

# Affidavit

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I, the undersigned,

**Stephen van Coller**

do hereby make oath and say that:

## Introduction

1. I am currently the Group Chief Executive Officer ("**CEO**") at EOH Holdings Limited ("**EOH**") and make this submission in this capacity.
2. EOH is a public company incorporated in accordance with the laws of the Republic of South Africa, with its operations situated at EOH Business Park, Gillooly's View, Osborne Lane, Bedfordview. EOH is the largest Information, Communication and Technology (ICT) company in Africa, and plays an important role in the South African economy.
3. Unless otherwise indicated, the facts contained in this affidavit are within my personal knowledge, or arise from documents under my control, and are, to the best of my knowledge and belief, true and correct.
4. I have a B.Com (Hons) from Stellenbosch University, a Higher Diploma in Accounting from Natal University and I am a registered Chartered Accountant in South Africa.
5. I completed my articles at Ernst and Young and have 20 years' experience in the Financial Services industry. I was employed for about 10 years at Deutsche Bank in South Africa, eventually becoming a managing director and executive committee member of the investment banking division.
6. I was thereafter employed for about 10 years at Barclays Africa. After about three years of employment with Barclays Africa, I was promoted to Group Executive and CEO of the Corporate and Investment Banking division and held that position for about seven years.
7. Prior to joining EOH, I was employed at MTN for about two years and when I left MTN, I was the Vice President and executive committee member of Data, Digital and Corporate Development.
8. EOH's submission of information and presentation of evidence to the Zondo Commission is in line with the Board's commitment that the company would provide full assistance and co-operation with any regulatory authorities and law enforcement agencies regarding the findings of EOH's independent forensic investigations.
9. EOH has already co-operated and provided information to National Treasury, the Financial Intelligence Centre, South African Police Services ("**SAPS**"), South African Revenue Services ("**SARS**") and the major South African banks.

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10. Before referring to the Commission's specific queries, I set out hereunder relevant background information in regard to EOH, the cancellation of a contract by Microsoft and the steps that the reconstituted board of EOH took to improve governance at EOH.

## Background

11. I joined EOH at the request of the founder, Asher Bohbot ("**Bohbot**"), who was looking firstly to retire and secondly for someone to, as he termed it, professionalise EOH.
12. Bohbot had approached me early in 2017 to join EOH but I declined as we could not agree on the job scope and requirements.
13. He subsequently appointed Zunaid Mayet ("**Mayet**") as his replacement CEO in mid-2017 and retired. Bohbot returned as Chairman in early 2018 and approached me again in mid-2018 to assist in "professionalising" EOH. I accepted the offer to serve as Group CEO of EOH.
14. Mayet stepped down as Group CEO when I assumed the position of Group CEO of EOH. I commenced employment at EOH on 03 September 2018. Mayet became the CEO of EOH subsidiary, Nextec.
15. Prior to my appointment as Group CEO of EOH, the company had already been the subject of adverse media reports related to, *inter alia*, corporate governance and probity concerns. These media reports had also negatively impacted the EOH share price.
16. Upon my arrival at EOH in September 2018, I immediately initiated a number of interventions to establish the veracity of the media allegations against EOH, and to enhance governance and ethical standards throughout the company.
17. These interventions in the first few months of my tenure as Group CEO from September 2018 included, but were not limited to:
  - 17.1. significantly broadening the scope of the independent law firm ENSafrica and their subsidiary ENS Forensics' (jointly "**ENS**") forensic investigations and allowing them unfettered access to EOH emails and books and records;
  - 17.2. assessing the quality of anti-bribery controls and governance in place at EOH; and
  - 17.3. personally addressing the senior leadership teams of EOH Group subsidiaries on Anti-Bribery obligations at "Ambassador Anti-Bribery and Corruption training sessions" that were held in Johannesburg, Durban and Cape Town, where I emphasised that there is only one way to do business, and that is ethically.

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18. Within the first two months, it was evident to me that there might be issues regarding the revenue and asset recognition in the accounts of the company. The fast-declining return on assets and declining cash conversion rates between 2014 to 2018 were evidence of this. I published two graphs in the 2019 year-end financial accounts presentation illustrating this. They can be accessed at <https://www.eoh.co.za/investor-relations/previous-financial-results/2019/> on page 6.
19. I had immediate concerns about the lack of attention to corporate governance and control mechanisms. This, together with some of the early feedback meetings with ENS, highlighted issues regarding the ethical conduct of some of the senior leadership team who, it appeared, had been derelict in their duties to provide adequate governance controls and oversight, as would typically be required of a JSE listed entity.
20. As a result of this and my early concerns, the Financial Director was requested to resign. EOH commenced the search for a new Financial Director and also decided to appoint a treasurer to closely manage the cash flows.
21. The treasurer was appointed in November 2018 and a new Financial Director started during January 2019.
22. Furthermore, the board was not King Code compliant. This was largely because there were four Executive Directors, three non-executive directors who had been on the board for longer than 10 years and a fourth non-executive director who was previously an executive and had not had the required three-year cooling off period.
  - 22.1. As a result of the above factors, the Chairman and Founder ("**Bohbot**") stepped down at the Annual General Meeting in February 2019 along with the two other long serving directors.
  - 22.2. EOH appointed the University of Stellenbosch Centre for Corporate Governance in Africa to review the board committees and assist with an overhaul of all the policies and procedures required for a listed company.

## Microsoft

23. On 8 February 2019, I received a notice to terminate the Microsoft Channel Partner and Microsoft Partner Network agreements executed between Microsoft Ireland Operations Limited ("**Microsoft**") and EOH.
24. At the time, I reached out to Microsoft's local leadership team to gain an understanding of the concerns that culminated in the decision by Microsoft to cancel the above agreements without cause.
25. My team and I held a meeting on 11 February 2019 with Microsoft management at the Sandton offices of the law firm, Dentons, in which we urged Microsoft to provide us with information so that we could address any alleged wrongdoing within EOH. We also tried to persuade the local Microsoft management team to consider less drastic alternatives to outright cancellation of the agreements.

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26. Microsoft's local management team (many of whom have since exited the business) were, however, unwilling to share any information with us, or to reconsider the intended termination. After 30 days, Microsoft proceeded to cancel the agreements with EOH.
27. On Monday 11 February 2019, I was contacted by a journalist from the online media publication, *Techcentral*, Duncan Mcleod ("**McLeod**"), who informed me that a whistle-blower had given him details of what the whistle-blower asserted was a fraud on Microsoft contracts with the Department of Defence ("**DoD**") and South Africa Police Service ("**SAPS**").
28. Mcleod later published these allegations on the *Techcentral* website via two different articles: <https://techcentral.co.za/microsoft-terminates-partner-agreements-with-eoh/87357> and <https://techcentral.co.za/eoh-microsoft-ensnared-in-sec-corruption-complaint/87543>
29. As a consequence of the Microsoft cancellation and the allegations made by the whistle-blower, I mandated ENS to conduct a comprehensive investigation into the Microsoft agreements, as well as other large public sector contracts, in order to try to identify any wrongdoing in the acquisition, award or execution of such contracts.
30. EOH held its AGM on 20 February 2019. Subsequent to the abovementioned AGM, a new reduced Board of EOH under the interim Chair, Jesmane Boggenpoel, gave ENS unfettered access to all EOH information, financial records and other documentation required for the purposes of conducting the above-mentioned comprehensive investigation.
31. Furthermore, the Board set up weekly sub-committee meetings with ENS to get updates in regard to its investigations.
32. A new chair and three new board members were appointed by July 2019. Three executives that were suspected of wrong-doing or governance failures were asked to leave and did so.
33. The reconstituted board decided to take decisive action against all alleged perpetrators and those who had allowed poor governance and system and process failures to thrive under their watch.
34. By July 2019, EOH had a new executive team. EOH Group also at this stage had a board composition that complied with the King Code for the first time.
35. Following the appointment of a new Financial Director, EOH appointed PWC to conduct a detailed review of the 2018 financial year end balances and revenue recognition. This review was concluded in September 2019 and resulted in the restatement of the 2018 financial year results.

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**Core findings of the ENS investigation:**

36. On 16 July 2019, EOH released an update detailing the initial findings of the ongoing investigation by ENS. EOH reported the findings in the 2019 annual results' presentation. This can be accessed at <https://www.eoh.co.za/investor-relations/previous-financial-results/2019/> on pages 21 and 22.
37. ENS found evidence of governance failings and suspected wrongdoing at EOH, including unsubstantiated payments, suspected tender irregularities and other suspected unethical business dealings.

**Key themes identified by ENSafrica include the following:**

38. Multiple points of failure in governance and oversight mechanisms, inadequate and ineffective controls and inadequate systems thus creating an enabling environment for wrongdoing, including:
  - 38.1. opaque Delegation of Authority (DOA) with significant responsibilities granted to a few executives;
  - 38.2. artificial/inflated software licence sales;
  - 38.3. potential tender irregularities;
  - 38.4. use of politically connected middlemen that are suspected to have been used as introducers and sales agents;
  - 38.5. payments being made to subcontractors in circumstances where there is no evidence that work was done by the said subcontractors. (at the time, these payments totalled R1,2 billion, including VAT and on further investigation, it is currently suspected that the potential irregular payments stand at approximately R865 million); and
  - 38.6. suspected inappropriate gifting, sponsorships and donations.
39. EOH's board instructed attorneys to issue summons to recover damages from the alleged perpetrators.
40. Following the initial investigations by ENS, an update was released by EOH and can be accessed on the EOH website at the following address: <https://www.eoh.co.za/interim-update-on-the-detailed-forensic-investigation/>. This update is attached to this affidavit as **SvC 1**.
41. EOH was unable to "follow the money" to substantiate its suspicions in all instances and has engaged with various law enforcement agencies and Government departments in relation to the findings of the ENS investigation, including:
  - 41.1. SAPS, the Directorate of Priority Crime Investigations ("DPCI"), the Special Investigation Unit ("SIU");

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- 41.2. The State Information Technology Agency (“SITA”); and
  - 41.3. National Treasury, the South African Revenue Services (“SARS”) and other relevant government departments impacted by the investigation.
42. In addition, EOH has fulfilled its regulatory reporting obligations and in this regard EOH has made a number of reports to the DPCI in terms of Section 34 of the Prevention and Combating of Corrupt Activities Act (“PreCCA”).

### **Enhanced Risk & Compliance Governance Framework**

43. Running in parallel to the ENS investigations, EOH had set about establishing a dedicated compliance team and has overseen the implementation of extensive enhancements to the compliance programme and control environment to ensure that identified gaps and deficiencies are addressed. These enhancements included the following:
- 43.1. **Tone from the Top** - Leadership commitment to anti-bribery and corruption compliance;
  - 43.2. **Training and Awareness** - Face to face dedicated anti-bribery and corruption training for employees in addition to online training on the newly adopted code of conduct. This training achieved a 93 per cent attendance and completion rate;
  - 43.3. **Compliance Policy Framework** – some of the new policies that EOH has implemented include:
    - 43.3.1. Anti-Bribery and Corruption Policy (including sections on Introducer’s and Strategic Transaction Risk)),
    - 43.3.2. Fraud Risk Policy,
    - 43.3.3. Gifts and Entertainment Policy (including a section on donations to Political Parties),
    - 43.3.4. Conflict of Interest Policy (including a section on Outside Business Interests),
    - 43.3.5. Whistleblowing Policy,
    - 43.3.6. Anti-Money Laundering, Terrorist Financing and Sanctions Policy,
    - 43.3.7. EOH Share Dealing Policy;
    - 43.3.8. Regulatory Change and Relations Policy;
    - 43.3.9. Procurement Policy; and
    - 43.3.10. Competition Compliance Policy.
  - 43.4. **Enhanced Risk & Compliance Governance Framework:** ENS, PWC and the University of Stellenbosch Centre for Corporate Governance in Africa were retained to support the implementation of the new risk governance framework to ensure an effective basis for the company to move forward. Improvements include:

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- 43.4.1. Appointment of new Group CEO (Stephen Van Coller);
- 43.4.2. Appointment of a new Financial Director (Megan Pydigadu) - Qualification - B Com (Accounting), HDip Acc, CA(SA), having held senior financial positions at De Beers and Bateman and most recently she was chief financial officer for Mix Telematics, a JSE- and New York-listed company;
- 43.4.3. Appointment of a Chief Risk Officer (Fatima Newman) - Qualification - BA (Law), Certificate in Compliance Management, Leadership Programme (Singularity University) with 25 years of experience as a strategic leader of risk, compliance, regulatory and governance oversight in banking and financial services, stockbroking, asset management and corporate finance;
- 43.4.4. Appointment of a Head of Risk (Cara Laing), CA(SA) and previously Head of Risk at Mix Telematics;
- 43.4.5. Appointment of a Head of Compliance (Garreth Young), BA LLB (Admitted Attorney) and previously Head of Compliance and Governance, Risk and Control for ABSA Corporate and Investment Bank;
- 43.4.6. Appointment of a Head of Legal (Damian Naicken), LLB (Admitted Attorney) and previously Group Legal Manager for the Servest Group;
- 43.4.7. Appointment of a Head of Internal Auditing (Kaamil Buckas), CA(SA) and previously Regional Executive: Audit and Risk for Liquid Telecommunication;
- 43.4.8. Constitution of a new independent Board aligned with King IV principles to support independence and governance;
- 43.4.9. Appointment of Dr Xolani Mkhwanazi as new Chairman. Sadly, Dr Makhwanazi passed away in January 2020 and Mr. Andrew Mthembu was appointed as new Chairman to continue the work of aligning EOH with King Codes of Corporate Governance principles;
- 43.4.10. Implementation of a new risk governance framework (policies, procedures, guidelines). The new framework requires reports to the chair of the EOH Board's Audit Committee, Social and Ethics Committee and Risk and Governance Committee;
- 43.4.11. Re-formulation of the Enterprise Risk Management Framework, the Code of Conduct, and the Information Security Policy. These changes have been introduced to enhance governance in consultation with the University of Stellenbosch's School of Business risk governance faculty;

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- 43.4.12. Re-statement and communication of the EOH Zero Tolerance Against Bribery and Corruption statement and EOH Code of Conduct. Copies of these policies are published and available to staff and to customers or suppliers upon request;
  - 43.4.13. Implementation of a Conflicts Management Control Room within the Compliance function which conducts a due diligence on all third parties and the respective proposed engagements prior to said engagements. The due diligence includes but is not limited to checks for Adverse Media, Politically Exposed or Influential Persons, internally restricted third parties and potential conflicts of interest; and
  - 43.4.14. Implementation of an automated Compliance Portal and electronic attestation process which allows, amongst others, for (a) access to policies (b) ABC attestations, (c) Gift and Entertainment registration (d) conflict of interest disclosures and (e) EOH Share dealing requests.
- 43.5. **Bid Review** - Between July 2018 and December 2019, ENSafrica conducted 559 bid reviews for EOH. These bid reviews included all public sector bids (local and international) and private sector bids (above R10 million – local and international) submitted by EOH Group. By January 2020, EOH developed internal capability for bid monitoring and review. EOH's Bid Review Committee is responsible for vetting all public sector bids in excess of R1 million and private sector bids in excess of R10 million. These bids are interrogated by specialists in various disciplines including compliance, legal, finance and risk.
- 43.6. **ISO 37001 Anti-Bribery Management System Assessment** - ENS has concluded an assessment of the EOH anti-bribery compliance program. ENS benchmarked EOH's enhanced compliance programme against the six principles contained in ISO 37001, the International standard for Anti-Bribery Management Standards (ABMS).
- 43.7. **Whistleblowing Mechanism** - Launch of the Expose-It mobile application – a whistleblowing tool which provides for anonymous and confidential reporting of concerns, inappropriate behaviour of any kind that could impact on EOH directly. Link available here online - <https://www.eoh-fs.co.za/products/exposeit-mobile-app/>

#### **Further engagement with relevant authorities**

44. Following an extensive investigation by the ENS we were able to submit information to the relevant authorities. We did not release all the information to the public immediately to give the authorities time to conduct investigations without impediment. These investigations are ongoing.
- 44.1. At the initial stage of the investigation three contracts were identified as having apparent irregularities including collusion to bypass SITA processes to enable over invoicing:

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- 44.1.1. The three contracts related to Microsoft Licenses for the Department of Defence (“DOD”) in 2016 and 2017 and a contract for SAP licenses for the Department of Water and Sanitation (“DWS) in 2016. The recognition of a liability for the over-invoicing was provided for in the EOH Group 2019 year-end;
- 44.1.2. EOH declared the over-invoicing to the National Treasury at a meeting on 31 May 2019 and has already commenced reimbursing the Department of Defence for the over-charging, pursuant to an agreement with the Special Investigations Unit in terms of which EOH will repay approximately R42 million. EOH is in the process of arranging a similar reimbursement for overcharging the DWS.
- 44.2. Furthermore, during the ENS investigation, potential irregularities in relation to public sector contracts concluded during the period 2014 to 2018 were discovered. Suspected corrupt activity was reported under the Prevention and Combating of Corrupt Activities Act (“PRECCA”).
- 44.3. I must emphasise that these are just suspicions and we trust that the investigations by the DPCI that will follow the making of the PRECCA reports, will shed more light on these suspicions. The majority of these affected contracts have already been completed.
- 45. **Business Governance Enhancements - Other changes in respect of enhanced governance at EOH include the following:**
  - 45.1.1. All public sector work that was previously performed in the Public Sector business unit is now undertaken in business units that are the appropriate product centres of excellence;
  - 45.1.2. Integration of the Public Sector bid office into a core, centralised bid office team in each entity improving standardisation, visibility and control; and
  - 45.1.3. Implementation of new public sector business risk framework governing qualification of new business opportunities, particularly with high-risk entities.
  - 45.1.4. EOH Finance department enhanced controls include:
    - 45.1.4.1. Delegation of authority (DOA) devolved from the Board;
    - 45.1.4.2. Combined assurance model;
    - 45.1.4.3. Enhanced internal controls around financial statement close process;
    - 45.1.4.4. Reporting of monthly results to EXCO in a standard format which includes balance sheet and income statement; and
    - 45.1.4.5. Investment committee to assess acquisitions and disposals.

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46. EOH has authorised Steven Powell from ENS, who led the forensic investigations at EOH referred to earlier and who is more familiar with the technical detail, to provide the Commission with information in response to the specific queries of the Commission regarding information related to payments from an account in the name of Jehan Mackay and transactions between Molelwane Consulting CC and the following entities and individuals, during the 2006 and 2018 periods:

46.1. Zylec Investments;

46.2. TSS Managed Services; and

46.3. Patrick Makhubedu.

## Conclusion

47. We continue to co-operate with the authorities and improve our control framework in line with the board's zero tolerance stance on bribery and corruption. The new EOH leadership team will continue to ensure that any malfeasance uncovered in the past or future will be dealt with appropriately.

48. I can further confirm that:

48.1. individuals suspected of wrongdoing are no longer employed by the company. Several former employees, primarily from the public sector vertical team, have also been reported to law enforcement agencies;

48.2. EOH, with support from ENS, has fully co-operated and continues to engage with authorities including the DPCI, SARS and other law enforcement authorities. A number of Section 34 reports have been filed with the DPCI under the Prevention and Combating of Corrupt Activities Act ("PreCCA"); and

48.3. suspected individuals have been reported to the DPCI, including a number of government employees.

49. As a result of all the work done and breaking with the past, I am comfortable that the EOH of today is a fundamentally transformed business, committed to the highest standard of good governance, business integrity and ethics.

  
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**Stephen van Coller**

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I certify that:

- I. the Deponent acknowledged to me that :
  - A. he knows and understands the contents of this declaration;
  - B. he has no objection to taking the prescribed oath;
  - C. he considers the prescribed oath to be binding on his conscience.
- II. the Deponent thereafter uttered the words, "I swear that the contents of this declaration are true, so help me God".
- III. the Deponent signed this declaration in my presence at SANITUM on 23 2020.

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*[Signature]*  
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COMMISSIONER OF OATHS



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## Interim update on the detailed forensic investigation

### 1. Introduction

- 1.1. The EOH Board ("The Board") has received an update from ENSafrica ("ENS"), setting out their current findings of an investigation initiated by the Board and CEO in February 2019. ENS was requested to conduct a proactive comprehensive investigation into EOH Group (EOH) contracts to identify any wrongdoing or criminal conduct in the acquisition, award or execution of those contracts. ENS has had unfettered access to all information, financial records and other documentation required for the purposes of conducting this investigation.
- 1.2. These findings are the product of just over four months' work by ENS. Significant progress has been made on the investigation but additional work is still required before the investigation is concluded and finalised.
- 1.3. The bi-monthly update provided by ENS is considered by the Board and its advisors, which in turn informs areas for further investigation and remedial work.
- 1.4. The ENS investigation is confidential and subject to legal privilege and other restrictions. In this update, the Board makes available key findings and themes, together with preliminary views on remedial measures and next steps.

### 2. Core finding

The ENS investigation has found evidence of serious governance failings and wrongdoing at EOH, including unsubstantiated payments, tender irregularities and other unethical business dealings which are primarily limited to:

- 2.1.1. Public Sector business run from EOH Group head office;
- 2.1.2. EOH Mthombo (Pty) Ltd; and
- 2.1.3. A limited number of EOH head office employees (now ex-employees).

### 3. Key themes identified by ENS include the following:

- 3.1. Identification of multiple points of failure in governance and oversight mechanisms, inadequate and ineffective controls and appropriate systems thus creating an enabling environment for wrongdoing.

- 3.2. Opaque Delegation of Authority (DOA) with significant responsibilities granted to a few executives.
- 3.3. EOH employees conspiring with two preferred suppliers / partners to facilitate artificial / inflated software licence sales.
- 3.4. Tender irregularities.
- 3.5. Systemic use of connected middle-men recognised and used as introducers and sales agents.
- 3.6. Enterprise Development ("ED") subcontractors used on projects and payments made to such suppliers, where it is questionable whether *bona fide* work was done by the said suppliers.
- 3.7. Inappropriate gifting, sponsorships and donations.
- 3.8. Payments of R1.2bn (including VAT) to approximately 78 supplier entities are being investigated to determine whether appropriate work was done for services rendered. It is worth noting that 84% of the payments were made to 20 entities. These payments were largely related to contracts entered into during 2014 and 2017. The majority of these contracts have been completed.

#### 4. Perpetrators

- 4.1. The employment relationship with EOH has been terminated with individuals who have been directly implicated in the identified wrongdoing.
- 4.2. EOH has reported the concerns and the details of the parties implicated in the irregularities to the Directorate for Priority Crimes Investigation ("**DPCI or the Hawks**") in terms of Section 34 of the Prevention and Combating of Corrupt Activities Act ("**PreCCA**").
- 4.3. The suspicious transactions arising from the investigation have been reported to the Financial Intelligence Centre in terms of Section 29 of the FIC Act.
- 4.4. EOH is committed to ensuring that all perpetrators of wrongdoing are brought to justice. EOH has instructed ENS to initiate criminal charges and lodge civil claims to recover losses, as appropriate.
- 4.5. The EOH Board will act decisively in respect of any further wrongdoing that is identified during the ongoing investigation, in line with its zero tolerance on corruption policy.



**5. Remedial measures: implementation of controls and good governance**

- 5.1. In light of these findings, the Group is documenting and developing a comprehensive remediation plan. A number of remediation measures have already been implemented and others will follow in due course.
- 5.2. Extensive work has already been conducted to revise the corporate structure, implement robust risk management and mitigation initiatives, appoint new leadership and increase transparency, accountability and reporting.
- 5.3. The recent appointments of a new Board chairman and three independent, non-executive directors are an important milestone for the EOH Group to enhance and complement leadership capability and governance oversight. The EOH Board is now aligned with King IV principles to support independence and governance.
- 5.4. The appointment of a new Group Financial Director was announced in January 2019. This appointment combined with a new Head of Treasury and Investor Relations have resulted in improved financial and fiscal discipline.
- 5.5. The position of Chief Commercial Officer has been created and filled to segregate duties between the finance function and the legal, risk and compliance functions. The Chief Commercial Officer will have a dual reporting line to the CEO and Audit and Risk Sub Committees of the Board.
- 5.6. The appointment of a new Public Sector business head.
- 5.7. With the assistance of the University of Stellenbosch Centre for Corporate Governance in Africa and PwC, the Group has recently drafted and released a Code of Conduct and Corporate Governance Framework, and implemented a policy framework to cover the following:
- Anti Bribery and Corruption (ABC) Compliance;
  - Anti fraud and irregularities;
  - Gifts and entertainment;
  - Outside business interests;
  - Conflicts of interest;
  - Donations to political parties;
  - Introducers and/or strategic transactions;
  - Whistleblowing;
  - Money laundering; and
  - Sanctions.



- 5.8. PwC is assisting EOH in setting up an internal audit function.
- 5.9. ENS has assisted EOH in implementing its anti-bribery programme which is based upon ISO 37001, the International Standard for Anti Bribery Management Systems. EOH is on track to be fully aligned to the six principles of the standard by calendar year end 2019.
- 5.10. An EOH wide whistle blower app 'Expose it' has been launched to support confidential and anonymous ABC reporting to EOH. The app is also available commercially for use by EOH customers and any 3<sup>rd</sup> party.
- 5.11. A bid governance process framework has been implemented which includes:
  - 5.11.1. Bid templates, controls, limits and mandates;
  - 5.11.2. Review, monitoring and independent oversight; and
  - 5.11.3. Supplier and customer (enhanced) due diligence to the extent necessary.
  - 5.11.4. When bidding for contracts, EOH employees are prohibited from using introducers, sales agents or middlemen. No commission payments, gifts, including trips, equipment or any other incentive is permissible.
- 5.12. Advisors have been appointed to assist in the re-organisation and optimisation of the 272 legal entities into a more manageable structure. As a result:
  - 5.12.1. Each individual business unit will have a clear go-to-market strategy with separate governance and capital structures to maximise their growth prospects;
  - 5.12.2. A single consolidation and reporting tool; and
  - 5.12.3. Delegation of Authority has been clarified and is being implemented.
- 5.13. The Group has already achieved over 50% of its targeted R1billion of disposals to reduce debt levels.
- 5.14. All enterprise development partners are required to meet the Group Know Your Client (KYC) process.
- 5.15. A Gift Policy has been introduced and EOH employees will no longer be able to accept gifts or invitations of more than R1 000 in cash or kind in South Africa (€100 or \$100 outside of South Africa). If invited to product knowledge sessions or events, EOH will pay for its own flights, accommodation, subsistence and incidental expenses through its operating budgets. All gifts above R250 but below R1 000 must be disclosed, reported and recorded appropriately.



- 5.16. A Declaration of Interest Policy has been introduced and it is compulsory for all employees to annually declare any business interests, directorships and shareholdings.
- 5.17. In order for any employee to receive a commission or bonus or other incentive, the respective employee will be required to sign an anti-corruption warranty prior to such payment or award. The warranty will acknowledge the right of EOH to claw back any commissions or bonus if an employee has been identified to have broken any policies at any time in the past or future relating to such payment.
- 5.18. Employees are required to attend mandatory training on the newly implemented EOH governance, risk and compliance processes.
- 5.19. In addition to addressing the findings of the investigation, EOH is focused on removing any culture of hierarchy and fear which dissuades employees from speaking up and voicing important issues related to the business.

6. **NEXT STEPS**

The EOH Board and Executive will continue to consider the contents of the ENS feedback and subsequent actions will include:

- 7.1. Continued analysis and assessment of the investigation in order to ensure that, amongst other things, all material aspects have been identified and evaluated.
- 7.2. Pursuit of recovery of losses incurred and damages suffered by the EOH Group.
- 7.3. The EOH Group will provide its full assistance and co-operation with any criminal investigations by law enforcement agencies.
- 7.4. Finalisation and implementation of the Group's remediation plan to address the culture change required at EOH and to meaningfully engage our shareholders and all stakeholders.
- 7.5. Provide regular updates to all stakeholders, as appropriate, as the forensic investigation is concluded.

ENDS

