



competition commission
south africa

**PRESS RELEASE
IMMEDIATE RELEASE
DATE 16 MAY 2020**

**MAJOR SUPPLIERS OF FACE MASKS TO PAY R1.7M
FOR INFLATING PRICE INCREASES**

The Competition Commission has referred to the Competition Tribunal for confirmation as an order a consent settlement agreement with two sister companies who are on-sellers and importers of face masks, respectively in which the companies have agreed to pay R1.7m for charging excessive prices in breach of Covid 19 regulations.

Sicuro Safety CC (Sicuro) and Hennox 638 CC t/a Hennox Supplies (Hennox) admitted that they increased their gross profit margins for FFP1 face masks during March 2020 in contravention of section 8(1)(a) of the Act read together with Regulation 4 of the Consumer Protection Regulations.

On Tuesday 12 May, the Commission charged Sicuro and Hennox with excessive pricing to the detriment of customers and consumers. In terms of the settlement, Sicuro and Hennox will pay administrative penalty of R1.5 million.

Furthermore, the companies have undertaken to pay a contribution R200 000,00 to the Solidarity Fund. The companies have also agreed to do the following:

1. Immediately desist from the excessive pricing conduct;
2. With immediate effect, to reduce their gross profit margin on FFP1 face masks to a mutual acceptable maximum for the duration of the state of the national disaster;
3. Ensure that their gross profit margin for FFP2 and FFP3 facial masks will not exceed a mutually accepted maximum for the duration of the state of the national disaster;
4. Develop, implement and monitor a competition law compliance programme incorporating corporate governance designed to ensure that its employees, management, directors and agents do not engage in future contraventions of the Act. The competition law compliance programme will be developed in conjunction with a staff member of the Commission. In particular, such compliance programme will include a mechanism for the monitoring and detection of any contravention of the Act;
5. To submit a copy of a compliance programme to the Commission within 60 business days of the date of confirmation of the settlement agreement as an order by the Tribunal or such longer period as may be agreed with the Commission depending on the duration of any lockdown imposed in terms of the legislation and directions; and
6. To circulate a statement summarising the content of the settlement agreement to all management and operational staff employed at Sicuro and Hennox within 14 calendar days from the date of confirmation of the order.

The settlement follows the Commission's investigation which found that the two firms' prices for the Filtering Face Piece 1 (FFP1) mask increased astronomically by more than 969.07% and 956%, as charged by Sicuro and Hennox, respectively.

[ENDS]

Issued by:

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