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## **MEDIA STATEMENT RELEASED AT THE CHAIRPERSON'S INSTANCE**

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McKinsey and Co (“McKinsey”) worked alongside Regiments Capital (Pty) Ltd (“Regiments”) at Transnet and SAA on contracts that have been investigated by the Commission. The Commission recently initiated discussions with McKinsey and is now pleased to announce that McKinsey has undertaken to repay all of the fees paid to it for work it performed on the Transnet and SAA contracts alongside Regiments. The amount covered by McKinsey’s undertaking has not yet been fixed with Transnet and SAA, but is likely to be around R650 million.

McKinsey has assisted the Commission with its investigations and has dealt with the Commission on a transparent basis. Witnesses from McKinsey will be testifying on 10 December 2020 and will be questioned by evidence leaders of the Commission.

Two years ago, McKinsey repaid the full amount of the fees that it had earned on its Top Engineers MSA contract with Eskom, for work on an Eskom project on which Trillian had also invoiced Eskom. McKinsey did not work alongside either Regiments or Trillian at any State-Owned Enterprises (“SOEs”) other than Eskom, Transnet, or SAA.

In the course of its engagements with McKinsey in advance of the testimony of McKinsey witnesses, the Commission showed McKinsey certain evidence relevant to its contracts alongside Regiments at Transnet and SAA. This evidence suggested irregularities in the contracts of McKinsey alongside Regiments at Transnet and SAA but did not implicate any current employees or partners of McKinsey in any corruption or impropriety in relation to these contracts.

The Commission suggested to McKinsey that, in the light of that evidence, and consistent with the attitude that it took in relation to the Top Engineers MSA contract at Eskom, it should repay the fees that it had earned on the Transnet and SAA contracts as an act of responsible corporate citizenship. McKinsey agreed to do so in a communication to the Commission on 21 November 2020. McKinsey has today announced publicly this voluntary commitment to return all of the fees it had earned on all contracts on which Regiments worked with McKinsey at Transnet over the period 2012 to 2016 and to do the same on the single contract which Regiments carried out with McKinsey at the South African Airways (“SAA”). As indicated above, the total amount McKinsey has committed to repay is around R650 million.

The Commission commends McKinsey for taking the step that it has taken today. It is important for all companies operating in South Africa, both local and multinational, to assist in the fight against corruption in this country. The Commission expects companies doing business with the State (including SOEs) to make clear that they will not retain the proceeds of contracts that are tainted by corruption even if that corruption was the product of processes in which they were not involved.

In voluntarily repaying the fees it earned at Eskom in 2018 and by now returning the fees from the Transnet and SAA projects where it worked alongside Regiments, McKinsey has conducted itself as a responsible corporate citizen. The Commission urges other companies to follow its lead and do the same in all cases where evidence shows that they have benefited from contracts tainted by corruption, even if they were not party to that corruption.

The proceedings of the Commission are replete with examples which ought to move other multinational and domestic companies to follow McKinsey’s lead. The Commission will be watching closely to see which of these companies do so and which choose not to conduct themselves as responsible corporate citizens.

The Chairperson of the Commission takes this opportunity to also commend the team of investigators led by Advocate Matthew Chaskalson SC for their role in securing McKinsey’s agreement to repay the money. He hopes that more companies which

benefitted from transactions falling within the terms of reference of the Commission will follow McKinsey's example and repay money obtained from government departments and SOE's under contracts tainted by corruption, even if they were not party to that corruption.

Issued by the Secretary of the Commission at the instance of the Chairperson of the Commission

Date: 09 December 2020