

Head of Global Compliance

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From: Lea, Melissa  
Sent: 11 September 2016 09:03 PM  
To: Higginson, Anette <anette.higginson@sap.com>  
Cc: [REDACTED]  
Subject: Re: [CONFIDENTIAL] URGENT: Request for Global Compliance review of SAP Partners in South Africa  
Sensitivity: Confidential

Excellent work here, seems all steps have been taken to do the best validation possible. I approve continuing the partnerships.  
Melissa

Sent from my iPhone

On Sep 10, 2016, at 5:51 AM, Higginson, Anette <anette.higginson@sap.com> wrote:

Dear Melissa,

Re: CAD House (current 3rdP Sales Commission Partner), Global Softech Solutions (GSS) (current Reseller and SI Partner), Cutting Edge (prospective new Reseller Partner)

In South Africa, a local family "the Guptas" has received a wide range of press, business and government interest due to their connections to our State President and influence in government. Due to pressure from banks, audit firms, stock exchange and private business, the Guptas have been forced to divest from South Africa and have moved to the Emirates.

We found evidence that Sahara Systems (Gupta owned) acquired majority shareholding of the aforementioned SAP Partners in approximately April 2016. Subsequently, Sahara Systems have sold their shareholding to Futureteq (no Gupta ownership). We have attached forensic reports confirming that the sale of business is currently in process with our local authorities (CIPC). The new

owner of Futureteq is the brother of the Sahara Systems owner. Forensic report confirms he manages his own affairs independently of his brother (clause 9.4.2 of the GSS forensic report).

Initially:

- SAP was under pressure because of a newspaper article stating that SAP was partnering with GSS for services implementation relating to a public sector tender. However, to date this tender has not been awarded to SAP and SAP will select the best qualified partner for the implementation of the software, should we be awarded the tender;
- Local SAP had a board meeting and our external board (Bliteq) recommended that we do not proceed with doing business with Gupta connected partners;

In parallel and subsequent to the aforementioned:

- Our external legal counsel have provided us with sale of share documents as well as the attached forensic reports;
- SAP local legal have confirmed that there is no legal impediment which prohibits us from continuing with our business relationship with these partners and that nothing has been proven in a court of law;
- We also have no legal reason to terminate current partnerships nor decline the new partnership application (they are all owned by the same new shareholder: Futureteq).

SAP sales management is requesting resolution to this matter as these partners have urgent opportunities in the pipeline with which we need to proceed.

From a Compliance perspective all reasonable steps were taken to assure the Gupta Family has moved out of these companies. Nevertheless there might still be the possibility that the Guptas are still acting in the background. This is a risk we cannot avoid. In addition there is a reputational risk for SAP. According to Christian this risk cannot be taken or approved from Compliance since this is a business decision.

Our request is to obtain your approval to continue with these partnerships, subject to final proof being submitted to SAP of final CIPC registration, within say the next 120 days (CIPC registrations is a lengthy process).

Thank you.

Kind regards,

Anette Higginson  
Paralegal | Local Compliance Officer  
SAP South Africa, [redacted]

  
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