



ANNOUNCEMENT

4 NOVEMBER 2019

JGL FORENSIC SERVICES PARTNERS WITH CGF RESEARCH INSTITUTE

We've got some exciting news - the partnership between JGL Forensic Services and CGF Research Institute is now official! We'd like to take this opportunity to give you a little more background as to how this came about, and what it means for you, our valued client, going forward.

Even if you're not a follower of corporate South Africa, you cannot fail to have heard of some if not all, of these companies over the past couple of years: Steinhoff, VBS, Tongaat Hulett, EOH and Aspen. Why? Because they have one key thing in common – they've all been accused of large scale financial mismanagement and misstatement of information.

Tragically, it's got to the point where corporate governance scandals such as these are becoming almost commonplace in South Africa. Forensic auditors and investigators have their hands full, and are busier than they've ever been trying to figure out exactly what went wrong.

How did the guys at the top manage to hoodwink well-respected and experienced members of the combined audit function for extended periods – 10 years in the case of Steinhoff? It's fraud and deception on a major scale, so how did it go undetected for so long?

These are valid questions, and they need to be asked - and answered. But at JGL, we believe we should now be asking different, even more important questions. The most urgent of these is this:

What are we doing to *prevent* "the next Steinhoff?"

We may have the King Codes to fall back on, but these, sadly, don't make us bulletproof, as the above-mentioned scandals clearly illustrate. Forensic investigators like JGL need to take a step back from the traditional, default position of only closing the barn door after the proverbial horse has bolted. We need to be doing everything we can to make sure the feisty animal stays where it's supposed to be in the first place!

Think of it as the forensic equivalent of Discovery Vitality – doing everything you can to stay healthy and prevent illness and disease is a much better philosophy than living on hot chips and chocolate and only going on a diet after the heart attack drops us like a stone.

This is why we at JGL decided, after 19 years in the business, to add another string to our bow. It's always tempting, as a service provider, to offer all the services our clients want and need. We tell

ourselves this is how we optimise revenue. But in doing so, are we not at risk of overstepping the lines of independence and objectivity? For a medium-sized service provider such as ourselves, this is a very real dilemma. You only have to look at the accusations now being levelled at the national and international auditing firms embroiled in the corporate governance scandals we referred to earlier, to see how offering multiple services to clients opens up huge vulnerability to breaches in objectivity and independence.

As such, we have recently made the conscious decision to deliver on three pillars of service to our clients, and to partner with industry leaders to provide the additional services that are not our core offerings. All we needed was a company that would take this thinking forward.

Our search for such a company is what led to our recent partnership with CGF Research Institute (Pty) Ltd who specialise in all matters relating to corporate governance, and more specifically the implementation of the Corporate Governance Framework[®]. CGF is a highly respected organisation who are renowned in all matters relating to Corporate Governance, Risk and Compliance (GRC). CGF's team of management consultants and executive directors all have extensive experience in GRC disciplines across numerous industry sectors.

After several meetings, it was obvious that there was a natural fit and symbiosis in the services our companies provide. Together, we can show you how to proactively stress test areas within your organisation to avoid the kind of disasters the forensic industry knows so well. By showing you how to apply more robust corporate governance structures, we can help you bolster your existing lines of defence, and significantly increase your chances of avoiding any corporate governance violations.

We know that this exciting strategic alliance will ensure that you, our valued client, are better informed on how to manage and protect your company in a very complex world.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Jacques van Wyk', written over a thin horizontal line.

Jacques van Wyk

Director & CEO

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