

Update on Steinhoff International Holdings Limited and Steinhoff International Holdings NV

The Financial Sector Conduct Authority (FSCA) has today issued a penalty of R475 million to Mr Markus Jooste, following a thorough investigation. The investigation found that Mr Jooste and Mr Dirk Schreiber made or published false, misleading, or deceptive statements about Steinhoff International Holdings Limited and Steinhoff International Holdings NV, which they knew or ought reasonably to have known were false, misleading, or deceptive. Such publication included the omission of material facts.

The FSCA found that Mr Jooste and Mr Schreiber contravened section 81(1)(a) and (b) of the Financial Markets Act, 19 of 2012 (the FMA). The contraventions were in respect of Steinhoff International Holdings Ltd and Steinhoff International Holdings NV's annual financial statements and annual reports for the 2014 to 2016 financial years and for the 2017 half year. The Steinhoff International securities were listed on the Johannesburg Stock Exchange (the JSE) and the Frankfurt Stock Exchange (the FSE) during this period.

Section 81(1)(a) of the FMA prohibits a person from, directly or indirectly, making or publishing any false or misleading or deceptive statement. The FMA also prohibits the promise or forecast in respect of any material fact regarding the past or future performance of a company which has listed securities on a regulated market, and which the person knows, or ought reasonably to know at the time and in light of the circumstances in which it is published, is false, misleading or deceptive.

Section 81(1)(b) of the FMA similarly prohibits such a publication if, for the reason of the omission of a material fact, the statement, promise or forecast is rendered false, misleading or deceptive.

Mr Jooste:

The FSCA imposed an administrative penalty of R475 million on Mr Jooste for contravening the aforementioned sections of the FMA. The penalty is payable to the FSCA on or before 19 April 2024. It includes a contribution of R10 million to reimburse the FSCA for reasonable costs incurred in connection with the investigation of the contravention, and interest at the rate of 11.75% (as prescribed by the Minister of Finance in terms of the Prescribed Rate of Interest Act, 55 of 1975). The interest is on any unpaid portion of the administrative penalty until it is fully paid.

In arriving at the amount of the administrative penalty, the FSCA considered, among other factors, the need to deter similar behaviour in the market; the amounts of the losses experienced by the market; Mr Jooste's level of cooperation during the investigation; the nature, duration, extent and seriousness of the contraventions; the extent of any financial or commercial benefit to Mr Jooste; previous contraventions of financial sector laws (Insider Trading and the contravention of the JSE's Listing Requirements); the effect of Mr Jooste's conduct on the financial system and financial stability; the effect of the proposed penalty on financial stability; the extent to which the conduct was deliberate or reckless; and Mr Jooste's submissions regarding the merits of the case against him, including his submissions regarding an appropriate penalty.

Mr Schreiber:

In terms of section 156 (1) of the Financial Sector Regulation Act, 19 of 2017 (FSR Act) the FSCA may, in exchange for a person's cooperation in an investigation or in proceedings related to conduct that contravenes or may contravene that law, enter into a leniency agreement with a person in respect of the conduct.

Due to the extent of Mr Schreiber's co-operation with the investigation and after considering the factors as per section 156 (3) of the FSR Act, the FSCA was satisfied that it appropriately entered into a leniency agreement with Mr Schreiber. In terms of the leniency agreement the FSCA, despite finding that Mr Schreiber contravened section 81(1)(a) and (b) of the FMA, will not impose an administrative penalty on Mr Schreiber. The Authority is satisfied that it may publish the leniency agreement as per section 156(4) of the FSR Act.

Previously, the FSCA concluded an investigation into contraventions of the FMA by the Steinhoff Group for the relevant periods. In September 2019, an administrative penalty of R1.5 billion was imposed on Steinhoff International. Upon application made by Steinhoff

International, the FSCA remitted the penalty to R53 million in terms of section 173 of the FSR Act. The penalty was paid before Steinhoff International became a new private Dutch holding company at the end of 2023.

The findings relating to Mr Jooste and Mr Schreiber were made as part of an ongoing investigation by the FSCA. The Authority is continuing with further investigations into similar contraventions of section 81(1)(a) and (b) of the FMA by other individuals.

Detailed information about the FSCA's decisions is available on:
<https://www.fsca.co.za/Enforcement-Matters/Pages/Enforcement-Actions.aspx>

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