to ensure that the correct priority is recorded to the critical requirements.

This programme executes outcome 1, a strengthened financial position for growth and sustainability with outputs (1.9) deployed demand and sourcing strategy, (1.10) improved turnaround time between sales and revenue earned and (1.11) optimised costs. Additionally, it will execute on outcome 3, an increased base achieved through customer fulfilment and state-of-the-art infrastructure and services with outputs (3.3) expanded network ensuring robustness and resilience, (3.4) increased product innovation through partnerships, and (3.5) operation of an efficient, reliable, and cost-effective network infrastructure. It will also execute on outcome 4, the preferred partner of Government in enabling the digital transformation with focus on output (4.2) timeous delivery of SA Connect sites.

Objectives:

- Planning and designing of the transmission network, the OTN, DWDM SDH and the IP/

- Multiprotocol Label Switching (MPLS) network;
- Ensure integration and interoperability of the various architectures and network elements of the network;
 - Research and evaluate new network technologies and make recommendations on their viability;
 - Develop high-level design plan for the overall convergence of the logical and technical network architecture of the transmission and IP network;
 - Design and implement cost effective customer specific solutions for BBI clients;
 - Identify new products and services for the organisation and initiate the product/service development; and
 - WACS (development, operations, restorations, procurement and maintenance).

This programme has five sub-programmes as per below.

Sub-Programme 1: Product Management

This sub-programme ensures that the network organically migrates to an IP network to allow for sub-STM1 connections and optimal routing capability. The roll out of an IP network outside the current Golden Triangle will be driven by customer demand and sustainable business cases. The products include maintenance offerings, NOC as a service, and a host of IP services.

This sub-programme focuses on the product portfolio management including product development.

Objectives:

- Effectively manage products.

Sub-Programme 2: Network Planning

This sub-programme focuses on network infrastructure planning and proactive management of the network.

Sub-Programme 3: Supply Chain Management

The purpose of this sub-programme is to ensure that best-practice supply chain management principles are embedded in the organisation using long-term demand planning, supplier management and expedient procurement processes. It is responsible for ensuring that organisation-wide needs and demands are efficiently and effectively coordinated through a forecasted procurement plan. This measure will significantly increase efficiency in the Turn-Around Time (TAT) of procurement transaction, by establishing framework agreements.

The objective of Supply Chain Management is to drive Socio-Economic Transformation. The objectives embedded in this is:

- Develop an effective and efficient demand planning model;
- Implement strategic sourcing for core commodities and services;
- Reduce Total Cost of Ownership (TCO);

- Ensure compliance to all regulatory requirements;
- Manage BEE expenditure;
- Develop and implement an effective enterprise and supplier development strategy;
- Reduce annual costs;
- Formulate strategic alliances;
- Implement an effective vendor management strategy and manage supplier performance;
- Provide appropriate training to ensure that adequate skills and experience are maintained within the department; and
- Develop an extensive supplier database.

Sub-Programme 4: Network Build

The network will organically migrate to an IP network to allow for sub-STM1 connections and optimal routing capability by running the M-Tera project. The programme also ensures that the projects are planned and executed successfully within budget and planned timelines. The roll out of an IP network outside the current Golden Triangle will be driven by customer demand and sustainable business cases. The network plans will include the increase of core network capacity to service increasing customer demands.

This sub-programme deals with the network build and the various projects linked to network expansion, customer projects and fortification of the network.

Sub-Programme 5: Operate and Maintain Network

This sub-programme's purpose is to track the effectiveness of the network maintenance regime and team responsiveness to network failures:

- Conduct preventative maintenance routines;
- 24-hour call-out for maintenance and faults restoration (remedial actions);
- Execute planned maintenance programme to eradicate network defects and temporary repairs; and
- Service provisioning (hardware), fulfilment and assurance (testing and evaluation).

9.1.4 Programme 4: Stakeholder Management

Stakeholder Management focuses on continuous engagement with key stakeholders to ensure an integrated strategy execution in pursuit of operational excellence and good citizenship.

Purpose: The purpose of the programme is to create positive relationships with stakeholders, through appropriate management of their expectations and agreed objectives.

This programme will execute outcome 3, an increased base achieved through customer fulfilment and state-of-the-art infrastructure and services through output (3.2) increased brand equity. Additionally, it will execute outcome 4, the preferred partner of Government in enabling the digital transformation through output (4.1) implemented collaborations with other SOEs. It will also facilitate outcome 5, facilitate socio-economic transformation through outputs (5.1) SMMEs supported and (5.2) connected schools.

Objectives:

- Manage stakeholder relations;
- Increase branding equity;

- Unlocking SMME opportunities;
- Communicate effectively; and
- Be a responsive and responsible corporate citizen.

This programme has six sub-programmes as detailed below.

Sub-Programme 1: Shareholder and Parliamentary Engagement

BBI attends Parliamentary Portfolio Committee meetings on its own or in support of the DCDT on a regular basis. It does so to report on the organisation's Performance and Annual Performance Plan, and to support a briefing by department and entities of its quarterly reports and report rollout. It also attends Portfolio Committee (PC) meetings as and when requested and facilitates oversight meetings from the PC to its sites.

Sub-Programme 2: Brand and Events Management

To promote BBI's products and services to key customers with the intention of creating a recognised brand and increasing revenues. The sub-programme also focuses on building a strong brand internally and externally by developing initiatives that enhance the reputation of the brand while ensuring consistent application of the corporate identity.

Sub-Programme 3: Employee Relations Management

The sub-programme is aimed at ensuring mutually beneficial and constructive relations between the employer and the employees through ongoing engagements and through their representative structures. It is about proactive approaches to create an environment where trust level is high, there is adequate transparency, consistency, and fairness in dealing with matters of mutual interest between the employer and employee(s).

It also seeks to drive alignment of people management practices to labour legislation framework by facilitating social transformation initiatives that are intended to eradicate the injustices of the past, e.g. the Basic Conditions of Employment Act (BCEA) on fairness and equitable practices, Employment Equity Act (EEA) on creating employment opportunities with the intention to increase the number of women at leadership levels in organisations, and persons with disabilities across the board.

Sub-Programme 4: Enterprise Development

The purpose of the sub-programme is to ensure that best-practice supply chain management principles are embedded in the organisation using long-term demand planning, supplier management, and expedient procurement processes. This sub-programme will focus on ensuring that BBI conducts business in line with Government empowerment goals, ensuring that business increases their procurement from historically-disadvantaged individuals (HDI).

This programme executes outcome 5, socio-economic transformation through output (5.1) SMMEs supported.

Sub-Programme 5: Corporate Communication

The purpose of this sub-programme is to ensure regular communication to external shareholders as well as internally, to employees.

It further focuses on establishing and maintaining a favourable reputation with stakeholder groups with whom BBI has dependable relationships.

The sub-programme seeks to actively:

- Improve its corporate profile as an ICT sector leader;
- Position BBI as the leading and reputable agency on backhaul fibre connectivity;
- Promote the leadership of BBI as industry thought-leaders and commentators; and
- Create communications channels and platforms to engage stakeholders (internal and external), decision-makers and opinion-formers.

Two-way communication between BBI and all its stakeholders is imperative to influence the framework of communication to achieve BBI's business objectives.

Sub-Programme 6: Corporate Social Responsibility

This sub-programme seeks to plough back in the communities where there are BBI PoPs in the vicinity of schools that have no connectivity to broadband, which in the main are in marginalised and underserved areas. The aim is to expand broadband connectivity to elevate disadvantaged schools to the technological level of their more privileged counterparts in urban areas, thus bridging the digital divide and contributing to the improvement of education outcomes through ICT. There is more concerted effort to align activities of CSI with the Department, in support of the Department and the National objectives as published by the DCDT, to create greater scale and impact. In the coming years, there will be closer engagement and co-ordination to deploy more sustainable projects.

CSI encompasses projects that are external to the normal business mandate and activities of a company and not directly for purposes of increasing company profit. These projects have a strong developmental approach and utilise company resources to benefit and uplift communities within which the company operates and are not primarily driven as marketing initiatives.

9.1.5 Programme 5: Human Capital

The programme is fulfilled through integrated human resources management strategies. The main objective of the HR function is to ensure that the efforts of the people deployed in various roles at different levels of responsibility ultimately converge towards the achievement of a common purpose. In this way, BBI will achieve its legislated mandate and periodical strategic business objectives that it has set itself to make a meaningful contribution to the success of the organisation.

Purpose: This programme is focused on creating human resources capacity and capability for the effective execution of the organisational strategy and ensuring optimisation thereof. To create an environment of good human resource management principles practices for overall performance and sustainability.

This programme executes outcome 2, an organisation enabled to deliver upon the mandate through outputs (2.3) aligned company structure, (2.4) optimum people competence and performance, (2.5) competitive reward and remuneration practices, and (2.7) enhanced leadership effectiveness.

Objectives:

- Review organisational structure;
- Maintain labour cost for optimum benefit;
- Create opportunities for youth to gain work experience and requisite skills;
- Maintain the ability to compete for scarce skills on the market;

- Enhance employee reward and recognition programmes;
- Enhance employee competencies and knowledge;
- Development of career management and tools for execution;
- Developed pool of talent ready to take up new opportunities for effective business continuity;
- Integrated Performance management framework;
- Ensure compliance to safety and health standards; and
- Improve safe working environment for the employees.

The Human Resource Management Strategy is premised on a global model:

- Unlocking employee performance with focus on the enterprise development;
- Leadership effectiveness through empowerment of teams and collaborations; and
- Continuous review of the HR function to deliver services that are aligned to organisational needs and foresights.

Human Resources Operational Efficiency and Effectiveness Enhancement

The HR division reviews its short- to medium-term strategies on an annual basis, to ensure that the governance framework (policies, procedures) and management practices are aligned to labour legislation, industry employment cost efficiency measures and human resources optimisation strategies.

The programme has five sub-programmes as per below.

Sub-Programme 1: Organisational Capacity Building

The sub-programme is dedicated towards the design and continuous review of the required functional organisational structure that is aligned to the corporate plans and strategic business objectives. It is about ensuring the adequate capacity and appropriate capability is available for the organisation to execute its plans cost effectively and efficiently.

Sub-Programme 2: Talent Attraction and Retention

HR enables the organisation to acquire people who possess the knowledge and skills it requires by being a preferred employer and competing for best talent on the market. Labour legislation aligned people management practices, competent leadership, integrated strategies for employee development, support, recognition, and rigorous employee engagement create an employment environment of commitment, loyalty and high-performance levels at both individual and team levels. However, initiatives can be limited in this regard by BBI's financial constraints.

Sub-Programme 3: Human Resources Development

Through the sub-programme, HR plays a pivotal role in determining requisite job competencies for successful appointments to jobs, assessment of competency levels and skills gaps, as well as the identification of appropriate interventions for desired improvements. The responsible unit produces annual training plans and ensures execution. It oversees the application of acquired skills, sharing of skills and knowledge. Collaboration with the MICT SETA is crucial for contributing towards the national socio-economic imperatives through skills development programmes.

Sub-Programme 4: Employee Performance Management

The crux of the sub-programme is the monitoring of individual and team outputs in line with BBI's goals and targeted key deliverables. HR must ensure that all the pillars of performance enhancement are intact and aligned to the business mission; among others, clarity of roles and responsibilities, empowered line management, availability of resources enabling set performance standards and a conducive employee relations environment.

Sub-Programme 5: Safety and Health

This sub-programme will focus on the health and well-being of the employees. The implementation and maintenance of a holistic Safety and Health is key to running a sustainable business and is at the core of an infrastructure-based organisation like BBI. This function is performed in consultation with internal and external stakeholders. The purpose of the SHEQ environment is to ensure compliance and conformance to the Occupational Health and Safety Act 85 of 1993, and the conformance to the OSHAS18001:2011 standard as well as local and provincial regulations. In the end, this will assist in reducing costs, attracting more customers, and maintaining a safe working environment. The key measurement used to track the success of this sub-programme is the Lost Time Injury Frequency Rate.

9.1.6 Programme 6: Governance

This programme ensures that there is establishment of governance structures and policies, and continuous monitoring of their oversight and compliance by the Board of Directors and management alike. The programme encamps effective and ethical leadership within the prescripts of good governance. It includes the mechanisms required to balance the powers of the members (with the associated accountability), and their primary duty of enhancing the prosperity and viability of BBI. Proper governance comprises of the rules, norms and actions are structured, sustained, regulated, and held accountable.

Purpose: This programme is focused on ensuring that the governance assurance management services are provided efficiently and effectively to improve compliance, internal controls, and ensure that risk mitigation interventions are implemented.

This programme executes outcome 2, an organisation enabled to deliver upon the mandate through outputs (2.6) improved corporate governance.

Objectives:

- Effective management of the Board, EXCO and Sub-Committees;
- Review the business processes to provide independent assurance;
- Improve internal controls;
- Assess and monitor the level of compliance with all applicable legislation, regulations, and internal policies; and
- Ensure holistic approach to implementation of risk management across the organisation.

The programme has five sub-programmes as per below.

Sub-Programme 1: Company Secretariat

This sub-programme ensures that all Board, EXCO and Sub-Committees meetings are organised, and minutes are recorded and kept efficiently and effectively. This sub-programme's objective is to

provide efficient administration of the organisation; particularly about ensuring compliance with statutory and regulatory requirements and that decisions of the Board of Directors and EXCO are recorded and implemented.

Sub-Programme 2: Legal and Regulatory

This sub-programme ensures that BBI concludes commercial transactions on terms and conditions favourable to its business, and complies with its licence terms and conditions, and applicable legislation when conducting its business operations, to ensure that BBI always operates within the applicable laws. It also ensures that legal agreements entered by BBI provide the necessary prescripts to protect the organisation's asset base, finances, and other resources.

The objective of Legal and Regulatory is to support overall compliance of BBI. The objectives embedded in this is:

- Influence ICT Policy and Regulation;
- Influence the changes to the ECA Amendment Act;
- Ensure that the financial outcomes of the Digital Development Fund Act (DDF) is not detrimental to the organisation;
- Source and secure an operating licence;
- Ensure compliance to the ECNS Licence Compliance Programme;
- Support SA Connect from a legal and regulatory point; and
- Deal with litigation matters.

Sub-Programme 3: Compliance

The purpose of compliance is to ensuring compliance with applicable legislation, policies, codes, and standards to prevent financial loss, reputational damage and eroding the goodwill of an organisation.

Sub-Programme 4: Enterprise Risk Management

The purpose of this sub-programme is to manage strategic and operational risks, insurance of assets including employees to ensure business continuity. This sub-programme is also responsible for fraud management. A tip-offs anonymous hotline, which is managed by an independent service provider, has been implemented. The monthly hotline reports are monitored, and investigation will be conducted on reported cases. Fraud Prevention Plan is included as **Annexure E**.

The development of the Strategic Risk Register is the culmination of an extensive exercise by EXCO, Board of Directors and Shareholders to re-assess all current and new risks identified. Most of the risks compared to the previous year have not changed. The risk mitigation and action plans agreed with the Executives will be monitored quarterly and be reported to EXCO and Board for approval. Details of the Risk Management Plan are included in **Annexure F**.

Sub-Programme 5: Internal Audit

The purpose of Internal Audit is to provide assurance by assessing the adequacy of internal controls and compliance through checking the processes and recommending improvements of the internal control, risk management and compliance with policies and procedures.

Furthermore, the aligned performance management framework and system to be implemented ensures a co-ordinated approach, with appropriate incentive mechanisms and the ability to track, manage and report on the organisational strategy.

In this regard project delivery is central to the realisation of financial, operational, and organisational objectives the organisation has set. Due to resource constraints, a defined project prioritisation framework, with a capable and competent team, needs to be implemented to prioritise projects based on their financial return and the risk appetite of the organisation. As a minimum, all projects initiated should undergo the same selection criteria, to ensure uniformity in selection while removing individual bias.

Finally, several resource considerations should be made to ensure there is adequate capacity to implement the strategy. These considerations include but are not limited to:

- Financial considerations;
- Human resource considerations; and
- Processes and systems considerations.

Financially, strengthening the balance sheet through debt/equity swap is a necessity in order to facilitate unlocking additional capital for infrastructure and other investments. Due to the nature of the agreements with infrastructure owners, structural limitations of the balance sheet have prevented debt funding thereby inhibiting BBI's ability to compete.

From a human resource perspective, mechanisms are required to ensure the highly skilled resources currently employed continue to deliver, while maintaining a suitable pipeline. This, together with process enhancements are central to the organisations viability and is elevated through the organisational enablement focus within the strategy itself.

10. FINANCIAL PLAN

10.1 Statement of Financial Performance

These are the major assumptions made in formulating the forecast for revenue, cost of sales, operating and CAPEX.

The table below shows the assumptions made in relation to the statement of profit and loss and other comprehensive income.

Table 15: Statement of profit and loss and other comprehensive income Assumptions

Year ended	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Amounts in R '000	Projection	Budget	Budget	Budget	Budget	Budget
Revenue	R471 008	R914 242	R759 348	R835 827	R929 106	R1 043 101
Cost of Sales	R370 541	R482 853	R535 084	R550 466	R549 719	R580 150
Gross Profit	R100 467	R431 389	R224 264	R285 360	R379 387	R462 950
OPEX	R182 240	R212 928	R210 273	R219 241	R229 294	R239 153
EBIT	(R81 475)	R218 461	R13 990	R66 119	R150 094	R223 797
Profit/Loss	(R85 641)	R179 416	(R38 489)	R17 954	R109 139	R176 723

The assumptions of the forecast for revenue, cost of sales and operating expenditure are:

- Revenue is based on signed contracts (including the new contracts signed-up in 2020/21) and existing SA Connect sites connected. Contracts that expire during 2021/22 are included in revenue, based on specific probabilities of retention based on respective client relationships, at prevailing market pricing for similar services. High and low probability pipeline revenue is included at assumed probability percentages. Management also included specific additional opportunities identified within existing and new anchor customers as part of BBI's growth strategy. The achievement of this growth strategy is imperative for the continued success and sustainability of the Company. The next phase of SA Connect, called SA Connect Phase 1C, for connecting an additional 345 sites, has been included in detail in the financial plan.
- Cost of Sales is based on actual contracted costs and new contracted costs for Eskom and TFR. The Eskom lease costs are expected to increase by more than inflation to mitigate ADLash risk and to extend the core network. Specific contracted reductions and inflationary increases include a year-on-year increase of 27% (including SA Connect).
- Operating Expenditure: average inflation projected at around 5% and specific inflation is factored in for IT costs and building rentals. A key assumption that was made is that BBI will fill critical positions through fixed term contracting of critical resources, as opposed to the current outsourcing arrangements in place. This is done to create flexibility in the workforce during the SOC Rationalisation process currently underway. Overall operating expenditure increases by 17% year-on-year. This increase arises because of the low base of operating expenditure during the 2020/21 financial year. Critical positions remained vacant for a large part of the 2020/21 financial year and ad hoc repairs and maintenance were very low in comparison to the financial plan.

10.2 Statement of Financial Position

The table below show the assumptions made related to the balance sheet statement.

Table 16: Statement of Financial Position Assumptions

Year ended	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
Amounts in R '000	Forecast	Budget	Budget	Budget	Budget	Budget
Total Non-Current Assets	R1 034 108	R1 597 596	R1 624 797	R1 512 589	R1 654 966	R1 783 445
Total Current Assets	R82 660	R142 464	R169 834	R215 004	R334 649	R495 866
Total Assets	R1 116 768	R1 740 060	R1 794 632	R1 727 593	R1 989 615	R2 279 311
Non-Current Liabilities	R413 444	R628 870	R633 754	R533 840	R623 805	R693 609
Current Liabilities	R279 313	R401 764	R489 942	R504 862	R567 780	R610 949
Total Liabilities	R692 757	R1 030 634	R1 123 696	R1 038 702	R1 191 585	R1 304 558
Equity attributable to owners of the parent	R424 011	R709 426	R670 937	R688 891	R798 030	R974 753
Total Equity and Liabilities	R1 116 768	R1 740 060	R1 794 633	R1 727 593	R1 989 615	R2 279 311

The key changes to the statement of financial position are demonstrated above.

It is assumed that the Shareholders' Loans would have been converted into equity by the start of the corporate plan period. This is a critical enabler to the success of this corporate plan.

A further key assumption is that BBI will, for the first time in its 11-year existence, require Shareholder assistance. This is mainly because of BBI rolling out capital infrastructure to the value of almost R411 million over the last five years, only utilising its own cash generated from operations. This included cash that should have been retained to fund its working capital needs. This Shareholder assistance is a critical enabler for this financial plan.

Concluding the Capex spend during the 2021/22 financial year, further described below, will bring the Net Book Value of Assets of the Company to R1.6 billion.

Trade debtors increase to around R140 million, and collections are budgeted at an average of 60 days.

The deferred income liability is budgeted to reduce to R218 million at year end.

Financial Ratios

The table below depicts performance and liquidity ratios for the forecasted period.

Table 17: Profit and Liquidity Ratios

Year end	Mar-22	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
EBITDA/Revenue	12.3%	43.9%	26.9%	31.1%	35.6%	40.4%
Operating Profit	-17.3%	23.9%	1.8%	7.9%	16.2%	21.5%

Year end	Mar-22	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Current Ratio	52.3%	51.0%	44.8%	54.5%	72.5%	97.6%
Gearing Ratio	13.5%	106.5%	120.1%	98.2%	97.8%	86.3%

The current ratio is highly variable over the years; however, it increases steadily year-on-year. By the year 2025/26 the current ratio will almost be 100%, indicating sufficient liquid assets to cover any short-term liabilities. Additionally, the ratios of operating profit to revenue and EBITDA to revenue also improve steadily over the five-year planning period.

10.3 Cash Flow Statement

The table below demonstrates the key line items of the cash flow statement.

Table 18: Cash Flow Statement

Year ended	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
Amount in R '000	Forecast	Budget	Budget	Budget	Budget	Budget
Cash Generated from Operations	(R197 064)	R236 220	R328 553	R200 059	R340 728	R441 749
Cash Flows from Investing Activities	(R42 068)	(R747 012)	(R218 894)	(R82 886)	(R324 143)	(R327 467)
Cash Flows from Financing Activities	R132 302	R520 406	(R40 758)	(R75 467)	R92 827	R36 386
Net Increase/Decrease in Cash	(R106 830)	R9 614	R68 901	R41 706	R109 411	R150 668
Cash Equivalents at beginning of year	R110 207	R3 377	R12 991	R81 892	R123 597	R233 008
Cash Equivalents at end of year	R3 377	R12 991	R81 892	R123 597	R233 008	R383 676

It is budgeted that Broadband Infraco will generate a positive cash flow from operations. Management continues to drive sales and optimise costs and thus ensuring a positive cash flow outlook and the Company's financial sustainability.

Refer to **Annexure G** for details.

10.4 Dividend Policy

BBI does not have a Dividend Policy and all cash resources generated by the operations are utilised to maintain and invest in the network infrastructure.

10.5 Capital Expenditure and Investments

The capital expenditure and investment allocations from Own Funding, Debt Funding, Vendor Financing, Project Finance and Medium-Term Debt Funding have been made for various projects which have specific strategic outcomes.

These outcomes are as follows:

- Protection of Revenue;
- Generation of Revenue;
- Business Sustainability;
- Essential Upgrades and Refurbishments; and

- Operational CAPEX (Non-Infrastructure).

The total CAPEX is budgeted at R747 million for the 2021/22 financial year and covers all the priority 1 projects included in the Capital Plan (Annexure G attached herewith). The capital expenditure is classified per the table below:

Table 19: CAPEX Classification

Amount in R'000	202/22	2022/23	2023/24	2024/25	2025/26	Total
Non-infrastructure	R35 623	R50 299	R51 808	R-	R-	R137 730
SA Connect	R272 561	R-	R-	R-	R-	R272 561
Service Engineering Cards	R8 500	R8 925	R9 371	R9 840	R10 332	R46 968
Infrastructure	R419 535	R157 115	R19 050	R-	R-	R595 700
Salaries Capitalised	R10 793	R2 555	R2 657	R2 790	R2 902	R21 697
Total	R747 012	R218 894	R82 886	R12 630	R13 233	R1 074 656

From the above table it can be observed that the total CAPEX per year is the same for the combination of projects related to the various classifications.

Table 20: CAPEX Classification

Amount in R'000	202/22	2022/23	2023/24	2024/25	2025/26	Total
Protection of Revenue	R21 850	R-	R-	R-	R-	R21 850
Generation of Revenue	R545 351	R-	R-	R-	R-	R545 351
Business Sustainability	R6 000	R16 050	R16 050	R-	R-	R38 100
Essential upgrades and refurbishments	R109 795	R159 386	R21 961	R-	R-	R291 142
Operational Capex	R53 223	R41 712	R43 036	R-	R-	R137 970
Total	R736 219	R217 148	R81 046	R-	R-	R1 034 413

Generation of revenue projects will be most important (74%) in delivering services to customers and network capacity upgrade, and includes SA Connect planned infrastructure. Essential upgrades and refurbishments (15%) will ensure better network autonomy and management and includes IP network upgrade. Approximately 3% of total Capex budget is required to protect revenue by relocating data centres and replacement of certain poor performing links. Business sustainability investment is required to ensure sustainability of operations and includes mainly the ADLash network reduction and Operating capex (7%) is required to ensure continues monitoring of the network and the required maintenance tools.

10.6 Valuation Analysis

Ownership of these shares are as follows:

- 74 Ordinary shares are held by the State as represented by the Department of Communications and Digital Technologies; and
- The remaining 26 shares are held by the Industrial Development Corporation of South Africa.

Table 21: Valuation of BBI Assets

Assets	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26
	Forecast	Budget	Budget	Budget	Budget	Budget
Total Assets	R1 116 768	R1 740 060	R1 794 632	R1 727 593	R1 989 615	R2 279 311
Net Assets	R424 011	R709 426	R670 937	R688 891	R798 030	R974 753
YoY Net Assets growth rate		59.0%	0.7%	-2.0%	15.4%	16.7%

Total assets are on a steady increase over the budgeted period causing the net assets to improve. Net assets are measured on the 100 ordinary shares issued.

10.7 Five-Year Borrowing Programme

BBI continues to follow a funding strategy that is designed to cater for a transitioning business model that will enable sustainability. The Company's business model has transitioned from a single customer to one based on multiple customers, ranging from the private to the public sector. The Company's planned capital investment programme is supportive of long-term financial sustainability, with four key priorities:

- Revenue protection projects;
- Revenue generating projects;
- Mandate and license obligations projects; and
- Essential asset upgrades and refurbishment projects.

The funding strategy remains focused on sourcing funding from various financial institutions, selective Vendor Financing alternatives and other providers of medium-term debt financing. The financial institutions are targeted as a source of short-term cash and liquidity provisioning facilities and to support the Company with long-term debt capital. The medium-term funders will also be expected to support the Company with long-term debt capital whereas Vendors will be sought to support medium- and long-term balancing of operational costs with revenue through the financing of technology enhancements.

The total funding required is based on the projected capital spend above. Based on this planned capital spend, total funding to the value of R464 million is planned to be raised during 2021/22. These funds will be used as and when required on a draw down basis to optimally manage the cash resources of the Company.

The funding to be raised can be categorised per the table below:

Table 22: Funding

Funding Mixture	Project Finance	Debt Funding	Vendor Finance	Shareholders	Own Funding	Asset Funding	Total
Amount	R 32 300	R 285 640	R 103 495	R 6 000	R 16 385	R 19 838	R 463 658

Project Finance will be utilised to fund specific capacity upgrades and secondary routes to SADC countries. Asset Finance will be utilised to finance moveable assets and debt funding to supplement funding generated from operations, required for customer and refurbishment projects, and includes capacity upgrades. Vendor Financing will be utilised to fund the IP upgrade. Shareholders will be requested to find business sustainability investments.

In determining the funding strategy for the corporate planning period, the Company considered several funding mechanisms and sources, ultimately deciding on the following five options to support primarily the capital investment programme. These options are in line with the funding plan and options considered during the previous planning periods:

Development Finance Institutions

The Company continues to engage DFIs actively to secure medium term funding. During the 2018/19 and 2019/20 financial year the Company did secure funding from a DFI for a specific project. Unfortunately, this project was cancelled and access to the funding did not materialise.

Project-based structured financing

BBI was unable to secure funding for client generated projects due to the lack of a track record and the weak balance sheet. The Company is now able to demonstrate that they can win, plan, and execute major projects successfully and profitably. This coupled with the planned conversion of the shareholders' loans into equity the Company is positive that they will be able to secure funding off the back of these case studies for future, customer-specific requested projects where revenue will improve.

Financial Institutions facilities

The Company has demonstrated its ability to manage cash optimally over the past three years. This was achieved through proactively and continuously applying cost optimisation strategies, engaging with suppliers to extend payment terms, and appealing to customers to pay the Company as quickly as possible. This will have a positive effect on future engagements with financial institutions.

Vendor financing

Many of the strategic suppliers of equipment to BBI have indicated that they will be willing to consider longer term financing of technology and client enhancements, over the useful life of the equipment. Access to this funding will also be forth coming once the conversion of the shareholders' loans have been concluded.

Asset financing

BBI envisages engaging financiers to fund motor vehicles required for operations and maintenance. This mechanism of funding will be explored further during the next financial year.

These options sought to secure funding for the Company either directly onto the Company's balance sheet or on an off balance sheet basis.

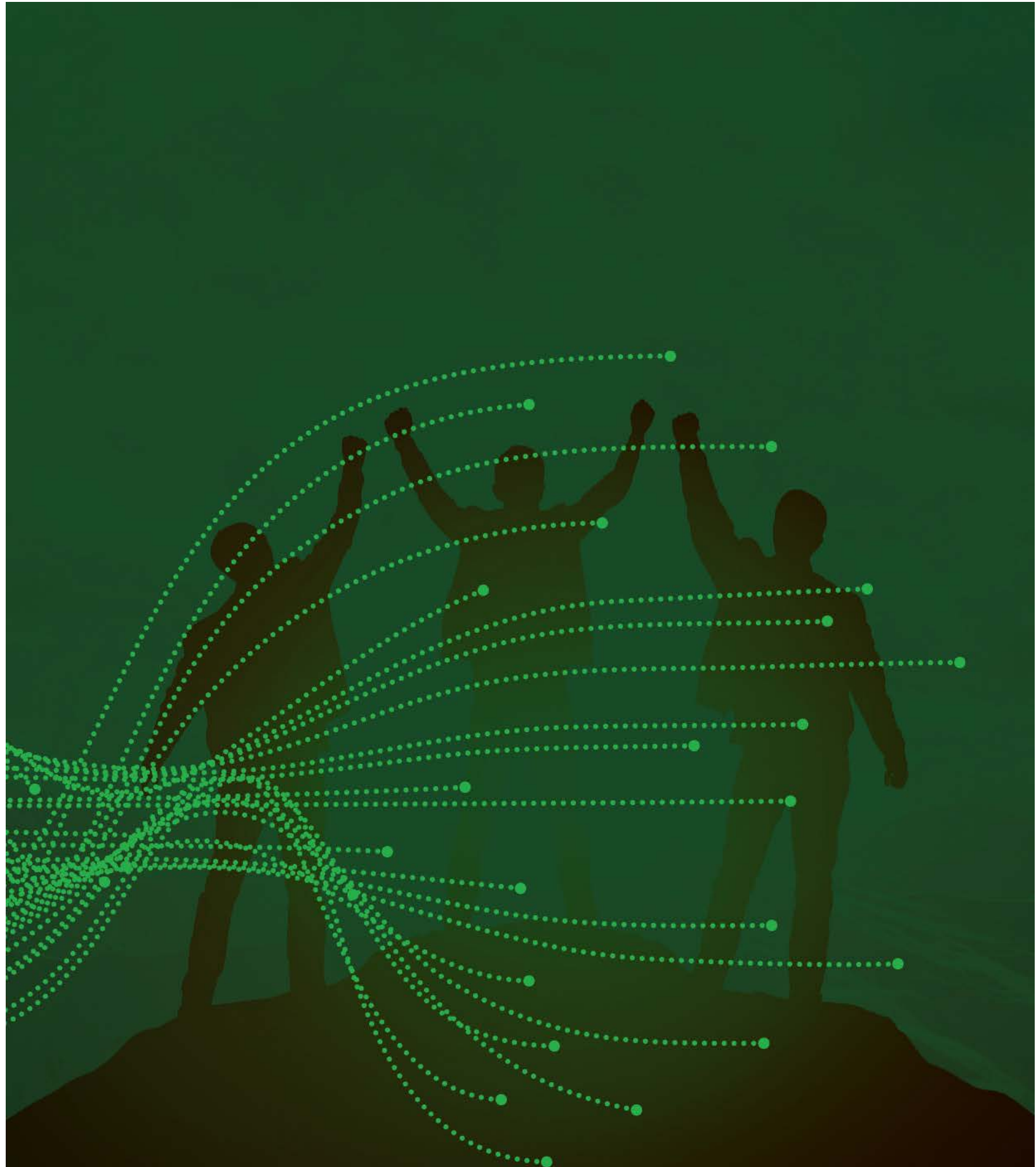
Industry norms relating to participation of public entities within the financial market space requires that Broadband Infraco take into consideration the following:

- a) Adherence to National Treasury Regulations relating to management of borrowings undertaken by SOCs;
- b) Application approval by Executive Authority to increase borrowing powers of Broadband Infraco in terms of significant and materiality framework (refer to Annexure I) and Section 66 of the PFMA; and

- c) That there will also be a need to strengthen the balance sheet of the Company through a structured recapitalisation initiative, which will further enable the Company to deliver on its mandate.

Depending on the type of instruments to be sourced, there may be a need to look at the processes and systems within the company to ensure effective and accurate liability management and adherence to applicable risk management practices.

The Significance and Materiality Framework is included as **Annexure H**.



**ANNEXURE A
QUALIFICATIONS AND EXPERIENCE
OF THE BOARD AND EXCO**



A. QUALIFICATIONS AND EXPERIENCE OF THE BOARD AND EXCO

1. Board of Directors

Names	Race	Gender	Date of Appointment	Qualifications and Experience
BMC Ngcobo	Black	Male	23 March 2016	<p><u>Qualifications:</u> LLB (Natal), LLM in Company Law (WITS), Business Management Programme (UCT), Admitted Attorney</p> <p><u>Expertise:</u> Law, Telecommunications and Business Management <u>Chairperson</u> of the Board of Directors</p>
Sydney Mabalayo	Black	Male	23 March 2016	<p><u>Qualifications:</u> BSc (Electrical Engineering) (UCT), MBA (WITS) ECSA Registered Professional Engineer</p> <p><u>Expertise:</u> Project Management and General Management</p> <p><u>Chairperson:</u> Human Resources and Remuneration Committee</p> <p><u>Member:</u> Investment, Finance, Tender and Procurement Committee, Social and Ethics Committee</p>
Nokuthula Selamolela	Black	Female	23 March 2016	<p><u>Qualifications:</u> B.Com (Accounting) (North West University), B.Com (Honours)/CTA (UKZN), Master of Commerce in Development Finance (UCT GSB)</p> <p><u>Expertise:</u> Telecommunications, Financial management, Supply Chain Management and Skills Development</p> <p><u>Chairperson:</u> Audit and Risk Committee</p> <p><u>Member:</u> Social and Ethics Committee</p>
Gift Mphedu, Pr. Eng	Male	Black	1 April 2018	<p><u>Qualifications:</u> BSc. Electrical and Electronic Engineering (UKZN); Certificate Course in Wireless Telephony (University of Pretoria), Master's in Engineering (Engineering Management) (University of Pretoria), Post Graduate Diploma in Health Technology Management (UCT), MSAIEE, ECSA Registered Professional Engineer</p> <p><u>Expertise:</u> Engineering, Information, Communication and Technology (ICT), Product Development, Business Development Management, Technology Management, People Management, Entrepreneurship, Stakeholder Relationship Management</p> <p><u>Chairperson:</u> Investment, Finance, Tender and Procurement Committee</p>



Names	Race	Gender	Date of Appointment	Qualifications and Experience
Zandile Kabini	Black	Female	1 April 2018	<p><u>Qualifications:</u> B.Com Informatics (University of Pretoria) B.Com (Hons) – Informatics (University of Pretoria) MDP - GIBS Diploma in Business Analysis - FTI</p> <p><u>Expertise:</u> Information, Communication and Telecommunications (ICT) and Business Management, Strategy Planning and Execution</p> <p><u>Member:</u> Audit and Risk Committee, Investment, Finance, Tender and Procurement Committee</p>
Jennifer Schreiner	White	Female	1 April 2018	<p><u>Qualifications:</u> BA Honours (UCT) Masters of Arts (Sociology) (UCT) Masters in Security Studies (University of Pretoria) Certificate in Project Management</p> <p><u>Expertise:</u> Researcher, Activist, Administrator, Management and Strategist, Public Service and Administration</p> <p><u>Chairperson:</u> Social and Ethics Committee</p> <p><u>Member:</u> Human Resources and Remuneration Committee</p>
Lungile Mabece	Black	Male	06 December 2018	<p><u>Qualifications:</u> B Proc (University of the Western Cape), LLB (University of the Western Cape), Higher Certificate: Project Management (Damelin)</p> <p><u>Expertise:</u> Attorney of the High Court, Corporate and commercial lawyer, Transport Law, Information and Communication Law, Policy and Legislation Development</p> <p><u>Member:</u> Audit and Risk Committee, Human Resources and Remuneration Committee, Social and Ethics Committee</p>
Andrew Matseke Chief Executive Officer	Black	Male	15 November 2017	<p><u>Qualifications:</u> BSc Electrical & Electronic Engineering (UCT), Master of Business Administration (UP), Post Graduate Diploma in Project Management (CraneField College). Professional Engineer (ECSA). Senior Member (SAIEE)</p> <p><u>Expertise:</u> Engineering, Telecommunications and Business Management, Strategy Development and Execution.</p>
Ian van Niekerk	White	Male	15 September 2015	<p><u>Qualifications:</u> B.Com (Hons) (UNISA), CA(SA), CIBM (UNISA), Certificate in Short Term Reserving Techniques (University of Pretoria)</p>



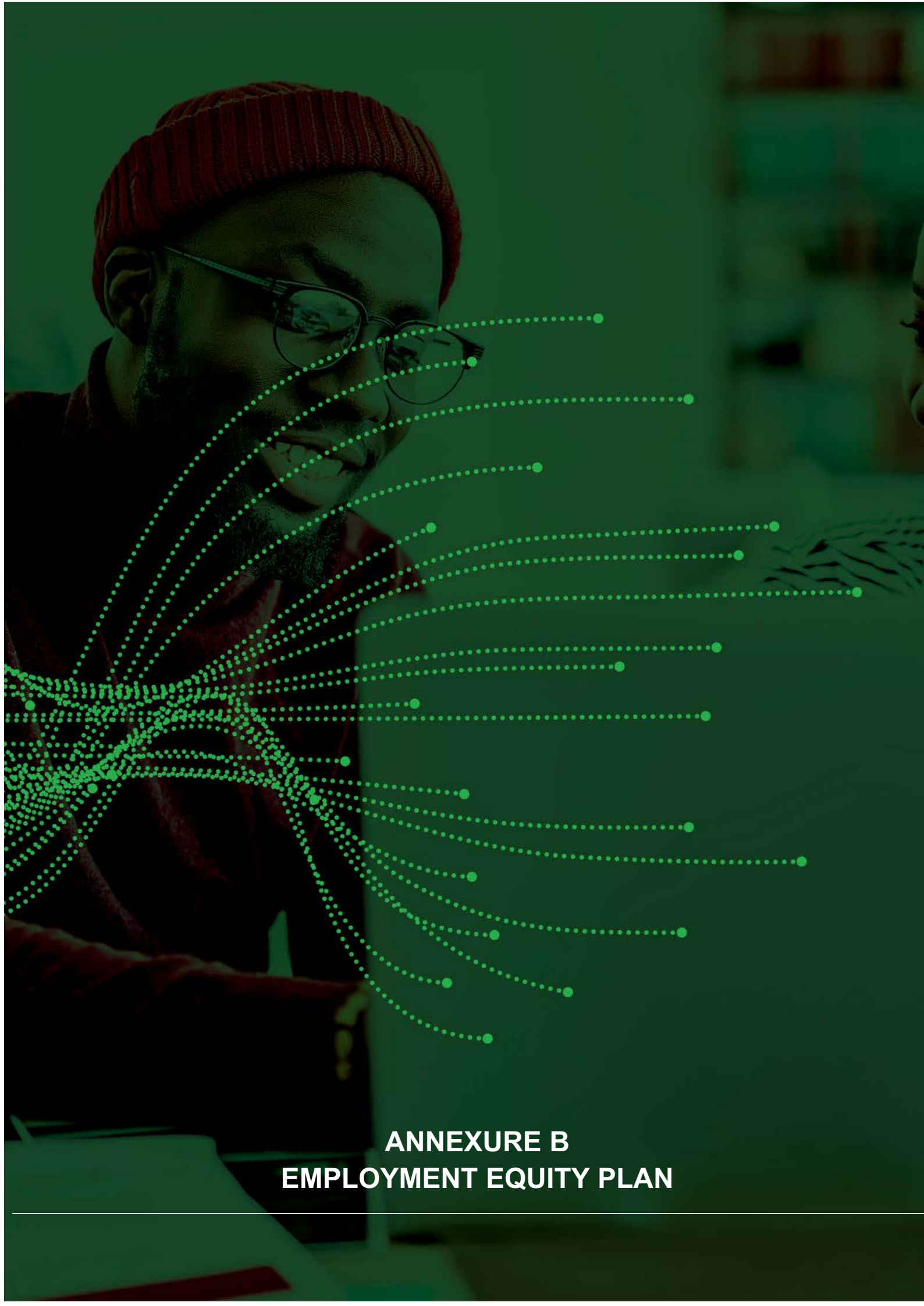
Names	Race	Gender	Date of Appointment	Qualifications and Experience
Chief Financial Officer				<u>Expertise:</u> Telecommunications, Financial Management, Commercial Management, Strategy

2. Executive Management

Names	Race	Gender	Qualifications and Experience
Andrew Matseke Chief Executive Officer	Black	Male	<u>Qualifications:</u> B.Sc. Electrical & Electronic Engineering (UCT), MBA (University of Pretoria), Post Graduate Diploma in Project Management (Cranefield College) <u>Expertise:</u> Engineering, Telecommunications and Business Management, Strategy Development and Execution
Ian van Niekerk Chief Financial Officer	White	Male	<u>Qualifications:</u> B.Com (Hons) (UNISA), CA(SA), CIBM (UNISA), Certificate in Short Term Reserving Techniques (University of Pretoria) <u>Expertise:</u> Telecommunications, Financial Management, Commercial Management, Strategy
Gift Zowa Chief Technical Officer	Black	Male	<u>Qualifications:</u> BSc Electrical Engineering (Hons), MBA (University of Pretoria), Pr. Eng. (ECSA), MSAIEE, MIEE (UK) <u>Expertise:</u> Telecommunications, (Switching, Transmission, Mobile (2G, 3G, LTE) IP, IT. Strategic Management, Business Management
Montseng Mopeli <i>Executive: HR</i>	Black	Female	<u>Qualifications:</u> Executive Development Programme (GIBS), Masters of Management in HR (WBS), Honours - Bachelor of Library & Information Science (UNISA), BA: Political Science and Public Administration (UNIN) <u>Expertise:</u> HR & General Management (Telecommunications & Manufacturing), Organisational Development and Transformation Strategies, and Labour Legislation framework
Phumza Dyani Chief Marketing and Sales Officer	Black	Female	<u>Qualifications:</u> B.Com (Acc) (University of the Western Cape) MBA – e-Commerce (Bond Australia) VAEP – Vodacom accelerated Leadership Programme (GIBS) <u>Expertise:</u> Commercial (technical and negotiations) Sales Financial expertise Product expertise



Names	Race	Gender	Qualifications and Experience
Mike Mojapelo Executive: Compliance, Risk and Audit	Black	Male	<u>Qualifications:</u> Postgraduate Diploma in Management Practice (Henley), B.Com (Unisa), GIA (IIA), Professional Accountant (SA) (SAIPA); Executive Development Programme (Wits), LP (Leadership Programme for Senior Manager (University of Pretoria); International Leadership Development Program (ILDP), Henley and Penn State Business School <u>Expertise:</u> Internal Auditing, Compliance, Risk, Governance and Strategy



**ANNEXURE B
EMPLOYMENT EQUITY PLAN**



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1. Introduction

Equity is about fairness. That means that everyone has the right to be treated fairly and to not be discriminated against for any reason. The main purpose of Employment Equity is to promote equal opportunity and fair treatment in employment through the elimination of unfair discrimination

In term with Employment Equity Act (EEA) each company must a develop a five-year Employment Equity (EE) Plan. The Company has developed a five-year plan, an annual Divisional EE Plan (that sets targets for the inclusion of People with Disabilities within the organisation), as well as an EE Target plan per department which clearly indicates the inclusion or addition of the number of People with Disabilities to be met within each department.

The Employment Equity Forum was established in 2013 in line with the requirements of the Employment Equity Act No. 55 of 1998. The forum meets quarterly and reports to the Chief Executive Officer.

Annexure C encapsulates the EE Plan that was submitted in 2017, covering January 2018 to December 2021. Annually a report is submitted against this plan to the Department of Labour.

2. Business overview

BBI is a licensed State-owned company operating in the telecommunications sector. It is intended to improve market efficiency in the long-distance connectivity segment by increasing available long-distance network infrastructure. It will also avail capacity to stimulate private sector innovation in telecommunications services and content offerings.

BBI provides long-distance national and international connectivity to licensed private sector partners, license-exempt projects of national importance and to under-served areas.

3. Commitment to EE

In order to fulfil its mandate, BBI acknowledges the value that employees from diverse backgrounds add to the organisation, and as such is fully committed to the objectives of the Employment Equity Act, No. 55 of 1998. The commitment to transformation (in particular to employment equity) is considered a high business priority that features with prominence in our business leadership, hence the development of this EE Plan.

BBI is committed to ensuring that the overall purpose of the EE Act is achieved in the workplace by:

- promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination;
- implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups (black people, women, and Persons with Disabilities), in order to ensure their equitable representation in all occupational categories and levels in the workforce.

BBI will demonstrate its commitment by taking active steps to promote employment equity in the workplace by implementing transformation interventions, which are aligned with, and drive BBI's business strategy.

- Facilitating an equitable representation within the workforce by attracting, developing, and retaining employees from the designated groups.
- Implementing effective diversity management initiatives to establish and maintain an all-inclusive culture conducive to transformation.
- Making reasonable accommodation for employees from the designated groups, and to provide a safe and enabling work environment for all employees.

4. Approach to EE plan development

The development of the BBI EE Plan was actioned in accordance with section 20 of the EE Act, and the Codes of Good Practice: preparation; development; and implementation of Employment Equity Plans.

The process of developing the plan followed four sequential phases, being:

- planning (creating an enabling environment);
- analysis;
- development of EE Plan;
- implementation and monitoring.

See implementation model below: **Model 4.0**

Plan Implementation

Code of Good Practice

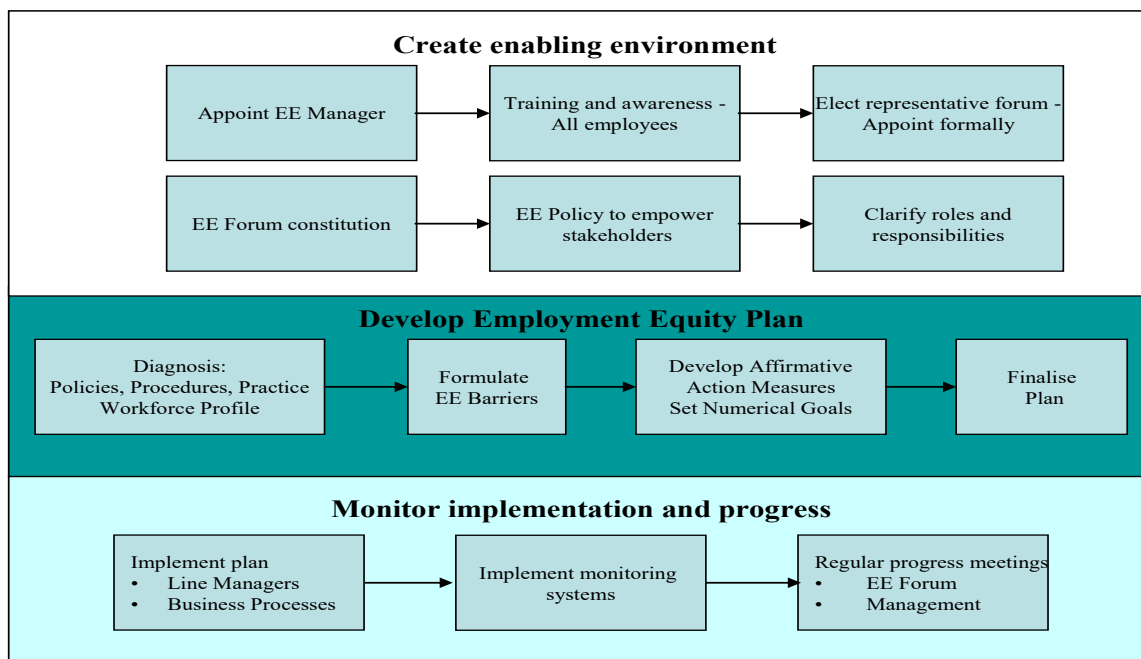


Figure 1 Model

4.1 The planning phase includes:

- Assignment of responsibility and accountability to the BBI EE manager.
- Developing communication, awareness and training on EE.
- Consultation with relevant stakeholders.

4.2 The development phase includes:

- Conducting an analysis of existing employment policies, procedures, practices, and the work environment.
- Conducting an analysis of the existing BBI workforce profile and demographic information and benchmarking, setting new objectives.
- Formulating affirmative action measures with timeframes.
- Drawing up the plan.
- Allocation of resources.
- Communicating the plan.

4.3 Implementation and monitoring is an on-going process. This phase includes:

- Implementation.
- Monitoring and progress-tracking.
- Reviewing the plan.
- Annual progress reporting to the Department of Labour (DOL).

5. Assignment of responsibility

In terms of Section 24 of the EEA and the Codes of good practice, BBI has assigned a senior manager to take responsibility for the monitoring and implementation of the EE plan. The Executive: Compliance Risk and Audit, is currently the accountable EE Manager.

5.1 Mandate and authority

The Executive: Compliance, Risk and Audit (as EE Manager), reports directly to the CEO of Broadband Infracore. The EE Manager has the authority and mandate to take key transformation and Employment Equity decisions within the approved budget and mandate.

5.2 Time off and resources

The EE Manager shall have sufficient time and resources dedicated to carrying out EE commitments in line with agreed EE deliverables included in the performance contract. Operational responsibilities have been delegated to the Senior Manager HR Operations who reports to the Executive for HR.

All line managers shall be responsible for implementation and compliance to this plan within their respective departments.

6. Communication, training, and awareness

As an employer, we take responsibility to inform our employees regarding EE. Communication will focus on positive outcomes, progress made, challenges encountered, as well as steps to be taken to overcome barriers.

BBI will endeavour to fulfil section 25 of the EEA by:

- Displaying and communicating the summary of the EEA, copies of the most recent report, and the EE Plan in our work areas.
- Engaging through the Employment Equity Forum on a regular basis to discuss progress to date, positive outcomes, challenges encountered, and the way forward.

6.1 Awareness sessions

Prior to the development of the plan BBI refresher awareness sessions will be conducted. The purpose of the sessions will be to ensure that employees are:

- made aware and informed of the content and application of the Act;
- sensitised about EE implementation programmes required to transform the workplace;
- kept informed regarding suitable interventions and processes to be followed; and
- made to understand the importance of their participation in the process.

7. Communication plan

Table 1 Communication Plan

Timeframe	Activity	Target Group
Next 12 months	EE Forums	Employment Equity Forum members
Induction	Videos	All employees
Quarterly	BBI Newsletter (if any)	All employees
Ongoing	Emails, Intranet postings on progress	All employees
Quarterly	Record of agenda and summary minutes from EE Forum meetings	CEO and Exec HR
Quarterly	Presentation and feedback on progress to date	EXCO and All employees
Annually	EE Report	HRRC, All employees
Annually	Employee Awareness Session	All employees
Ongoing	Communicate EE Plan	All employees

8. Consultation

BBI has established an EE Forum (in compliance with section 16 of the EEA). The EE Forum will be consulted on matters stipulated in section 17 of the EEA, which are:

- the analysis as required by section 19;
- the preparation, development, and the implementation of the Employment Equity Plan as required by section 20;
- reporting on Employment Equity progress as required by section 21.

Consultation by BBI Management will also aspire to achieve the following objectives:

- To understand both the barriers and enablers of transformation in the business.
- To create and implement strategies relating to people management and people development.
- EE Forum will meet and report back to employees and management.
- EE Forum (nominated representatives) will be given an opportunity to meet with EXCO on matters pertaining to employment equity.
- EE Forum will have a formal process for consideration of requests, distribution and receipts of relevant information.
- Ongoing interaction with, and accessibility to departmental senior management with regard to EE issues.

8.1 Members of the EE Forum

The members of the forum have been nominated by their respective constituencies as employee representatives in terms of section 16 of the EEA. The forum is comprised of:

- designated groups (blacks, women and People with Disabilities) from different occupational levels;
- non-designated groups (white males);
- senior management; and
- Trade Union members.

A detailed Membership list is contained on the attached **annexure D**, therefore future changes to the membership will not affect the Plan but will be limited to the annexure only.

9. Analysis

In compliance with section 19(1) of the EEA, an analysis of the policies, procedures, practices and the work environment were conducted. This analysis aimed to identify barriers to employment, as well as advancement and development of people from designated groups. The focus was also on determining to what extent unfair discrimination or unfair treatment practices represent a barrier to the achievement of employment equity.

The following areas as recommended by the EEA and the Codes of good practice were analysed:

- Employment practices such as recruitment, selection, pre-employment testing.
- Practices related to succession and experience planning, and related promotions and transfers.

- Utilisation of human resources capacity and job assignments.
- Current training and development methodologies and strategies, and access to training remuneration structures and practices.
- Employee benefits arrangements.
- Disciplinary practices.
- Working conditions.
- Number and nature of dismissals, voluntary terminations and retrenchments.
- Corporate culture.

10. Affirmative action measures

Section 20 of the EEA requires employers to develop qualitative affirmative action measures to address barriers identified during the analysis and create measures to improve the under-representation of designated group members through the setting of numerical goals and targets.

Affirmative action measures implemented by BBI would conform to section 15 of the EEA which require:

- Measures to identify and eliminate employment barriers.
- Measures designed to further diversity in the workplace.
- Making reasonable accommodation for people from designated groups.
- Measures to ensure the equitable representation of suitably qualified people from designated groups in all occupational categories and levels.
- Measures to retain and develop people from designated groups.

A separate detailed report on the analysis and perceived barriers and action measures is available. Below is a summary of potential barriers identified and measures to be implemented.

11. Progress on the implementation plan

Table 2 Implementation Plan

Categories	Yes	No	Potential barriers and identified unfairness	Proposed measures	Due date
Recruitment procedures	X		Lack of opportunity to appointment of People with Disabilities.	Develop Divisional EE Plan and set targets for People with Disabilities. Compact line manager on the implementation of their divisional plans. Done.	N/A
Advertising positions	X		Attraction of persons with disabilities is not prominent in the advert.	Amend the advert to indicate priority for attracting Persons with Disabilities and Employment Equity goals. Done.	N/A
Work environment and facilities	X		Offices lack adequate accommodation and resources for Persons	Secure funding to make the offices more accessible and accommodative to Persons	Apr 2020

Categories	Yes	No	Potential barriers and identified unfairness	Proposed measures	Due date
			with Disabilities.	with Disabilities.	
Performance and evaluation systems	X		Lack of effective application of the Performance Management framework.	Line managers must be properly trained. Executives must provide oversight to the process.	Jun 2018 Ongoing
Succession and experience planning	X		There is a lack of succession planning which can be used to advance designated groups.	Communicate the current succession planning policy/system and, formalise implementation using creative approaches given the limitation of funds.	Ongoing
Disciplinary measures	X		Lack of knowledge on the implementation of policy by some Managers.	Train Managers on policy and general management of disciplinary measures.	Ongoing
Corporate Culture	X		Lack of awareness of diversified cultural backgrounds and beliefs.	Awareness sessions and training.	Ongoing

12. Workforce profile analysis

Section 19(2) requires employers to conduct the workforce profile analysis which must indicate the extent to which designated groups are under-represented in the workforce in terms of occupational levels compared to their external availability in the national, provincial or regional economically active population or another benchmark used by the organisation.

Under-representation refers to the statistical disparity between the representations of designated groups in the workplace compared to their representation in the labour market.

Broadband Infracore conducted the workforce profile analysis based on 1 December 2017, and the data obtained is illustrated below.

Section B: Workforce profile

12.1. Workforce profile

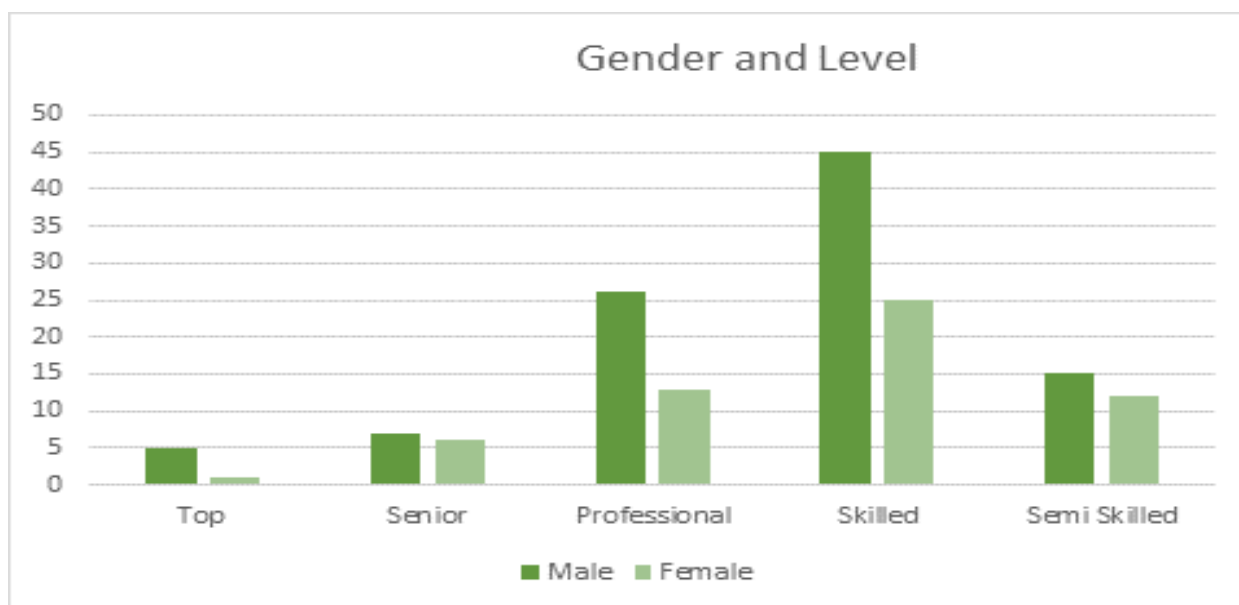
12.1.1 Please report the total number of **employees** (including employees with disabilities) in each of the following **occupational levels**: Note: A=Africans, C=Coloureds, I=Indians, and W=Whites

Table 3 Workforce Profile

EMPLOYMENT EQUITY DEMOGRAPHICS (inclusive of interns)													
Job Levels	Male				Female				Foreign Nationals		Sub Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Executives	2	0	1	1	1	0	0	0	1	0	5	1	6

EMPLOYMENT EQUITY DEMOGRAPHICS (inclusive of interns)

Job Levels	Male				Female				Foreign Nationals		Sub Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Senior Management	3	1	0	2	4	0	1	1	1	0	7	6	13
Professional Specialist & Middle Management	20	1	2	3	13	0	0	0	0	0	26	13	39
Supervisory & Junior Management	14	0	0	1	2	0	0	0	0	0	15	2	17
Operational	26	0	1	2	22	0	0	1	1	0	30	23	53
Support	2	0	0	0	5	0	0	1	0	0	2	6	8
Total Permanent and fixed term contracts (excl. Interns)	67	2	4	9	47	0	1	3	3	0	85	51	136
Interns	12	1	0	0	6	0	0	0	0	0	13	6	19
Total Permanent	79	3	4	9	53	0	1	3	3	0	98	57	155
Temporary workers	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	79	3	4	9	53	0	1	3	3	0	98	57	155



Gender and level Figure 2

13. Setting of numerical goals and targets

BBI has taken proactive steps in transforming its workforce in order to make it a more representative labour force that reflects the demographics of the country. For this reason, BBI will monitor available vacancies and opportunities to ensure that they are applied reasonably to overcome shortcomings in our current profile where under-representation occurs.

Where under-representation has been identified in the analysis, the numerical goals to achieve the equitable representation of suitably qualified people from designated groups across each level will be set.

Numerical goals and targets will be set in relation to the economically active population (EAP) statistics of South Africa. Each level of the workforce should reflect the numerical goals in line with these statistics, taking into account historical trends and business planning.

Table 4 Numerical Goals

National EAP	Male	Female	Total
African	42.80%	35.10%	78.00%
Coloured	5.30%	4.50%	9.80%
Indian	1.80%	1.00%	2.80%
White	5.30%	4.20%	9.50%
Total	55.20%	44.80%	100.00%

(Source: CEE, Report: 2017)

In addition to these EAP statistics, BBI also endorses the spirit of South Africa's Broad-Based Black Economic Empowerment (B-BBEE) philosophy so as to meet the requirements set out by the Department of Labour, EEA and to ensure that BBI also benefits from acceptable B-BBEE scores. The BBI EE Plan and transformational objectives will accordingly align to these benchmarks.

13.1 Numerical goals and targets for Persons with Disabilities

It is recommended that 2% of the BBI positions at the end of the EE Plan be allocated to People with Disabilities. ($2\% \times 155 = 3$). The three positions would be spread across all occupational levels of BBI. HR in consultation with the EE Manager and Head of Supply Chain in regard to B-BBEE would identify positions suitable for People with Disabilities to ensure their equitable representation in BBI.

14. Transformation opportunity

It is anticipated that no growth would occur and thus transformation will depend on the terminations and new vacancies. Business units which experience positive growth during the plan period would use such growth to enhance the overall achievement of EE in BBI.

All vacancies created as a result of terminations would be analysed, and such analysis used in the recruitment of designated groups where under-representation had been identified. Any regression or deviation from the set targets would only be approved by the CEO in consultation with the EE Forum of BBI.

15. Numerical goals and targets

Based on the analysis above, the following numerical goals and targets of BBI have been projected as depicted below.

The highlighted areas indicate areas of under-representation which require attention.

Top Management:

Table 5 Top Management Target

Occupational Levels	YEAR	Designated								Foreign Nationals		Total	Vacancies
		Male				Female				Male	Female		
		A	C	I	W	A	C	I	W				
Top	2017	2	0	1	1	1	0	0	0	1	0	6	1
	Target 2018	0	0	0	0	0	0	0	1	0	0	1	
	2019	0	0	0	0	1	0	0	0	0	0	1	
	Goals 2020	1	0	0	0	0	0	0	0	0	0	1	

Senior Management: Table 6 Senior Management Target

Occupational Levels	YEAR	Designated								Foreign Nationals		Total	Vacancies
		Male				Female				Male	Female		
		A	C	I	W	A	C	I	W				
Senior	2017	3	1	0	2	4	0	1	1	1	0	13	1
	Target 2018	0	0	0	0	0	1	0	0	0	0	1	
	2019	0	0	0	0	1	0	0	0	0	0	1	
	Goals 2020	1	1	1	1	0	0	0	0	0	0	4	

Professionally Qualified:

Table 7 Professionally Qualified Target

Occupational Levels	YEAR	Designated								Foreign Nationals		Total	Vacancies
		Male				Female				Male	Female		
		A	C	I	W	A	C	I	W				
Professional	2017	20	1	2	3	13	0	0	3	0	0	39	4
	Target 2018	0	0	0	0	0	1	1	1	0	0	3	
	2019	0	0	0	0	0	1	1	1	0	0	3	
	Goals 20120	1	0	0	0	0	0	0	0	0	0	1	

Skilled: Table 8 Skilled Target

Occupational Levels	YEAR %	Designated								Foreign Nationals		Total	Vacancies
		Male				Female				Male	Female		
		A	C	I	W	A	C	I	W				
Skilled	2017	14	0	0	1	2	0	0	0	0	0	17	3
	Target 2018	0	0	0	0	0	1	1	1	0	0	3	
	2019	0	0	2	2	0	1	1	1	0	0	3	
	Goals 2020	1	0	0	0	0	0	0	0	0	0	3	

Semi-skilled:

Table 9 Semi-Skilled Target

Occupational Levels	YEAR %	Designated								Foreign Nationals		Total	Vacancies
		Male				Female				Male	Female		
		A	C	I	W	A	C	I	W				
Semi-Skilled	2017	14	1	0	0	11	0	0	0	0	0	29	5
	Target 2018	0	1	1	1	0	1	1	1	0	0	6	
	2019	0	1	1	1	0	1	1	1	0	0	6	
	Goals 2020	0	1	1	1	0	1	1	1	0	0	6	

Targets for Persons with Disabilities

It is recommended that 2% of the BBI positions at the end of the EE Plan be allocated to Persons with Disabilities. (2% x 155 = 3). The three positions would be spread across all occupational levels of BBI. HR in consultation with the EE Manager and B-BBEE would identify positions suitable for People with Disabilities to ensure their equitable representation in BBI.

16. Duration of the plan

The implementation of the Plan commenced in January 2018 and is scheduled to end in December 2021.

17. Monitoring and evaluation of plan implementation

The EE Forum HR Sub Committee will monitor the numerical profiles, employee movement and practices on a monthly basis. Policies would be evaluated and analysed as and when updated.

18. Dispute resolution

Disputes regarding the EE Plan will be resolved by the internal procedure outlined in the Grievance Policy (follow up on the clause relating to EE Plan). If any constituency, employee, or any party is not in agreement with BBI on any of the issues referred to above:

- The affected constituency must state, in writing, the areas of disagreement, with supporting facts and table these at the meeting of the EE Forum to ensure that these are resolved.
- If the issues tabled at the EE Forum are not resolved to the satisfaction of the affected constituency, the matter shall be referred to the CEO of BBI for consideration.
- If the affected constituency is not satisfied with a response from the CEO, the said constituency may refer the matter to the Department of Labour, after notification, in writing, to BBI of its intention to do so.

19. Allocation of resources

The following resources will be allocated to the implementation of EE during the next financial year:

- a. A Senior Manager EE has been assigned with responsibility to manage the implementation of the EE Plan and monitoring of progress.
- b. A budget will be put aside to support the implementation goals of EE. Time off will be given to the EE Forum members to meet on a regular basis.

20. Approval

Chairperson of the BBI EE Forum

I hereby declare that I have reviewed and agree with BBI EE Plan as mandated by the EE Forum

Signed on this _____ day of _____ year _____

At place:



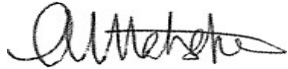
_____ Mike Mojapelo _____

Chief Executive Officer

I hereby declare that I have reviewed and approved BBI's EE Plan

Signed on this _____ day of _____ year _____

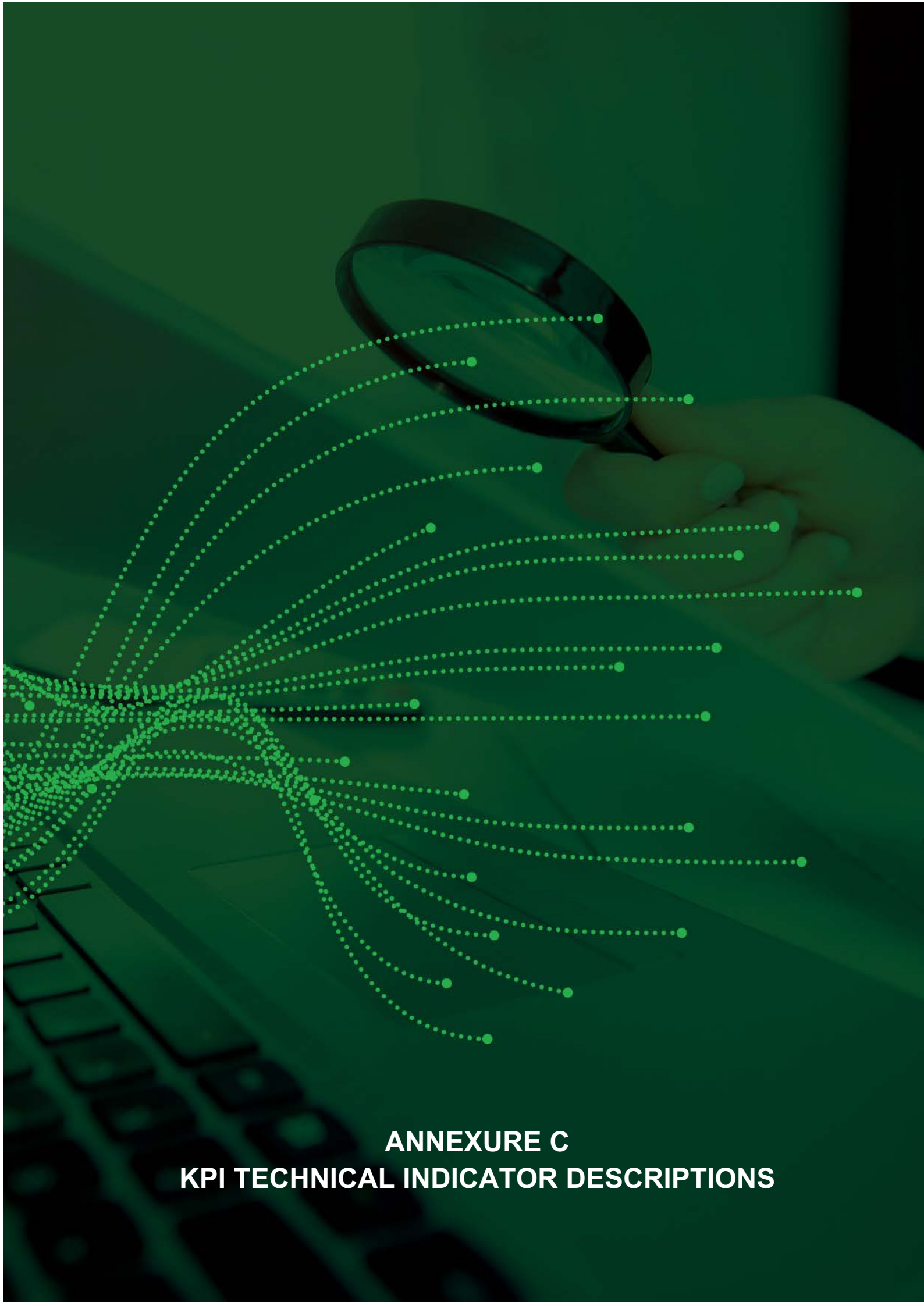
At place:



Andrew Matseke

Signature: CEO

Full Name



ANNEXURE C
KPI TECHNICAL INDICATOR DESCRIPTIONS

C. KPI TECHNICAL INDICATOR DESCRIPTIONS

Programme 2: Financial Capital

Indicator title	New sales contracts signed annually
Technical description	The KPI is the total amount of contracts concluded in a specific financial year.
Purpose/importance	Increased revenue and productivity.
Source/collection of data	Signed quotation by both customer and Key Accounts Manager (KAM). Signed Service Order Forms (SOF), Master Service Agreement (MSA) and its Schedules.
Method of calculation	Total Contract Value.
Data limitations	Missing SOFs & Service Handover Forms (SHFs) delays in submitting SOFs and SHFs to Finance, customers not sending SHFs on time, and Pipeline management.
Type of indicator	Lagging
Calculation type	Cumulative
Reporting cycle	Weekly, monthly, and quarterly
New indicator	Yes
Desired performance	New Sales acquisition will improve the financial position of the Company and its sustainability.
Indicator responsibility (achievement)	Chief Marketing and Sales Officer (CMSO)
Indicator responsibility (collation and quality assurance)	Senior Manager: Business Development

Programme 2: Financial Capital

Indicator title	Percentage revenue year-on-year growth
Technical description	Year-on-year increase in revenue billed to customers, including revenue recognised as deferred income.
Purpose/importance	Improved financial sustainability and positive cash flow.
Source/collection of data	SOFs, SHFs, list of customers billed, customer invoices and monthly management accounts.
Method of calculation	Equals total current period revenue less corresponding previous period revenue, including deferred revenue recognised in each of the periods, divided by the previous period's revenue recognised.
Data limitations	Missing SOFs and SHFs, delays in submitting SOFs and SHFs to Finance, customers not sending signed SHFs on time.
Type of indicator	Lagging
Calculation type	Cumulative
Reporting cycle	Monthly
New indicator	No
Desired performance	Revenue growth will improve the financial position of the Company and its sustainability.
Indicator responsibility (achievement)	CMSO
Indicator responsibility (collation and quality assurance)	Senior Manager: Business Development

Programme 2: Financial Capital

Indicator title	Gearing Ratio
Technical description	Gearing ratio refers to the level of a company's debt related to its equity capital, usually expressed in percentage form.
Purpose/importance	It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders
Source/collection of data	Pastel trial balance.
Method of calculation	Total Debt / Total Equity = Total Debt / Shareholders' Equity On the balance sheet use the total debt, which includes short-term debt (current liabilities) and long-term debt balances, excluding total deferred income balances. Locate the equity number in the last section of the balance sheet, using the total shareholders' equity amount, which includes the shareholders' loans.
Data limitations	The debt-to-equity ratio also does not consider whether a large portion of the debt is due in the near term or the long term. If the company has a large chunk of debt due to be paid within the year, the ratio could appear to fluctuate drastically. For this reason, comparing the same ratio from several different time periods would give more meaningful insight and information.
Type of indicator	Lagging
Calculation type	Cumulative
Reporting cycle	Monthly
New indicator	Yes
Desired performance	Debt to equity, like all gearing ratios, reflect the capital structure of the business.
Indicator responsibility (achievement)	CFO
Indicator responsibility (collation and quality assurance)	Senior Manager: Management Accountant

Programme 2: Financial Capital

Indicator title	Maintain positive cash balance monthly
Technical description	Maintain one month's salary in available cash.
Purpose/importance	It is a measure that the Company maintains sufficient cash resources to pay salaries for one month.
Source/collection of data	Bank statements.
Method of calculation	The sum of all bank balances at the end of a specific month.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	Yes.
Desired performance	Improved operating profit.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Management Accountant.

Programme 2: Financial Capital

Indicator title	Improve Operating Profit before Depreciation after Interest
Technical description	Operating Profit before Depreciation after Interest.
Purpose/importance	Operating profit before depreciation and after interest reflects the revenue and expenses that can be mainly controlled.
Source/collection of data	Pastel trial balance.
Method of calculation	Operating profit is gross income minus operating expenses add back depreciation and amortisation minus interest paid plus interest received. Amounts exclude any advances made by the shareholder department.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	Yes.
Desired performance	Improved operating profit.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Management Accountant.

Programme 2: Financial Capital

Indicator title	Number of days within which SMMEs invoices are paid
Technical description	SMME invoices paid within 30 days from when invoices are approved for payment.
Purpose/importance	BBI's contribution to ensuring that SMMEs are paid on time, thus ensuring that they have sufficient working capital.
Source/collection of data	SMME invoices, SMME statements, creditors age analysis and creditors transactions report.
Method of calculation	The total days it took to pay SMME invoices on average, counted since the day they were authorised for payment as being complete, accurate and valid.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Non-cumulative.
Reporting cycle	Monthly.
New indicator	New.
Desired performance	Improved payment terms to SMMEs.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Finance.

Programme 2: Financial Capital

Indicator title	Number of days per outstanding customer invoice per month
Technical description	Debtors' days is a measure of the average time payments take to be collected from the respective debtors and exclude IRU invoices.
Purpose/importance	The debtors' days ratio measures how quickly cash is being collected from debtors.
Source/collection of data	Pastel trial balance, accounts receivable age analysis and customer invoices.
Method of calculation	A. Debtors (excluding VAT and IRU Invoices) - current month's invoiced revenue (excluding VAT). B. Result from A ÷ previous month's invoiced revenue (excluding VAT) x the number of days in the current month. C. Debtor days = B + the number of days in the previous month.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Lower debtors days in order to increase the liquidity of the Company.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Management Accountant.

Programme 3: Network Infrastructure

Indicator title	Number of SA Connect Sites maintained
Technical description	This KPI measures the number of SA Connect sites that were connected in the previous FY that are successfully being maintained (services running and monitored via the NOC).
Purpose/importance	Provide broadband connectivity to underserved areas in the country as part of the SA Connect.
Source/collection of data	There will be a check on the network via the NOC as well as verification together with the ANP.
Method of calculation	Counting of schools, clinics, hospitals, Thusong centres, etc. that are connected to a 10Mb/s broadband connection. Data is collected from the NOC and confirmed with SITA.
Data limitations	None.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	Yes.
Desired performance	More sites connected means increased broadband connectivity in under serviced areas.
Indicator responsibility (achievement)	CTO.
Indicator responsibility (collation and quality assurance)	Senior Manager: NOC.

Programme 3: Network Infrastructure

Indicator title	Percentage of gross revenue paid as network performance rebates
Technical description	Network performance rebates are financial refunds or penalties paid to customers as a result of the company failing to meet its contractual obligations in terms of the SLA.
Purpose/importance	Calculate the amount of revenue lost due to network downtime in order to improve the service.
Source/collection of data	Network Management Systems (NMS), Vtiger and MS Office.
Method of calculation	Data gathered from NMS, Vtiger and emails are collected and inputted into an excel document that is used to calculate the performance of customer services availability against the SLA.
Data limitations	Limitation is based on customer verification tally.
Type of indicator	Leading.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Lower rebates paid to customers as it will indicate that Service Availability is higher.
Indicator responsibility (achievement)	CTO.
Indicator responsibility (collation and quality assurance)	Senior Manager: NOC.

Programme 3: Network Infrastructure

Indicator title	Actual Time to Restore Core Network Faults
Technical description	Mean Time to Restore (MTTR) is the time required to troubleshoot and repair network and customer service failure incidents.
Source/collection of data	Network Management Systems (NMS), Vtiger and MS Office. Tickets from communications that come in through a range of channels, including email, phone, and website chat, or even a built-in customer portal.
Method of calculation	Average [(Total Down Time of all fault incidents - Total Deferral Down Time of deferred incidents) / (Total Number all fault incidents - Total Number deferral incidents)].
Data limitations	Limitation is based on actual records stored in SharePoint.
Type of indicator	Leading.
Calculation type	Cumulative.
Reporting cycle	Weekly.
New indicator	No.
Desired performance	Reducing MTTR will decrease the service disruption duration to avoid a loss of revenue and productivity.
Indicator responsibility (achievement)	CTO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Operations & Maintenance.

Programme 4: Stakeholder Management

Indicator title	Number of SMMEs allocated installation work
Technical description	Contracting SMMEs for installation work, network configuration work (on switches, routers, transmission equipment, or auxiliary services like batteries, air conditioning systems and Operational Support Systems).
Purpose/importance	Localisation and improve level of SMME participation in the core business of the Company.
Source/collection of data	Appointments of SMMEs and Purchase Orders.
Method of calculation	Number of actual SMMEs that received direct business from BBI. The value of the business will depend on the opportunities available.
Data limitations	Based on SMME verification.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	Yes.
Desired performance	More local entrepreneurs' participation leading to improved localisation and SMME empowerment.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Acting General Manager: SCM.

Programme 4: Stakeholder Management

Indicator title	Percentage of total discretionary budget to be spent on Broad-Based Black Economic Empowerment (B-BBEE)
Technical description	The percentage of total discretionary spend allocated for spending on Black Economic Empowerment entities.
Purpose/importance	Improve participation of previously disadvantaged people in the economy.
Source/collection of data	Purchase orders generated in a specific month from the accounting system and the respective B-BBEE certificates of the preferred entities.
Method of calculation	Total value of orders placed (excluding VAT) with qualifying entities (B-BBEE vendors), as a percentage of total discretionary orders placed (excluding VAT) for the financial year.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Increase B-BBEE spend.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Acting General Manager: SCM.

Programme 4: Stakeholder Management

Indicator title	Percentage of total B-BBEE spend to be spent on black owned entities
Technical description	The percentage of the total B-BBEE spend, that was spent on black owned entities.
Purpose/importance	Improve participation of previously disadvantaged people in the economy.
Source/collection of data	Purchase orders generated in a specific month from the accounting system and the respective B-BBEE certificates of the preferred entities.
Method of calculation	Total value of orders placed (excluding VAT) with black-owned entities, as a percentage of total orders placed with qualifying entities (B-BBEE vendors) (excluding VAT) for the financial year.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Increased participation of black-owned entities.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Acting General Manager: SCM.

Programme 4: Stakeholder Management

Indicator title	Percentage of total spend on BOEs to be spent on Black Women Owned entities
Technical description	The percentage of the total spend on black owned entities that was spent on black women owned entities.
Purpose/importance	Improve participation of previously disadvantage people in the economy.
Source/collection of data	Purchase orders generated in a specific month from the accounting system and the respective B-BBEE certificates of the preferred entities.
Method of calculation	Total value of orders placed (excluding VAT) with black woman owned entities, as a percentage of total orders placed with black owned entities (excluding VAT) for the financial year.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Increase participation of black woman owned entities.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Acting General Manager: SCM.

Programme 4: Stakeholder Management

Indicator title	Maintain B-BBEE Level
Technical description	Maintain the Broad-Based Black Economic Empowerment Level 4 contributor status based on the Amended ICT Codes of Good Practice for Broad Based Black Economic Empowerment Gazetted on 7 November 2016.
Purpose/importance	Increases the participation of black people (defined broadly to include Africans, Indians and Coloureds) across all levels in businesses, as well as the empowerment of suppliers.
Source/collection of data	Data is collected from all departments within the Company by the verification agency during the verification process.
Method of calculation	Independent and impartial verification is done annually by an accredited verification agency, measured against the Codes of Good Practice on B-BBEE.
Data limitations	No specific limitations.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Annually.
New indicator	Yes.
Desired performance	Improved B-BBEE scorecard.
Indicator responsibility (achievement)	CFO.
Indicator responsibility (collation and quality assurance)	Acting General Manager: SCM.

Programme 4: Stakeholder Management

Indicator title	Number of schools provided with broadband connectivity
Technical description	Rural schools to be supported for maths and science through the implementation of Telematics, the technology of sending, receiving, and storing information via telecommunication devices in conjunction with effecting control on remote objects which deals with the long-distance transmission of computerised information.
Purpose/importance	Create awareness of youth in ICT and Engineering career opportunities and bridge the digital divide.
Source/collection of data	Minutes of the meetings. Signed letters of undertaking and agreement with the school. Project plan. Written confirmation from the school on completion of the project.
Method of calculation	Total number to enable the implementation of Telematics of schools provided with broadband connectivity where the Points of Presence have been established.
Data limitations	None.
Type of indicator	Leading.
Calculation type	Non-cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	More schools provided with broadband connectivity in rural areas to improve access to broadband and technology.
Indicator responsibility (achievement)	CMSO.
Indicator responsibility (collation and quality assurance)	Brand Specialist.

Programme 5: Human Capital

Indicator title	Percentage of payroll spend on training per annum
Technical description	This indicator measures the percentage of the total salary bill spent on training and development of employees.
Purpose/importance	To ensure that the company has an adequately skilled and competent workforce.
Source/collection of data	WSP/Training Plan, PDP, HR Training Expenditure (spreadsheet) signed Training invoices; Training Attendance Register; certificates (if any) and payroll data.
Method of calculation	Equals the amount spent on training which is inclusive of travel, accommodation, refreshments, and Subsistence and Travel expenses divided by the total salary bill for the corresponding reporting period.
Data limitations	Late submission of supplier invoices.
Type of indicator	Leading.
Calculation type	Cumulative.
Reporting cycle	Monthly.
New indicator	No.
Desired performance	Spend 6% of the salary bill on training and development to improve the B-BBEE level of the Company.
Indicator responsibility (achievement)	Executive Human Resources.
Indicator responsibility (collation and quality assurance)	Manager: OD, Learning & Performance.

Programme 6: Governance

Indicator title	Finalised Integration Plan for merger
Technical description	This indicator measures the status of the merger between BBI and Sentech.
Purpose/importance	To ensure that the Department achieves on its SOC Rationalisation objective and that there is a sound strategy for the joint entity.
Source/collection of data	Approved Integration Plan and the strategy for State Digital Infrastructure Company.
Method of calculation	N/A.
Data limitations	None.
Type of indicator	Lagging.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	Approved Integration Plan.
Indicator responsibility (achievement)	CMSO.
Indicator responsibility (collation and quality assurance)	Senior Manager: Legal & Regulatory.

Programme 6: Governance

Indicator title	Maintain unqualified external audit report
Technical description	Maintain unqualified external audit opinion over the Annual Financial Statements.
Purpose/importance	To ensure management and the Board of Directors are effective by implementing proper systems of internal control to achieve and maintain an unqualified audit opinion over the Annual Financial Statements.
Source/collection of data	Report of External Auditors.
Method of calculation	The opinion given by the external auditors on the Annual Financial Statements.
Data limitations	None.
Type of indicator	Lagging.
Calculation type	Non-cumulative.
Reporting cycle	Quarterly.
New indicator	Yes.
Desired performance	Clean audit.
Indicator responsibility (achievement)	All Executives and Senior Managers.
Indicator responsibility (collation and quality assurance)	Executive: Compliance, Risk and Audit.



ANNEXURE D
CAPITAL PROJECTS PLAN

1. CAPITAL PROJECT PLAN

For the planned projects, only CAPEX required for critical refurbishment and maintenance projects has been prioritised. These projects have been identified as the critical projects that need to be implemented with regard to technology evolution and software upgrades as well as addressing key weaknesses identified in the network.

The following list shows the categories of projects which are prioritised over the next five years:

1. Technology Evolution;
2. Software Upgrades and Maintenance;
3. Critical Route AdLash Refurbishment; and
4. Customer Specific Projects.

The projects tabled below are part of the plan to expand, refurbish, and maintain the telecommunication connectivity infrastructure. The connectivity infrastructure will be implemented on the network nationally and in specific provinces as required based on specific requirements and key demand. Any CAPEX for these projects will depend on priority, business case justification and availability of capital. In addition, plans have been made for the implementation of customer projects as well as internal efficiency improvement projects.

1.1 Network expansion

i. Network capacity increase

One of the key challenges that will be addressed urgently is the lack of available capacity on the network. Capacity is required both for redundancy as well as direct customer provisioning. Further investment in the actual capacity upgrade is required in order to run a resilient network smoothly.

ii. Network reliability

BBI has planned to improve network reliability, performance, and route redundancy. The strategy will be to focus on prioritising the key spots of the network, including AdLash refurbishment.

iii. IP Transit

Phase 1 of the IP Transit implementation involves building an IP Transit PoP in London. A link from Yzerfontein (South Africa) to Global Switch in London (United Kingdom) will be commissioned. BBI is a Tier 1 investor in WACS (West African Cable System) and will use its own capacity to commission this link. A further connection to the LINX (London Internet Exchange Point) would be commissioned from Global Switch. Connecting to LINX provides an opportunity for BBI to connect to more than 800 ASNs (Autonomous System Numbers) representing over 80 countries worldwide. Using LINX allows for a reliable exchange of traffic with increased routing control and improved performance. The proposed plan also accommodates provisioning of VLANs to the New York Internet Exchange Point (NYIIX) and to the German Internet Exchange Point (DECIX). Once this is completed, the IP Transit product will be mature to sell to third parties.

The table below summarises the rest of the major projects planned over the next three years with the breakdown of CAPEX requirements per annum.

These projects have had high level feasibility studies already completed.

			Apr 2021 - Mar 2022	Apr 2022 - Mar 2023	Apr 2023 - Mar 2024		
#	Project	Description	R'000	R'000	R'000	Priority	Category
1	Network Capacity Upgrade Phase 1 & 2	Complete the 1.2T network Upgrade on the back of the completed mTera.	R260 790	R0	R0	1	Generation of Revenue
2	Network Capacity Upgrade Phase 3	Second OEM Transmission network overlay.	R0	R136 739	R0	2	Generation of Revenue and network single supplier risk mitigation
3	IP network extension Phase 1, 2 & 3	To evolve the technology used on the network from SDH to IP.	R63 495	R112 305	R0	1	Generation of Revenue
4	SA Connect Build Phase 1C	Build the core network for SA Connect Phase 1C.	R272 561	R0	R0	1	Customer Project
5	Northern Ring network upgrade (route 7) - fibre link Soekmekaar - Tzaneen (90km)	Reliable Northern Ring route (Route 7) network reliability improvement and reliable service delivery.	R0	R25 760	R0	2	Essential upgrades and refurbishments
6	Aurora site relocation is in progress	BBI has an urgent requirement to relocate the Aurora PoP that has been prone to vandalism and breaking ins.	R6 000	R0	R0	1	Operational CAPEX
7	Improve security features at various PoPs	BBI has an urgent requirement to improve security features of various BBI PoPs (including Pegasus, Ethene, and Heidelberg) as the red flags due to break ins.	R3 000	R3 000	R3 000	1	Operational CAPEX
8	Regen 8 - Upington MW	To protect SITA and Cell C services that have been failing frequently.	R3 550	R0	R0	1	Protection of Revenue

			Apr 2021 - Mar 2022	Apr 2022 - Mar 2023	Apr 2023 - Mar 2024		
#	Project	Description	R'000	R'000	R'000	Priority	Category
9	Power and cooling upgrades at various PoPs, including fixed standby generators	Upgrading power and cooling to cater for planned capacity upgrades to ensure continuous network availability to PoP's that experience regular mains interruptions.	R10 000	R0	R0	1	Operational Capex
10	East London mTera installation	Upgrade transmission capacity and flexible routing for the network.	R12 300	R0	R0	1	
11	Procure and Install Operational Support System and Business support system (OSS/BSS)	Integrate and automate end-to-end business processes (ordering, provisioning, activation, customer portal, billing and relationship management).	R40 000	R0	R0	1	Essential upgrades and refurbishments
12	Komatipoort link	Build a 7km fibre link from Komatipoort to Mozambique no-mans' land.	R12 000	R0	R0	1	Generation of Revenue
13	ADLash network reduction	Reduced ADLash fibre network to increase network performance reliability.	R6 000	R16 050	R16 050	1	Essential upgrades and refurbishments
14	Pre-engineering	Pre-engineering.	R2 400	R6 000	R6 000	1	
15	East London mTera installation	Required to address network performance issues on the N2 route from DBN - new PE.	R0	R8 300	R0	2	Protection of Revenue
16	Build separate fibre from Eskom Park to TFR building in Witbank to Middelburg (5km)	Eliminate the SPOF from Eskom Park.	R0	R9 000	R0	2	Essential upgrades and refurbishments
17	Replace the wire fence with palisade steel or concrete fence at Qunu site	The wire fence was cut previously, and the site vandalised and assets (batteries) stolen.	R0	R0	R5 000	3	Essential upgrades and refurbishments
18	Design and Implementation of vASON or ASON	Automatically Switched Optical Network (ASON) to reduce the number of human interventions to have faster	R0	R0	R60 188	3	Essential upgrades and refurbishments

			Apr 2021 - Mar 2022	Apr 2022 - Mar 2023	Apr 2023 - Mar 2024		
#	Project	Description	R'000	R'000	R'000	Priority	Category
		and automatic service restoration times.					
19	Mozambique Secondary Route	Completion of the detailed scope of work for a Secondary route to Mozambique as approved by all the relevant committees.	R0	R0	R12 000	3	Generation of Revenue
20	Namibia Secondary Route	Completion of the detailed scope of work for a Secondary route to Namibia as approved by all the relevant committees.	R0	R44 138	R0	2	Generation of Revenue
21	Lesotho Secondary Route	Completion of the detailed scope of work for a Secondary route to Lesotho as approved by all the relevant committees.	R0	R20 000	R0	2	Generation of Revenue
22	Swaziland Secondary Route	Completion of the detailed scope of work for a Secondary route to Swaziland as approved by all the relevant committees.	R0	R12 000	R0	2	Generation of Revenue
23	Replace wooden poles with concrete poles around SITA Bisho area	The wooden poles get stolen, leaving the cable on the ground and vulnerable to damage.	R0	R2 000	R0	2	Essential upgrades and refurbishments
24	Provide new link for partial protection between Everest and Merapi	Partial Protection from Bloemfontein POP-Maseru will lower the risk to less than 50km for all services on this route. Eskom already have OPGW from Everest to Merapi. Still need to confirm if the OPGW does not extend to Tweespruit where Vaalkraal-Maseru Border fibre is running.	R0	R8 925	R0	2	Protection of Revenue
25	Krugersdorp - Swaruggens	Site survey done and the design to be submitted to DRC for approval.	R0	R0	R46 813	3	Generation of Revenue

			Apr 2021 - Mar 2022	Apr 2022 - Mar 2023	Apr 2023 - Mar 2024		
#	Project	Description	R'000	R'000	R'000	Priority	Category
26	Mafikeng to new Zeerust PoP fibre link	Protection link for spare links of Pretoria North-Kopfontein and Oberholzer-Mafikeng routes.	R0	R0	R36 000	3	Generation of Revenue
27	Protection auto-switching (via Kimberley) on the LNG and HUT nodes to SUT (SALT) and CAR (SKA)	Frequent failures on TFR cable beyond LNG towards CPT and long restoration times mean long downtime for services.	R0	R0	R12 000	3	Protection of Revenue
28	Lease fibre cores from Prasa (existing infrastructure) between Oribi and Durban. OR alternatively, build our own link, +/-120KM	Protection route for the spare link between Oribi and Eros. The protected route will attract the potential customers like Vodacom.	R0	R0	R4 000	3	Protection of Revenue
Total							

1.2 SA Connect Phase 1C

The SA Connect project is effected in order to fulfil the Government mandate of expanding broadband access services to underserved districts of the country. BBI has planned for the rollout of the full scope of the SA Connect project, in accordance with the mandate given by the DCDT. The scope summarised below will remain relevant for the required roll out of additional sites, pending availability of funds.

The table below shows listed items required for the roll out of SA Connect Phase 1C.

No	Year	Project Name (SA Connect)	Project
1	TBD	IP Core	SA Connect
2	TBD	ASON	SA Connect
3	TBD	Site Establishment	SA Connect
4	TBD	Transmission Equipment Core	SA Connect
5	TBD	Fibre Core Detailed Plan (942km O/H + 57km U/G – depending on sites)	SA Connect
6	TBD	Fibre Construction Core	SA Connect
7	TBD	Pre-Engineering	SA Connect
8	TBD	Operational Capital Requirements	SA Connect
9	TBD	Contingency	SA Connect
Subtotal			



ANNEXURE E
FRAUD PREVENTION PLAN

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Version:0.001		

TITLE: FRAUD PREVENTION PLAN 2019/20

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	Name	Designation	Signature	Date
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Version:0.001		

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Change Control

No	Revision	Status	Date	Nature of revision	Prepared by
1.00			July 2010	New Document	
1.01			January 2014	Alignment to organisational policy development framework	Zuko Vuzane
2.01			January 2015	Alignment to Public Sector Fraud Prevention and Deterrence Framework	Brian Molelekeng
3.02			January 2016	Alignment to Corporate Plan 2016/17	Brian Molelekeng
4.02			February 2017	Alignment to Corporate Plan 2017/18	Mike Mojapelo
5.01			January 2018	Alignment to Corporate Plan 2018/19	Mike Mojapelo
6.01			January 2019	Alignment to Corporate Plan 2019/20	Mike Mojapelo
7.01			December 2019	Alignment to Corporate Plan 2020/21	Babalwa Makhanda
8.01			January 2021	Alignment to Corporate Plan 2021/22	Babalwa Makhanda

Reference Documents

This Fraud Prevention Plan should be read in conjunction with the following documents:

Doc No.: GOV-RA-PO-0005	PLAN Document	
Version:0.001		

Document Name	Document numbers	Document area
Fraud Investigation Policy	GOV-RA-PO-003	Version 1:00
Anonymous Hotline Procedures	GOV-RA-PR-002	Version 2:001
Whistle Blowing Policy	GOV-RA-PO-005	Version 1:00
Fraud Prevention Policy	GOV-RA-PO-004	Version 1:004
Code of Ethics and Business Conduct Policy	EX-SE-PO-0001	Version 2:00

Abbreviation and Description

Acronyms	Description
“PRECCA”	Prevention and Combating of Corrupt Activities Act 12 of 2004
“PDA”	Protected Disclosure Act 26 of 2000
“PFMA”	Public Finance Management Act No.1 of 1999
“SAPS”	South African Police Services
“PLAN”	Fraud Prevention Plan 2019/20

Definitions and Terms

Words	Definitions
System and control issues	<p>Where a process/system exists, which is prone to abuse by employees, the public or other stakeholders, e.g.:</p> <ul style="list-style-type: none"> - Biased evaluation of bids; - Procurement fraud, e.g., collusion between employees and suppliers; - Contractors “fronting”; - Leaking of confidential information to third parties; - Abuse of expense claim system; - Overstated leave entitlement; - Appointment of candidates without pre-employment checks such as qualifications, credit history and criminal records; <p>and</p>

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Words	Definitions
	<ul style="list-style-type: none"> - Ghost employees.
<p>Financial issues</p>	<p>Where individuals or entities have fraudulently obtained money from BBI, e.g.:</p> <ul style="list-style-type: none"> - Overpayment of salaries i.e. in case of unprocessed unpaid leave; - Suppliers invoicing for work not done or for poor quality services; - Duplicate payment of invoices i.e. invoice paid more than once; - Payment made to incorrect bank accounts; and - Payment made for invalid claims or claiming for invalid expenses.
<p>Equipment and resource issues</p>	<p>Where BBI's equipment is utilised for personal benefit or stolen, e.g:</p> <ul style="list-style-type: none"> - Theft of IT assets; - Deliberate destruction of property; - Employees leaving BBI without returning company assets; and - Abuse of assets.

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1. INTRODUCTION

In recent years, fraud risk management has become recognised as a key component of good corporate governance. It is thus good business practice to implement anti-fraud and anti-corruption measures. The advantages of working in an ethical environment free of fraud and corruption are many and these include:

- Enhanced staff morale;
- Job satisfaction;
- Ability to meet commitments; and
- Improved profitability.

Furthermore BBI, as a public entity, is obliged by section 27.2.1 of the Treasury Regulations (issued in terms of the PFMA) to develop and implement a Fraud Prevention Plan as part of the entity's enterprise risk management strategy.

2. POLICY STANCE AND STRATEGIC APPROACH

BBI assumes a zero-tolerance stance against all forms of fraudulent and corrupt activities and is committed to discouraging and preventing such behaviour in the performance of its business operations. BBI shall implement systems and processes that give assurance that the potential for fraud and corruption across all business areas are mitigated. Systems and processes that provide assurance that actual incidence of fraud and corruption are detected and responded to shall also be implemented. This approach together with the Whistle Blowing Policy and Tip-offs Anonymous Hotline procedures shall be reviewed when there are material changes.

3. LEGISLATIVE FRAMEWORK

The following three specific pieces of legislation also govern aspects of fraud and corruption for SOCs:

3.1. The Prevention and Combating of Corrupt Activities Act No. 12 of 2004 (PRECCA)

The PRECCA, section 34 obliges people who hold positions of authority to report any offence of theft, fraud, extortion, forgery or uttering a forged document, involving an amount of R100 000 or more, to any South African Police office.

3.2. The Protected Disclosures Act No. 26 of 2000 (PDA)

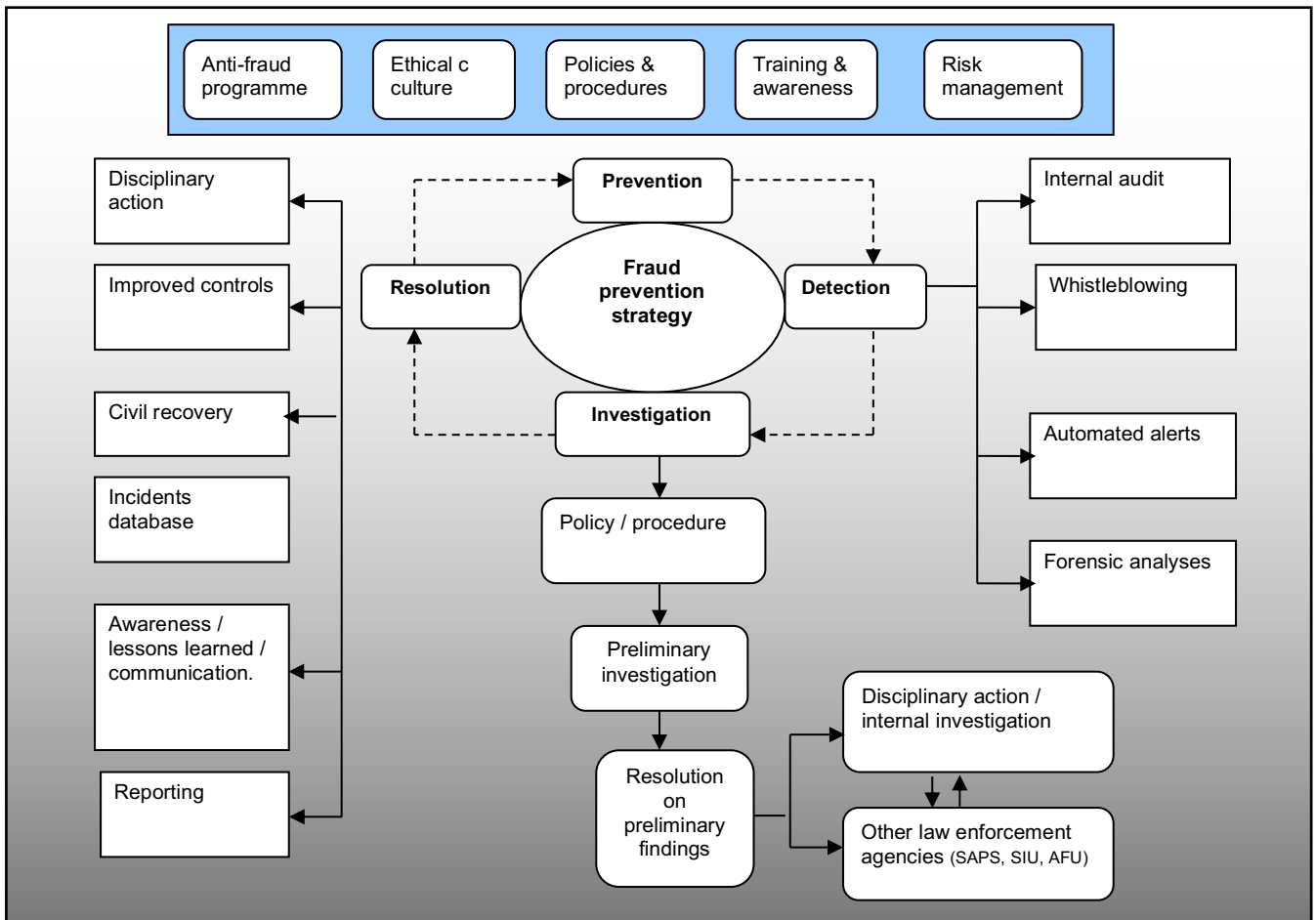
The PDA was enacted to protect employees who make protected disclosure, which is defined by the act as any disclosure of information regarding any conduct of an employer, or an employee of that employer, made by any employee who has reason to believe that the information concerned shows or tends to show one or more of the following:

- That a criminal offence has been committed, is being committed or is likely to be committed;

- That a person has failed, is failing or is likely to fail to comply with any legal obligation to which that person is subject;
- That a miscarriage of justice has occurred, is occurring or is likely to occur;
- That the health or safety of an individual has been, is being, or is likely to be endangered;
- That the environment has been, is being, or is likely to be damaged;
- Unfair discrimination as contemplated in the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No, 4 of 2000); or
- That any matter referred to in the above points has been, is being or is likely to be deliberately concealed.

4. FRAUD AND CORRUPTION, PREVENTION AND RESPONSE FRAMEWORK

Fraud and Corruption Prevention and Response is depicted in the diagram below:



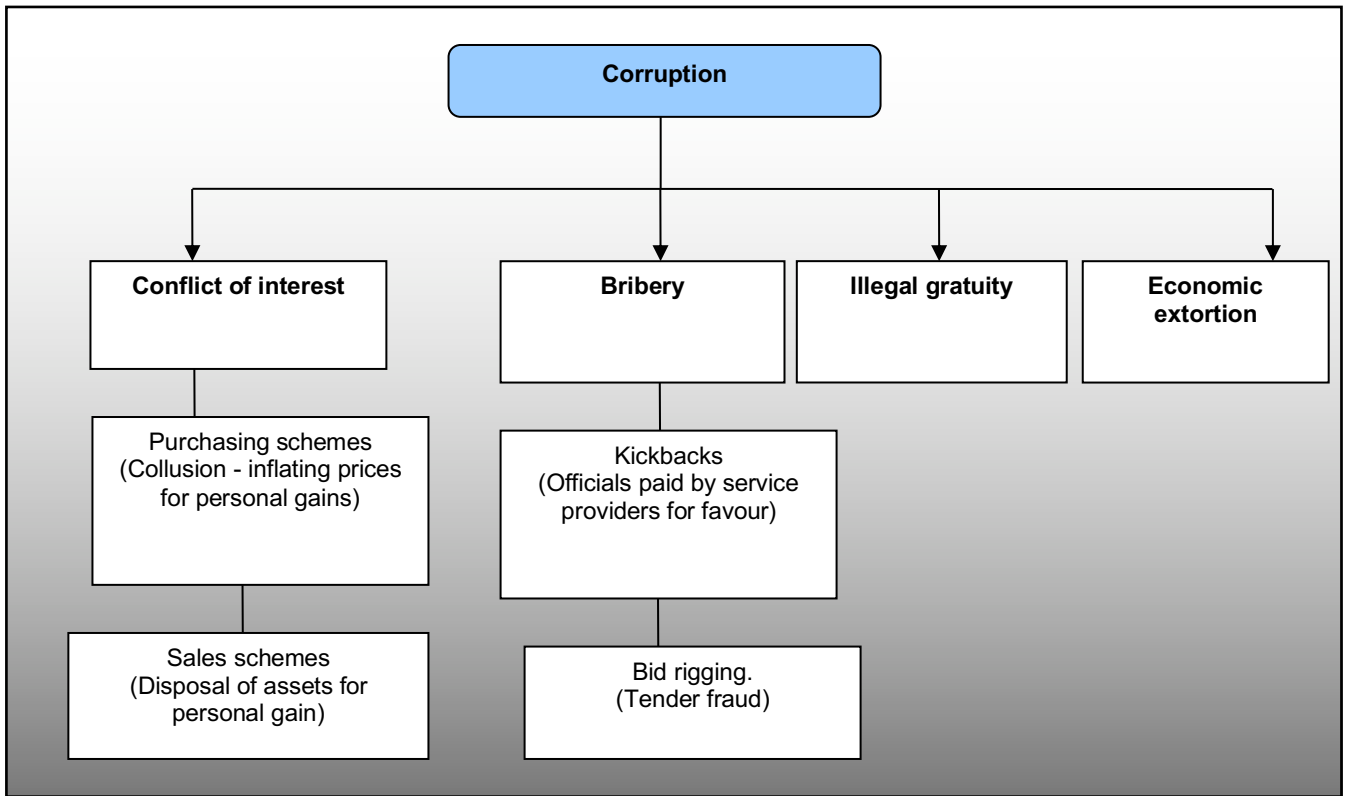


Figure 1 Corruption

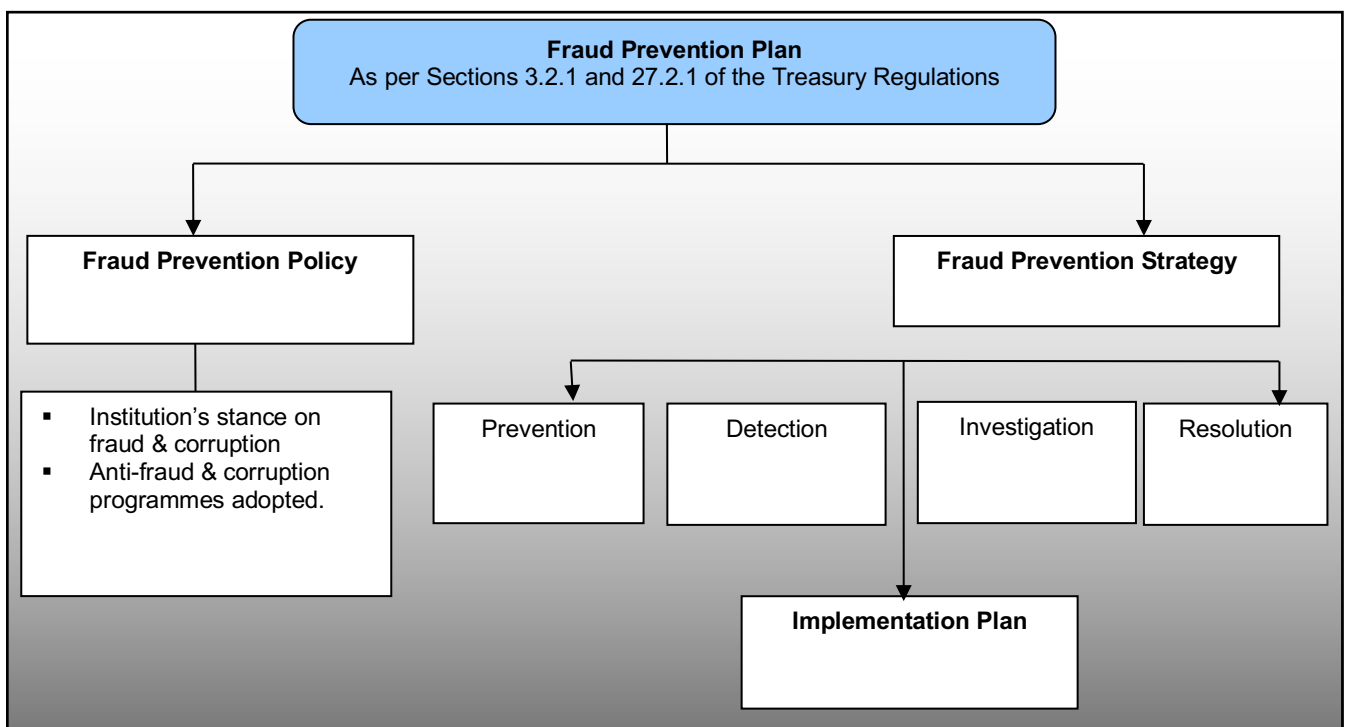


Figure 2 Fraud Prevention Plan

5. PREVENTION

5.1. Defined roles, responsibilities and governance

The defined roles and responsibilities for preventing and responding to fraud and corruption are set out below:

5.1.1. Board of Directors and the Audit & Risk Committee

The Board of Directors (Board) is ultimately accountable for the performance and affairs of BBI. The Board must therefore retain full and effective control over BBI and must give strategic direction to the management of BBI. The Board is also responsible for ensuring compliance with all relevant laws, regulations, and codes.

The Audit and Risk Committee (ARC) is delegated by the Board to set the tone at the top, and to positively influence the fraud control environment. King IV obligates the ARC to do the following about the risk of fraud and corruption:

- Satisfy itself that fraud risk, as it relates to financial reporting, is addressed; and
- Consider matters that may result in material misstatements in the integrated report due to fraud.

Further, ARC assists management in discharging their responsibilities of safeguarding BBI's assets, maintaining adequate accounting records and effective systems of internal control, overseeing the financial reporting process and monitoring compliance with BBI's policies and legal requirements.

5.1.2. Executive Management Committee

The Executive Management Committee (EXCO) is responsible for overseeing the implementation of this Plan. The specific responsibilities of the EXCO with regard to fraud prevention, as defined its Terms of Reference, are:

- Review the Fraud and Corruption Prevention Plan of the company on an annual basis;
- Review, facilitate and coordinate the implementation of responsibilities and actions detailed in the Fraud and Corruption Prevention Plan;
- Review the Fraud Risk Register on a quarterly basis;
- Evaluate business policies and processes that will enable and facilitate the prevention and mitigation of fraud and corruption risks;
- Review and track the response to all applicable fraud tip-offs and reports. The underlying principle is monitoring the performance of the process and without necessarily disclosing the details around each case; and
- Review reports to the ARC on the implementation progress of the Fraud and Corruption Prevention Plan.

5.1.3 Risk Management Unit

The Risk Management Unit is the custodian of this Plan and is responsible for its implementation. The responsibilities include the following:

- Developing the company's framework for the management of fraud and corruption;
- Facilitating the identification and assessment of fraud and corruption risks and advising on effective strategies in mitigation;
- Developing and implementing an awareness and education programme to support the implementation of this Plan;
- Coordinating fraud and corruption investigative and resolution processes;
- Monitoring the implementation of this Plan;
- Coordinating all the reporting related to this Plan; and
- Ensuring that the Plan is reviewed when there are material changes.

5.1.4 Line management

Managers play an integral role in the implementation of control to monitor day to day operations of BBI. Line management will be responsible for the following, within their areas of responsibilities:

- Ensuring that appropriate internal controls are in place to minimise fraud and corruption risks;
- Ensuring that those internal controls are operating effectively;
- Actively promoting an ethical working environment and providing ethical advice and support to staff;
- Providing input for developing fraud and corruption control strategies and implementation timetable as required to address fraud and corruption risks identified in their area of responsibility during risk assessments; and
- Providing progress reports on the implementation of fraud and corruption mitigation strategies in their areas of responsibility.

5.1.5 Employees

Employees of BBI play a pivotal role to the success of this Plan. Employees should:

- Report any suspicions or knowledge of any possible fraud or corruption;
- Comply with all prevention measures as stated in this Plan; and
- Perform their duties with skill, care, diligence, honesty, integrity and impartiality.

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5.1.6 Contractors, suppliers and other service providers

BBI expects all contractors, suppliers, and other service providers it has dealings with to act with complete honesty and integrity in all dealings with BBI. BBI requires contractors, suppliers, and service providers to:

- Comply with the Code of Ethics and Business Conduct; and
- Report any suspicions or knowledge they may have in relation to fraud and/or corruption against/by BBI.

Summary of the responsibility structure for Fraud and Corruption Prevention

The Board and ARC	<ul style="list-style-type: none"> • Fraud and corruption control environment • Monitor and review the effectiveness of mechanisms implemented to minimise and detect fraud and corruption • Review policies and process for identifying and assessing business risks • Review and monitor corporate governance practices 		
	Risk Management Unit		
	<ul style="list-style-type: none"> • Custodian of the Fraud Prevention and Corruption Plan • Facilitate and support the implementation of the Fraud Prevention and Corruption Plan 		
	EXCO		
	<ul style="list-style-type: none"> • Developing implementation plans and set targets for anti-fraud activities • Evaluate policies to ensure that fraud and corruption risks are identified and prevented • Ensuring that the fraud risk register is updated annually • Developing fraud and awareness campaigns • Monitoring all reported cases of fraud and corruption • Drive the Fraud and Corruption Prevention Plan 		
Managers			
<ul style="list-style-type: none"> • Ensuring that appropriate internal controls are in place to minimise fraud and corruption within their areas of responsibilities • Provide input to policies, procedures and instructions that relate to areas of risk • Oversight to ensure that controls are complied with • Providing input into developing fraud and corruption control strategies • Provide ethical advice and support to staff 			
Employees			
<ul style="list-style-type: none"> • Report any suspicions or knowledge of any possible fraud or corruption • Comply with legal requirements, the Code of Ethics, policies and directives 			
Contractors, Suppliers and other service providers			
<ul style="list-style-type: none"> • Act with complete honesty and integrity in dealings with BBI • Report suspicions or knowledge of any possible fraud or corruption 			

6. ETHICS

King IV requires that the Board ensures that ethical standards guiding the company’s relationships with internal and external stakeholders are clearly identified and that these standards are articulated in a code of conduct. BBI has a Code of Ethics, and a Business Conduct Policy in place which is intended to promote and enforce ethical business practices and standards within BBI.

BBI believes that good ethics and business together produce the best long-term results for all its stakeholders. The objectives of this Code of Ethics and Business Conduct (Code) strive to:

- Ensure that everyone involved with BBI conducts business with the highest standards of ethics, desired business and professional behaviour; and
- Ensure that the integrity of both BBI and its employees are not compromised.

The Code applies to all directors, employees, representatives, agents, consultants, independent contractors and suppliers of BBI.

The Code contains the following anti-fraud and anti-corruption provisions:

6.1. Disclosure of personal interests and declaration of conflict of interests

BBI seeks to avoid actual and perceived inequalities caused by conflicts or personal interests in all areas of its business operations. BBI's interests will take precedence over personal interest of employees and directors.

The Code therefore requires new employees/directors to declare:

- All personal business interests, including the personal interest of spouses, partners, business associates, children and immediate family members.
- All actual/potential/perceived conflicts from the declared personal business interests, as far as they are aware of.

The Code further requires employees/directors to disclose any changes in their business interests and the corresponding emerging or eliminated actual/potential/perceived conflicts related thereto. Thereafter, annually immediately after financial year end, all employees/directors are required to update and/or confirm their business interests and conflict declarations. An employee/director must not take part in any transaction between BBI and any company, firm or enterprise in which the employee/director has an interest, without declaring such interest and having been specifically authorised to do so by the CEO or the Board (as the case may be) in writing.

6.2. Compliance with laws and regulations

All directors, officers, employees, representatives, agents, consultants, independent contractors and suppliers of BBI are responsible for complying with all applicable laws and regulations, especially but not limited to:

- The Constitution of the Republic of South Africa;
- Bill of Rights;
- PFMA;
- Treasury Regulations;
- Companies Act No. 71 of 2008;
- Electronic Communications Act No. 36 of 2005;
- The Protected Disclosures Act No. 26 of 2000;
- The Prevention and Combating of Corrupt Activities Act No. 12 of 2004;

- The Prevention of Organised Crime Act No. 121 of 1998; and
- National Environmental Management Act No. 107 of 1998.

6.3. Receipt of gifts and gratuities from suppliers and/or service providers

BBI discourages the receipts of gifts or cash payments either directly or indirectly by employees as it may be misconstrued as an attempt to influence business decisions. However, gifts with a nominal value not exceeding R500 (five hundred Rand), are permitted, provided they are given as a gesture of professional courtesy.

The acceptance of a gift in the form of cash is not permitted.

All gifts or gratuities of more than R500 (five hundred Rand) must be declared in writing following the same process as for the declaration of a business courtesy.

6.4. Confidentiality

BBI requires that all directors, officers, employees, representatives, agents, consultants, independent contractors, and suppliers not to disclose any information which was acquired whilst exercising or performing any confidential function or duties for BBI. Such confidential information may only be disclosed if it is absolutely necessary in terms of applicable legislation or in furtherance of duties and responsibilities in terms of a contractual arrangement with BBI or an employment contract, or with the prior written approval of BBI.

6.5. Compliance programme

The Compliance function has the responsibility of providing assurance that BBI complies with all applicable public and private sector applicable laws and regulations as well as internal policies and procedures. To this end, the compliance function will implement a compliance strategy and programme that will give assurance that BBI complies with all necessary laws, regulations, policies and procedures in combating against fraud and corruption.

6.5.1. Internal control

Key elements of BBI's internal control system that incorporate control measures to mitigate against fraud and corruption are the following:

6.5.2. Financial management

- Segregation of incompatible functions and duties
- On-going supervisory checks
- Reconciliations

6.5.3. Human Resources management

- Pre-employment screening,
- Leave management,

- Termination/exit procedures.

6.5.4. Security management

- Access control,
- Vetting,
- Document management,
- Physical security,
- Logical access controls,
- Asset management processes and procedures,
- Incident management.

6.5.5. Supply Chain management

- Delegation of authority,
- Segregation of incompatible functions,
- Declarations of interests,
- Separation of the Demand Management Plan and Procurement Plan,
- Supplier database management.

6.5.6. Awareness and training

For the Plan to be effective, it must be supported by a structured education, communication and awareness programme. This will be achieved through:

- A communication and fraud awareness programme.

7. RISK MANAGEMENT

Other initiatives and efforts from the Compliance and Ethics programmes.

Risk Management:

A fraud and risk assessment will be performed, at least on an annual basis. The risk assessment shall consider the following factors when assessing the state of BBI's fraud and corruption control environment:

- Areas where controls are non-existent and need to be implemented;
- Instances where controls have failed to prevent and/or detect fraud and corruption;
- Areas where the breakdown in control may increase the opportunity for fraud and corruption;
- and
- An evaluation of the culture and management practices.

7.1. DETECTION

The framework for the Fraud and Corruption Plan identifies three main sources from which fraud and corruption can be detected.

7.1.1. Internal audit

Internal auditors are there to provide assurance that management has in place sound systems of governance, risk management, and internal control. Internal audits are performed using a risk-based approach. This means that internal audit shall focus on those areas of business that management asserts:

- To be of high-risk priority; and
- That adequate and effective internal controls are in place to mitigate the risks identified.

As a matter of course, internal auditors need to consider and evaluate the risk of fraud and corruption during the performance of planned audits and need to identify fraud red flags.

Furthermore, internal audit shall perform data analytics assessments on specific business processes on a population of transactions for a specific period in time. The exceptions identified will aid in highlighting, among others, potential or actual incidences of fraud and corruption to be investigated.

7.1.2. Management processes

Line management is expected to exercise oversight over the control environment within their areas of responsibility. Management is required to be vigilant of indicators of potential fraud (red-flags) in their discharge of their duties and is duty-bound to report actual and/or potential fraud and corruption.

7.1.3. Whistleblowing

Employees are duty-bound to report any known or potential fraudulent and corrupt activities committed:

- By officials of the company; and/or
- Against the company by suppliers and other parties.

A Whistle-blowing Policy, governing the reporting of fraud information and protection of those reporting fraud and corruption, has been developed. Concerns expressed anonymously are difficult to investigate; nevertheless, they will be followed up at the discretion of the CEO, the Chairperson of the ARC and/or the Chairman of the Board, as the case may be. This discretion will be applied by considering the following:

- The seriousness of the issue raised;
- The credibility/authenticity of the concern; and
- The likelihood of confirming the allegation.

7.2. INVESTIGATION

7.2.1. Preliminary review

Upon receipt of the allegation, consideration shall be given the substance, merits and gravity of allegations in order to decide of the course of action to be followed.

7.2.2. Full investigation and cooperation with law enforcement

After careful consideration of the facts presented, management may subsequently decide that the matter be referred to the following parties for investigation:

- Risk Management Unit;
- An external specialist forensic investigation service provider;
- An appropriate public-sector investigation agency; or
- An appropriate law enforcement agency.

All information relating to fraud that is received and investigated will be treated confidentially. The progression of all investigations will be handled in a confidential manner and will not be disclosed or discussed with any person(s) other than those who have a legitimate right to such information on a “need to know basis”. This is important to avoid harming the reputations of suspected persons who are subsequently found innocent of wrongful conduct and to protect the whistle-blower.

Immediate precautionary and corrective measures may be implemented at any point before, during or after the allegations of fraud have been made. These include:

- Suspending the alleged perpetrator to limit further financial losses, destruction of evidence, and interference with witness; and
- Addressing control breakdown to stop the fraud from continuing or to prevent recurrence.

7.3. RESOLUTION

There are various remedies and sanctions which can be pursued in response to the investigation process. The resolution avenue to be pursued will be informed by the specific facts of the case, the severity of the transgression and findings and recommendations of the investigation process. These are:

- In case of employees, taking disciplinary action within a reasonable period of time after the conclusion of the investigation.
- Effecting, through the appropriate process owners, the necessary corrective action and/or improvement measures to relevant controls.
- Instituting civil action to recover losses. The decision to recover, which much take cognisance of cost, shall be taken based on appropriate legal counsel.
- Initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency.
- Any other appropriate and legal remedy available.

Doc No.: GOV-RA-PO-0005	PLAN Document	
Version:0.001		

7.3.1. Feedback

The resolution to the reported concern/allegation shall be communicated to the party that brought the allegations to light. If the allegation was received through the anonymous tip-offline, feedback shall be given to the facility in writing. The extent of detail given in the feedback should consider the following:

- The sensitivity of due legal processes that still need to be followed; and
- Protection of witnesses and other classified information.

7.3.2. Fraud and corruption database

The Risk Management Unit shall maintain a database of all allegations and incidences of fraud and corruption that have been detected throughout the financial year. The database shall highlight all aspects related to each incident including:

- Classification of incidences;
- The outcome of investigative processes; and
- Resolution and corrective action.

7.4. REPORTING

The reporting structure for the Plan is documented below:

Element	What will be reported	How	By Whom	To Whom	When
n/a	Progress of implementation of the Fraud and Corruption Plan	Written report	Risk Management	<ul style="list-style-type: none"> • EXCO • ARC 	Annually
Prevention	Fraud Risk Assessment	Fraud Risk Register	Risk Management	<ul style="list-style-type: none"> • EXCO • ARC 	Annually
Detection	Reported incidences or concerns of fraud and corruption	Written reports from whistle-blowers	As defined in the Whistle-blowing Policy		As and when reported
	Monthly summary reports of activity on the Tip-Offs Anonymous line	Electronically mailed report	Tip-Offs Anonymous	<ul style="list-style-type: none"> • Executive: CRA • CEO • Chair of ARC 	Monthly
Investigation	Progress of investigation process	Written and verbal	Investigating Officer	<ul style="list-style-type: none"> • CEO • ARC • Shareholder 	Monthly On enquiry

Resolution	Reports of all investigations undertaken	Written report			
	Feedback to whistle-blower	<ul style="list-style-type: none">• Verbal feedback to whistle-blower• Written feedback to whistle-blower• Written feedback to Tip-Offs Anonymous	As defined in the Whistle-blowing Policy	As and when required	

SIGNED



18/01/2021

Executive CRA



ANNEXURE F
RISK MANAGEMENT PLAN

RISK MANAGEMENT PLAN 2021-2022

Key components of the Risk Management Plan, that are required by National Treasury are:

- An explication of the governance structures and the roles and responsibilities of the various structures;
- A description of the Risk Management process which should comprise steps like risk identification, risk assessment, Risk Management, monitoring and reporting etc.; and
- A list of the most important risks together with a description of the risk mitigation strategy, target dates and person responsible. The inclusion of a matrix categorising the risks by likelihood and impact is also recommended.

1. RESPONSIBILITIES

1.1. Board

<p>Governance The Board will provide leadership, direction and oversight of the strategy, design, development and operation of Risk Management structures, processes, and activities.</p> <p>Board responsibilities Board responsibilities include:</p> <ul style="list-style-type: none"> ▪ Being able to demonstrate that they have dealt with the governance of risk comprehensively, including, inter alia: <ul style="list-style-type: none"> ✓ Approving the Risk Management policy and framework; ✓ Approving the Risk Management implementation plan; ✓ Approving the risk appetite and tolerance framework; and ✓ Approving risk disclosures to stakeholders. ▪ Ensuring that the implementation of the Risk Management implementation plan is monitored continually. ▪ Concluding and reporting to stakeholders their assessment regarding the effectiveness of Risk Management activities, as well as how it has satisfied itself of the effectiveness of the system and process of risk management. 	<p>Chairperson of the Board</p>	<p>Annually</p>
<p>Risk assessment The Board will review the material risks as profiled by Management and apply its own mind to the completeness thereof and make suggestions of additional risks to be considered.</p>	<p>Chairperson of the Board</p>	<p>Quarterly</p>

<p>Risk treatment The Board will evaluate the effectiveness of management's responses to mitigate the threats posed by the identified risks.</p>	<p>Chairperson of the Board</p>	<p>Quarterly</p>
<p>Risk reporting The Board will issue statements in the integrated report regarding the following:</p> <ul style="list-style-type: none"> ✓ The effectiveness of the company's Risk Management processes; ✓ Any undue, unexpected or unusual risks the company was exposed to; ✓ Any material losses incurred and the reasons for its occurrence; and ✓ Any current, imminent, or envisaged risk that may threaten the long-term sustainability of the company. 	<p>Chairperson of the Board</p>	<p>Annually</p>

1.2. Audit and Risk Committee (ARC)

<p>Governance The ARC will assist the Board in the execution of its fiduciary duties regarding risk management, the scope of which includes:</p> <ul style="list-style-type: none"> ✓ Risk policy and Risk Management implementation plan; ✓ Governance structures; ✓ Risk infrastructure, processes and culture; ✓ Risk profiling, mitigation, and reporting; and ✓ Assurance and stakeholder disclosures. 	<p>Chairperson of the ARC</p>	<p>Quarterly</p>
<p>Committee responsibilities The ARC's responsibilities include:</p> <ul style="list-style-type: none"> ✓ Recommending the risk policy and framework to the Board for approval; ✓ Recommending the appetite and tolerance framework to the Board for approval; ✓ Recommending the Risk Management implementation plan for approval by the Board; ✓ Reviewing the progress against the risk management implementation plan; ✓ Reviewing the effectiveness of the Risk Management arrangement; ✓ Approving the combined assurance plan; and ✓ Overseeing all assurance activities. 	<p>Chairperson of the ARC</p>	<p>Quarterly</p>

<p>Risk assessment Risk assessment responsibilities include:</p> <ul style="list-style-type: none"> ✓ Considering emerging issues, its significance to company and associated developments; ✓ Reviewing the reports on incidents, losses, and claims; and ✓ Reviewing the adequacy of the strategic risk register and the material risks emanating from divisional and functional risk registers. 	<p>Chairperson of the ARC</p>	<p>Quarterly</p>
<p>Risk treatment The ARC will consider:</p> <ul style="list-style-type: none"> ✓ The adequacy of the implemented internal controls structure to mitigate the material strategic risks; and ✓ The improvement actions designed by management for the enhancement of the internal control process. 	<p>Chairperson of the ARC</p>	<p>Quarterly</p>
<p>Risk reporting Risk reporting responsibilities include:</p> <ul style="list-style-type: none"> ▪ Reporting critical risk information to the Board. This will include inter alia: <ul style="list-style-type: none"> ✓ The results of the independent Risk Management effectiveness review; ✓ Progress against the Risk Management plan, including recommended amendments; ✓ The material risks facing company, which includes the strategic risks, the material risks per function and division as well as potentially material emerging issues; ✓ Remedial actions taken and its effectiveness; and ✓ Consolidated and material incidents and associated losses, together with analyses of their causes. 	<p>Chairperson of the ARC</p>	<p>Quarterly</p>

1.3. Executive Committee

<p>Committee responsibility Committee responsibilities include:</p> <ul style="list-style-type: none"> ✓ Reviewing the output of the Risk Management process to ensure that all material risks have been identified and are appropriately; ✓ managed within the Risk Management system; ✓ Ensuring that the process of Risk Management is adequate to serve the needs of the Board; and ✓ Ensuring that the risk profile of the company 	<p>Chief Executive Officer</p>	<p>Quarterly</p>
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<p>is acceptable, given its risk appetite, its tolerances and what is considered appropriate exposure.</p>		
<p>Risk assessment Risk assessment responsibilities include:</p> <ul style="list-style-type: none"> ✓ Identifying and assessing the strategic risks facing the company; ✓ Arranging for the annual risk assessment of functions and divisions; and ✓ Reviewing and accepting as valid the consolidated functional and divisional risk profiles emanating from the annual risk assessments. 	<p>Chief Executive Officer</p>	<p>Annually</p>
<p>Risk treatment Risk treatment responsibilities include:</p> <ul style="list-style-type: none"> ✓ Ensuring that management design, implement and embed appropriate responses to material risks reflected in the strategic risk register; and ✓ Reflecting on the performance of internal controls in mitigating the material risks documented in the consolidated company risk register. 	<p>Chief Executive Officer</p>	<p>Quarterly</p>
<p>Risk reporting The EXCO will submit to the ARC:</p> <ul style="list-style-type: none"> ✓ Confirmation of the report coordinated by the Group Risk Management Department reflecting the consolidated operational risk register, including mitigations and improvement plans for the functions and divisions; ✓ The results of the annual strategic risk assessment and quarterly updates to the register, its mitigating actions and associated control improvement plans; and ✓ Confirmation that mitigations contain risk exposures to acceptable levels given the risk appetite and tolerances approved by the Board. 	<p>Chief Executive Officer</p>	<p>Quarterly</p>

1.4. Risk Management Department

<p>Governance Governance responsibilities include:</p> <ul style="list-style-type: none"> ✓ Directing and assisting in the coordination of Risk Management activities within the company; ✓ Providing technical guidance to executive management in executing their Risk Management duties; and ✓ Assisting in the risk reporting process. 	<p>Risk Manager</p>	<p>Continually</p>
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1.5. Internal Audit

<p>Governance Governance responsibilities include:</p> <ul style="list-style-type: none"> ✓ Formally review the effectiveness of the company's Risk Management processes and standards at least once a year. 	<p>Manager Internal Audit</p>	<p>Continually</p>
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1.6. Risk Champions

<p>Governance Governance responsibilities include ensuring that each risk will have a nominated owner/champion, who will be responsible for the following:</p> <ul style="list-style-type: none"> ✓ Updating the risk information; ✓ Providing assurance regarding the controls implemented to mitigate the risk; and ✓ Designing and coordinating the implementation of action plans. 	<p>All</p>	<p>As scheduled</p>
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2. RISK MANAGEMENT PROCESS

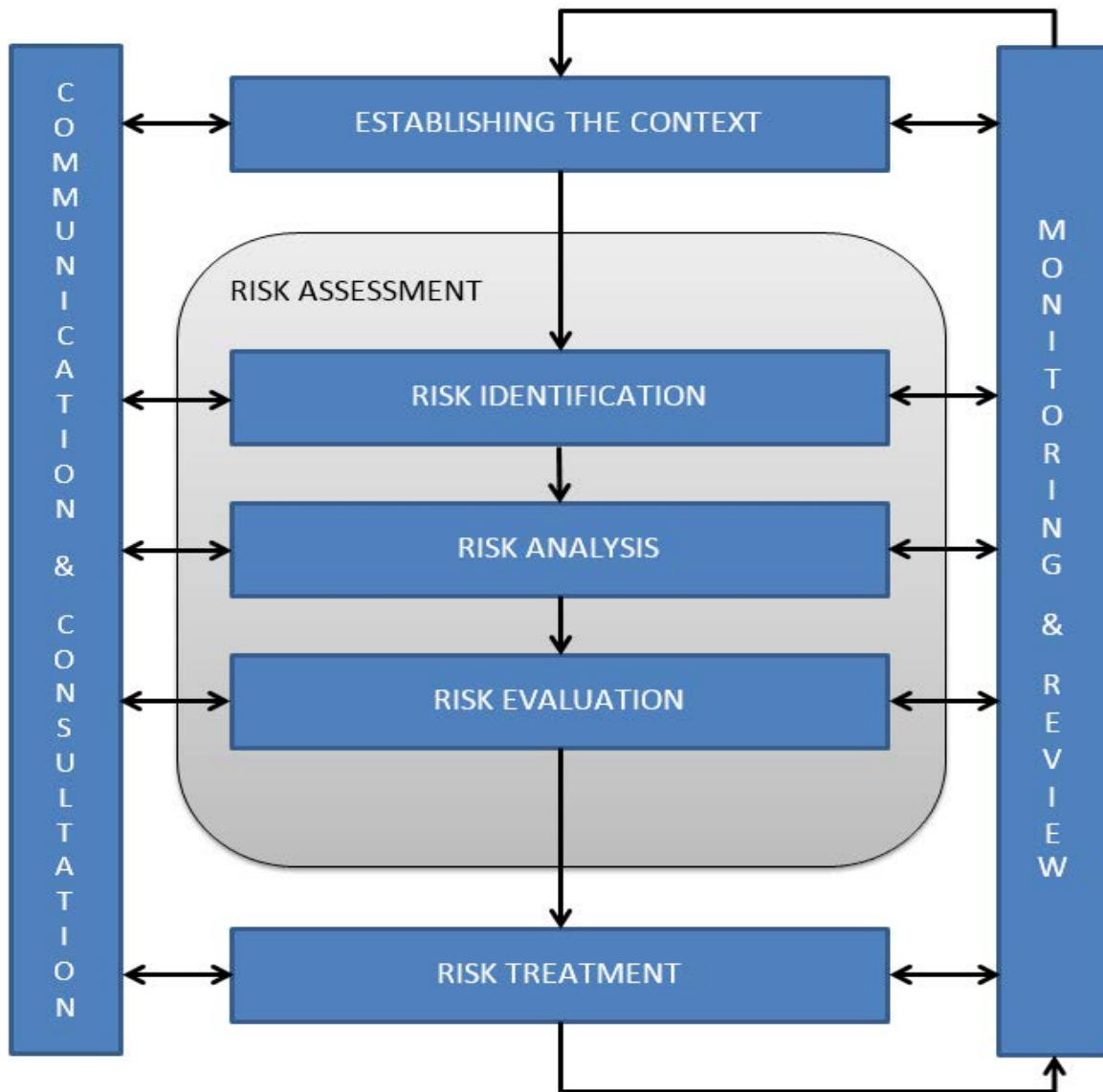
Risks, threats, and opportunities may arise in all areas of company's activities and operations. The Risk Management process should therefore be embedded into all processes. The objective is to achieve maximum value from all activities within company. The Risk Management process enhances the understanding of potential upside and downside factors that can affect achievement of company's strategies and goals and increases the probability of success and reduces the probability of failure in achieving objectives.

Enterprise Risk Management is a cyclical process which requires regular and systematic evaluation to deliver a sound decision-making process. This, in turn, leads to the achievement of high-quality services delivered on a value for money basis. This Risk Management Framework outlines how Risk Management process should be implemented and maintained within company. The six interlinked elements are as follows:

- Risk identification and prioritisation;
- Risk evaluation and assessment;
- Mapping risks against risk appetite and tolerance levels;
- Risk response and mitigation;
- Risk monitoring and review; and

- Communication and reporting.

The diagram below indicates the Company's Risk Management process:



3. STRATEGIC RISKS 2021/22

Risk No	Risk Description	Impact	Likelihood	Inherent Risk	Residual Risk	Current business processes / controls in place to manage identified risks	Mitigating Plans	Risk Owner
1	Cyber security	Catastrophic	Almost certain/common	Very High	Very High	<ol style="list-style-type: none"> Information System policies. Cyber security cover is in place. SharePoint and Mimecast are being used for back up. POPI partly embedded throughout the company. 	<ol style="list-style-type: none"> Engage cyber security expert to conduct cyber security awareness throughout the company. Mimecast currently being used for back up. Knowledge transfer from co-sourced partners. SharePoint being used for back up. POPI to be embedded throughout the company. IT infrastructure has upgraded to integrate seamless work from home including an installation of a firewall that protects BBI network and users the same manner as they would be working in the office. 	CTO
2	Delays in conversion of the Shareholder loan to Equity	Catastrophic	Almost certain/common	Very High	Very High	<ol style="list-style-type: none"> Shareholder's agreement in place. 	<ol style="list-style-type: none"> Continue to engage with all the Stakeholders. 	CEO
3	Possible failure to continue as a going concern.	Catastrophic	Almost certain/common	Very High	Very High	<ol style="list-style-type: none"> Cost containment. Sales drive. Source funding to upgrade Network technology upgrade. 	<ol style="list-style-type: none"> Embed and continue to optimise pricing strategy. Renegotiation of key suppliers' contracts (single supplier sourcing). Rigorous cash management. Continue to apply for funding from third parties. Faster execution or implementation of projects which are billable or 	CSMO/CO/CTO

Risk No	Risk Description	Impact	Likelihood	Inherent Risk	Residual Risk	Current business processes / controls in place to manage identified risks	Mitigating Plans	Risk Owner
							fundable.	
4	Difficulty to raise funds	Major	Almost certain/common	Very High	High	<ol style="list-style-type: none"> 1. Continue to apply for funding from external parties. 2. Engage Shareholders on funding requirements. 	<ol style="list-style-type: none"> 1. Extended credit terms with major suppliers (rated and international suppliers). 2. Continue to apply for funding from third parties. 	CFO
5	Inability for the organisation to respond to rapid changes in market and technology	Catastrophic	Likely	Very High	High	<ol style="list-style-type: none"> 1. The completion of network upgrades (M-Tera and IP Core Upgrade). 2. The BPS project has been approved at CISC to be implemented. 	<ol style="list-style-type: none"> 1. The writing of the IP network business plan. 2. Efforts will be increased to secure funding for the upgrade once technical plan and business is approved. 3. Shareholders will also be approached with funding requirements. 	CTO/ CFO
6	Possible loss of market share	Major	Likely	Very High	High	<ol style="list-style-type: none"> 1. Long term IRUs in place. 2. Agreement in place with SOCs on limited routes. 	<ol style="list-style-type: none"> 1. Sign more long-term leases with clients. 2. Lobbying and improve on stakeholder management. 	CTO / CMSO
7	Commercialisation of fibre infrastructure by non-SOCs	Catastrophic	Almost certain/common	Very High	High	<ol style="list-style-type: none"> 1. Current engagement with non-ICT SOCs. 2. Engage the DCDT on workable solutions. 	<ol style="list-style-type: none"> 1. 4IR commission draft report and the Minister's press statement in December 2019 states that the Minister to talk to her colleagues to request the non-ICT SOCs to focus on their mandate. 	CEO
8	Impact of Covid-19	Catastrophic	Almost certain/common	Very High	High	<ol style="list-style-type: none"> 1. Contingency plan put in place to maintain delivery of service. 2. Emergency supply chain process activated. 	<ol style="list-style-type: none"> 1. Monitor progress on lockdown and working from home. 2. Maintain IT capacity to ensure sufficient support to employees. 3. Ensure compliance with the Disaster Management Guidelines provided by the Shareholder and Government. 	CTO

Risk No	Risk Description	Impact	Likelihood	Inherent Risk	Residual Risk	Current business processes / controls in place to manage identified risks	Mitigating Plans	Risk Owner
9	Failure to innovate/embrace innovation	Major	Moderate/possible	Very High	High	<ol style="list-style-type: none"> 1. Corporate values 2. Training programme 	<ol style="list-style-type: none"> 1. Awareness through induction and continuous change management. 2. Reward and recognition for appropriate behaviour. 3. Offer Training programmes with relevant content. 	EHR
10	Margin pressure	Major	Moderate/possible	Very High	High	<ol style="list-style-type: none"> 1. Pricing strategy. 2. Cost containment. 3. Network technology upgrade. 	<ol style="list-style-type: none"> 1. Embed and continue to optimise pricing strategy. 2. Alternative technology from different five suppliers are currently being tested at the Lab to bring in other service providers. Recommendations from the tests will be implemented with SCM. 3. Improve end-to-end project execution process to deliver on sold business timeously. 4. Continue to source appropriate funding on bankable projects. 	CSMO/ CTO
11	Regulatory constraints impeding organisational agility	Major	Almost certain/common	Very High	High	<ol style="list-style-type: none"> 1. Demand planning and strategic sourcing. 2. Provide input to regulatory amendments process. 	<ol style="list-style-type: none"> 1. Optimise demand planning in procurement. 2. a Ensure compliance with all procurement legislation. 2. b. Need to explore options of acquiring our own ECS license. 	CFO
12	Inadequate stakeholder management	Major	Moderate/possible	Very High	Medium	<ol style="list-style-type: none"> 1. Stakeholder management strategy and plan in place. 2. Review the communication strategy in place. 3. National, Provincial and Local Government Stakeholder Engagement taking place. 	<ol style="list-style-type: none"> 1. Stakeholder management strategy and plan to be developed during the second quarter. 2. Reviewed the communication strategy due for approval by EXCO. 3. National, Provincial and Local Government Stakeholder Engagement taken place in the 	CSMO

Risk No	Risk Description	Impact	Likelihood	Inherent Risk	Residual Risk	Current business processes / controls in place to manage identified risks	Mitigating Plans	Risk Owner
							quarter as presented in the Stakeholder Engagement Report	

Legends

Very High	Level 1
High	Level 2
Medium	Level 3
Low	Level 4

SIGNED

Mike Mojapelo

Date

Executive: Compliance Risk and Audit



ANNEXURE G

BUDGETED FINANCIAL STATEMENTS

Broadband Infraco
Financial Plan
 For the Period 2021/22 to 2025/26

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Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Major Assumptions

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
	Proj.	Budget	Budget	Budget	Budget	Budget
Revenue growth	24.2%	36.2%	-16.9%	10.1%	11.2%	12.3%
Inflation Cost of Sales	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Inflation Operating Expenditure	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Salary increases	5.00%	0.00%	5.00%	5.00%	5.00%	5.00%
Salaries						
Leave pay provision	March 2021 provision set as base, no further provision					
Accounts receivable collection days	60	60	60	60	60	60
Accounts payable payment days	30	30	30	30	30	30
Finance charges Interest rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Finance charges Interest rate on long term debt	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Finance income Interest rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
US\$ / ZAR exchange rate	14.50	14.50	14.50	14.50	14.50	14.50

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Major Assumptions

Revenue

- SA Connect Phase 1A and 1B sites – 713 sites connected and to be maintained
- Signed contracts
- High probability pipeline (>80%) included at probability percentage
- Low probability pipeline (<80%) included at probability percentage
- Contracts expiring during 2021/22 will be renewed at specific probability rates based on client relationships and values based on prevailing market pricing
- Revenue is supported by a detail pipeline
- SA Connect Phase 1C (345 sites) included (this assumption is significant)
- Grant for Capex to fund capex for SA Connect Phase 1C rollout
- New customer(s) totalling R60 million is included
- KZN EDTEA revenue of R36 million included
- Acquisition of new customers

Cost of Sales

- Cost of Sales based on actual contracted costs
- Includes access network service provider costs, including Phase 1C
- New contracted costs for Eskom and TFR included
- Eskom lease costs increased by > 150% to mitigate AdLash risk and extend network
- Increases in all other line items on a contracted basis.
- Target included to reduce increases on Eskom and TFR contracts to PPI (as opposed to 14%)
- Specific contracted reductions and inflationary increases included – Year on year **increase of 27.6%**

Business Stats

- Debtors days target to remain at 60 days
- Creditors days target to remain at 30 days
- Zero penalties on non-achievement of SLA targets

Expenditure

- Zero Based Budget, line by line, bottom up approach was followed, per cost centre
- Average inflation projected of 4.0%
- Specific inflation factored i.e. IT costs and building rentals
- **NO** Salary increases budgeted for in 2022

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

- Finance Charges: 12%
- Medium term debt finance: 8.0%
- Finance Income: 5.5%
- USD/ZAR exchange rate: R14.50
- Tax rate was provided at flat rate of 28% (normative)
- No performance bonus/retention incentive included in the budget
- Renewed focus on Training budgeted at 1% of total manpower costs in compliance to labour law
- Operating expenditure increases by 16.8% year on year
- Employee head count at 181, including 25 interns and trainees and four new appointments under the auspices of the SA Connect Phase 1C rollout
- Head count increase to mitigate reduction in outsourced costs by 18 people
- Critical positions vacant for most of 2021 financial year also now filled
- Most expenses budgeted for will be dependent on revenue targets being met and available cash resources, e.g.:
 - Marketing, advertising, conferences, consulting fees, subscriptions, donations, etc.
- Specific expenses budgeted higher than inflation:
 - Transaction advisors for SOC Rationalisation
 - Maintenance costs increases by R16.6 million
 - Additional rent as SA Connect rolls out

CAPEX

- Budget for strategic refurbishment and maintenance of R431.1 million
- Hardware, IT, motor vehicles and maintenance equipment R53 million

SA Connect

- SA Connect Phase 1C included at R272.6 million

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Shareholder Support

- First time in more than 10 years' operating history, the support from shareholders, in the form of equity or an allocation of **R100 million** will be required.
- This comes off the back of BBI exclusively using its own generated funds to fund infrastructure roll out. Funds that should have been used and accumulate to fund working capital. This capex spend has accumulated to an excess of R411 million over the last five years.
- BBI requires this injection to ensure future sustainability to ensure/enable them to fulfil its mandate, by continuing to provide connectivity to underserved areas and remain relevant in the market

Critical External Enablers to ensure sustainability

- Conversion of shareholders' loans before 1 April 2021
- Shareholder support to raise funding and provide equity
- SA Connect Phase 1C is awarded before 31 March 2021
- Moratorium lifted on the contracting of resources on a fixed term contracting basis
- OEM and SOE arrear account resolved and up to date

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Quarterly Dashboard

KPI	Unit	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
		Actual 2021	Budget 2021	Budget 2022	Actual 2021	Budget 2021	Budget 2022	Actual 2021	Budget 2021	Budget 2022	Actual 2021	Budget 2021	Budget 2022
Revenue	R'mil	119.2	142.1	151.0	118.3	140.7	152.9	115.0	137.0	166.9	118.4	136.2	170.9
Revenue year on year growth	%	-1.9%	16.9%	26.6%	10.3%	31.1%	29.2%	-7.0%	10.9%	45.2%	2.6%	17.0%	44.3%
Cost of Sales excluding depreciation	R'mil	55.3	68.7	72.9	65.4	68.7	77.1	62.9	69.1	82.4	65.5	69.3	85.6
Cost of Sales including depreciation	R'mil	88.8	102.6	107.2	92.4	105.1	114.4	93.2	109.2	125.4	96.2	112.4	135.7
Gross Profit	R'mil	30.4	39.4	43.7	26.0	35.6	38.5	23.4	27.8	41.5	20.1	23.8	35.1
Gross Profit	%	25.5%	27.8%	29.0%	21.9%	25.3%	25.2%	20.0%	20.3%	24.9%	17.3%	17.5%	20.6%
Operating expenses (excluding depreciation)	R'mil	39.0	47.8	51.4	42.2	49.7	48.4	42.5	47.4	47.9	41.0	46.7	47.1
Operating cost excluding depreciation as % of Revenue	%	32.7%	33.7%	34.0%	35.6%	35.4%	31.7%	36.5%	34.6%	28.7%	35.2%	34.3%	27.5%
Net Profit/(Loss)	R'mil	13.8	-14.7	7.5	-19.8	-20.4	31.1	-23.7	-26.0	60.4	-25.4	-29.2	80.5
EBITDA	R'mil	25.3	25.5	54.0	11.0	22.3	81.9	11.2	20.5	118.4	9.8	20.2	147.2
EBITDA	%	21.2%	18.0%	35.8%	9.3%	15.8%	53.6%	9.6%	15.0%	70.9%	8.4%	14.8%	86.2%
Manpower cost as % of Revenue	%	23.3%	19.0%	17.9%	23.8%	19.2%	15.4%	18.7%	19.7%	12.8%	22.6%	19.8%	11.4%
Current Ratio	%	81%	66%	127%	53%	43%	87%	27%	18%	53%	52%	33%	51%
Gearing Ration	%	41%	97%	95%	43%	127%	104%	55%	154%	105%	14%	212%	107%
Debtor collections	Days	70.8	60	60	63.2	60	60	42	60	60	56	60	60

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Quarterly Dashboard - Annual

KPI	Unit	Full Year				Full Year			
		Actual 2021	Budget 2021	Budget 2022	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Revenue	R'mil	471.0	556.0	641.7	641.7	759.3	835.8	929.1	1 043.1
Revenue year on year growth	%	0.7%	18.6%	36.2%	36.2%	18.3%	10.1%	11.2%	12.3%
Cost of Sales excluding depreciation	R'mil	249.1	275.7	317.9	317.9	362.7	374.7	387.3	400.5
Cost of Sales including depreciation	R'mil	370.5	429.3	482.9	482.9	535.1	550.5	549.7	580.2
Gross Profit	R'mil	100.4	126.7	158.8	158.8	224.3	285.4	379.4	463.0
Gross Profit	%	21.3%	22.8%	24.8%	24.8%	29.5%	34.1%	40.8%	44.4%
Operating expenses (excluding depreciation)	R'mil	164.7	191.7	194.7	194.7	192.1	201.1	211.1	221.0
Operating cost excluding depreciation as % of Revenue	%	35.0%	34.5%	30.3%	30.3%	25.3%	24.1%	22.7%	21.2%
Net Profit/(Loss)	R'mil	-82.7	-90.3	179.4	179.4	-38.5	18.0	109.1	176.7
EBITDA	R'mil	57.3	88.5	401.6	401.6	204.5	260.1	330.7	421.6
EBITDA	%	12.2%	15.9%	62.6%	62.6%	26.9%	31.1%	35.6%	40.4%
Manpower cost as % of Revenue	%	23.6%	19.4%	13.6%	13.6%	17.0%	16.3%	15.4%	14.4%
Current Ratio	%	52%	34%	51%	51%	45%	54%	72%	98%
Gearing Ratio	%	14%	212%	107%	114%	120%	98%	98%	86%
Debtor collections	Days	56	60	60	60	60	60	60	60

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Financial Plan

For the Period 2021/22 to 2025/26

Statement of Comprehensive Income

	Mar-21 Year end Projection R'000	Mar-22 Year end Budget R'000	Mar-23 Year end Budget R'000	Mar-24 Year end Budget R'000	Mar-25 Year end Budget R'000	Mar-26 Year end Budget R'000
Continuing operations						
Total revenue	471 008	914 242	759 348	835 827	929 106	1 043 101
Anchor Customers	164 387	182 265	190 906	201 361	214 067	229 569
SA Connect	132 008	179 537	209 484	209 484	209 484	209 484
National Revenue	0	272 561	0	0	0	0
WACS	98 618	204 976	276 565	334 349	405 859	494 382
<i>Year on Year Growth</i>	75 995	74 903	82 394	90 633	99 696	109 666
Cost of Sales excluding depreciation	24.2%	94.1%	-16.9%	10.1%	11.2%	12.3%
Cost of Sales	249 085	317 940	362 710	374 691	387 272	400 482
<i>Year on Year Growth</i>	45.5%	27.6%	14.1%	3.3%	3.4%	3.4%
Gross Profit	100 467	431 389	224 264	285 360	379 387	462 950
<i>Gross Profit</i>	21.3%	47.2%	29.5%	34.1%	40.8%	44.4%
Other income	298	-	-	-	-	-
<i>Year on Year Growth</i>	7.9%	16.8%	-1.2%	4.3%	4.6%	4.3%
Operating expenses	182 240	212 928	210 273	219 241	229 294	239 153
Results from operating activities	(188 383)	(90 270)	(49 112)	(9 126)	12 598	23 966
Finance income	(81 475)	218 461	13 990	66 119	150 094	223 797
Finance charges and fair value movements	1 231	-	-	-	-	-
Interest and facility fee	(5 397)	(39 045)	(52 480)	(48 165)	(40 955)	(47 074)
Foreign exchange and fair value gains/(losses)	-	-	-	-	-	-
Profit/(loss) before taxation	(85 641)	179 416	(38 489)	17 954	109 139	176 723
Taxation	-	-	-	-	-	-
Profit/(loss) for the year	(85 641)	179 416	(38 489)	17 954	109 139	176 723
EBITDA	58 154	401 554	204 545	260 075	330 720	421 646
Employee Cost as % Revenue	24.1%	13.6%	17.0%	16.3%	15.4%	14.4%

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Financial Plan

For the Period 2021/22 to 2025/26

Statement of Financial Position

	Year end 31-Mar-21 Projection R'000	Year end 31-Mar-22 Budget R'000	Year end 31-Mar-23 Budget R'000	Year end 31-Mar-24 Budget R'000	Year end 31-Mar-25 Budget R'000	Year end 31-Mar-26 Budget R'000
Assets						
Non-current assets	1 034 108	1 597 596	1 624 797	1 512 589	1 654 966	1 783 445
Property, plant, and equipment	1 024 035	1 587 954	1 616 294	1 505 225	1 648 741	1 778 359
Deferred expenses	10 073	9 642	8 503	7 364	6 225	5 086
Current assets	82 660	142 464	169 834	215 004	334 649	495 866
Cash and cash equivalents	3 376	12 991	81 892	123 597	233 008	383 676
DCDT Advance Payment	-	-	-	-	-	-
Short term portion of deferred expense	1 139	1 139	1 139	1 139	1 139	1 139
Trade and other receivables	78 145	128 334	86 804	90 268	100 502	111 050
Total assets	1 116 768	1 740 060	1 794 632	1 727 593	1 989 615	2 279 311
Equity and liabilities						
Equity attributable to owners of the parent	424 011	709 426	670 937	688 891	798 030	974 753
Share capital	1 829 530	1 935 530	1 935 530	1 935 530	1 935 530	1 935 530
Shareholders' loan - DCDT	-	-	-	-	-	-
Shareholders' loan - IDC	-	-	-	-	-	-
Retained earnings	(1 405 519)	(1 226 104)	(1 264 593)	(1 246 639)	(1 137 500)	(960 777)

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Financial Plan
For the Period 2021/22 to 2025/26



	Year end 31-Mar-21 Projection R'000	Year end 31-Mar-22 Budget R'000	Year end 31-Mar-23 Budget R'000	Year end 31-Mar-24 Budget R'000	Year end 31-Mar-25 Budget R'000	Year end 31-Mar-26 Budget R'000
Non-current liabilities	413 444	628 870	633 754	533 840	623 805	693 609
Interest-bearing debt	149 922	478 761	429 053	283 815	320 201	334 192
Deferred revenue	263 521	150 109	204 700	250 025	303 604	359 417
Current liabilities	279 313	401 764	489 941	504 862	567 780	610 949
Trade and other payables	152 042	188 925	260 587	177 030	212 654	222 578
Current portion of deferred revenue	68 237	68 237	56 823	55 749	51 085	47 636
Finance Lease Liability	56 588	56 588	56 588	56 588	56 588	56 588
Short term portion of long-term loan	0	85 568	94 517	164 288	220 729	243 124
South Africa Revenue Services - PAYE and VAT	2 446	2 446	21 426	51 206	26 724	41 023
Total liabilities	692 757	1 030 634	1 123 695	1 038 702	1 191 585	1 304 558
Total equity and liabilities	1 116 768	1 740 060	1 794 632	1 727 593	1 989 615	2 279 311

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Financial Plan

For the Period 2021/22 to 2025/26

Statement of Cash Flow

	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
Cash flows from operations	(192 898)	275 265	381 032	248 225	381 682	488 823
Cash flows from operating activities	(4 166)	(39 045)	(52 480)	(48 165)	(40 955)	(47 074)
Finance income received	1 231	-	-	-	-	-
Finance charges paid	(5 397)	(39 045)	(52 480)	(48 165)	(40 955)	(47 074)
Taxation paid	-	-	-	-	-	-
Cash (used in)/ generated from operations	(197 064)	236 220	328 553	200 059	340 728	441 749
Cash flows from investing activities	(42 068)	(747 012)	(218 894)	(82 886)	(324 143)	(327 467)
Proceeds on disposal of property, plant, and equipment and intangible assets	-	-	-	-	-	-
Additions to property, plant, and equipment and intangible assets	(42 068)	(747 012)	(218 894)	(82 886)	(324 143)	(327 467)
Cash flows from financing activities	132 302	520 406	(40 758)	(75 467)	92 827	36 386
Loans (repaid) received	132 302	520 406	(40 758)	(75 467)	92 827	36 386
Net increase/(decrease) in cash and cash equivalents	(106 830)	9 614	68 901	41 706	109 411	150 668
Net cash and cash equivalents at beginning of year	110 207	3 377	12 991	81 892	123 597	233 008
Net cash and cash equivalents at end of year	3 377	12 991	81 892	123 597	233 008	383 676

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Financial Plan

For the Period 2021/22 to 2025/26

Notes to the statement of financial position

	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
1. Share capital						
Authorised						
1000 ordinary shares of R 1 (2015: R1) each	1 000	1 000	1 000	1 000	1 000	1 000
Issued:						
100 ordinary shares of R1 (2015: R1) each	100	100	100	100	100	100
Shares are held as follows:						
74 ordinary shares held by the State, represented by Department of Telecommunications and Postal Services; and						*
26 ordinary shares held by the Industrial Development Corporation of South Africa.						
2. Property, Plant, and Equipment						
Opening balance	1 121 611	1 024 035	1 587 954	1 616 294	1 505 225	1 648 741
Impairment	-	-	-	-	-	-
Project equipment utilised for consumable spares	-	-	-	-	-	-
Depreciation	(139 643)	(183 093)	(190 554)	(193 955)	(180 627)	(197 849)
Salaries capitalised - SA Connect	-	-	-	-	-	-
Salaries capitalised	9 690	10 793	2 555	2 657	2 790	2 902

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Financial Plan

For the Period 2021/22 to 2025/26



	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
Additions - non infrastructure	3 910	35 623	50 299	51 808	54 398	57 118
Additions - SA Connect	-	272 561	-	-	-	-
Additions - infrastructure	28 468	428 035	166 040	28 421	266 955	267 447
Additions - WACS	-	-	-	-	-	-
	1 024 035	1 587 954	1 616 294	1 505 225	1 648 741	1 778 359
3. Deferred Expenses						
Fibre lease IRU with Dark Fibre Africa over 15 years	11 212	10 781	9 642	8 503	7 364	6 225
Less: Short term portion of deferred expense	1 139	1 139	1 139	1 139	1 139	1 139
	10 073	9 642	8 503	7 364	6 225	5 086
4. Cash and Cash Equivalents						
Consist of:						
Current Bank Account with Standard Bank	3 376	12 991	81 892	123 597	233 008	383 676
	3 376	12 991	81 892	123 597	233 008	383 676
5. Trade and Other Receivables						
Trade Receivables (excluding provision for credit notes)	85 187	134 402	93 560	96 989	107 188	117 702
Sundry debtors (excluding provision for bad debts)	787	787	787	787	787	787
DST - short term receivable	-	-	-	-	-	-

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	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
VAT	(949)	723	-	-	-	-
Prepaid expenses	697	-	35	70	105	140
Interest receivable	-	-	-	-	-	-
Foreign Tax Credits	-	-	-	-	-	-
Deposits	1 128	1 128	1 128	1 128	1 128	1 128
	86 851	137 040	95 510	98 974	109 208	119 757
Less: provision for credit notes	1 413	1 413	1 413	1 413	1 413	1 413
Less: provision for bad debt	7 293	7 293	7 293	7 293	7 293	7 293
	78 145	128 334	86 804	90 268	100 502	111 050
Trade receivables age analysis						
6. Shareholder's Loan						
Consist of:						
DCDT	-	106 000	100 600	103 000	106 000	106 000
IDC	-	-	-	-	-	-
	-	106 000	100 600	103 000	106 000	106 000
7. Interest Bearing Debt						
Consist of:						
Project Funding	23 391	48 108	38 853	28 487	16 877	3 874
Vendor Financing	-	87 065	69 639	50 297	28 826	4 994

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Financial Plan

For the Period 2021/22 to 2025/26

	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
Asset Financing	38 989	93 233	87 876	81 931	75 331	68 005
SA Connect	-	-	-	-	-	-
Long term debt finance						
Medium Term Debt Financing	87 542	335 923	327 202	287 389	419 896	500 443
Short term portion of long term loan	-	(85 568)	(94 517)	(164 288)	(220 729)	(243 124)
	149 922	478 761	429 053	283 815	320 201	334 192
Vendor financing is provided to fund the roll out of IP Core.						
Asset financing is used to fund IT infrastructure rollout and specific network technology upgrades.						
Medium Term Debt Financing will be utilised to fund SPOF and AdLash rectification projects and other essential upgrades and refurbishments.						
8. Deferred revenue						
Existing	331 758	218 346	261 523	305 774	354 689	407 053
New	-	-	-	-	-	-
	331 758	218 346	261 523	305 774	354 689	407 053
Short term portion of deferred revenue	68 237	68 237	56 823	55 749	51 085	47 636

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Financial Plan

For the Period 2021/22 to 2025/26



	Year end Projection 31-Mar-21 R'000	Year end Budget 31-Mar-22 R'000	Year end Budget 31-Mar-23 R'000	Year end Budget 31-Mar-24 R'000	Year end Budget 31-Mar-25 R'000	Year end Budget 31-Mar-26 R'000
	263 521	150 109	204 700	250 025	303 604	359 417
The income received in advance is for IRU fee relating to the MTN, Liquid Telecomms, Neotel (SALT/KAT) Bofinet, Umzinyathi Telecom and WIOCC contracts over 10 years and DST over 15 years.						
9. Trade and other payables						
Trade and other payables	109 500	145 337	218 272	134 274	169 436	178 875
Provision: Legal fees and Neotel fibre lease	600	600	600	600	600	600
Advance Payment Received: DCDT	-	-	-	-	-	-
Accruals: General	15 731	15 731	15 731	15 731	15 731	15 731
Accruals: Audit fees	2 314	2 422	1 150	1 208	1 268	1 331
Accruals: Leave Pay	6 715	7 653	7 653	8 036	8 437	8 859
Accruals: Performance Bonus	17 181	17 181	17 181	17 181	17 181	17 181
Provision for unrealised forex loss	-	-	-	-	-	-
Financial liabilities	152 042	188 924	260 587	177 030	212 654	222 578
	2 446	2 446	21 425	51 206	26 724	41 023
SARS - VAT	-	-	18 978	48 760	24 277	38 576
SARS - PAYE	2 446	2 446	2 446	2 446	2 446	2 446
Total	154 488	191 372	282 012	228 237	239 379	263 602

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Financial Plan

For the Period 2021/22 to 2025/26

Detail Statement of Profit and Loss and other Comprehensive Income - 1

	Mar-20 Year end Projection R'000	Mar-21 Year end Budget R'000	Mar-22 Year end Budget R'000	Mar-23 Year end Budget R'000	Mar-24 Year end Budget R'000	Mar-25 Year end Budget R'000
Total revenue	471 008	914 242	759 348	835 827	929 106	1 043 101
Anchor Customers	164 387	182 265	190 906	201 361	214 067	229 569
SA Connect	132 008	179 537	209 484	209 484	209 484	209 484
SA Connect Grant	0	272 561	0	0	0	0
National Revenue	98 618	204 976	276 565	334 349	405 859	494 382
WACS	75 995	74 903	82 394	90 633	99 696	109 666
<i>Year on Year Growth</i>	24.2%	94.1%	-16.9%	10.1%	11.2%	12.3%
Cost of Sales excluding depreciation	249 085	317 940	362 710	374 691	387 272	400 482
Cost of Sales	370 541	482 853	535 084	550 466	549 719	580 150
<i>Year on Year Growth</i>	45.5%	27.6%	14.1%	3.3%	3.4%	3.4%
Managed service contract	15 819	17 334	18 201	19 111	20 066	21 070
Fibre maintenance costs	97 117	111 671	117 254	123 117	129 273	135 736
Fibre lease costs	57 019	67 225	70 587	74 116	77 822	81 713
Colocation costs	26 494	27 077	28 431	29 852	31 345	32 912
Access Network Provider Costs	49 078	84 609	103 236	103 236	103 236	103 236
SITA Project costs	3 557	0	0	0	0	0
NOC Resources	-	4 913	5 159	5 417	5 688	5 972
KZN DBE	-	5 110	19 842	19 842	19 842	19 842
Depreciation, amortisation, impairment and write-offs	121 456	164 913	172 374	175 775	162 447	179 669
Gross Profit	100 467	431 389	224 264	285 360	379 387	462 950
<i>Gross Profit</i>	21.3%	47.2%	29.5%	34.1%	40.8%	44.4%
Other income	298	-	-	-	-	-

Broadband Infraco

Financial Plan

For the Period 2021/22 to 2025/26

Detail Statement of Profit and Loss and other Comprehensive Income - 2

	Mar-21 Year end Projection R'000	Mar-22 Year end Budget R'000	Mar-23 Year end Budget R'000	Mar-24 Year end Budget R'000	Mar-25 Year end Budget R'000	Mar-26 Year end Budget R'000
<i>Year on Year Growth</i>	7.9%	16.8%	-1.2%	4.3%	4.6%	4.3%
Operating expenses	182 240	212 928	210 273	219 241	229 294	239 153
Employee expenses	113 682	124 177	129 391	135 850	142 643	149 763
Marketing	994	1 735	1 804	1 877	1 970	2 049
Travel expenses	634	2 464	2 563	2 665	2 799	2 911
Administrative expenses	22 943	32 245	33 534	34 876	36 620	38 084
Consulting fees	537	1 393	1 449	1 507	1 582	1 645
Co-sourcing costs	13 512	2 695	-3 595	-3 739	-3 926	-4 083
Legal fees	2 213	4 900	5 096	5 300	5 565	5 787
Operating leases	7 547	8 565	4 613	4 798	5 038	5 239
Repairs and maintenance	2 005	16 575	17 238	17 927	18 823	19 576
Depreciation, amortisation, impairment, and write-offs	18 173	18 180	18 180	18 180	18 180	18 180
Results from operating activities	(81 475)	218 461	13 990	66 119	150 094	223 797
Finance income	1 231	-	-	-	-	-
Finance charges and fair value movements	(5 397)	(39 045)	(52 480)	(48 165)	(40 955)	(47 074)
Interest and facility fee	(5 397)	(39 045)	(52 480)	(48 165)	(40 955)	(47 074)
Profit/(loss) before taxation	(85 641)	179 416	(38 489)	17 954	109 139	176 723
Profit/(loss) for the year	(85 641)	179 416	(38 489)	17 954	109 139	176 723
EBITDA	58 154	401 554	204 545	260 075	330 720	421 646
Employee Cost as % Revenue	24.1%	13.6%	17.0%	16.3%	15.4%	14.4%



**ANNEXURE H
SIGNIFICANCE AND MATERIALITY
FRAMEWORK**

BROABAND INFRACO SOC LTD
DELEGATION OF AUTHORITY FRAMEWORK

FA = Final approval
RFA = Review and recommend to Board/Shareholder for approval
N = Notification

	Transaction type	Shareholder	Board	Board Committee	Executive Committee	CEO	Departmental Head	Head of Commercial Department
1.	Approval of Capital Expenditure							
1.1	<i>Budgeted expenditure</i>							
	≤ R15 M					N	FA	
	> R15 M but ≤ R35 M				N	FA		
	> R35 M but ≤ R75 M			N	FA			
	> R75 M but ≤ R100 M		N	FA				
	> R100 M but ≤ R200 M		FA	RFA				
	> R200 M	FA	RFA	RFA				
1.2	<i>Expenditure not budgeted for</i>							
	≤ R15 M					N	FA	
	> R15 M but ≤ R35 M				N	FA		
	> R35 M but ≤ R75 M			N	FA			
	> R75 M but ≤ R100 M		N	FA				
	> R100 M but ≤ R200 M		FA	RFA				
	> R200 M	FA	RFA	RFA				
1.3	<i>Approval of additional capital</i>							
1.3.1	If additional capital required is ≤10% of original approved cost then approval levels as per items 1.1 and 1.2 above except, no Shareholder approval is required, which will be approved by the Board.							
1.3.2	If additional capital required is > 10% of the originally approved cost levels, of, for example:							
	≤ R15 M				N	FA		
	> R15 M but ≤ R35 M			N	FA			
	> R35 M but ≤ R75 M		N	FA				
	> R75 M but ≤ R100 M		FA	RFA				

	> R100 M but ≤ R200 M		FA	RFA				
	> R200 M		FA	RFA				
1.3.3	Additional capital expenditure > R50 M is required to be approved by the Shareholder.							
2.	Authority to procure capital goods and services – limited to maximum of expenditure approval decision as per items 1.1 to 1.3 above on a cumulative, total procurement package basis.		FA	FA	FA	FA	FA	
3.	Authority to negotiate and contractually commit the company for procurement of capital goods and services (subject to prior approvals as per items 1.1 to 1.3 above having been obtained).							FA
4.	Authority to approve operational expenditure (per item).							
4.1	<i>Budgeted expenditure</i>							
	≤ R3 M					N	FA	
	> R3 M but ≤ R10 M				N	FA		
	> R10 M but ≤ R20 M			N	FA			
	> R20 M but ≤ R50 M		N	FA				
	> R50 M but ≤ R100 M		FA	RFA				
	> R100 M	FA	RFA	RFA				
4.2	<i>Expenditure not budgeted for</i>							
	≤ R1 M					N	FA	
	> R1 M but ≤ R5 M				N	FA		
	> R5 M but ≤ R10 M			N	FA			
	> R10 M but ≤ R25 M		N	FA				
	> R25 M but ≤ R50 M		FA	RFA				
	> R50 M	FA	RFA	RFA				
4.2	<i>Expenditure not budgeted for</i>							
	≤ R1 M					N	FA	
	> R1 M but ≤ R5 M				N	FA		
	> R5 M but ≤ R10 M			N	FA			
	> R10 M but ≤ R25 M		N	FA				
	> R25 M but ≤ R50 M		FA	RFA				
	> R50 M	FA	RFA	RFA				

5.	Authority to procure operational goods and services – limited to maximum of approval decisions as per items 4.1 to 4.2 above on a cumulative, total procurement package basis.		FA	FA	FA	FA	FA	
6.	Authority to negotiate and contractually commit the company for procurement of operational goods and services (subject to prior approvals as per above having been obtained).							FA