

**ENSafrica**

150 West Street  
Sandown Sandton Johannesburg 2196  
P O Box 783347 Sandton South Africa 2146  
doceX 152 Randburg  
tel +2711 269 7600  
info@ENSafrica.com ENSafrica.com

EOH Holdings Limited

By email:

8 February 2018

our ref

your ref  
date

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Dear

**RE: EOH HOLDINGS LTD (“EOH”) – PROJECT A: ACTION PLAN FOR WORK STREAMS 1, 2 AND 3**

1. We refer to the above matter and our meeting with yourselves on Tuesday, 6 February 2018.
2. During the meeting we clarify the scope of our mandate and in order to ensure that there is alignment, we have prepared the below action plan to detail the specific steps and timeframes we envisage for our engagement.
3. **WORK STREAM 1 - INVESTIGATION INTO THE ALLEGATIONS AGAINST**

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#### 4. WORK STREAM 2 – MONITORING MATERIAL PUBLIC SECTOR ENGAGEMENTS

4.1. Work stream 2 entails acting as a monitor for EOH in respect of material public sector engagements. This work stream is dealt with in paragraph 6.18 of our mandate letter dated 19 December 2017, which reads as follows:

*“6.18. Oversight of public sector engagements and contracts – We will exercise independent oversight of material public sector engagements and contracts to further strengthen EOH's corporate governance. In addition, EOH may elect to engage us to review material historical public sector contracts (if and when required).”*

4.2. We have been advised by [redacted] that EOH has undertaken a preliminary assessment of material public sector engagements under an initiative called Project Wise Owl. We also understand that certain remedial steps have been taken to increase the degree of compliance oversight in respect of material public sector engagements.

4.3. EOH has announced to the market that it has engaged ENS to independently monitor material public sector engagements, and it is important that we take steps to fulfil our role as an independent monitor. Pursuant thereto, we would propose taking the following steps:

- obtaining and reviewing the report on Project Wise Owl;

- engaging with . . . to understand the current system in place to monitoring public sector engagements;
- obtaining the relevant policies, procedures and key communications that govern the manner in which public sector engagements are dealt with by EOH and its subsidiaries;
- assessing and advising on the criteria used to define what constitutes a material public sector engagement;
- advising on the enhanced measures to be taken in respect of material public sector engagements;
- attending at relevant internal meetings during which material public sector engagements are considered to observe the processes; and
- conducting high-level reviews of the processes followed, and decisions made, by subsidiaries in the Group when pursuing material public sector engagements during the period of independent monitoring.<sup>1</sup>

4.4. For the sake of clarity, our role will not be to repeat the work performed by the existing functionaries and responsible persons within EOH. Our role will be to assess the system in place, monitor its implementation, and provide guidance on potential improvements that may be made by EOH. The employees of EOH and its subsidiaries will remain responsible for the processes implemented and the decisions made.

4.5. In order for the monitoring role to be meaningful, we suggest that a period of 6 months is agreed to at the outset.

## 5. WORK STREAM 3 - ENHANCING THE ABC COMPLIANCE PROGRAMME OF EOH

5.1. We refer to our mandate letter dated 19 December 2017. Work stream 3 entails advising EOH on the steps that should be taken to enhance its anti-bribery and corruption (“**ABC**”) compliance programme. This work stream is dealt with in paragraph 6.16 of our mandate, which reads as follows:

*“6.16. Enhancements to the EOH anti-bribery and corruption (“ABC”) compliance programme – We will provide EOH with suggested enhancements for their ABC compliance programme which may include, a review of relevant policies and procedures for gifts and entertainment, enhanced due diligence on business partners, ABC training for business partners, review of ABC contract clauses for business partners and the exercising of audit rights on business partners.”*

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<sup>1</sup> We will not review each and every material public sector engagement during the period, but will endeavor to check a reasonable sample of engagements

5.2. From our preliminary assessment of the ABC compliance programme of EOH, there are gaps in terms of the measures that a regulator would expect EOH to implement. An omission to address these gaps timeously could result in legal risk for EOH and its senior management team, and in view thereof, we strongly recommend that the enhancement process is pursued. We understand that it is a secondary aspect to the first two workstreams. We would suggest that a phased approach is adopted, as detailed below.

5.3. Phase 1 – Understanding the organisation and setting objectives

5.3.1. At the outset, it is important for us to gain a proper understanding of EOH and for the senior management of the Group to agree to specific objectives that will be accomplished through the enhancement of the ABC compliance program. During this phase, we will seek to understand the following:

- the organisational structure of EOH and its subsidiaries;
- the management and integration of subsidiaries into the Group;
- the key stakeholders at a Corporate Head office level, and within the different Business Units; and
- the jurisdictions in which the businesses operate (to assess the legal and regulatory landscape).

5.3.2. We have already obtained certain of the information required. We will analyse what has been provided to us and engage with Joy Sykes (“**Joy**”) to clarify issues that are not clear and to obtain additional information.

5.3.3. In order to agree to specific objectives, we will need to engage with yourselves, as well as the Social and Ethics Committee, to formulate the objectives that EOH will seek to achieve through the enhancement of its ABC compliance program. This is an important step as it will determine the approach adopted throughout the process, and particularly the extent to which a uniform approach will be adopted in implementing ABC controls throughout the Group.

5.4. Phase 2 - Analysis of existing ABC compliance program

5.4.1. In order for us to guide EOH on potential enhancements to its ABC compliance program, we need to understand the existing compliance program and measures that are already in place. During this phase, we will seek to understand the following:

- the key controls currently in place, including relevant policies and procedures, ABC training, methods of communicating the tone from the top, due diligence processes, and the steps pursuant to ongoing monitoring and review;

- the compliance function including staffing, reporting lines, access to the organisation and funding; and
- ancillary bodies and functions such as the Social and Ethics Committee and Internal Audit.

5.4.2. We have again received certain of the information required and will seek to analyse what has been obtained and engage with Joy to clarify relevant issues and to obtain further information. We will also need to engage with other parts of the organisation, such as Internal Audit and an appropriate member of the Social and Ethics Committee (alternatively a person who is familiar with the functioning of the Committee, such as the Company Secretary).

### 5.5. Phase 3 – Risk assessment

5.5.1. Basing an ABC compliance program on a risk assessment is essential to ensure that an organisation may allocate resources efficiently to address higher risk areas. We understand that EOH has not yet conducted a formal ABC risk assessment.

5.5.2. There will be a degree of overlap between the assessments conducted by us, and the steps that would ordinarily form part of a risk assessment. During this phase we will take specific steps to gather the additional information required to prepare a high level risk assessment of the Group. Pursuant thereto, we will prepare an information gathering template that will be distributed to the different businesses of EOH and we will work together with Joy to collate the responses. We will analyse the information gathered and prepare the high level risk assessment report for the Social and Ethics Committee. This report must be documented to evidence the fact that EOH has conducted an ABC risk assessment.

### 5.6. Phase 4 – Gap analysis and action plan

5.6.1. Based on the outcomes of the earlier phases, we will prepare a gap analysis detailing specific areas where EOH can improve its ABC compliance program based on the agreed upon objectives, and an action plan to guide EOH on the next steps it should pursue.

5.6.2. The gap analysis and action plan can be presented to the Social and Ethics Committee in the form of a presentation, or recorded in a report (whichever option is preferred by EOH).

5.7. We are cognizant of the fact that the ABC enhancement is not the priority area of focus for EOH at this stage. We suggest that this process is only commenced in March 2018. Assuming that there are no unforeseen delays, the process should be completed within 3 months of commencing.

6. We look forward to your feedback in respect of the above. Please do not hesitate to contact us, should you have any queries.

Kind regards

*(unsigned copy due to electronic transmission)*

**ENSafrica**

Per: