



**MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA**

PRESS STATEMENT
**MINISTER OF FINANCE MALUSI GIGABA'S OBSERVATIONS ON STEINHOFF
INTERNATIONAL'S FINANCIALS**

The Minister of Finance, Malusi Gigaba, notes with grave concern the statement by Steinhoff International Holdings N.V., on Tuesday evening, with regard to accounting irregularities in its recent financial statements.

As a listed company on the Johannesburg Stock Exchange (with its primary listing on the Frankfurt Stock Exchange), investors rightly expect the highest degree of honesty and integrity in the financial statements and reports of companies such as Steinhoff, to protect investors from market abuse and manipulation. As the regulator for capital markets in South Africa, the Minister supports the decision by the Financial Services Board, which it has conveyed to the National Treasury, that it has instituted an independent investigation into possible false and misleading reports in terms of section 81 of the Financial Markets Act, as well as any related abuses; this is over and above an internal investigation by the Johannesburg Stock Exchange (JSE) to probe the extent of the accounting irregularities at Steinhoff. The Minister expects the JSE to report its findings to the FSB. South African legislation allows for appropriate action against any person who has not exercised his or her fiduciary responsibility to shareholders, some of whom are institutional and retirement funds.

The Minister is mindful that many retirement and savings funds may be adversely affected by the loss in the value of Steinhoff shares; therefore, members of retirement funds should be reassured that current regulations limit the extent to which any one fund may be invested in any one company. That notwithstanding, the Minister has requested the retirement funds regulator at the FSB, Public Investment Corporation (PIC), the Government Employees Pension Fund (GEPF) to provide him with a report on the extent of exposure for retirement funds. The Minister expects that this report will give assurance that the interests of the shareholder are protected, including retirement and savings funds.

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Considering the recent call for corporate South Africa to provide accurate reporting of its financials, the Minister will also have discussions with other appropriate regulators, like the Independent Regulatory Board for Auditors (IRBA), to assess any likely lapses in financial and auditing reporting.

The Minister wishes to reiterate his call on all South African corporations to maintain the highest practices of corporate good governance, reflecting that South Africans have entrusted them with their pension savings.

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