

## **CORPORATE-ALTERNATIVE DISPUTE RESOLUTION: MCKINSEY**

During December 2024, the National Prosecuting Authority (**NPA**) concluded a Corporate-Alternative Dispute Resolution (**Resolution**) with McKinsey and Company Africa (Pty) Ltd (**McKinsey Africa**).

This Resolution was concluded pursuant to authority granted by the Board of Directors of McKinsey & Company, Inc (**McKinsey**).

### **Determinants of the resolution**

In making the decision, the NPA took into account various factors, including the extent of the criminality, the co-operation of the company and steps taken to self-report criminality, the need for restitution for the economic recovery of the country, assistance in further prosecutions, and improved corporate governance within the company.

In particular, consideration was given to:

- McKinsey's own extensive investigation into the corrupt conduct of a former senior partner who was instrumental in major corruption involving South African state-owned enterprises.
- McKinsey's extensive self-reporting, co-operation, remorse, and its zero tolerance for corruption and non-compliance with its policies, procedures, and professional standards.
- Its significant remediation efforts and investment in risk control functions and processes.

The Resolution was facilitated by successful international co-operation between the United States of America's Department of Justice (**USDOJ**) and the NPA. The process of engagement originated from a settlement agreement between the US and McKinsey Africa granted by a US Federal Court.

McKinsey has paid affected state-owned entities approximately a billion Rand in recognition of the proceeds it derived from unlawful contracts. It has also paid R1.1 billion into South Africa's Criminal Assets Recovery Account as restitution in recognition of the social and economic harm done as a result of criminal conduct in South Africa.

### **Conclusion**

McKinsey will continue to co-operate with authorities in both South Africa and the United States of America in their ongoing investigations.

The NPA may review its decision to prosecute McKinsey and McKinsey Africa in the event of any material non-compliance with the Resolution.

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