



Companies and Intellectual
Property Commission

a member of the dti group

**STANDING COMMITTEE ON FINANCE, STANDING COMMITTEE ON PUBLIC ACCOUNTS,
PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY AND PORTFOLIO COMMITTEE ON PUBLIC
SERVICE AND ADMINISTRATION**

**PROGRESS ON STEINHOFF INVESTIGATIONS SINCE MARCH 2018 PARLIAMENTARY BRIEFING
COMPANIES AND INTELLECTUAL PROPERTY COMMISSION BRIEFING**

1. On 29 January 2018, the CIPC issued a Compliance Notice to the Board of Directors of Steinhoff International Holdings Ltd N.V.
2. In summary the Compliance Notice required the following:
 - 2.1 Within 6 months from the date of this Compliance Notice, the Board of Directors of Steinhoff must identify individuals that were involved in the falsification of any accounting records of Steinhoff and/or any related or interrelated business unit(s); division(s); associate companies; joint venture companies and/or subsidiaries of Steinhoff.
 - 2.2 Within 6 months from the date of this Compliance Notice, the Board of Directors of Steinhoff must institute criminal action, by opening criminal cases, irrespective of geographic location, against those individuals identified in paragraph 2.1 above.
 - 2.3 Within 6 months from the date of this Compliance Notice, the Board of Directors of Steinhoff must institute civil action as per section 77 and section 162(2) read with section 162 (5) (a) to (c) of the Act in the Republic of South Africa and the equivalent of this action in other jurisdictions where Steinhoff and/or any related or interrelated business units; divisions; associate companies; joint venture companies and/or subsidiaries of Steinhoff operates, against those individuals involved in the falsification of the accounting records as per paragraph 2.1 above.
 - 2.4 Provide monthly reports to the CIPC on the progress and implementation of paragraphs 2.1; 2.2 and 2.3 above.



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3. The CIPC wishes to update the Joint Committees as follows:

- 3.1** Steinhoff has identified specific individuals that have been directly involved in the falsification of the accounting records of the Group.
- 3.2** A specific criminal case has been opened against these individuals.
- 3.3** The names of these individuals, as well as, the monthly reports that have been received by the CIPC have been provided to the Regulator under cover of confidentiality as provided for by section 212 of the Companies Act. The CIPC has accepted the confidentiality claim on the basis that the disclosure of the identities of the specific individuals as well as the monthly reports at this stage may jeopardize the criminal investigation by the SAPS.
- 3.4** On the civil action front Steinhoff has a statutory cause of action against directors who have caused it harm. Steinhoff has requested the Court in Amsterdam to join Mr Markus Jooste in contribution proceedings in the VEB – matter.
- 3.5** Furthermore the PWC report which is anticipated to be completed by December 2018 will identify further individuals by name and quantify amounts which will form the basis of further civil action against these individuals.
- 3.6** Although not part of the Compliance Notice, the CIPC in its monthly meetings with Steinhoff have endeavoured to ensure that the jobs of the innocent employees that have been caught in this cross fire be preserved. Steinhoff has managed to preserve virtually all of the approximately 130 000 jobs which existed in the Steinhoff Group.
- 3.7** Furthermore, Steinhoff an external company with no legal obligation to have a Social and Ethics Committee have post December 2017 now established a Social and Ethics Committee thus proving that it is not an insurmountable barrier for an external company to have such an important committee.
- 3.8** From a policy perspective the CIPC would strongly recommend that section 214, read with section 216 and Regulation 43 of the Companies Act be amended to include external companies.
- 3.9** The CIPC is satisfied that there has been compliance with the requirements of the Compliance Notice and we will be issuing a Compliance Certificate to this effect.
- 3.10** Section 187(2) (b) of the Companies Act allows for monitoring proper compliance with the Act, the CIPC will continue its monthly meetings until the end of February 2019 with Steinhoff, being a month after it is anticipated that the audited financial statements for Steinhoff for 2018 will have been presented and any clarification that the CIPC may have from the PWC Report to be ventilated with Steinhoff.