

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2762 [NW3055E]
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2762. Mr D J Maynier (DA) to ask the Minister of Finance:

What (a) number of (i) Investments and (ii) potential Investments did the Public Investment Corporation's Social and Ethics Committee scrutinise as a result of issues related to politically exposed persons in each financial year since 1 April 2008, (b) is the name of the (i) entity and (ii) politically exposed person(s) who was scrutinised and (c) was the recommendation of the Social and Ethics Committee in each case?

NW3055E

REPLY:

The PIC SEC had its first meeting on 17 July 2012.

The first Politically Exposed Persons (PEP) matter referred to this Committee was on 8 October 2014, after development of a PEP Policy by Management. Since the aforementioned referral, the SEC has considered 12 PEP matters.

Summary of PEP Submissions

NO	DATE	NAME OF ENTITY	PEP/ REPUTATIONAL RISK	SEC RECOMMENDATION
1.	8 October 2018	Smile Telecoms	<ul style="list-style-type: none"> • HRH Abdul Aziz Bin Ahmed Bin Abdul Aziz Al-Saud (AINahla) is a member of the Saudi Royal Family • Abdulrahman Sharbatly (Sharbatty) is connected to companies owned by the Saudi Royal Family and Saudi Government 	The SEC resolved to approve that the deal may proceed to the relevant Committee for approval.
2.	5 April 2016	KZN Growth Fund Equity Fund	A Board Member of the PIC, Ms Dudu Hlatshwayo was also a Board Member of the KZN Growth Fund. Ms Hlatshwayo recused herself during KZN Growth Fund discussions relating to the proposed transaction.	The SEC resolved that the transaction may proceed, but that any information regarding the transaction should not be made available to Ms Dudu Hlatshwayo and she must recuse herself from any discussions regarding this transaction.
3.	3 May 2016 19 July 2016 23 September 2016	Blue Label Telecoms	Mr Mark Pamernsky who is the former Executive Director and Chief Operating Officer of Blue Label was also a Non-	THE SEC resolved to that the transaction be declined.

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4.	19 May 2016 19 July 2016	Net1 UEPS Technologies	<p>Executive Director of Eskom, which is a party in the proposed transaction. He is also a non-executive director of Oakbay Resources (Ltd). Oakbay Resources was a JSE-listed company whose majority share (80%) is held by Oakbay Investments, which is a holding company housing the Gupta family interests.</p> <p>Net 1 was a service provider for payments of Government Social Security Grants. There were previous and on-going litigation matters and investigations by several regulatory authorities into Net 1 (Corruption Watch, the Hawks and the US Department of Justice). Further to this Net 1 was found to be engaging in practices that were in contravention of the National Credit Act.</p>	The SEC resolved that the transaction be declined.

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5.	23 September 2016	Southern Palace	<p>An enhanced due diligence was conducted by the deal team in line with the Policy.</p> <p>Mr Sello Mahlangu (Chairman of Southern Palace), was identified as a PEP.</p>	<p>The SEC resolved to approve that the deal may proceed to the relevant Committee for approval.</p>
6.	14 November 2016	Cross Point	<p>Mr Lerema Silas Lesile Kekana worked for the ANC while he was in exile in different African countries before joining the Department of Foreign Affairs in 1996. He had also served in various diplomatic service roles (deputy ambassador to Mexico Costa Rica, Honduras, Guatemala, El Salvador and Nicaragua) for over ten years. In addition he was the Head of a mission in Mali and Bamako.</p> <p>Mr Freddy Percy Greaven was the Executive Mayor of the City of Polokwane between 2010 and 2014. Prior to that, he occupied</p>	<p>The SEC resolved to approve that the deal may proceed to the relevant Committee for approval.</p>

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			various government positions in numerous departments.	
7.	14 August 2017	VBS Mutual Bank	VBS advanced a R7.81 million home loan to the President of the Republic of South Africa ("RSA"), Mr. Jacob Zuma to help him pay back money owed for non-security upgrades at his Nkandla home.	The SEC resolved that it was satisfied that the reputational risks can be managed, taking into account the risks identified and the mitigation measures in relation thereto.
8.	6 July 2017	CVAS	Mr Romeo Kumalo and Mr Sifiso Dabengwa are considered PEPs as they were non executive directors on the Board of Eskom SOC Ltd, which is a state owned entity.	The SEC resolved to approve that the deal may proceed to the relevant Committee for approval.
9.	14 August 2017 9 November 2017	ISAGO @N12	A trust involving military veterans were involved in this transaction. The SANMVA Trustees, by virtue of being a government structure established in line with the Military Veterans Act No. 18 of 2011, were considered to be PEPs.	The Committee expressed discomfort with the structure of the transaction requested more details about the transaction. Subsequent to the Committee's decision more details were provided and there were also amendments to structure of the

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			<p>Deputy Minister Kebby Emmanuel Maphoisoe was also one of the SANMVA Trust trustees since 2007.</p>	<p>transaction. The Committee noted the amendments effected to the transaction and expressed its support for the approach adopted.</p>
10.	8 June 2018	Grindrod Bank	<p>Mr. Rakesh S Garach-Saura is the sole owner of Saura Investments (part of Clearwater Capital SPV), is a PEP because he is the Chairman of the Board of NEF.</p> <p>Ms Tantaswa Fubu (Nyoka)- PIC Independent Non-Executive Director, Ms Nyoka, is a former Board member of Grindrod Limited and the Grindrod Bank.</p>	<p>The SEC resolved that the transaction be declined.</p>
11.	9 July 2018	Den Staat Farm	<p>Mr Thabo Mhlongo: In 2013, Mr Mhlongo made headlines by donating R 1 million to the African National Party ("ANC") at the ANC's 101's anniversary gala dinner in Durban. He has also been found to be close friends with Mr Zwelli Mkhize, the current Minister of Cooperative Governance and</p>	<p>The Committee opined that the reputational risk was too high and expressed a discomfort with the PIC pursuing this transaction.</p> <p>The transaction was subsequently submitted to the Board where it was</p>

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			<p>Traditional Affairs. His antique-collector clients include the current President of South Africa, Mr Cyril Ramaphosa. Mr Mhlongo also serves as a trustee of the Ngunazi Foundation, a non-government organisation founded by Mr Mkhize and his wife Mrs May Mkhize.</p> <p>Mr Freddy Percy Greaver was the Executive Mayor of the City of Polokwane between 2010 and 2014. Prior to that, he occupied various government positions in numerous departments.</p> <p>Mr Nkuna – HE has been found to have close relations with the former premier of Limpopo, Mr Cassel Mathale and former ANC youth leader and current Economic Freedom Front leader Julius Malema.</p>	<p>resolved that the BEE Consortium should be reconstituted to remove any person(s) which pose high reputational risk in the transaction, as the transaction is commercially sound and attractive.</p>

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			<p>Mr Hirschowitz - Mr Hirschowitz has been found to be a close acquaintance of the former Gauteng provincial finance minister Mr Paul Mashatile. He was also involved in allegations of fraud linked to Gauteng government contracts.</p> <p>The Royal Group - The Chairman of the group is His Highness Sheikh Tahnoon bin Zayed Al Nahya, who is part of the Royal Family; he is the Ruler's Representative of the Eastern Region of the United Arab Emirates</p>	
12.	9 July 2018	Oceans Umhlanga Hotel	Mr Vivian Reddy is considered a PEP. He is known to have been involved in the financial affairs of the former president, Mr Jacob Zuma.	<p>The Committee resolved that the PEP risk was high and recommended that due to the commercial merits of the transaction the matter be referred to the Board.</p> <p>The Board supported that Management proceed with the transaction, subject to</p>

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				<p>putting in place stringent mitigants to monitor and evaluate the risk; and submitting bi-annual reports in this regard to the Board</p>