

GEN – General – Caxton and CTP Publishers and Printers Limited

Censure imposed by the JSE on Caxton and CTP Publishers and Printers Limited (“**Caxton**” or “**Company**”)

The JSE hereby informs stakeholders of the following findings in respect of Caxton:

## **BACKGROUND**

1. Caxton, a company listed on the main board of the JSE published two announcements on SENS on 12 August 2022 and 6 October 2022, respectively, which announcements contained specific statements primarily relating to Mpact Limited (“**Mpact**”). These statements did not comply with the JSE’s Listings Requirements.
2. According to the provisions of Schedule 9 of the Listings Requirements, the JSE has established the SENS platform as a result of a need to disseminate relevant company information to the market on a real time basis. To ensure that shareholders and the investing public only receive relevant information, companies must ensure that the information that they wish to release is in fact relevant company information, being company announcements explicitly required in terms of the Listings Requirements and/or price sensitive information.
3. The information disseminated by Caxton was not company announcements as required by the Listings Requirements or price-sensitive information as defined in Schedule 9. Price sensitive information refers to unpublished information that is specific or precise that could materially influence the market price of a Company’s securities if made public, as defined.
4. Caxton included the following specific statements relating to Mpact in its SENS announcements:

### 12 August 2022

- *“Caxton considers that the Mpact board has not complied with its fiduciary duties, in that it has, inter alia, failed to disclose adequate details of the pending cartel case to shareholders and the risks associated therewith, notwithstanding that Mpact has admitted to operating a long-standing cartel with New Era, a subsidiary of Golden Era. The Mpact board has also failed to disclose publicly all the material risks of a potential Caxton merger in Mpact’s 2021 IAR risk matrix.*”

- *In soliciting support from Golden Era to oppose a possible Caxton merger, the Mpact board has filed secret representations and affidavits before the Competition Commission and Tribunal, thereby exacerbating concerns held by Caxton that Mpact and Golden Era remain involved in the vestiges of their long-standing cartel.”*

#### 6 October 2022

- *“Caxton further complained to the JSE that executive directors of Mpact traded in Mpact shares to a value of more than R15m whilst in possession of this PSI.*
- *Caxton also notes the disregard by Mpact of the governance requirements of the Companies Act, 2008, with its appointment of non-executive directors to a subsidiary of Mpact, solely to create a formalistic legal basis to bypass shareholder approval of non-executive directors’ remuneration.*
- *According to Caxton’s own market information, Golden Era purchases nearly half of the carton board output of Mpact’s Springs mill, of some 45 000 tons, in addition to its purchase of tens of thousands of tons of corrugated board from Mpact.*
- *Independent sources confirm that Golden Era is already seeking alternative imported carton board sources of supply.*
- *It is uncertain if Mpact’s banking covenants will be affected by an adverse event of customer flight with “devastating” consequences and how the loss of Golden Era’s business will affect the future of Mpact’s affected operations.*
- *Golden Era has previously threatened to withdraw its custom from Mpact, to extract commercial benefits from Mpact.*
- *Mpact affords Golden Era, unspecified benefits and favoured nation preferences, including pricing, in its purchase of carton board.*
- *Mpact and Golden Era stand accused of cartel conduct. Mpact has admitted to the conduct and has received conditional corporate leniency from the Commission, but Golden Era has denied its participation. Caxton considers the above continued co-ordinated conduct to be indicative of the fact that the vestiges of the historic cartel between Mpact and Golden Era continue.*
- *Where undisclosed cartel activity in regard to Mpact and Golden Era has occurred or continues to occur, the Commission may revoke Mpact’s current amnesty for its cartel participation with Golden Era and levy a fine on Mpact of up to 10% of its turnover.*

- *The position of Golden Era as a 10% shareholder of Mpact gives rise to a concern about the potential conflict of the Mpact board in assessing the best interests of all shareholders.*
- *The appointment of all Mpact directors as directors of a subsidiary of Mpact renders the Mpact board accountable to itself and places it beyond accountability to Mpact shareholders, which in turn raises questions about the independence of the Mpact board.”*

#### **JSE’S FINDINGS AND DECISION TO CENSURE THE COMPANY**

5. Accordingly, the JSE found the Company to be in breach of General Principles (v) and (vii) of the Listings Requirements for failing to observe the highest standards of care in the dissemination of the two SENS announcements into the marketplace, whether directly to holders of relevant securities or to the public at large and for failing to promote investor confidence in standards of disclosure and corporate governance in the conduct of issuers’ affairs and in the market as a whole.
6. Despite Caxton's status as a major shareholder of Mpact, there was no direct obligation in terms of the Listings Requirements or legal duty for Caxton to disclose such information. Moreover, the aforementioned statements disseminated by Caxton in its SENS announcements were directly related to Mpact, encompassing aspects of its operations, governance, and business activities and thus not relevant company information for Caxton.
7. For these reasons and with reference to the JSE’s findings of breach, the JSE has decided to impose this public censure against the Company as a result of its failure to comply with important provisions of the Listings Requirements. In addition, the JSE has ordered the Company to retract the specific statements on SENS.

10 September 2024