



**Press Release: KPMG must speedily and comprehensively investigate corruption allegations to restore confidence in the business.**

Global auditing giant KPMG needs to decisively, speedily and comprehensively investigate its alleged involvement in corruption and exercise appropriate judgement and oversight on what actions are required, Business Unity South Africa (BUSA) said today.

“The allegations of malfeasance within KPMG, and other private sector companies implicated in corruption underscores the critical need and urgency to intensify the improvement of governance frameworks and implement process that improve the prevention, detection and punishment of corruption. Key to this is the requirement to embed ethics at every level of a business, from the top down,” BUSA CEO Tanya Cohen said.

While BUSA welcomes the recent steps taken by KPMG, it is concerned that appropriate action had not been taken sooner given the serious nature of the allegations and the ramifications thereof. BUSA is hopeful that KPMG will now proceed to take decisive action that will restore confidence in their local operations. BUSA believes that KPMG is a key professional firm in South Africa and a critical contributor to the broad services provided by the accounting profession in the country. In that regard, BUSA is encouraged by the reassurance that KPMG has provided as to the steps it has already, and will continue to take, to provide services to the highest standards and with appropriate oversight. BUSA President, Jabu Mabuza stated that “Business needs to be honest about its involvement in corruption and tackle the issue head-on”. He commended those businesses that have taken decisive action to address allegations of corruption, but stated that “significantly more needs to be done to ensure that good, clean governance and ethical practices are reinforced across the private and public sector.”

BUSA has recently engaged with its members and developed a discussion document, including guiding principles, on Integrity in Business. The document highlights the serious challenges that face the country as a result of corruption and has identified that ethical leadership, a zero tolerance approach to corruption, and good systems and processes are all required. Businesses is clear that there must be clear and appropriate consequences for all forms of wrongdoing. Where appropriate, businesses should launch independent investigations into suspected misconduct, and ensure that findings are decisively acted upon and shared publicly. Where there is evidence of criminal behaviour, regardless of scale, this should be

brought to the attention of the relevant authorities, charges should be laid and prosecutions pursued. This includes pursuing personal criminal liability for directors where applicable.

BUSA believes corruption is a significant barrier to South Africa's sustainable economic, political and social progress. Corruption fundamentally undermines economic prospects for the country, particularly South Africa's ability to deliver inclusive growth and transformation. Corruption discourages long-term and foreign direct investment and also diverts limited public financial resources that are required, both to provide much needed social support as well as to stimulate the economy and create jobs.

BUSA was encouraged by common concerns expressed by all social partners on corruption, as articulated at the recent NEDLAC Summit held on 8 September 2017. All social partners expressed grave concerns pertaining to the ramifications of corruption to the health of the economy, and the ability of the country to achieve social development. 'There was a coherent message from all social partners at Nedlac that we need to separately and together do all that we can to root out corruption', stated Cohen.

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