

Overview of Forensic, Governance & Compliance Support to the EOH Group

Presentation to EOH Customers and Stakeholders




4 February 2019


AFRICA

The ENS mandate from EOH


Three work Streams

- ✦ **Work stream 1:** Fact-finding review of the commercial activities of the
Establish whether there is any exposure to
EOH arising out of the allegations against
 - ✦ **Work Stream 2:** Review EOH's Governance framework regarding public
sector contracts and recommend enhancements thereto.
 - Oversight review of EOH's public sector contracts.
 - Review the public sector bidding process with a view to ensuring that
it is effective and recommend enhancements thereto.
 - ✦ **Work stream 3:** The performance of a general review of the Group
Regulatory Compliance framework – to strengthen and enhance existing
anti-corruption compliance controls.
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Work stream 1: the GCT fact finding review

- We have completed our work on the fact finding review of the commercial activities of the [redacted], which was performed in order to determine potential exposure to EOH arising out of the allegations against [redacted]
 - We can categorically state that we have not identified any evidence implicating the EOH Group of complicity, awareness or condonation of any potential illicit activity at the [redacted]
 - The allegations relate predominantly to historic tenders won by [redacted], before they became part of the EOH group.
 - In the event that a criminal prosecution ensues as a result of the allegations, it is likely to focus on [redacted] and his companies and there is minimal exposure, if any, to the EOH group. Confirmed by counsel.
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Work stream 2: Review of EOH's governance framework regarding public sector contracts

- The next area that we have provided support to EOH relates to a review of EOH's Governance framework regarding public sector contracts.
 - This included an oversight review of EOH's public sector contracts as well as the EOH public sector bidding process with a view to ensuring that it is effective, compliant with government procurement prescripts and consistent with procurement best practice.
 - We have made several recommendations to further strengthen governance and compliance in this area. Additionally, over the past six months we have been providing on-going risk based, monitoring and oversight support on public sector tenders and pitches in order to ensure that EOH manages its public sector engagements optimally.
 - Furthermore, several anti-corruption compliance initiatives, which are being implemented as part of the broader regulatory compliance initiative, (set out in the ensuing section below), will further strengthen and optimize EOH controls regarding interactions with the public sector.
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Work stream 3: General review of the Group Regulatory Compliance framework

- We have made significant strides regarding the performance of a general review of the Group Regulatory Compliance framework, to further strengthen and enhance existing anti-corruption controls.
 - In order to further and optimize the EOH Group Regulatory Compliance framework, ENS Africa is assisting EOH with adopting and implementing the key principles of ISO 37001: the ISO standard for Anti-Bribery Management Systems (ABMS) in light of the fact that EOH operates internationally and needs to also ensure that it complies with international laws and regulations.
 - By adhering to the above principles, EOH will be able to ensure that it complies with the anti-corruption compliance requirements set out in Regulation 43 of the South African Companies Act (No. 71 of 2008). It will also ensure that the group is able to withstand scrutiny by a global regulator.
 - The six principles that EOH is in the process of implementing to ensure consistency across its business structures are as follows:
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Workstream 3 contd:

- **Proportionate procedures**, reaffirming its anti-bribery and corruption policy and controls (ABC); (Completed)
- **Tone from the top** – leadership commitment to anti-bribery and corruption compliance; (completed)
- **Risk Assessment** – EOH has mandated ENSafrica to perform a risk assessment on the business to ensure that the Group has identified all the associated material risks and the mitigating steps it has in place, to minimise any potential risks; (Nearing completion)
- **Due diligence** – the group has strengthened its risk based due diligence process to ensure that people and business partners are appropriately screened. (Implemented and ABC Due diligence on large transactions have been outsourced to ENS);
- **Training** and communication on ABC compliance. ENSafrica is assisting EOH with ABC training to all of its divisions and subsidiaries; (In Progress)and,
- **On-going monitoring** of ABC risks. ENSafrica is supporting EOH with its processes and procedures to continuously monitor corruption risks to the business and to assist EOH with the effectiveness of their compliance program. (In progress)

Eskom SENS re reportable irregularities

- On 28 January 2019, L published a list of its reportable irregularities, two of these referenced allegations related to EOH:
 - There were allegations that the 1) and other senior officials in procurement were involved in acts of misconduct involving EOH.
 - A member of the board and Audit and Risk committee () did not declare a conflict of interest and did not recuse himself on deliberations involving the supplier (EOH)
 - Eskom did not reveal at the time that it had previously investigated both matters and had cleared EOH
 - We also investigated both allegations at the time, on behalf of EOH and confirmed that there was no impropriety on the part of EOH
 - On 31 January published a clarification SENS, confirming that the investigations were closed, EOH were cleared and continue to provide services to
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Eskom Clarification SENS

204 2 Messages
FYI - ESKOM SENS (31 Jan)

To: Stephen Van Coller > Hide
Debbie Millar >


ESKOM HOLDINGS SOC LIMITED - Further Clarification on Reportable Irregularities as at 30 September 2018
Release Date: 31/01/2019 17:45

ESKOM HOLDINGS SOC LTD
JSE CODE: BIESKM
DATE: 31 January 2019

FURTHER CLARIFICATION: REPORTABLE IRREGULARITIES – 30 SEPTEMBER 2018.

Further to the SENS announcement issued by Eskom Holdings SOC Ltd ("Eskom") on 28 January 2019, in compliance with its mandatory obligations in terms of section 7.18(c) of the JSE Debt Listings Requirements regarding reportable irregularities for the period 1 April 2018 to 30 September 2018, Eskom confirms that post 30 September 2018 the reportable irregularities pertaining to EOH were subsequently closed and EOH was cleared and continues to provide services and solutions to Eskom on an ongoing basis.

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Concluding thoughts

- EOH has responded positively to the alleged unethical activities at the [redacted] and as conveyed above, the exposure to the group as a result of those activities, is minimal.
- Importantly, EOH has recognized that there is scope to further strengthen its activities in the public sector and mandated us to review the internal processes, as well as to perform an oversight role. Our recommended enhancements have been accepted and implemented.
- Furthermore, EOH has recognised that there is some scope to improve and enhance its regulatory compliance framework to ensure good governance and to minimise the potential risk posed to the business by unethical employees and/or business partners. Due diligence processes have been significantly enhanced.
- We believe that these responses by EOH to the media reports relating to [redacted], demonstrates that EOH's GRC framework is robust and resilient and that the Group is committed to good corporate governance.



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