



SAP Finalizes Investigation into Contracts with South Africa's Eskom, Transnet

- Investigation finds payments were made to Gupta-linked companies
- Irregularities found in the management of third parties and adherence to SAP's compliance processes
- No evidence of payments made to Eskom, Transnet employees or any government official

WALLDORF, Germany — March 8, 2018 — [SAP SE](#) (NYSE: SAP) today announced final results of its investigation into software contracts with South African state-owned enterprises (SOE) Transnet SOC Ltd. and Eskom. The central findings confirm that there were payments to Gupta-related entities, indications of misconduct relating to the management of Gupta-related third parties and irregularities in the adherence to SAP's compliance processes. The investigation also confirms that there is no evidence of any payment or attempted payment made to any South African government official or any employee of an SOE in connection with the Transnet and Eskom transactions. A summary of the investigation findings can be found [here](#).

Remedial Actions

SAP has been clear from the outset that it will not tolerate misconduct or wrongdoing. Presided over by independent senior legal counsel, SAP instituted disciplinary proceedings against three senior executives, who were put on administrative leave in [July 2017](#) and formally suspended in October 2017. These executives have since resigned from SAP. Under South African labor law, a disciplinary process cannot continue if an employee resigns. No severance was paid to any employee, and SAP reserves its rights in respect of these executives. As reported in October, the fourth employee placed on administrative leave has since returned to work.

Further to the announcement in [October 2017](#) that SAP made significant changes to its global compliance processes, the company has allocated additional legal compliance staff to the SAP Africa market unit. SAP has also strengthened its independent Compliance Committee in the SAP Africa region, and augmented the mandatory annual compliance training that every SAP Africa employee must complete. This includes the certification of [SAP's Code of Business Conduct](#), with anti-bribery rules.

All South African partners are going through revised due diligence processes. In addition, SAP continues to investigate the public sector business in South Africa going back to 2010. If SAP identifies any further matters of concern, it will address them with the same attention and robustness as the Transnet and Eskom investigations.

Cooperation with Authorities

In November 2017, SAP notified the national head of the Directorate for Priority Crime and Investigation (Hawks) of its willingness to cooperate with any investigation they may undertake. SAP also continues to cooperate with the U.S. Department of Justice and the U.S. Securities and Exchange Commission, and remains committed to sharing all findings with both local and international authorities.

As a private company, SAP is committed to uncovering and addressing any wrongdoing. SAP has been able to implement sweeping improvements to its internal compliance processes; however, there are limitations to what SAP can achieve in a complex investigation without having the investigative powers of government authorities. Consequently, SAP is fully committed to continue cooperating with both local and international authorities that do have comprehensive legal investigative powers across borders.

SAP's Continued Commitment to South Africa

"This journey has taught us profound lessons and provided us with reasons to reflect on our business, our processes and our responsibility towards our employees, customers, partners and the South African public," said Adaire Fox-Martin, member of the Executive Board of SAP SE, who leads SAP's business in Middle and Eastern Europe (MEE); Europe, the Middle East and Africa (EMEA); and Greater China. "The investigation has confirmed that even strong compliance systems are vulnerable, and therefore require eternal vigilance. While we cannot turn back the clock, we can promise to do better. To this end, we would like to reiterate the apology we made last year to our stakeholders in South Africa. We remain committed to this country and the rest of the continent, and to growing our business and investment here."

SAP has launched a new go-to-market plan in Africa to maintain business continuity across the continent. In addition, SAP recently announced the opening of an SAP® Leonardo Center location in Johannesburg in the third quarter of 2018. SAP will also announce a new SAP Africa managing director next week.

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For customers interested in learning more about SAP products:

Global Customer Center: +49 180 534-34-24

United States Only: 1 (800) 872-1SAP (1-800-872-1727)

For more information, press only:

Rajiv Sekhri, +49 6227 77 4871, rajiv.sekhri@sap.com, CET

Ansophie Strydom, +2711 235 6070, a.strydom@sap.com, CET

Marcus Winkler, +49 6227 76 7497, marcus.winkler@sap.com, CET
[SAP News Center press room](#); press@sap.com