



SERVICE LEVEL AGREEMENT

Entered into by and between:

RICHMOND LOCAL MUNICIPALITY

A Local Municipality established in terms of the provisions of the Local Government Municipal Structures' Act No. 117 of 1998

(Herein represented by **Mr. B E MSWANE** in his capacity as the **Municipal Manager**)

(Hereinafter referred to as "**The Municipality**")

And

FLEET HORIZON SOLUTION (PTY) LTD REGISTRATION NUMBER 2012/110963/07

(A public company duly incorporated in terms of the laws of South Africa, having its main place of business at unit 5, no: 8 Nollsworth Cresent, La Lucia Ridge, 4051 and represented herein by its duly authorised Director, Mr Dick Ngobeni)

(Herein referred to as "**The Service Provider**")

**TENDER NUMBER: RLM_04/2024/2025 ACQUISITION OF FLEET ON A
FINANCE LEASE AGREEMENT FOR A PERIOD OF 60 MONTHS**

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1 INTERPRETATION

1.1 In this Service Level Agreement, clause headings are used for convenience only and shall not be used in its interpretation, and unless the context clearly indicates a contrary intention –

1.1.1 a word or expression denoting any gender includes the other genders;

1.1.2 a natural person includes an artificial or juristic person and vice versa; and

1.1.3 the singular includes the plural and vice versa.

1.2 The following words and expressions shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings, and other cognate words and expressions shall bear corresponding meanings –

1.2.1 **“Accessories”** means any additional non-standard equipment (fittings, accessories or modifications) fitted to the Vehicles at the request of RLM, as stipulated in the Tender specifications or the Pricing Schedule.

1.2.2 **“Agreement”** means this Service Level Agreement together with –

1.2.2.1 this Service Level Agreement and its Annexures;

1.2.2.2 the Finance Lease (Annexure A);

1.2.2.3 the Tender document and Appointment Letter issued by RLM (Annexure B);

1.2.2.4 the Notes to Pricing (Annexure C);

1.2.2.5 the Pricing Schedule (Annexure D); and

1.2.2.6 any subsequent addenda mutually agreed to in writing.

1.2.3 **“Annexures”** means the annexures attached hereto and forming part of this Agreement, being Annexures A to D.

1.2.4 **“Applicable Laws”** means all statutes, regulations, ordinances, by-laws, directives, circulars, guidance notices, judgments, and decisions of competent authorities having the force of law, compliance with which is mandatory for either Party.

1.2.5 **“Business Day”** means any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa.

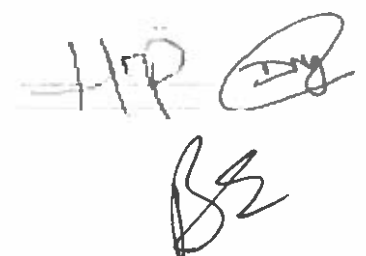
1.2.6 **“Confidential Information”** has the meaning given to it in clause 15 of this Agreement.

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- 1.2.7 "**Commencement Date**" means the date on which this Agreement is signed by the last Party hereto.
- 1.2.8 "**Completion Date**" means the date of expiry of the Contract Period in terms of this contract.
- 1.2.9 "**Contract Period**" means a period of sixty (60) months calculated from the Commencement Date, or such extended period as may be agreed in writing, as recorded in the Notes to Pricing and Pricing Schedule.
- 1.2.10 "**Data**" means information pertaining to the Vehicles as generated, sent, received and/or stored electronically by the tracking devices installed in the Vehicles.
- 1.2.11 "**FHS**" means Fleet Horizon Solutions (Pty) Ltd (registration number 2012/110963/07), a private company duly incorporated in accordance with the laws of the Republic of South Africa.
- 1.2.12 "**Financial Institution**" means the financial institution(s) providing funding to FHS for the acquisition of the Vehicles in terms of a finance lease, instalment sale or other funding arrangement.
- 1.2.13 "**FL**" means Finance Lease.
- 1.2.14 "**RLM**" means Richmond Local Municipality, established in terms of the Local Government: Municipal Structures Act, 117 of 1998.
- 1.2.15 "**RLM Agent**" means any natural person duly authorised by RLM to utilise the Services provided by FHS in terms of this Agreement or to act on behalf of RLM, including drivers of the Vehicles.
- 1.2.16 "**RLM Fleet Representative**" means the representative(s) nominated in writing by RLM in terms of clause 8.1 to liaise with FHS in respect of the day-to-day management of the Services.
- 1.2.17 "**MFMA**" means the Local Government: Municipal Finance Management Act, 56 of 2003.
- 1.2.18 "**NACM**" means the nominal annual interest rate compounded monthly, as applicable to arrear payments in terms of the Notes to Pricing.

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- 1.2.19 **"Notes to Pricing"** means the signed Notes to Pricing dated 17 September 2024, attached as Annexure C hereto.
- 1.2.20 **"OEM"** means the Original Equipment Manufacturer.
- 1.2.21 **"Parties"** means RLM and FHS collectively, and "Party" means either of them as the context requires.
- 1.2.22 **"Pricing Schedule"** means the pricing schedule attached hereto as Annexure D.
- 1.2.23 **"Prime Rate"** means the publicly quoted annual prime overdraft rate of interest published by the South African Reserve Bank, expressed as a nominal annual rate compounded monthly.
- 1.2.24 **"Security Documents"** means the documents creating or evidencing security granted by FHS to any Financial Institution in respect of funding provided to FHS relating to the Vehicles leased to RLM.
- 1.2.25 **"Services"** means the supply of finance-leased vehicles, together with related services including tracking, fleet management, roadside assistance, fuel cards, and reporting, in accordance with this Agreement, the Tender Document, the Notes to Pricing, and the Annexures.
- 1.2.26 **"Signature Date"** means the date of signature of this Agreement by the last Party signing.
- 1.2.27 **"Tender Document"** means the tender issued by RLM for the acquisition of vehicles on a finance lease for a period of sixty (60) months, together with FHS's bid submission in response thereto.
- 1.2.28 **"Territory"** means the Republic of South Africa.
- 1.2.29 **"Third Party Supplier"** means a third party supplier rendering a service to RLM on the instruction of FHS pursuant to a request by RLM, which service does not form part of the Services.
- 1.2.30 **"Tracking Device"** means a global positioning system device or similar unit installed in or on the Vehicles for monitoring and data capture.

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- 1.2.31 **"VAT"** means Value Added Tax levied in terms of the Value Added Tax Act, 89 of 1991, as amended.
- 1.2.32 **"Vehicle"** means any vehicle supplied by FHS to RLM in terms of this Agreement, as described in Annexure D (Pricing Schedule).
- 1.2.33 **"Vehicle Contract"** means an individual contract signed by the Parties in respect of each Vehicle delivered under this Agreement, which records the details of that Vehicle, including without limitation its make and model, vehicle identification number (VIN), delivery date, monthly rental and completion date. Each Vehicle Contract shall be read together with, and be subservient to, this Service Level Agreement, the Notes to Pricing and the applicable Annexures, and shall not constitute a separate or divisible agreement independent of this Service Level Agreement.
- 1.3 Any reference to legislation shall be construed as a reference to that legislation as at the Commencement Date, as amended or re-enacted from time to time.
- 1.4 If any provision in a definition confers a right or imposes an obligation on either Party, then, notwithstanding that it is contained in a definition, effect shall be given to such provision as if it were a substantive provision in the body of this Agreement.
- 1.5 Where any term is defined in a specific clause other than this clause 1, that term shall bear the meaning assigned to it in that clause wherever it appears in this Agreement.
- 1.6 Words and terms not specifically defined in this Agreement shall bear their plain English meaning, and those known in general commercial or industry-specific practice shall be interpreted in accordance with their generally accepted meaning.
- 1.7 Where a number of days is to be calculated from a specific date, such number shall exclude that date and commence on the next following day. If the last day falls on a day that is not a Business Day, the last day shall be deemed to be the next succeeding Business Day.
- 1.8 Any reference to "days", "months" or "years" shall mean calendar days, months or years, unless otherwise specified.
- 1.9 The cancellation, expiration or termination of this Agreement shall not affect provisions which expressly provide that they shall continue to apply thereafter, or which must necessarily continue to have effect thereafter.

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- 1.10 The use of the words "including", "includes" or "include" followed by examples shall not limit the general meaning of the preceding words, and the *eiusdem generis* rule shall not apply.
- 1.11 This Agreement having been negotiated and drafted for the benefit of both Parties, the contra proferentem rule shall not apply.

2 INTRODUCTION

- 2.1 This Agreement regulates the relationship between RLM and FHS pertaining to the acquisition of fleet on a Finance Lease, pursuant to the appointment of FHS under Tender No. RLM_04/2024/2025: Acquisition of Fleet on a Finance Lease Agreement for a period of sixty (60) months.
- 2.2 RLM issued a request for proposals inviting service providers to provide vehicles under a Finance Lease arrangement. Pursuant to a competitive tender process, FHS was selected as the successful bidder based on its responsiveness to the requirements of the bid, to provide the Services on the terms and conditions set out in this Agreement.
- 2.3 The Services to be provided under this Agreement are as set out in the Tender specifications, the Notes to Pricing, and the Annexures hereto.
- 2.4 The Parties accordingly record and agree that this Agreement constitutes the full and binding contract governing the provision of the Services for the duration of the Contract Period.

3 APPOINTMENT

- 3.1 RLM, having duly complied with the applicable provisions of Chapter 11 of the MFMA regulating the procurement of goods and services, hereby appoints FHS, with effect from the Commencement Date, to provide the Services to RLM, and FHS accepts such appointment on the terms and conditions set out in the Tender Document, the Notes to Pricing, this Agreement, and the Annexures hereto.
- 3.2 The Parties record that the pricing for the Services is set out in the Notes to Pricing (Annexure C) and the Pricing Schedule (Annexure D). All amounts are inclusive of VAT

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at the prevailing statutory rate, and shall be adjusted automatically in the event of any change in the applicable VAT rate.

4 AGREEMENT STRUCTURE AND CONFLICTING TERMS

- 4.1 The Finance Lease (Annexure A), the Tender Document and Appointment Letter (Annexure B), the Notes to Pricing (Annexure C) and the Pricing Schedule (Annexure D) are specifically incorporated in this Service Level Agreement and shall apply mutatis mutandis. Each Vehicle Contract signed pursuant to the delivery of a Vehicle shall form part of this Agreement and be governed by its provisions.
- 4.2 In the event of any conflict between this Service Level Agreement, the Annexures and any Vehicle Contract, the order of precedence shall be –
- 4.2.1 firstly, this Service Level Agreement;
 - 4.2.2 secondly, the Notes to Pricing (Annexure C);
 - 4.2.3 thirdly, the Pricing Schedule (Annexure D);
 - 4.2.4 fourthly, the Finance Lease (Annexure A);
 - 4.2.5 fifthly, the Tender Document and Appointment Letter (Annexure B); and
 - 4.2.6 lastly, the applicable Vehicle Contract.
- 4.3 For the avoidance of doubt, this Service Level Agreement together with its Annexures constitutes the primary and indivisible agreement between the Parties. Each Vehicle Contract shall be read together with, and be subservient to, this Agreement, and shall not constitute a separate or divisible agreement independent of this Service Level Agreement.

5 COMMENCEMENT AND DURATION

- 5.1 Notwithstanding the date of signature of this Agreement, the Agreement between the Parties shall commence on the Commencement Date and, subject to the provisions of this Service Level Agreement, shall continue for a period of sixty (60) months calculated from the Commencement Date, unless extended in writing.
- 5.2 Each Vehicle Contract shall come into effect on the Contract Commencement Date thereof, being the delivery date of the relevant Vehicle, and shall endure for a period of sixty (60) months from such date (the "Contract Period"), unless extended in writing or terminated earlier in accordance with this Agreement.

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- 5.3 Ownership of each Vehicle shall pass to RLM on the Contract Completion Date applicable to that Vehicle, provided that all amounts due to FHS under this Agreement and the relevant Vehicle Contract have been paid in full in keeping with clause 10.
- 5.4 Upon termination of this Service Level Agreement, whether by expiry or otherwise, all Vehicle Contracts then in force shall automatically terminate. In the event that any Vehicle Contract is terminated prior to its Contract Completion Date, such Vehicle Contract shall be deemed to have been terminated early, and RLM shall remain liable for all amounts becoming due as a result of such early termination, including without limitation arrear rentals, the outstanding settlement balance, and any early termination penalties calculated in accordance with Annexure C (Notes to Pricing).
- 5.5 Should RLM continue to utilise any Vehicle or Services after the relevant Contract Completion Date without a formal extension of this Agreement, such continued use shall be governed by the provisions of this Agreement and the applicable Vehicle Contract, provided that either Party may terminate such continued use on thirty (30) days' written notice to the other.
- 5.6 For the avoidance of doubt –
- 5.6.1 this Agreement together with its Annexures constitutes the primary and indivisible agreement between the Parties;
 - 5.6.2 each Vehicle Contract is subservient to and governed by this Agreement and its Annexures; and
 - 5.6.3 any breach of this Agreement by RLM shall entitle FHS to enforce its rights under this Agreement in respect of all Vehicles, regardless of whether the breach relates to a specific Vehicle Contract.

6 CONSIDERATION, INVOICES AND DISPUTED AMOUNTS

6.1 Consideration

RLM shall pay FHS for the Services strictly in accordance with Annexure C (Notes to Pricing) and Annexure D (Pricing Schedule), by means of an electronic funds transfer or debit order into such bank account as nominated by FHS from time to time, in immediately available funds.

6.2 Submission of Invoices and Payment

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6.2.1 FHS shall, during the term of this Agreement, issue monthly tax invoices in arrears detailing the amounts due by RLM. Such invoices shall be delivered electronically by no later than the last Business Day of each month.

6.2.2 RLM shall verify invoices and raise any written queries regarding disputed charges within ten (10) Business Days of receipt. RLM shall nevertheless pay the undisputed portion of any invoice in accordance with clause 6.4.2. The disputed portion shall be resolved in accordance with the dispute resolution provisions of this Agreement, and payment of such portion shall fall due on resolution of the dispute.

6.3 Third Party Suppliers

6.3.1 Should RLM directly engage any Third Party Supplier for services outside the scope of this Agreement, RLM shall be solely responsible for payment of such services.

6.3.2 If, at RLM's written request, FHS arranges any upgrade, accessory, or service outside the scope of the Tender Document and Annexures, RLM shall be liable for the additional charges incurred, subject to prior written approval of such costs.

6.4 General

6.4.1 All amounts due by RLM to FHS which are not paid on the due date shall bear interest from the due date until the date of actual payment (both dates inclusive), calculated and compounded monthly in arrears at the rate specified in Annexure C (Notes to Pricing).

6.4.2 All undisputed amounts shall be paid within thirty (30) days of receipt of a valid tax invoice.

6.4.3 Neither Party may defer, adjust, or withhold any payment due under this Agreement by reason of set-off or counterclaim of any nature, except as expressly permitted in writing by the other Party.

6.4.4 All payments shall be made free of any deduction or bank transfer charges.

6.4.5 Unless expressly stated otherwise, all amounts payable by RLM are exclusive of VAT and any other statutory taxes. RLM shall be liable for VAT and any applicable taxes at the prevailing statutory rate.

6.4.6 The charges stipulated in Annexure D (Pricing Schedule) may be adjusted by FHS in accordance with the provisions of Annexure C (Notes to Pricing), including variations in the prime interest rate, CPI adjustments, or statutory changes in VAT or licensing fees.

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6.5 Certificate

A certificate under the hand of the Chief Executive Officer, Chief Financial Officer, or any director of FHS as to the existence and amount of the indebtedness of RLM to FHS, the fact that such amount is due and payable, the amount of interest accrued thereon and/or the applicable rate of interest shall, in the absence of manifest error –

- 6.5.1 constitute prima facie proof of its contents for all purposes;
- 6.5.2 be valid as a liquid document for purposes of provisional sentence, summary judgment, or other proceedings instituted by FHS against RLM; and
- 6.5.3 be deemed to be sufficiently particular for the purposes of pleading or trial in any action or other proceedings instituted by FHS against RLM.

It shall not be necessary to prove the authority or appointment of the person signing such certificate.

7 FHS'S OBLIGATIONS

7.1 General Principles

FHS shall –

- 7.1.1 fully comply with its obligations arising out of this Agreement, free of deduction, set-off or withholding whatsoever, save as expressly permitted under this Agreement;
- 7.1.2 render the Services to RLM in accordance with the Key Performance Indicators and Service Levels agreed between the Parties in this Agreement, the Notes to Pricing (Annexure C) and the Pricing Schedule (Annexure D);
- 7.1.3 assign suitably qualified and skilled personnel and consultants to provide the Services in terms of this Agreement at no additional cost to RLM;
- 7.1.4 ensure that its personnel and consultants devote such time, attention and skill in performing the Services as may be reasonably required for the proper discharge of its duties under this Agreement; and
- 7.1.5 comply with all Applicable Laws, including legislation relating to registration or licensing by a regulatory authority.

7.2 Service Levels and Reporting

- 7.2.1 The Service Levels applicable to the Services are those set out in the Tender Document, the Notes to Pricing (Annexure C), the Pricing Schedule (Annexure D), and as further detailed in the Key Performance Indicators clause of this Agreement.

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7.2.2 FHS shall –

7.2.2.1 conform to all applicable aspects of the Tender Document and this Agreement;

7.2.2.2 be responsible for monitoring, measuring and reporting on its compliance with the Service Levels and Key Performance Indicators;

7.2.2.3 provide RLM with a month-end high-level report within ten (10) Business Days after the end of each month, in a format agreed between the Parties; and

7.2.2.4 provide RLM with a quarterly performance report within twenty (20) Business Days after the end of each quarter, in a format agreed between the Parties, which shall be considered at the quarterly performance review meetings contemplated in clause 9.

7.3 Suspension of Services and Grounding of Vehicles

7.3.1 In the event that RLM fails to pay any undisputed amount due under this Agreement within the period specified in clause 6.4.2, FHS shall, without prejudice to its rights under this Agreement or at law, be entitled on written notice to RLM to suspend Services and/or to disable or ground any Vehicle(s) supplied under this Agreement by means of remote immobilisation technology or by physical withdrawal from use.

7.3.2 Suspension or grounding in terms of this clause shall not relieve RLM of its obligation to make payment of any amounts due, nor shall it constitute a breach of this Agreement by FHS.

7.3.3 RLM acknowledges and agrees that any operational, financial, or service delivery consequences of such suspension or grounding shall be for RLM's account, and FHS shall bear no liability therefor.

7.3.4 For the avoidance of doubt, suspension or grounding shall not affect FHS's obligations to ensure that any Vehicles already in use by RLM remain compliant with Applicable Laws relating to roadworthiness and licensing.

7.4 Tracking, Telematics and Systems

7.4.1 FHS shall procure and initially install tracking and monitoring hardware (including the Tracking Device) and enable the online fleet management system as part of the Services.

7.4.2 Each Vehicle shall be fitted with a Tracking Device owned by FHS (or its supplier). Ownership of the Tracking Device shall not pass to RLM unless otherwise agreed in writing.

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- 7.4.3 RLM shall be responsible for all ongoing data, airtime, calls and/or message costs utilised by such systems, which shall be invoiced monthly in arrears.
- 7.4.4 RLM shall not remove, tamper with, interfere with, or render the Tracking Device or related hardware inoperable, and shall take reasonable steps to prevent third-party interference.
- 7.4.5 RLM acknowledges that tampering may trigger automated alerts or recovery actions. RLM assumes responsibility for consequences and reasonable costs arising from any false or accidental activation not caused by FHS's wilful misconduct or gross negligence.
- 7.4.6 All risk of loss, theft or damage to the Tracking Device and associated hardware passes to RLM on delivery of the Vehicle and remains with RLM until the Device is removed by FHS or the Vehicle is returned in accordance with this Agreement.
- 7.4.7 Lost, stolen or damaged telematics units, Tracking Devices, driver tags, SIMs, fuel/toll cards or ancillary hardware shall be replaced at RLM's cost. Technician travel and call-outs away from the designated central depot may be charged at FHS's prevailing rate per kilometre as notified from time to time.
- 7.4.8 Fuel, top-up oil, tolls, transaction charges and funding interest on fuel/toll cards are for RLM's account and shall be billed monthly in arrears.
- 7.4.9 On written request by RLM, FHS may de-install and/or re-install a Tracking Device between Vehicles. De-installation and re-installation fees shall be for RLM's account.
- 7.4.10 Warranty support for the Tracking Device shall be limited to manufacturer defects within the standard warranty period. Failures due to tampering, damage, misuse or third-party intervention shall be for RLM's account.

8 RLM'S OBLIGATIONS

RLM shall –

- 8.1 comply with all obligations set out in Annexure A, the Notes to Pricing, the Pricing Schedule and the Tender Document

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- 8.2 nominate in writing its Fleet Representative(s) who will liaise with FHS's fleet consultant in respect of the day-to-day management of the Services;
- 8.3 promptly furnish FHS with all information, documentation, approvals and signatures required by FHS to perform the Services in compliance with this Agreement;
- 8.4 ensure that any party under its direct control performs its duties in a manner that enables FHS to comply with its obligations under this Agreement;
- 8.5 grant FHS personnel reasonable access to RLM premises, depots and/or vehicles for the purposes of inspection, servicing, maintenance, or exercise of rights under this Agreement, including suspension or grounding as contemplated in clause 7.3;
- 8.6 ensure that all amounts due to FHS under this Agreement are paid timeously in accordance with clause 6;
- 8.7 make the Vehicles available to FHS (or its appointed service providers) at the prescribed intervals for servicing, maintenance and repairs in accordance with the Notes to Pricing and manufacturer specifications; and
- 8.8 accept that any failure by RLM to comply with clause 8.6 (payment) or clause 8.7 (availability of Vehicles) shall entitle FHS to exercise its rights under clause 7.3, including without limitation the suspension of Services and/or the grounding of Vehicles, without liability to FHS.

9 MEETINGS

The Parties record and agree that, during the duration of this Agreement –

- 9.1 The RLM Fleet Representative and FHS's fleet consultant shall meet at least once a month (to which meeting the RLM contract management unit shall be invited and may attend at its election) to –
 - 9.1.1 consider and discuss the monthly report compiled in terms of clause 7.2.2.3 on fleet performance, efficiency and productivity;
 - 9.1.2 address contract governance issues; and
 - 9.1.3 address operational, administrative and service matters.
- 9.2 A nominated representative of the senior management of each of RLM and FHS shall meet at least once every quarter to –

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- 9.2.1 review the quarterly performance report compiled in terms of clause 7.2.2.4;
- 9.2.2 assess compliance with Key Performance Indicators and Service Levels; and
- 9.2.3 address any escalated governance, financial or operational matters.

10 OWNERSHIP TRANSFER

- 10.1 Ownership of any Vehicle rented in terms hereof shall at all times remain vested in FHS (alternatively in the Financial Institution providing funding for the acquisition of the Vehicle), notwithstanding that the Vehicle may be registered in the name of RLM.
- 10.2 Subject to clause 10.3, upon completion of the Contract Period for a Vehicle Schedule, ownership of such Vehicle shall pass to RLM.
- 10.3 Ownership shall only pass once RLM has:
 - 10.3.1 paid in full all rentals and amounts due in terms of this Agreement and the applicable Vehicle Schedule, including (i) arrear rentals, (ii) make-good costs in terms of the termination/settlement condition report, and (iii) any penalties, interest or other amounts due under this Agreement, payment of the retail value of the vehicles; and
 - 10.3.2 complied with all settlement requirements as per the Notes to Pricing.
- 10.4 Until ownership has passed in accordance with clause 10.3, RLM's rights remain limited to use and possession of the Vehicle(s) in accordance with this Agreement
- 10.5 FHS shall, within ten (10) Business Days of the applicable Contract Completion Date and subject to receipt of all amounts due, deliver to RLM all documents and information reasonably required to effect transfer of ownership of the Vehicle into RLM's name.
- 10.6 RLM shall, at its own cost, take all steps necessary to register the change of titleholder and licensing particulars of the Vehicle in its name.
- 10.7 Any Tracking Device or other accessory installed by FHS in the Vehicles shall, unless expressly agreed otherwise in writing, remain the property of FHS and may be removed by FHS at the Contract Completion Date. RLM shall cooperate with FHS in facilitating such removal. Where RLM elects to retain the Tracking Device, the cost thereof shall be agreed in writing and payable by RLM together with the final monthly rental due for that Vehicle.

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11 LIMITATION OF LIABILITY

- 11.1 RLM acknowledges and agrees that FHS shall not be liable to RLM for any loss, damage, cost, or expense of whatsoever nature, whether direct, indirect, special, or consequential (including but not limited to loss of profits, revenue, goodwill, business interruption, or anticipated savings), arising out of or in connection with this Agreement, save only in the case of FHS's proven wilful misconduct.
- 11.2 Without limiting the generality of clause 11.1, nothing in this Agreement shall prevent FHS from recovering from RLM any and all amounts that become due and payable under this Agreement, including but not limited to:
- 11.2.1 all rentals, fees, charges, penalties, and make-good costs;
 - 11.2.2 all amounts due in respect of loss, theft, damage or destruction of any Vehicle, Tracking Device, or other FHS-owned equipment;
 - 11.2.3 all amounts due as a result of early termination, cancellation, or repudiation by RLM; and
 - 11.2.4 all legal costs incurred by FHS on the attorney-and-own client scale in enforcing its rights under this Agreement.
- 11.3 RLM shall be fully liable to FHS for all reasonably foreseeable direct losses suffered by FHS as a result of any act, omission, or breach of this Agreement by RLM, including but not limited to damage to Vehicles, equipment, or FHS's proprietary systems.
- 11.4 RLM further indemnifies and holds FHS harmless against any and all claims, demands, actions, damages, costs, losses, and expenses of whatsoever nature (including legal costs on the attorney-and-own client scale) brought against or incurred by FHS arising out of or in connection with:
- 11.4.1 RLM's failure to pay any amount due under this Agreement;
 - 11.4.2 the use, operation, or possession of any Vehicle by RLM, its agents, employees, or representatives; and
 - 11.4.3 any claim by a third party arising from or in connection with the Services or vehicles supplied under this Agreement.
- 11.5 FHS's Services are used at RLM's sole risk. FHS, its directors, officers, shareholders, employees, consultants, and contractors shall not accept or assume any responsibility or liability for the safety of RLM or its agents, representatives, or employees, nor for any injuries, losses, or damages incurred through the use of the Vehicles or the Services, including Services rendered by any Third Party Supplier.

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- 11.6 FHS does not act as an agent for any Third Party Supplier. RLM shall contract directly with any such Third Party Supplier, and FHS shall have no liability whatsoever in respect of such contract.
- 11.7 The aggregate liability of FHS to RLM for any claims arising under or in connection with this Agreement shall in no circumstances exceed the rentals actually paid by RLM to FHS in the three (3) months immediately preceding the claim.

12 WARRANTIES

Each of the Parties warrants to the other that –

- 12.1 it has the legal capacity, competence and authority to enter into this Service Level Agreement and to consummate the transaction contemplated herein, and neither the entering into nor the implementation of this Service Level Agreement will adversely affect the rights of any third party;
- 12.2 the execution and performance of the terms and conditions of this Service Level Agreement does not constitute a violation of any statute, judgment, order, decree, regulation or rule of any court, competent authority or arbitrator of competent jurisdiction applicable to either Party, its assets or business, or its constitutional or founding documents, or any binding obligation, contract or agreement to which either Party is a party or by which either Party or its assets are bound;
- 12.3 as of the Commencement Date it is, and shall remain throughout the duration of this Service Level Agreement, compliant with all Applicable Laws, including Applicable Laws relating to Tax; and
- 12.4 it has expressly agreed with the other Party that each warranty and representation given by it in this Service Level Agreement is material to this Service Level Agreement.

13 MUNICIPAL FINANCE MANAGEMENT ACT

- 13.1 RLM, by its signature hereto, warrants to FHS that it has complied, and shall for the duration of this Service Level Agreement continue to comply, with all provisions of the Local Government: Municipal Finance Management Act, 56 of 2003 ("MFMA"), together with all schedules and regulations thereto, as amended from time to time, insofar as they relate to the conclusion and implementation of this Service Level Agreement.

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13.2 Each Party ("the first party") indemnifies the other Party ("the second party") and holds the second party harmless against any claim, loss, expense (including consequential damages), loss of revenue or profits, legal costs on the scale as between attorney and own client, and any other costs arising out of or in connection with any breach by the first party of the warranty contained in clause 13.1, including but not limited to any innocent or negligent misrepresentation.

13.3 The indemnified Party shall be entitled to exercise its rights under this clause immediately upon becoming aware of a breach of the warranty set out in clause 13.1, without prejudice to any other rights available to it under this Service Level Agreement or in law.

14 CORRUPT ACTS

Each Party warrants to the other that in entering into this Service Level Agreement and/or any Vehicle Contract it has not committed any act in contravention of any applicable anti-bribery or anti-corruption legislation.

The breaching Party indemnifies the other Party and holds it harmless against any claim, loss, expense (including consequential damages), loss of revenue or profits, legal costs on the scale as between attorney and own client, and any other costs suffered or incurred by the non-breaching Party as a direct or indirect consequence of any breach of this warranty, including any innocent or negligent misrepresentation.

15 RELATIONSHIP

15.1 Nothing in this Service Level Agreement shall be construed as creating a relationship of agency, employment, partnership or joint venture between FHS and RLM, and neither Party shall hold itself out as such.

15.2 Neither Party ("the first party") shall have authority to incur any debt, enter into any agreement, or undertake any obligation on behalf of the other Party ("the second party"), nor to bind or purport to bind the second party in any way, unless expressly authorised in writing by the second party.

16 FORCE MAJEURE

16.1 Neither Party shall be liable for any loss suffered by the other Party arising out of any delay in or prevention of performance of its obligations due to any cause, the adverse

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effects of which such Party could not and cannot reasonably avoid in the ordinary conduct of its business.

- 16.2 Without limiting the generality of clause 16.1, the following shall constitute events of force majeure: storms, floods, fires, earthquakes, pandemics, epidemics, other natural disasters, power failures, unavailability of stock and/or equipment, industry-wide strikes, lockouts, boycotts, actions of civil or military authorities, and changes in laws, rules, regulations or orders which materially affect performance.
- 16.3 The Party whose performance is delayed or prevented shall immediately give written notice thereof to the other Party.
- 16.4 Where a Party's performance of an obligation is delayed by force majeure, it shall be entitled to a reasonable extension of time not exceeding thirty (30) Business Days. If performance is delayed beyond such period, the affected obligation shall be regarded as prevented and either Party shall be entitled (but not obliged) to terminate this Service Level Agreement, together with all Vehicle Contracts, by written notice.
- 16.5 Notwithstanding anything to the contrary herein, RLM shall not be relieved of its obligation to make payment for Services and/or Vehicles in accordance with this Agreement. Payment obligations remain absolute and unconditional.

17 CONFIDENTIALITY

- 17.1 Neither Party ("the Receiving Party") shall, at any time after the conclusion of this Service Level Agreement, disclose to any person or use in any manner whatsoever the other Party's Confidential Information, save as expressly permitted herein.
- 17.2 Permitted disclosures:
- 17.2.1 to the extent required by law, regulation, or a stock exchange;
 - 17.2.2 to the Receiving Party's directors, employees, representatives, agents or professional advisers strictly as necessary for implementation of this Service Level Agreement, provided such persons are bound by confidentiality obligations no less onerous than those set out herein.
- 17.3 Confidential Information shall not include information that –
- 17.3.1 is or becomes publicly available other than through a breach of this clause;
 - 17.3.2 is lawfully received from a third party without a duty of confidentiality; or
 - 17.3.3 was lawfully known to the Receiving Party prior to disclosure.

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- 17.4 FHS may disclose general information to any Financial Institution providing funding in respect of the Vehicles, to the extent reasonably required for financing purposes.

18 NON-EXCLUSIVITY

- 18.1 FHS acknowledges that it is not being appointed as the exclusive supplier of vehicles or services of this nature to RLM, save in respect of the Vehicles specified in the Pricing Schedule (Annexure D).
- 18.2 RLM reserves the right, in its sole discretion, to procure similar services from third parties, provided that such procurement does not derogate from its obligations under this Service Level Agreement or any Vehicle Contract.

19 ANNOUNCEMENTS

- 19.1 Either Party may issue a press release or public announcement relating to the conclusion of this Service Level Agreement.
- 19.2 The Party intending to make such announcement shall, wherever reasonably possible, give the other Party prior notice of the content and timing of such announcement.

20 BREACH AND TERMINATION

- 20.1 A Party ("the Defaulting Party") shall be in default ("Default") if it –
- 20.1.1 fails to pay any amount due in accordance with this Agreement, any Annexure, Schedule or Vehicle Contract by the due date, and fails to remedy such failure within 21 (twenty-one) calendar days of written notice to do so;
 - 20.1.2 repeatedly fails to pay any amount due in accordance with this Agreement on more than one occasion during the Contract Period;
 - 20.1.3 commits a material breach of any other provision of this Agreement and fails to remedy such breach within 10 (ten) Business Days of written notice, provided that –
 - 20.1.3.1 if the breach can reasonably be remedied within a shorter period, the Aggrieved Party may stipulate that shorter period; or
 - 20.1.3.2 if the breach cannot reasonably be remedied within 10 (ten) Business Days, the Defaulting Party shall be entitled to a further extension not

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exceeding 10 (ten) Business Days, provided it furnishes satisfactory evidence that effective steps to remedy have been initiated and are being diligently pursued;

20.1.4 commits a third or subsequent breach in any 12 (twelve) month period after having remedied two earlier similar breaches following notice;

20.1.5 is placed in provisional or final liquidation, business rescue, or deregistration, or takes any steps to initiate the same;

20.1.6 commits an act of insolvency as contemplated in the Insolvency Act; or

20.1.7 fails to satisfy a judgment within 15 (fifteen) Business Days, unless suspension of execution has been lawfully procured.

20.2 If a Party is in Default, the other Party ("the Aggrieved Party") shall be entitled, in addition to all other remedies available at law, to –

20.2.1 cancel this Agreement and any affected Vehicle Contracts, in which event the Aggrieved Party may –

20.2.1.1 retain all amounts already paid; and/or

20.2.1.2 claim all damages arising, including early termination penalties as set out in the Notes to Pricing;

20.2.2 uphold this Agreement and require the Defaulting Party to provide such security as the Aggrieved Party may reasonably require for the performance of the Defaulting Party's obligations.

20.3 If a Default is of a continuing nature, the Aggrieved Party may –

20.3.1 suspend performance of its obligations (including suspending Services and grounding Vehicles until payment or remedy is effected); and/or

20.3.2 extend its performance deadlines for a reasonable additional period.

20.4 If RLM consistently and materially breaches its obligations, including repeated payment defaults, or commits more than two breaches in any 12 (twelve) month period, FHS shall be entitled, without prejudice to its other rights –

20.4.1 to demand specific performance of all of RLM's obligations, whether or not then due;

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or

20.4.2 to cancel this Agreement with immediate effect and claim all damages suffered, including all arrear rentals, penalties, make-good costs, and early termination charges.

20.5 Without limiting the generality of clause 20.4, FHS may, in the event of RLM's Default, elect to –

20.5.1 terminate this Agreement and/or any Vehicle Contract;

20.5.2 retake possession of any affected Vehicle(s) (including remotely disabling and grounding such Vehicle(s)); and

20.5.3 levy all applicable early termination penalties as set out in the Notes to Pricing.

20.6 RLM's remedies shall be limited to damages arising directly from FHS's failure to deliver or maintain Vehicles in accordance with this Agreement, provided that –

20.6.1 RLM shall first afford FHS the right to remedy such failure within the periods set out in clause 20.1.3;

20.6.2 any damages shall exclude consequential, indirect, or special losses; and

20.6.3 RLM shall not be entitled to procure alternative services and claim the costs thereof from FHS.

20.7 Notwithstanding anything to the contrary contained in this Agreement, RLM shall not be entitled to give effect to any termination under this clause 20 (or otherwise) until the provisions of clause 26 (Step-in Rights) have been fully complied with, and any termination notice issued by RLM shall be suspended until the expiry of the step-in period afforded to the Financial Institution in terms of clause 26.

20.8 For the avoidance of doubt, where the Financial Institution elects to exercise its step-in rights, any termination notice issued by RLM shall be deemed null and void, and the relevant Contract shall continue in full force and effect with the Financial Institution substituted in place of FHS.

21 DOMICILIUM AND NOTICES

21.1 The Parties choose domicilium citandi et executandi ("Domicilium") for all purposes relating to this Service Level Agreement, including the giving of any notice, the payment of any sum, the serving of any process, as follows –

Handwritten signatures and initials. At the top, there are two sets of initials, possibly 'H/P' and a circled signature. Below them is a large, stylized signature that appears to be 'BZ'.

21.1.1 RLM

physical 57 Shepstone Street
 Richmond (KZN)
 3780

email mm@richmond.gov.za

attention Municipal Manager

21.1.2 FHS

physical First Floor, Building 10G, CSIR
 Meiring Naude Road
 Brummeria
 0184

email Dickn@fleethorizon.co.za

attention Dick Ngobeni

21.2 Either Party shall be entitled from time to time, by giving written notice to the other Party, to vary its physical Domicilium to any other physical address (not being a post office box or poste restante) within South Africa and to vary its email Domicilium to any other email address.

21.3 Any notice given or payment made by either Party to the other Party (the "Addressee"), which is delivered by hand between the hours of 08:00 and 16:30 on any Business Day to the Addressee's physical Domicilium for the time being, shall be deemed (unless the contrary is proved by the Addressee) to have been received by the Addressee at the time of delivery.

21.4 Any notice given by either Party to the other Party, which is successfully transmitted by email to the Addressee's email Domicilium for the time being, shall be deemed (unless the contrary is proved by the Addressee) to have been received by the

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Addressee on the day immediately succeeding the date of successful transmission thereof.

- 21.5 This clause 21 will not operate so as to invalidate the giving or receipt of any written notice that is actually received by the Addressee other than by a method referred to in this clause 21.
- 21.6 Any notice in terms of, or in connection with, this Service Level Agreement shall be valid and effective only if it is in writing and if it is received or deemed to have been received by the Addressee.

22 DISPUTES

- 22.1 Any disputes arising from, or in connection with, this Service Level Agreement shall, at the behest of either Party, be referred by written notice to the other Party. Within seven Business Days of receipt of such notice, the Parties shall each nominate a senior representative who shall meet in person or by means of electronic communication to negotiate in order to resolve such dispute or difference.
- 22.2 Should the Parties, acting in good faith and using their reasonable commercial endeavours, fail to resolve such dispute or difference within seven Business Days after receipt of the notice referred to in clause 22.1, or such longer period as the Parties may agree in writing, the matter shall be finally resolved in accordance with the rules of the Arbitration Foundation of Southern Africa ("AFSA") by an arbitrator agreed to by the Parties, or failing such agreement within seven days, appointed by AFSA at the request of either Party.
- 22.3 The Parties expressly consent to any arbitration in terms of the aforesaid rules being conducted as a matter of urgency in accordance with the Expedited Rules and irrevocably authorise each other to apply, on behalf of both Parties, to the secretariat of AFSA for such arbitration to be conducted on an urgent basis.
- 22.4 Notwithstanding anything to the contrary contained in this clause 22, either Party shall be entitled to apply for an interdict or other urgent relief from any competent court having jurisdiction.
- 22.5 The Parties hereby consent and submit to the non-exclusive jurisdiction of the KwaZulu-Natal Local Division, Pietermaritzburg, for the purpose of clause 22.4 and for the purpose of having an award of an arbitrator made an order of court.

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22.6 The arbitration shall be held –

22.6.1 at a convenient location agreed to by the Parties, or failing agreement, at Pietermaritzburg;

22.6.2 subject to the provisions of this clause 22, in accordance with the AFSA Rules; and

22.6.3 as soon as is reasonably practicable in the circumstances and with a view to completion within twenty Business Days after it is demanded.

22.7 The Parties shall agree on the arbitrator, who shall be an attorney or advocate on the AFSA panel with not less than ten years' experience in commercial contracts and public sector supply agreements. If agreement is not reached within seven days, the arbitrator shall be appointed by AFSA.

22.8 The arbitrator shall determine which Party shall pay the costs of and incidental to the arbitration, provided that, unless exceptional circumstances exist, the unsuccessful Party shall bear all such costs.

22.9 Subject to each Party's rights of appeal in accordance with the AFSA Rules, the Parties irrevocably agree that the decision of the arbitrator shall be final and binding on them, shall be carried into effect, and shall be capable of being made an order of the High Court of South Africa.

22.10 The provisions of this clause 22 –

22.10.1 constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw from or claim at any such proceedings that it is not bound by such provisions;

22.10.2 are severable from the rest of this Service Level Agreement and shall remain in effect despite the termination or invalidity of this Agreement; and

22.10.3 shall not preclude any Party from obtaining interim relief on an urgent basis from the High Court of South Africa pending the decision of the arbitrator.

22.11 The Parties shall keep the evidence in the arbitration proceedings and any order made by the arbitrator confidential unless otherwise required by law.

22.12 The arbitrator shall give his or her award in writing, fully supported by reasons, unless otherwise agreed in writing by the Parties.

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22.13 The arbitrator shall have the power to give default judgment if any Party fails to make submissions on due date and/or fails to appear at the arbitration.

22.14 Pending the outcome of the arbitration, the status quo in respect of the performance of contractual obligations shall remain intact, and RLM shall be obliged to continue making all payments due to FHS under this Agreement and any Vehicle Contract, notwithstanding the existence of the dispute.

23 GOVERNING LAW

23.1 This Service Level Agreement shall in all respects (including its existence, validity, interpretation, implementation, cancellation, expiration, termination and enforcement) be governed by the laws of the Republic of South Africa.

23.2 The Parties consent and submit to the non-exclusive jurisdiction of the KwaZulu-Natal Local Division, Pietermaritzburg, in respect of any dispute or claim arising out of or in connection with this Service Level Agreement, including for the enforcement of any arbitral award made in terms of clause 22.

24 CO-OPERATION AND GOOD FAITH

24.1 The Parties undertake to work in close co-operation and with the utmost good faith in regard to all matters relating to the Services and in carrying out and giving effect to the provisions of this Service Level Agreement.

24.2 For the avoidance of doubt, nothing in this Agreement shall create or be deemed to create a partnership, agency, or joint venture between the Parties, as confirmed in clause 15.

24.3 The Parties reaffirm their commitment that no form of unethical behaviour, including bribery or corruption, shall be acceptable. Any such conduct shall be dealt with strictly in accordance with clause 14 (Corrupt Acts), and the indemnities provided therein shall apply in full.

25 CESSION, DELEGATION AND ASSIGNMENT

25.1 This clause shall be subject to compliance with the Municipal Finance Management Act, 56 of 2003 ("MFMA"), and any regulations lawfully applicable to RLM.




25.2 Neither Party shall be entitled to cede, delegate, or assign any of its rights, obligations, or interests in or under this Service Level Agreement to any third party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

25.3 Notwithstanding clause 25.2, FHS shall at all times be entitled, without the consent of RLM, to cede, assign, or delegate its rights and/or obligations under this Service Level Agreement, including any Vehicle Contract, in security to any Financial Institution providing funding to FHS in respect of the Vehicles.

25.3.1 RLM acknowledges and agrees that the Financial Institution shall be entitled to confer directly with RLM regarding any rights ceded in terms of clause 25.3.

25.3.2 RLM shall, upon written request, provide the Financial Institution with written acknowledgement of and consent to the security cession referred to in clause 25.3. RLM shall further confirm in writing that all payments due to FHS shall be made into the nominated bank account held with such Financial Institution in the name of FHS, which account details shall not be amended without the prior written consent of the Financial Institution.

25.4 FHS may subcontract performance of any of its obligations under this Service Level Agreement to suitably qualified third parties, provided that:

25.4.1 FHS shall remain solely responsible to RLM for the due and proper performance of all obligations and for compliance with the Service Levels; and

25.4.2 such subcontracting shall not relieve FHS of liability under this Service Level Agreement.

25.5 FHS shall at all times remain the sole contracting party with RLM and the sole point of contact for all Services provided.

26 STEP-IN RIGHTS

26.1 This clause shall apply notwithstanding anything to the contrary contained in the MFMA or any Treasury regulations, practice notes, or instructions, it being recorded that the purpose of this clause is to protect the rights of the Financial Institution providing funding to FHS.

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- 26.2 RLM acknowledges and consents to the security interests granted or to be granted by FHS in favour of any Financial Institution over FHS's rights under this Service Level Agreement, any Annexure, Schedule, or Vehicle Contract.
- 26.3 FHS shall, at any time after the Signature Date, be entitled to notify RLM in writing of the details of the Financial Institution, and RLM shall within 15 (fifteen) Business Days of receipt of such notice confirm to the Financial Institution in writing that:
- 26.3.1 it has received the notice and acknowledges the security cession; and
- 26.3.2 to its knowledge, it has not received notice of any other security interest over the same rights.
- 26.4 RLM shall not be entitled to terminate this Service Level Agreement, any Annexure, Schedule, or Vehicle Contract (collectively the "Contracts"), without first giving the Financial Institution at least 30 (thirty) days' prior written notice of the proposed termination, stating:
- 26.4.1 the proposed termination date; and
- 26.4.2 the grounds of termination in reasonable detail.
- 26.5 During the 30-day notice period referred to in clause 26.4, RLM shall not give effect to the termination and shall allow the Financial Institution the option to exercise step-in rights.
- 26.6 In the event of termination of any of the Contracts for any reason other than expiry through effluxion of time, the Financial Institution shall be entitled, but not obliged, to step into such Contract(s) and assume all rights and obligations of FHS as if it had been the contracting party ab initio, and RLM shall have no right to dispute or renegotiate the terms of the Contract(s) so assumed.
- 26.7 Upon the Financial Institution exercising its step-in rights, RLM shall recognise the Financial Institution as the contracting party in substitution for FHS and shall render all payments and perform all obligations to the Financial Institution as if it were FHS.

27 SEVERABILITY

All provisions of this Service Level Agreement are, notwithstanding the manner in which they have been grouped together or linked grammatically, severable from each other. Any provision of this Agreement which is or becomes unenforceable, whether due to voidness, invalidity, illegality, or any other reason whatsoever, shall, only to the extent that it is unenforceable, be treated as though it had not been written, and the remaining provisions shall remain in full

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force and effect. The Parties declare that it is their intention that this Service Level Agreement would have been executed without such unenforceable provision if they were aware of such unenforceability at the time of execution.

28 GENERAL

- 28.1 Where the approval, agreement, or consent of either Party is required under any provision of this Agreement, such approval, agreement, or consent may be given subject to such terms and conditions as that Party may reasonably require. Any breach of such terms and conditions shall constitute a breach of this Agreement.
- 28.2 Subject to any express provision to the contrary, no remedy conferred by this Agreement for breach shall be exclusive of any other remedy available at law, and each remedy shall be cumulative and in addition to every other remedy available. The election of any one remedy shall not constitute a waiver of the right to pursue any other remedy.
- 28.3 Termination of this Agreement for any cause shall not release either Party from liability for any obligations or breaches which accrued prior to termination.
- 28.4 This Agreement, together with its Annexures and Vehicle Contracts, constitutes the entire agreement between the Parties in relation to its subject matter. It supersedes all prior undertakings or representations, whether oral or written, between the Parties regarding the subject matter.
- 28.5 No variation, addition, or cancellation of this Agreement or its Annexures shall be valid unless reduced to writing and signed by both Parties.
- 28.6 The Parties record that while they may correspond by email for operational purposes, no amendment or variation of this Agreement may be effected by email.
- 28.7 No indulgence, extension of time, or relaxation granted by either Party shall constitute a waiver of rights, nor preclude the exercise of any rights already accrued or arising in the future.
- 28.8 This Agreement shall endure for the benefit of, and be binding on, the successors in title and permitted assigns of the Parties.
- 28.9 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same Agreement.

29 PARTIES OWN LEGAL AND NEGOTIATION COSTS

Each Party shall bear its own costs incurred in connection with the negotiation, drafting, preparation, and execution of this Service Level Agreement.

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30 DATA OWNERSHIP AND USE

- 30.1 RLM shall be the sole owner of all Data generated by or from the Vehicles during the Contract Period.
- 30.2 FHS shall be entitled to process such Data solely for the purposes of performing its obligations under this Agreement and for complying with Applicable Laws.
- 30.3 Upon expiry or termination of this Agreement, and on written request by RLM, FHS shall provide RLM with a machine-readable export of the last six (6) months of Data.
- 30.4 Following delivery of the Data referred to in clause 30.3, FHS shall permanently delete or irreversibly anonymise its copies of the Data, save to the extent that retention is required by Applicable Laws.
- 30.5 RLM indemnifies FHS against all losses, claims and costs arising from the inaccuracy, incompleteness or delay of any Data supplied or maintained by RLM.

31 PROTECTION OF PERSONAL INFORMATION

- 31.1 Each Party shall comply with the provisions of the Protection of Personal Information Act, 4 of 2013 ("POPIA"), in relation to any Personal Information processed in connection with this Agreement.

- 31.2 For purposes of this clause –

31.2.1 "Personal Information" shall bear the meaning assigned to it in POPIA; and

31.2.2 "process" shall bear the meaning assigned to it in POPIA.

- 31.3 FHS shall –

31.3.1 process Personal Information only as is necessary for the performance of its obligations under this Agreement;

31.3.2 implement appropriate technical and organisational measures to safeguard Personal Information against unauthorised access, loss or damage; and

31.3.3 notify RLM without undue delay of any actual or suspected breach of Personal Information relating to RLM.

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- 31.4 RLM warrants that it has obtained all required consents from its employees, agents and representatives whose Personal Information may be processed in connection with this Agreement.

32 DISPUTED CANCELLATION

- 32.1 Should FHS cancel this Agreement for any reason whatsoever and RLM dispute such cancellation, RLM shall continue to pay all rentals and other amounts as they fall due during the period while such dispute exists.
- 32.2 Should the dispute be decided or settled in favour of FHS, FHS shall be entitled to retain any such amounts paid by RLM as damages arising out of, or as a consequence of, such dispute.

33 COSTS AND EXPENSES

- 33.1 In the event of default by RLM, FHS shall be entitled to recover from RLM all legal fees, costs and disbursements on a scale as between attorney and own client, as well as all costs incurred by FHS in locating, repossessing, storing and disposing of any Vehicle.
- 33.2 The provisions of this clause shall apply whether or not legal action has been instituted, and shall survive termination of this Agreement.

34 KEY PERFORMANCE INDICATORS (KPIs)

- 34.1 FHS undertakes to provide the Services in accordance with the Key Performance Indicators set out in the Tender Document, Annexure C (Notes to Pricing), and Annexure D (Pricing Schedule).
- 34.2 The KPIs shall include, but not be limited to –
- 34.2.1 turnaround times for quotations, delivery of Vehicles, restructuring proposals, licensing and registration, damage rebills, major repairs, standard servicing, and information requests;
 - 34.2.2 provision of monthly and quarterly reports in accordance with clause 7.2.2; and
 - 34.2.3 compliance with service standards relating to breakdown assistance, call centre responsiveness, and fleet administration.

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- 34.3 Failure by RLM to perform its obligations (including payment, provision of access, or making Vehicles available for servicing) shall release FHS from compliance with the affected KPI for so long as such failure persists.
- 34.4 The KPIs shall be reviewed at quarterly performance review meetings as contemplated in clause 9.
- 34.5 RLM shall co-operate fully and act in good faith to enable compliance with the KPIs, including timely provision of information, approvals, and making Vehicles available for servicing.
- 34.6 Performance shortfalls shall not entitle RLM to withhold, defer or set-off any payment due under this Agreement.
- 34.7 Where RLM alleges non-performance by FHS, such alleged breach shall first be raised in writing and FHS shall be afforded no less than thirty (30) Business Days to remedy before any further action may be taken.
- 34.8 Any failure to achieve a KPI which is caused by RLM's acts or omissions (including late servicing, failure to provide information, or late payment) shall not constitute a breach by FHS.

35 INSURANCE

- 35.1 All risk of loss, damage or destruction in and to each Vehicle shall pass to RLM upon delivery thereof and shall remain with RLM until ownership passes to RLM in accordance with clause 10.
- 35.2 RLM shall, at its own cost, be comprehensively insured for the greater of (i) replacement value and (ii) outstanding settlement value, noting FHS and/or its funder as first loss payee; gap/shortfall cover required and keep insured each Vehicle against loss, theft, damage, or destruction for the full replacement value, with a registered insurer approved by FHS.
- 35.3 RLM shall ensure that FHS and/or its Financial Institution (as directed by FHS) is noted as first loss payee on all such policies.
- 35.4 RLM shall furnish FHS with proof of such insurance within 7 (seven) days of written request by FHS.

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- 35.5 If RLM fails to provide proof of insurance, FHS may (but shall not be obliged to) insure the Vehicle, and recover the costs of the premiums from RLM.

36 ACCIDENTS AND INSURABLE EVENTS

- 36.1 For purposes of this clause, an "Insurable Event" has the meaning given in this Agreement and includes any event ordinarily insurable (including SASRIA risks).
- 36.2 Upon the occurrence of an Insurable Event, RLM shall immediately:
- 36.2.1 notify FHS, its insurer, and where applicable the South African Police Service, in writing, giving full and accurate details; and
- 36.2.2 complete and submit all claim forms and documents reasonably required by FHS and/or the insurer.
- 36.3 RLM shall deliver any damaged Vehicle to the place directed by the insurer or, failing an insurer, by FHS. RLM shall not authorise or undertake any repairs without written instructions from the insurer or, failing an insurer, FHS.
- 36.4 RLM shall continue to pay all rentals and other amounts due under this Agreement notwithstanding that a Vehicle is unavailable for use due to an Insurable Event.
- 36.5 RLM shall be liable for: (i) all excesses; (ii) any shortfall between insurance proceeds and amounts due to settle the Vehicle and related charges; and (iii) towing and ancillary costs to the extent not covered by insurance.
- 36.6 If a Vehicle is, in the opinion of the insurer (or its assessor) or FHS, damaged beyond economical repair, declared a total loss, or stolen and not recovered within twenty (20) days, the applicable Vehicle Contract shall be deemed cancelled and all outstanding amounts in terms of this Agreement shall become due and payable in accordance with the Notes to Pricing.
- 36.7 FHS is not obliged to provide a substitute or relief vehicle unless otherwise agreed in writing at RLM's cost.

37 REGISTRATION AND LICENSING

- 37.1 FHS shall assist with registration, initial licensing and annual renewals to the extent expressly provided in this Agreement, subject to reimbursement of any increased statutory fees in accordance with the Notes to Pricing.

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a stylized signature that appears to be 'H/P', a circular stamp or signature, and a large, bold signature that appears to be 'Bz'.

37.2 RLM remains responsible for compliance with all statutory vehicle display requirements (including licence discs and tokens), for COF where applicable, and for all fines, penalties, tolls and e-tolls arising from the use or operation of the Vehicles.

37.3 FHS shall not be liable for delays, penalties or additional costs caused by the Licensing/Traffic Authorities, system outages, or by any impediment on RLM's BRN/NATIS profile, provided FHS acted with reasonable care. Where an impediment exists, FHS may suspend performance of the affected licensing services until the impediment is removed.

37.4 Where fines management is provided, FHS may redirect fines to the responsible RLM Agent based on driver assignment data supplied or maintained by RLM (including driver tags). RLM warrants the accuracy and currency of such data via the Customer Portal and remains liable for any fines that cannot be redirected.

37.5 RLM indemnifies FHS against any claim, cost or liability arising from inaccurate, outdated or incomplete vehicle/driver details provided or maintained by RLM.

38 SAFEGUARDING OF VEHICLES PENDING BREACH

38.1 Without prejudice to any other rights of FHS under this Agreement, should RLM be in breach of this Agreement, FHS shall be entitled, on written notice, to require RLM to deliver any affected Vehicle(s) to such reasonable place as FHS may designate for safekeeping until:

38.1.1 RLM has remedied the breach; or

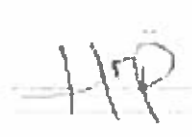
38.1.2 FHS has exercised its rights of cancellation or enforcement under this Agreement.

38.2 All risk in and to the Vehicle(s) shall remain with RLM notwithstanding any temporary possession by FHS or its agents for the purposes of safekeeping.

38.3 All costs of storage, safekeeping, insurance and redelivery shall be for RLM's account and payable on demand.

39. FUEL CARDS, PROPERTY, RISK AND FEES

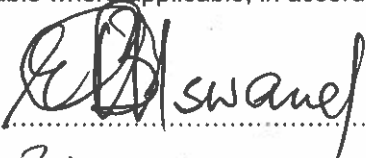
39.1 Any fuel card issued under this Agreement remains the property of FHS. Risk of loss, theft or damage to a fuel card passes to RLM upon delivery and remains with RLM until return of the card to FHS.


- 39.2 RLM shall promptly notify FHS of any lost, stolen, damaged or compromised fuel card and shall be liable for all transactions until such notification and card cancellation are effected. Replacement cards and associated administration shall be charged at FHS's prevailing rates.
- 39.3 The Monthly Fee (where applicable) in respect of a fuel card shall remain payable for the Contract Period notwithstanding card loss, theft or damage, and shall cease only upon return of the card or termination in accordance with this Agreement.
- 39.4 Fuel, top-up oil, toll transactions, transaction charges and any funding interest applicable to fuel/toll facilities are for RLM's account and shall be billed monthly in arrears.

40 EARLY TERMINATION BY RLM

- 40.1 RLM may terminate any Vehicle Contract only after twelve (12) months from the Contract Commencement Date of that Vehicle Contract, by giving three (3) calendar months' prior written notice to FHS.
- 40.2 Upon such termination, RLM shall pay FHS on demand:
- 40.2.1 all arrear rentals and amounts then due;
 - 40.2.2 the outstanding settlement balance on the vehicle financing; and
 - 40.2.3 an early termination penalty equal to a minimum of six (6) months' instalments, calculated in accordance with Annexure C (Notes to Pricing).
- 40.3 Any pro rata excess kilometre charges and make-good costs shall be additionally payable where applicable, in accordance with this Agreement and Annexure C.

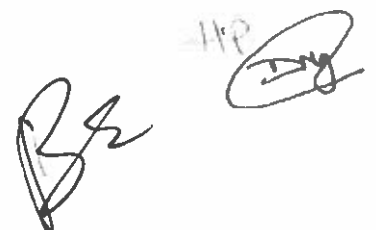
Signature:  Date: 19/09/2025

Full Names: BHEKANI ERROL MSWANE

Title: The Municipal Manager

As Witnesses:

1. Full Names: Nkosinathi Ngubane Signature: 

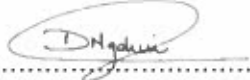


Title: Manager SCM

2. Full Names: Signature:

Title:

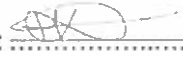
SIGNED for and on behalf of **FLEET HORIZON SOLUTIONS (PTY) LTD** by the signatory below who warrants that he/she is duly authorised.

Signature:  Date: 15/09/2025

Full Names: Dick Ngobeni

Title: CEO

As Witnesses:

1. Full Names: Hlamalani Msimeki Signature: 

Title: HR Executive

2. Full Names: Signature:

Title:



ANNEXURE A: FINANCE LEASE AGREEMENT

1. APPLICABILITY OF THE SERVICE LEVEL AGREEMENT

- 1.1 This Annexure, together with the terms and conditions of the Service Level Agreement ("SLA"), sets out the basis upon which FHS lets to RLM, who hires from FHS, the Finance Lease Vehicles described in the Schedules.
- 1.2 The provisions of this Annexure A are subject to all relevant legislation applicable in the local government environment.
- 1.3 The provisions of the Service Level Agreement are applicable and are specifically incorporated into this Annexure A and will apply *mutatis mutandis* to this Annexure. In the event of any inconsistency between this Annexure and the SLA or the Notes to Pricing, the provisions of the SLA and/or Notes to Pricing shall prevail.

2. INTERPRETATION

In this Agreement, clause headings are for convenience only, and shall not be used in its interpretation, and unless the context clearly indicates a contrary intention:

- 2.1 A word or expression that denotes:
 - 2.1.1 any gender includes the other genders;
 - 2.1.2 a natural person includes a juristic person and vice versa; and
 - 2.1.3 the singular includes the plural and vice versa.
- 2.2 The following words and expressions shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings, and other words and expressions derived from the same origins as those words and expressions (that is, cognate words and expressions) shall bear corresponding meanings:
 - 2.2.1 **"Agreement"** means this Full Maintenance Leasing Master Agreement together with all of its annexures, as amended from time to time, including the Schedules which are incorporated herein by reference and form an integral part hereof.

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- 2.2.2 **"Contract Commencement Date"** means the date on which the leasing of any Vehicle under any Schedule commences.
- 2.2.3 **"Customer Portal"** means the electronic platform which RLM can log into in order to view information and reports relating to the provision of the Tracking Services.
- 2.2.4 **"Delivery Note"** means the document signed upon delivery of a Vehicle acknowledging that such Vehicle has been received in good order and condition by the person accepting delivery on RLM's behalf.
- 2.2.5 **"Hardware"** means the vehicle tracking and monitoring equipment installed in the Vehicle, together with any associated firmware.
- 2.2.6 **"Replacement Value of the Vehicle"** means the depreciated value of the Vehicle, as determined by FHS and benchmarked against the prevailing market, together with any arrear payments due by RLM.
- 2.2.7 **"Returning the Vehicle"** means the delivery of any Vehicle by RLM to such person and place as stipulated by FHS in writing within the Richmond Local Municipality area, on termination of the Vehicle Contract to which it relates, whether by effluxion of time or otherwise, at RLM's own risk and expense, in good working order and roadworthy condition, fair wear and tear only excepted.
- 2.2.8 **"Schedule"** means a schedule issued by FHS to RLM in respect of a specific Vehicle after delivery of such Vehicle, which schedule shall form an integral part of this Agreement.
- 2.2.9 **"Service Level Agreement"** means the agreement to which this Annexure is attached as Annexure A.
- 2.2.10 **"Tracking Services"** means the vehicle tracking and monitoring services provided by FHS and/or its suppliers to RLM, including installation of the Tracking Device, supply of one driver ID tag per Vehicle, and access to monitoring and reporting functions via the Customer Portal. All data costs, replacement tags, and replacement units shall be for RLM's account.

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2.2.11 **"Tracking Device"** means the tracking unit installed in the Vehicle for the provision of the Tracking Services in terms of this Agreement, which includes the Hardware and associated firmware.

2.2.12 **"Vehicle"** means any motor vehicle, light delivery vehicle, truck, trailer, tanker and/or bowser leased by FHS to RLM under any Schedule.

2.2.13 **"Vehicle Contract"** means the individual Vehicle Contract in respect of each Vehicle described in each Schedule which comes into existence in relation to each Vehicle in respect of which a Schedule has been issued. Each Vehicle Contract consists of the Schedule, read together with the SLA, this Agreement, and the provisions contained in the Tender Document, and is subservient to the SLA.

2.3 Any words and expressions defined in the SLA to which this Agreement is attached as Annexure A and used in this Agreement shall bear the meanings assigned to such words and expressions in the SLA, unless otherwise defined in this Agreement.

3. FLEET DELIVERY AND RENTALS

3.1 Delivery of Vehicles

- 3.1.1 FHS shall deliver to RLM the full fleet of Vehicles awarded under this Agreement within the agreed delivery timelines.
- 3.1.2 Each Vehicle shall be delivered at the designated delivery location as specified by RLM.
- 3.1.3 At the time of delivery, authorised representatives of both Parties shall jointly inspect the Vehicle and sign a Delivery Note confirming that the Vehicle has been received in good working order, fit for its intended purpose, and free of defects.
- 3.1.4 Risk in and responsibility for each Vehicle shall pass to RLM upon signature of the Delivery Note, subject to the provisions of this Agreement.

3.2 Rental Payments

- 3.2.1 RLM shall pay to FHS the rentals set out in this Agreement in respect of each Vehicle, commencing from the date of delivery and acceptance of such Vehicle.

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3.2.2 All rentals and charges shall be invoiced monthly in arrears and shall be payable within thirty (30) days of the date of a valid tax invoice, by debit order or electronic funds transfer into the nominated bank account of FHS, without deduction or set-off.

3.2.3 Rentals are variable and shall adjust automatically in accordance with any increase or decrease in the prevailing Prime Rate.

3.3 Excess Kilometres

3.3.1 RLM acknowledges the kilometre allowance allocated per Vehicle as specified in the Agreement.

3.3.2 In the event that the total kilometres travelled by any Vehicle exceed such allowance, RLM shall pay the excess kilometre charges set out in this Agreement.

3.3.3 FHS may verify kilometre usage using odometer readings, maintenance records, or telematics data. Where the odometer is defective, FHS may reasonably estimate kilometres travelled in consultation with RLM.

3.3.4 RLM warrants that it shall not tamper with, or permit interference with, any odometer or mileage recording device installed in the Vehicles.

3.4 Restructuring of Rentals

3.4.1 FHS may, in appropriate circumstances and at its discretion, offer RLM restructuring alternatives in respect of rentals, limited to one (1) restructure every six (6) months, unless otherwise agreed in writing.

4. MAINTENANCE AND SERVICING

4.1 Except where any repair or replacement is necessary as a result of accident damage, abuse, negligence, or any use of the Vehicle in breach of this Agreement, FHS shall be responsible only for the cost of:

4.1.1 routine servicing of the Vehicle and repairs and maintenance for normal wear and tear strictly as covered by the OEM maintenance plan, excluding fuel, oils, lubricants, water, and consumables required between service intervals;

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- 4.1.2 repairs to and replacement of mechanical and electrical components expressly covered under the OEM warranty and/or maintenance plan;
- 4.2 RLM shall be responsible for the cost of:
- 4.2.1 repairs and maintenance of all items not covered by the OEM warranty and/or maintenance plan;
 - 4.2.2 any damage caused by accident, abuse, negligence, vandalism, theft, or any other insurable peril;
 - 4.2.3 repairs, servicing and maintenance of all ground-engaging parts, equipment and/or undercarriage of the Vehicles;
 - 4.2.4 the replacement of continuous track or chains for equipment that do not have normal wheels;
 - 4.2.5 all tyre-related costs (including replacement tyres, punctures, bursts, balancing and alignment) irrespective of cause, save only for fair wear and tear at contract termination
 - 4.2.6 any additional tyre sets required during the Contract Period, regardless of kilometres travelled;
 - 4.2.7 all consumables, lubricants, fuel, top-up oils, and fluids between service intervals.
- 4.3 FHS shall arrange servicing, repairs and maintenance through OEM-approved service centres, or an approved alternative if the Vehicle is outside its warranty period. RLM shall deliver and collect Vehicles at its own cost for such servicing or repair.
- 4.4 Where RLM makes payment of any amount claimable hereunder, it shall lodge its claim in writing with FHS, supported by a duly receipted invoice, within a reasonable time.
- 4.5 FHS shall have no maintenance responsibility after the Termination Date. Any maintenance carried out post-Termination Date without FHS's written authorisation shall be for RLM's account.
- 4.6 Any dispute as to responsibility for costs of service, maintenance or repair shall be referred to an expert appointed by the Director of the Retail Motor Industry or his/her

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nominee, whose determination shall be final and binding. The requesting Party shall carry upfront costs of referral, recoverable from the losing Party.

5. PERMITTED USE

5.1 RLM shall not permit the Vehicle to be used:

- 5.1.1 in contravention of any insurance policy terms;
- 5.1.2 for unlawful purposes;
- 5.1.3 by any driver without a valid licence for that class of Vehicle or in breach of road traffic legislation;
- 5.1.4 for transporting passengers for reward, driving tuition, motor sport or any dangerous activity.

5.2 RLM shall:

- 5.2.1 require its drivers to operate the Vehicles with reasonable care, diligence, and in accordance with the Vehicle manual;
- 5.2.2 take prompt corrective action if misuse or abuse of any Vehicle is identified;
- 5.2.3 maintain control of the Vehicles and immediately notify FHS if control is lost, taking all reasonable steps to recover the Vehicle at its own cost;
- 5.2.4 store Vehicles securely and take reasonable measures against theft, vandalism, or loss;
- 5.2.5 not permit Vehicles to leave the Republic of South Africa without FHS's prior written consent and proof of comprehensive cross-border insurance;
- 5.2.6 limit branding to municipal logos and remove all signage, decals or markings not approved by FHS before Vehicle return;
- 5.2.7 not install accessories or modifications without FHS's prior written consent. FHS may elect at termination to require removal at RLM's cost or to retain such accessories without compensation;
- 5.2.8 keep Vehicles in good working order and roadworthy condition at all times;
- 5.2.9 provide FHS with updated details of authorised drivers as changes occur;
- 5.2.10 comply with all laws relating to hire, licensing, registration, insurance and use of Vehicles;
- 5.2.11 permit FHS and/or its financiers to inspect Vehicles at reasonable times and premises where they are kept;
- 5.2.12 notify any landlord of rented premises that ownership of the Vehicles vests in FHS and/or its financiers; and

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5.2.13 ensure compliance with all OEM instructions for use and maintenance of the Vehicles.

- 5.3 If RLM reaches the contracted kilometre limit for a Vehicle prior to expiry of the Contract Period and declines any restructure offered by FHS, FHS may terminate the leasing of that Vehicle and require its immediate return, whereupon clause 15 (Return of Vehicles) shall apply.
- 5.4 If FHS reasonably believes that any Vehicle is likely to be under- or over-utilised by more than five percent (5%), RLM shall, when requested, sign a restructured Vehicle Schedule reflecting revised rentals commensurate with actual utilisation.
- 5.5 RLM acknowledges that it selected the Vehicles in accordance with the Tender specifications. FHS makes no warranty that the Vehicles are fit for RLM's specific applications. If, however, a Vehicle is established not to conform to the Tender specifications, FHS shall, within 10 Business Days of notice, take reasonably necessary steps to correct the non-conformance at no additional cost to RLM.

6. TRACKING DEVICE

- 6.1 Each Vehicle shall be fitted with a Tracking Device. FHS shall procure and install the Hardware prior to delivery of the Vehicle and shall supply one (1) driver ID tag per Vehicle at installation.
- 6.2 RLM may procure additional driver ID tags subject to FHS's quotation and approval.
- 6.3 RLM shall not remove, tamper with, or render the Tracking Device inoperable. RLM shall be responsible for all consequences and costs of any tampering, removal, or misuse of the Tracking Device, including the cost of replacement units.
- 6.4 All internet data, calls, and/or messages generated by or through the Tracking Device shall be for RLM's account, billed monthly in arrears.
- 6.5 All risk of loss, theft, or damage to the Tracking Device shall pass to RLM on delivery of the Vehicle and remain with RLM until return of the Vehicle.
- 6.6 Ownership of the Tracking Device shall at all times remain vested in FHS, notwithstanding that the Vehicle to which it is fitted may vest in RLM at the end of the Contract Period.

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7. GPS TRACKING SERVICES

- 7.1 The Tracking Device is installed for purposes of monitoring kilometres travelled and vehicle location in accordance with the Contract requirements.
- 7.2 FHS shall not be liable for any failure, interruption, or malfunction of the Tracking Device, save where such failure is caused by FHS's gross negligence.
- 7.3 RLM shall:
- 7.3.1 report to FHS any failure or malfunction of a Tracking Device of which it becomes aware;
 - 7.3.2 ensure its drivers do not tamper with the Tracking Device; and
 - 7.3.3 bear the cost of replacing any lost, stolen, or damaged Tracking Device.
- 7.4 The Tracking Device is subject to a standard limited thirty-six (36) month warranty covering hardware failures due to manufacturing defects only. Failures due to tampering, damage, or third-party interference shall be for RLM's account.

8. INSURANCE

- 8.1 RLM shall, at its sole cost, insure and keep all Vehicles comprehensively insured for the greater of (i) replacement value and (ii) outstanding settlement value, noting FHS and/or its funder as first loss payee; gap/shortfall cover required and keep insured each Vehicle against loss, theft, damage, or destruction, with a registered insurer approved by FHS for the duration of this Agreement.
- 8.2 Such insurance shall:
- 8.2.1 note the interest of FHS and/or its funding partners as first loss payee;
 - 8.2.2 include gap insurance / shortfall cover to cover any shortfall between the insurance pay-out and the settlement value; and
 - 8.2.3 be maintained for the entire Contract Period, proof of which shall be provided to FHS upon request.
- 8.3 RLM shall remain responsible for all costs, losses, or damages not covered by insurance, including insurance excesses.

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9. OWNERSHIP

- 9.1 Ownership of all Vehicles shall at all times remain vested in FHS and/or its appointed funders for the duration of the Contract Period.
- 9.2 Full ownership of the Vehicles shall transfer to RLM only upon final settlement of all amounts due under this Agreement, including rentals, interest, charges, and any applicable early termination fees, in accordance with the Notes to Pricing.
- 9.3 Until ownership transfers, RLM shall have no right, title, or interest in the Vehicles other than the right of use in accordance with this Agreement.

10. ACCIDENTS, LOSS AND DAMAGE

- 10.1 For the purpose of this clause, an "*Insurable Event*" shall mean loss, damage or destruction of a Vehicle caused by theft, accident, civil commotion, riot, political or labour disturbance, force majeure, or any other peril ordinarily insurable, including SASRIA risks.
- 10.2 RLM shall, upon the occurrence of an Insurable Event:
- 10.2.1 immediately notify FHS, the insurer, and where required, the police, in writing, giving full and accurate details; and
 - 10.2.2 complete all claim forms and provide documentation as required by FHS and/or the insurer.
- 10.3 RLM shall continue to pay all rentals and other amounts due under this Agreement notwithstanding that a Vehicle is not available for use due to an Insurable Event.
- 10.4 RLM shall be responsible for all insurance excesses and any shortfall between the insurer's payout and the outstanding settlement value of the Vehicle.
- 10.5 In the event that a Vehicle is damaged beyond repair, declared a total loss, or not recovered within twenty (20) days of being stolen, the relevant Vehicle Contract shall be deemed cancelled and all outstanding amounts shall immediately become due in accordance with the Notes to Pricing.
- 10.6 FHS shall not be obliged to provide a substitute or relief vehicle in the event of accident, loss, or damage, unless otherwise agreed in writing at RLM's cost.

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- 10.7 RLM shall be liable for the cost of all repairs arising from accidents, negligence, abuse, or damage not attributable to normal wear and tear or covered by the OEM warranty/maintenance plan.
- 10.8 All damages other than fair wear and tear shall be for RLM's account, and FHS shall be entitled to recover such make-good costs from RLM.

11. LICENSING AND REGISTRATION

- 11.1 FHS shall be responsible for the initial licensing and registration of all Vehicles and for annual licensing renewals for the duration of the Agreement.
- 11.2 RLM shall be liable for any additional fees or charges imposed by licensing authorities during the Contract Period, including certificate of fitness (COF) fees where applicable.
- 11.3 RLM shall be responsible for displaying all licence discs, certificates, and tokens as required by law, and shall ensure compliance with prevailing road transportation legislation.
- 11.4 RLM shall be liable for all e-toll charges, fines, penalties, and related administrative costs arising from the use or operation of the Vehicles. FHS may redirect such fines to RLM or, at RLM's cost, to the identified driver.

12. REPORTS

- 12.1 FHS shall, during the duration of this Agreement, provide RLM with access to monthly fleet management reports by no later than the seventh (7th) day of each month, in respect of the preceding month.

13. SAFEKEEPING OF VEHICLE PENDING REMEDY OF BREACH

- 13.1 Without prejudice to any other rights of FHS under this Agreement, should RLM be in default, FHS may, at its election, require RLM to deliver the Vehicle(s) to such place as FHS may designate for safekeeping until:
- 13.1.1 RLM has remedied the breach; or
- 13.1.2 FHS has exercised its rights of cancellation or enforcement under this Agreement.
- 13.2 All risk in the Vehicle(s) shall remain with RLM until Return of the Vehicle. All costs of storage, safekeeping, insurance, and redelivery shall be for RLM's account and payable on demand.

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14. RETURN OF VEHICLES UPON EARLY TERMINATION

- 14.1 Where a Vehicle Contract is terminated prior to the natural expiry of its Contract Period, and before full ownership has transferred to RLM in accordance with Clause 9, RLM shall be obliged to Return such Vehicle to FHS, in good working order and roadworthy condition, fair wear and tear excepted.
- 14.2 FHS or its representative, together with RLM or its agent, shall inspect each Vehicle upon Return and complete a written Vehicle Condition Report. Any costs to rectify defects identified in the report, excluding fair wear and tear, shall be payable by RLM on demand.
- 14.3 For purposes of this clause, *fair wear and tear* shall not include:
- 14.3.1 scrapes, scratches, abrasions, or damage to paintwork, bodywork, or chrome;
 - 14.3.2 damage to vehicle interiors, including carpets, trim, or fittings caused by cuts, burns, or stains;
 - 14.3.3 missing engine components, accessories, tools, or spare wheels;
 - 14.3.4 damage to tyre treads or sidewalls (including spare wheel);
 - 14.3.5 broken or cracked glasswork (windows, mirrors, lights, or lenses).
- 14.4 The cost of rectifying such excluded damage or missing items shall be payable by RLM to FHS on demand along with all necessary make good costs.

15. CLAIMS AND INDEMNITY

- 15.1 Subject to any other provision of this Agreement which specifically provides otherwise, RLM shall have no claim of any nature whatsoever under this Agreement arising out of or in any way directly or indirectly connected with the condition of the Vehicle as a consequence of any repairs to the Vehicle whether performed by FHS or on its behalf, or RLM's deprivation of the use of the Vehicle during repairs or for any other reason whatsoever, save that this shall not apply where such loss arises directly from FHS's gross negligence, wilful misconduct, or breach of this Agreement.
- 15.2 FHS shall not be liable:
- 15.2.1 for any loss or inconvenience caused to RLM by reason of any failure or delay in delivering the Vehicle to RLM;
 - 15.2.2 for any loss or damage to any property left in or upon the Vehicle after delivery to RLM or when the Vehicle is in the custody of FHS for any purpose under this Agreement;

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15.2.3 under any circumstances for any loss of profit or other consequential damages of any nature whatsoever, unless directly attributable to FHS's gross negligence or wilful misconduct.

15.3 Subject to the above, RLM indemnifies FHS in respect of any claim of any nature whatsoever which may be made against FHS arising directly or indirectly out of the use or misuse by RLM of the Vehicle under this Agreement or RLM's failure to carry out any obligations hereunder, provided that RLM shall not indemnify FHS against claims arising from FHS's own gross negligence, wilful misconduct, or breach.

15.4 Any reference to FHS in this Agreement shall include any agent, servant, employee or cessionary of FHS.

16. DISPUTED CANCELLATION

Should FHS cancel this Agreement for any reason whatsoever and RLM disputes such cancellation, RLM shall continue to pay all rentals and other amounts as they fall due during the period while such dispute exists. Should the dispute be decided or settled in favour of FHS, FHS shall be entitled to retain any such amounts paid by RLM as damages arising out of or as a consequence of such dispute.

17. COSTS AND EXPENSES

Pursuant to default by RLM, FHS shall be entitled to recover from RLM all reasonable legal fees, costs and disbursements on an attorney-and-own client scale, as well as all costs of locating, repossessing, storage and disposal of the Vehicle incurred by FHS, irrespective of whether action has been instituted or not.

18. REPRESENTATIONS BY FHS

18.1 Prior to signature of this Agreement, FHS may have had general discussions and/or made general disclosures and/or may have given general advice to RLM in the ordinary course of business relating to the subject matter of this Agreement and matters incidental thereto.

18.2 FHS does not warrant the correctness of any such discussions, disclosures or advice unless recorded in writing and formally submitted to RLM, and accordingly neither FHS nor its shareholders, directors, agents or employees ("indemnified parties") shall be liable for any losses, liability, damages and/or costs which RLM or any third party may suffer as a result of, or attributable to, such discussions, disclosures or advice, except

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where caused by FHS's gross negligence, wilful misconduct or fraudulent misrepresentation.

18.3 RLM:

18.3.1 indemnifies the indemnified parties against any claim arising out of RLM acting or failing to act on such discussions, disclosures or advice, save where caused by FHS's gross negligence, wilful misconduct or fraudulent misrepresentation;

18.3.2 shall not withhold or defer any amounts due under this Agreement for any reason whatsoever;

18.3.3 shall under no circumstances have any claim against the indemnified parties for consequential loss, save where caused by FHS's gross negligence, wilful misconduct or fraudulent misrepresentation.

19. GENERAL

19.1 Should any registration numbers or details not be known to FHS at the date on which RLM signs any Schedule, RLM consents to FHS inserting such numbers or details when they become known and agrees that such insertions will be binding.

19.2 Should either Party fail to comply with any of the provisions contained in this Agreement, the other Party shall be entitled to effect such compliance on the first-mentioned Party's behalf and to recover the reasonable costs of doing so from the first-mentioned Party on demand.

19.3 This Agreement, read together with the Service Level Agreement, constitutes the entire Agreement between RLM and FHS, and no variation shall be of any force or effect unless agreed to in writing by both Parties.

20. AUTHORISED REPRESENTATIVES

20.1 The Municipality appoints Mr M. Ntanzu as its Liaison Officer for purposes of monitoring services, issuing day-to-day instructions, receiving reports from FHS, evaluating performance delivered, and certifying invoices for payment for services duly rendered.

20.2 The Municipality warrants that the only person authorised to sign legal documents on behalf of the Municipality, including this Agreement, is Mr B.E. Mswane, Municipal Manager, who confirms his authority by signature hereof.

20.3 Any instruction, request, or documentation purporting to vary, amend, or waive the terms of this Agreement given by any other Municipal official shall have no force or effect unless confirmed in writing and duly countersigned by the Municipal Manager in

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terms of clause 20.2 above. FHS shall not be obliged to act on any such instruction unless and until the authority of that official has been formally verified and accepted by FHS.

- 20.4 FHS appoints Ms Pinkie Mandimo as its Liaison Officer for purposes of day-to-day communication, reporting, and coordination with RLM.
- 20.5 FHS warrants that Mr D. Ngobeni, in his capacity as Director, is duly authorised to sign this Agreement and any other legally binding documents on behalf of FHS.
- 20.6 Only the persons referred to in clauses 20.2 and 20.5 are authorised to execute documents which create, vary, or extinguish rights and obligations under this Agreement.

21. SCOPE OF THIS AGREEMENT

- 21.1 FHS shall provide RLM with a fleet of vehicles strictly in accordance with the Pricing Schedule and Notes to Pricing (Annexure C/D), which are incorporated into and form part of this Agreement.
- 21.2 In the event of any conflict between the specifications contained in this Agreement and the Pricing Schedule or Notes to Pricing, the Pricing Schedule and Notes to Pricing shall prevail.
- 21.3 The fleet to be supplied under this Agreement comprises the following:

21.3.1 Nine (9) Single Cab 4x4 LDVs

Make/Model: Isuzu D-Max 1.9 Ddi S/C HR L 4X4 P/U (or equivalent as tendered).

Key Specs: 1.9L engine (meeting OEM power output specification of 110kw), 4x4, diesel, manual transmission, power steering, air conditioning, immobiliser, tow bar, canopy (half-door), rubberising, 1-ton load capacity, alloy rims (17"), standard radio.

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond LM logo (driver/passenger doors and rear).

Licensing & Registration: Included in instalments.

21.3.2 One (1) Super Cab 4x4 LDV

Make/Model: Isuzu D-Max 1.9 Ddi E/Cab 4x2 HR LS MT (or equivalent).

HP 
BZ 

Key Specs: As per Pricing Schedule, 1.9L engine (substituted for tender's 2.2L, in line with Notes to Pricing confirmation).

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond LM logo (driver/passenger doors and rear).

21.3.3 One (1) 15-Seater Passenger Vehicle

Make/Model: Toyota Quantum Hi-Ace Ses'fikile 2.5D (or equivalent).

Key Specs: 16-seater, diesel, power steering, air conditioning, immobiliser, manual/automatic transmission per OEM spec.

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond LM logo (driver/passenger doors and rear).

21.3.4 Two (2) Hatchbacks (Traffic)

Make/Model: VW Polo GTI 2.0 (or equivalent).

Key Specs: 2.0L engine, petrol, power steering, air conditioning, immobiliser, Bluetooth, cruise control, electric windows, leather interior, automatic transmission, alloy rims.

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond Traffic Police logo and blue lights/siren (as approved).

21.3.5 Two (2) Double Cab 4x4 LDVs

Make/Model: Isuzu D-Max 1.9 Ddi LS D/C AT 4x4 P/U (or equivalent).

Key Specs: 1.9L engine, diesel, automatic transmission, 1-ton load capacity, power steering, air conditioning, immobiliser, spare wheel/tools, alloy rims (17").

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond LM logo (driver/passenger doors and rear).

21.3.6 One (1) Double Cab 4x4 (Community Services – Traffic)

Make/Model: Isuzu D-Max 1.9 Ddi LS D/C AT 4x4 P/U (or equivalent).

Key Specs: As per Pricing Schedule, fitted with canopy, tow bar, and blue lights/siren.

Plans: Warranty, service plan and maintenance plan (minimum 5 years /

HR
BS

90,000km).

Branding: Richmond LM logo and Traffic Police insignia (as approved).

21.3.7 One (1) Double Cab 4x4 (Community Services – Disaster)

Make/Model: Isuzu D-Max 1.9 Ddi LS D/C AT 4x4 P/U (or equivalent).

Key Specs: 1.9L engine, diesel, automatic transmission, fitted with tow bar, bull bar, canopy.

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

Branding: Richmond LM logo and Disaster Management insignia (as approved).

21.3.8 Two (2) SUVs equivalent to Toyota Fortuner 2.4 GD6 4x4 AT

Make/Model: Toyota Fortuner 2.4 GD6 4x4 AT (or equivalent).

Key Specs: 2.4L engine, diesel, automatic transmission, leather interior, smash & grab tint, nudge bar, tow bar, side steps, alloy rims (17"), full SUV fitment.

Plans: Warranty, service plan and maintenance plan (minimum 5 years / 90,000km).

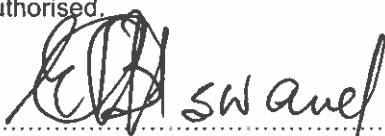
Branding: Richmond LM logo (driver/passenger doors and rear).

21.4 All warranties, service plans, and maintenance plans shall be in accordance with the Pricing Schedule and Notes to Pricing.

21.5 Delivery periods for vehicles shall be subject to availability at the time of order and shall be confirmed by FHS upon receipt of an official order.

SIGNED for and on behalf of **THE MUNICIPALITY** by the signatory below who warrants that she is duly authorised.

Signature



Date:

19/09/2025

Full Names:

BHEKANI-ERROL MSWANE

Title:

The Municipal Manager

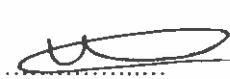
As Witnesses:

2.

Full Names:

Nkosinathi Ngubane

Signature:



Title:

Manager SEM

HP 

BE 

2. Full Names: Signature:

Title:

SIGNED for and on behalf of **FLEET HORIZON SOLUTIONS (PTY) LTD** by the signatory below who warrants that he/she is duly authorised.

Signature:  Date: 15/09/2025

Full Names: Dick Ngobeni

Title: CEO

As Witnesses:

1. Full Names: Hlamalani Msimeki Signature: 

Title: HR Executive

2. Full Names: Signature:

Title:

PRICING SCHEDULE – FINANCE LEASE

Item No	Description	Proposed Make and Model	Estimated Quantity	Standard Rate per 3000kms per UNIT per month (ex VAT)	Total Rate per Month (ex VAT)	Total Bid Price (ex VAT)	Rate per Km (After 3000km)
1	Acquisition of Bakkie 4*4 Single Cab	Isuzu D-Max 1.9 Ddi S/C HR L 4X4 P/U	9	20 838,87	187 549,84	11 252 990,34	n/a, all costs for client account
2	Acquisition of Bakkie 4*4 Super Cab	Isuzu D-MAX 1.9 Ddi E/Cab 4x2 HR LS MT	1	23 232,04	23 232,04	1 393 922,14	n/a, all costs for client account
3	Acquisition of Passenger Vehicle - 15 Passenger Seater	Toyota Quantum Hi-Ace Ses'Fikile 16 Seater 2.5D	1	20 328,25	20 328,25	1 219 695,13	n/a, all costs for client account
4	Acquisition of minimum 1.4 Hatch Back	VW Polo 2.0 GTI	2	20 156,20	40 312,40	2 418 744,21	n/a, all costs for client account
5	Acquisition of Double Cab 4*4	Isuzu D-Max 1.9 Ddi LS D/C AT 4X4 P/U	2	23 644,17	47 288,35	2 837 300,87	n/a, all costs for client account
6	Acquisition of Double Cab 4*4: Disaster	Isuzu D-Max 1.9 Ddi LS D/C AT 4X4 P/U	1	24 217,49	24 217,49	1 453 049,49	n/a, all costs for client account
7	Acquisition of Double Cab 4*4: Traffic	Isuzu D-Max 1.9 Ddi LS D/C AT 4X4 P/U	1	25 432,23	25 432,23	1 525 934,08	n/a, all costs for client account
8	Acquisition of SUV equivalent to Toyota Fortuner	Toyota Fortuner Fortuner 2.4 GD6 4X4 AT	2	25 823,43	51 646,86	3 098 811,65	n/a, all costs for client account
	Sub-Total				420 007,47	25 200 447,91	
	VAT				63 001,12	3 780 067,19	
	Total Amount				483 008,58	28 980 515,09	

NOTES TO PRICING – FINANCE LEASE

1. Definitions:
 - 1.1. Service Provider – Fleet Horizon Solutions (Pty) Ltd.
 - 1.2. Client – Richmond Municipality.
 - 1.3. Contract Type – Finance Lease (FL).
 - 1.4. Contract Period – 60 months.
 - 1.5. Contract Mileage – 180 000km.
2. The Service Provider's offer is based on the following scope:
 - 2.1. Acquisition of fleet on a finance lease agreement for a period of 60 months.
3. The quotations have been based on the parameters as detailed in the pricing schedules attached and can be further revised to accommodate the requirements of the Client from time to time;
 - 3.1. Any change to the contract parameters will have an impact on the quoted amounts;
4. Quoted prices are based on a minimum of 19 vehicles with a prescribed minimum contract period of 60 months as detailed in the tender terms of reference. Should there be a variance of more than 10% in the number of units required or the scope of work, the Service Provider reserves the right to revise the quoted price of all services;
5. The quoted prices are valid for a period of 90 days from date of submission, being 17 September 2024;
6. Prices are firm for the duration of the validity period as required by the RFP;
7. The Service Provider's vehicle selection criteria are based on the tender specifications and the requirement by the Client for the provision of reliable and readily available fleet to ensure the successful execution of the relevant service delivery mandates and objectives, and as such, the Service Provider does not guarantee that the vehicles requested by the Client are fit-for-purpose for the Client's operations;
8. The total bid price considers the requirement for the selected Service Provider to have access to reliable infrastructure, personnel, systems, process, and funding necessary to ensure the timely and successful implementation, management, servicing, support, and delivery of the contract;
9. The Finance Lease offer is:
 - 9.1. Inclusive of the following elements:
 - 9.1.1. Sourcing, procurement, and delivery of the required vehicles as per the RFP specifications, including:
 - 9.1.1.1. Initial licensing and registration fees, and annual licensing;
 - 9.1.1.1.1. The Client shall be liable for the COF fees where applicable;
 - 9.1.1.2. Delivery fees have been included in our quotations for delivery of the vehicles to the respective sites as stipulated in the Tender Terms of Reference. In the event of delivery not taking place due to reasons emerging from the Client, any additional delivery costs incurred, if any, will be for the Client's account;
 - 9.1.1.3. Deviations:
 - 9.1.1.3.1. LDV minimum engine capacity of 2.2L – proposal is based on 1.9L engine capacity as it meets the power output specifications;
 - 9.1.1.3.2. LDV minimum engine capacity of 3.0L – proposal is based on 1.9L engine capacity as it meets the power output specifications;
 - 9.1.2. Procurement and initial installation of a vehicle tracking and monitoring technology:
 - 9.1.2.1. The Service Provider will supply 1 driver ID tag per vehicle upon installation of the systems, however, the Client can procure additional driver tags subject to the approval of a quotation;
 - 9.1.2.2. The Client shall be liable for the cost of all internet data, calls and/or messages on the systems, with an invoice submitted monthly in-arrears;
 - 9.1.2.3. The Client shall also be responsible for the cost of replacing lost or damaged units;
 - 9.1.3. Deployment of a Fleet Management System that will load vehicles, permit repairs and maintenance authorisations, and maintain comprehensive repair, service and maintenance data and transactional history of each vehicle or equipment;
 - 9.1.4. Routine servicing and maintenance for normal wear and tear covered by the maintenance plan in accordance with the Original

Equipment Manufacture's (OEM) standards/ specifications:

- 9.1.4.1. Brakes – 45000km intervals for normal wear and tear;
- 9.1.4.2. Battery – 24 months intervals for normal wear and tear;
- 9.1.4.3. Clutch – 120000km intervals for normal wear and tear;
- 9.1.4.4. Shocks – 120000km intervals for normal wear and tear;
- 9.1.4.5. Wiper Blades – 24 months intervals for normal wear and tear;
- 9.1.4.6. Lubricants – per service intervals (Client shall be liable for the cost of lubricants in-between services);
- 9.1.4.7. Cam-belt – 90000km intervals for normal wear and tear;
- 9.1.4.8. Light-bulbs – 24 months intervals for normal wear and tear;
- 9.1.5. Deployment of fuel and toll cards for the payment of fuel, oil and toll transactions (R500 000 revolving credit limit);
 - 9.1.5.1. The cost of fuel, top-up oil, tolls, transaction charges and funding interest shall be for the Client's account and billed monthly in arrears;
 - 9.1.5.2. It is assumed that the installations, repairs, and any de-installations/re-installations will take place at the Client's main depot or head office, and as such, the Client shall be liable for cost of travelling for the Service Provider's technicians, agents and/or personnel if vehicles are not brought to the Central Depot at a rate of R5,50 per kilometre.
 - 9.1.5.3. The Client shall also be responsible for the cost of replacing lost or damaged units/ cards, including delivery charges thereof;
 - 9.1.5.4. The Client shall also be liable for a 15% surcharge on actual fuel spend every month;
- 9.1.6. Breakdown and roadside assistance, excluding accident towing, for all vehicles with less than 3.5Tons of Gross Vehicle Mass (GVM):
 - 9.1.6.1. Assistance for vehicles and/or equipment with GVM > 3.5Tons will be subject to the approval of a quote by the Client prior to the commencement of work;
- 9.1.7. Provision of initial end-user training, at the Client's premises, on accessing and using the online system to a maximum of 05 selected Users within 1 month after implementation of the contract:
 - 9.1.7.1. Training for additional users, over and above the quantity provided for in this proposal, and/or refresher training will be for the Client's account;
 - 9.1.7.2. The Client shall be liable for the cost of meals, accommodation, venue bookings, travelling and any other consumables other than the training materials and instructors for each training;
- 9.1.8. Call Centre services for remote support;
- 9.1.9. Fleet administration and performance reporting;
- 9.1.10. Contract manager and team to ensure the smooth implementation and running of the contract;
- 9.1.11. Transfer of vehicle ownership to the Client at the end of the contract:
 - 9.1.11.1. Ownership of the assets shall vest with the Service Provider and/or any of its appointed agents for the duration of the funding period and will only pass to the Client after the full and final settlement of all amounts in terms of the Instalment Sale Agreement.
- 9.2. Exclusive of:
 - 9.2.1. Repairs and maintenance for all parts not covered by the warranty and/or maintenance plan as submitted in the bid proposal, damage not due to normal wear but rather due to accidents, abuse, negligence and/or theft;
 - 9.2.2. Facilitating and managing the procurement of ad-hoc rental vehicles from relevant and appropriate ad-hoc vehicle rental suppliers on behalf of the Client;
 - 9.2.3. Provision of replacement tyres at 45000km intervals for normal wear and tear;
 - 9.2.4. Comprehensive insurance for all vehicles supplied for the duration of the contract;
 - 9.2.5. Provision of temporary relief/ replacement vehicles (limited to maximum 30 days per vehicle per annum) for vehicles out-of-service/ commission for longer than 3 days due to mechanical repairs;
 - 9.2.6. Facilitating and managing the provision of driver/ operator training;

- 9.2.7. Vehicle cleaning and washing services to ensure that the vehicles are clean and portray a professional image of the Client;
- 9.2.8. Disposal of vehicles at the end of the contract;
- 9.2.9. Fines administration;
- 9.2.10. Provision of fleet advisory, assessment and audit as and when required subject to the approval of a quote before work commences;
- 9.2.11. Provision of fleet disposal management as and when required subject to the approval of a quote before work is commences;
- 9.2.12. Procurement and initial installation of fuel management technology (anti-syphoning hardware);
- 9.2.13. The establishment and resourcing of an on-site office with a dedicated on-site Fleet Administrator to ensure close integration with the Client's internal fleet management operations;
- 9.2.14. Procurement and initial installation of electronic fuel management technology;
- 9.2.15. Repairs and maintenance for all ground engaging parts of the vehicle or equipment, including the undercarriage of vehicles or equipment. All costs will be for the Client's account;
- 9.2.16. Procurement and installation of onboard camera;
- 9.2.17. Procurement and installation of in-cab display unit for messages and voice communication with driver.
- 9.2.18. Procurement and initial installation of electronic speed control;
- 9.2.19. Accident and insurance management for the Client's own vehicles;
- 9.2.20. Provision of managed maintenance for the Client's own vehicles;
- 9.2.21. Cost of replacing lost, stolen or damaged cards as and when required;
- 9.2.21.1. This will be for the Client's account.
- 9.2.22. Provision of any other services not stipulated in 9.1 above.
- 10. These pricing notes qualify and give detail to the pricing as contained in the pricing schedules. Thus, these notes and the pricing schedules shall always be read together and be inextricably intertwined. All pricing contained in the pricing schedule in addition to pricing contained in these notes to pricing are applicable to the delivery of the RFP requirements;
- 11. A disbursement fee, at the Service Provider's discretion, of 12.5% will be levied on all payments made on behalf of the Client;
- 12. All award letters will be subject to approval by the Credit Committee and Board of Directors of the Service Provider, and/or the granting of a funding facility by a registered financial institution;
- 13. The Finance Lease (FL) quotations are based on a VARIABLE interest rate option, and as such, the monthly rental will increase/decrease as the prime lending rate fluctuates from time to time;
- 13.1. The Interest rates quoted are based on the prevailing and publicly quoted Prime overdraft rate of the Financial Institutions.
- 13.2. By nature, Financial Institutions are affected by the movements in the credit markets. The actual rate will be based on the prevailing prime lending rate at the time the advance / drawdown is made. And as such, any significant change in the cost of funds will result in a change in the rate charged to the Client.
- 13.3. All interest rates quoted are indicative as of 13 September 2024 (reference date) and reflect market conditions as at that time and may change because of market fluctuations.
- 13.4. All proposed rates quoted are based on the RFP and assumptions derived from the Client's Financial Statements, Budgets, Capex Plan and information regarding the underlying transaction.
- 13.5. The Service Provider reserves the right to review the quoted pricing should any of the assumptions used change.
- 13.6. The Service Provider will endeavour to inform the Client of the change in rate as soon as practically possible.
- 13.6.1. The Service Provider's only responsibility will be to inform the Client of the rate change and the approval from the Client is not required to permit the Service Provider to change the rate.
- 14. The Client will be required to enter into a Commercial Agreement that will govern the relationship between the Service Provider and the Client, prior to the implementation or delivery of any works as part of the contract;
- 15. Firm delivery dates, largely dependent on the type of vehicle and/or equipment ordered, will be confirmed at the time of placing an official order by the Client after the signing of the Master Agreement and/or Service Level Agreement;
- 16. The Client shall be responsible for providing comprehensive insurance (insured at the maximum of the retail vehicle price and/or capital settlement whichever is the higher) for all the vehicles for the duration of the contract. It is recommended to include gap insurance / shortfall

cover to hedge against the shortfall liability;

- 16.1. The interest of the Service Provider and/or any of its partners shall be noted on the insurance policy, proof of which must be provided to the service provider as and when required;
- 16.2. The Service Provider shall be noted as a first loss payee on the insurance policy;
17. All equipment offered are subject to availability at the time of an official order from the Client;
18. All guarantees and warranties provided are standard as per the original equipment manufacturers (OEM) recommendations;
19. The warranty is subject to all repairs being performed by the Service Provider's technicians or their appointed agents aligned to OEM stipulations;
20. The Client shall not fit any accessories onto the vehicles without prior approval and consent of the Service Provider. Any damage to the vehicles and equipment because of third party work on the vehicles; the repair costs thereof will be for the Client's account;
21. All kilometres travelled in excess of the contracted maximum kilometres will be charged at the applicable excess kilometre rate;
22. All vehicles supplied will comply with the road traffic act ordinance and relevant laws of the Republic of South Africa at the time of delivery. However, should the law change, any additional costs incurred for the running of the fleet will be for the Client's account;
23. All routine daily inspections will be the responsibility of the Client's nominated representatives;
 - 23.1. The Service Provider will conduct routine inspections as part of its preventative maintenance policy and programme to ensure that the vehicles are well maintained;
24. When vehicles are returned to the Service Provider at the end of the contract, the Client will be responsible for all damages other than normal wear and tear on the vehicle, with a make good cost recovery invoice submitted to the Client for payment unless if the Client repairs same via their insurance;
 - 24.1. The Client will need to return each vehicle with a minimum 2mm tread depth on each tyre at the end of the contract;
25. Should the Client wish to terminate the lease or request any of the vehicles to be withdrawn from service before the contract has run its full course, i.e. the contract period, either due to the Client having exceeded the permissible contract mileage or any other operational, strategic and financial considerations, the following conditions and process will need to be complied with:
 - 25.1. The Service Provider, any time after 12 months from date of delivery of each asset, requires three (3) calendar month written notification of the Client's intention to terminate any vehicle contract early;
 - 25.2. All overdue instalments will need to be settled;
 - 25.3. The outstanding balance on the loan plus an early termination penalty, equivalent to a minimum of six (6) months instalments, will become due and payable to give effect to the transfer of ownership of the vehicle;
 - 25.4. Should the early termination of any vehicle contract be due to instances where a vehicle is stolen or written off:
 - 25.4.1. The Client shall be responsible for the short fall or gap between the insurance pay-out and the vehicle settlement amount.
 - 25.4.2. Subject to the Client's approval, a new replacement vehicle can be provided for the remainder of the contract period based on new pricing to be calculated at the time of procurement. The new pricing might be higher than the vehicle being replaced due to the shortened contract period.
26. Invoices will be submitted monthly in-arrears;
 - 26.1. Payment terms are strictly within 30 days from date of invoicing via debit order;
 - 26.2. Interest will be charged on all overdue amounts at 24.5%;
27. The notes to pricing will form part of the Service Level Agreement (SLA);
28. All values are quoted including VAT unless otherwise stated;
29. The Service Provider requires 21 working days to process orders prior to the expiry of the offer validity period to place orders with suppliers within the validity period, failing which the Service Provider reserves the right to review the quoted prices of all the services offered;
30. The bid proposal is based on vehicles being used on tarred or paved roads for at least 90% of the time, failing which the Service Provider reserves the right to review the quoted prices of all the services offered;
31. The bid proposal assumes that at least 100% of the total contract will be awarded to the Service Provider, failing which the Service Provider reserves the right to review pricing submitted based on the portion of the contract awarded at the time of award;
32. The Financial Institutions' normal / standard commercial terms and conditions governing Finance Lease agreements are applicable;
33. The Service Provider's normal / standard commercial terms and conditions governing Finance Lease agreements are applicable;

34. In the context of this submission, the Service Provider defines abuse as follows: *"Any cost incurred for the repair of a vehicle due to damage caused in the operation of the vehicle, (excluding repair costs which are attributable to insurable events / incidents), which costs are incurred as a consequence of any act or omission of the driver or occupant of any leased vehicle or ad hoc vehicle, which arises out of wilful or negligent conduct of such person."*
35. Although the information in this pricing schedule and notes to pricing is presented in good faith and believed to be correct at the time of printing, the Service Provider makes no representation or warranties as to the completeness or accuracy of this information and reserves the right to amend any inaccuracies, reasonably omitted or ignored in this response.
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