



STEINHOFF INTERNATIONAL
CORPORATE RESPONSIBILITY 2015

OVERVIEW

CORPORATE RESPONSIBILITY	
ABOUT SUSTAINABILITY REPORTING	1
GROUP STRUCTURE AND BRANDS	6
OVERVIEW	10
STAKEHOLDERS	14
PEOPLE	18
PLANET	32
CASE STUDIES	36
CORPORATE AND CONTACT INFORMATION	44

STEINHOFF INTERNATIONAL IS AN INTEGRATED DISCOUNT RETAILER

that manufactures, sources and retails furniture, household goods and clothing in Europe, Africa and Australasia..

The group aims to create an environment where employees, customers and business partners are encouraged to contribute towards responsible business practices with long-term sustainable benefits.

STEINHOFF IS FOCUSED ON MANAGING THE LONG-TERM SUSTAINABILITY OF THE GROUP'S BUSINESSES AND BUSINESS PRACTICES

Steinhoff is pleased to present the corporate responsibility information for Steinhoff International, which is additional to the information included in the group's integrated report to provide stakeholders with insight into aspects of sustainability and the way in which the group manages its businesses.

Key material issues are addressed together with the group's strategic drivers in the integrated report. The group's sustainability information describes how sustainability efforts underpin these strategic businesses drivers to create long-term sustainable value for all stakeholders.

Aspects of social and environmental sustainability have been part of the group's strategy for many years, yet there is now more emphasis on the monitoring and reporting of relevant and material data. The group is continually seeking to improve processes of data collection and data management, in order to report more accurately on strategic sustainability issues and to align reporting with global best practice.

Steinhoff's approach to corporate responsibility and sustainability remained consistent throughout reporting periods. Relevant qualitative and quantitative information is updated annually where necessary to provide sufficient context of the group's performance.

SCOPE AND BOUNDARY

The scope of the sustainability information includes the group's operating subsidiaries of the international and South African businesses (Pepkor will be incorporated into the sustainability reporting at the end of FY2016). The financial and quantitative data covers the financial reporting period of 1 July 2014 to 30 June 2015.

All references to Steinhoff, the group, the company, the business, and references to "our" and "we" refer to Steinhoff International Holdings Limited and its controlled subsidiaries. A controlled subsidiary is a company in which Steinhoff has a shareholding of more than 50%.

For a comprehensive understanding of the affairs of the group, the sustainability information should be read together with the integrated report, the audited annual financial statements, and the corporate governance report, all of which are available on this site.

DETERMINING MATERIALITY

The diversity of the group's businesses and its extensive geographical footprint influence the way in which the materiality of sustainability aspects is determined and addressed. There are many issues across the group that could be material to certain divisions but not to others, or to the group as a whole.

Materiality is therefore determined and defined at a divisional level. Decisions around materiality are based on the potential impact of risks and opportunities, and the effect on stakeholders.

This has resulted in certain of our divisions being at the core of many of the group's sustainability initiatives.

ASSURANCE

The group's combined assurance process will be further developed to include sustainability data. This will enhance the quality and integrity of the group's sustainability data.

With third-party assurance becoming a prevalent reporting requirement the group is in the process of including certain sustainability information into the internal audit cycle. When this has been fully incorporated and optimised, external assurance will be achievable in certain areas of focus, where deemed necessary.

ETHICAL BEHAVIOUR IS GOOD BUSINESS

Steinhoff must be trustworthy in its dealings with customers, suppliers and other stakeholders (any group or individual that has an interest in Steinhoff and can either affect or be affected by our activities).

Steinhoff therefore requires all its employees in the performance of their duties to act in good faith, in a manner promoting Steinhoff's aspiration to be a good corporate citizen. Any employee who has questions regarding conduct in specific situations should obtain guidance from his or her manager, the company secretary or the legal department or any member of the compliance committee.

Steinhoff has established a compliance committee comprising the company secretary, the group human resources director and the training manager to implement and monitor education and training programmes for employees, to respond to inquiries from any employee regarding appropriate business practices and to investigate any allegation of possible impropriety.

It is the duty of all directors and all managers in the group to ensure that the group ethical standards and policies are made known to all employees for whom they are responsible. Ultimately, however, it is up to each of us to adhere to Steinhoff's principles of honesty, integrity and fairness, and to perform our duties in accordance with all laws and regulations.

CODE OF ETHICS

The Steinhoff Code of Ethics ("the Code") was created to reflect the core principles of our Steinhoff philosophy, and to guide employees on some of the most important ethical issues in a business environment. The Code is complemented by a number of corporate compliance policies, which provide more detailed guidelines on specific issues, thereby ensuring that we conduct our business, not only in accordance with the law, but also in an ethical manner. This manual contains a summary of the Code and the guidelines on specific issues set out in the policies. Copies of the policies themselves may be obtained from the appropriate regional human resources department, the company secretary or legal department. Further information on any issues summarised in this manual can be obtained from your legal department or any member of the compliance committee.

Conflicts of interest

All employees are expected to devote their time, attention and abilities to the performance of their duties during normal working hours. Therefore, Steinhoff employees may not, without prior approval of Steinhoff, engage in any practices or pursue any private activities that conflict in any way with Steinhoff's interests, e.g. having any interest in a competitor, customer or supplier of Steinhoff.

Conflicts of interest can also arise when someone close to a Steinhoff employee (e.g. a spouse or a child) develops a relationship with competitors, customers or suppliers, and should therefore also be avoided. It is the obligation of each employee to disclose such interests to the relevant managing director, the company secretary or legal department. For purposes of such disclosure, holdings in listed companies, which fall in these categories, in excess of 5% of such company's issued capital or where such individual holds any influence in the management of such company should be formally disclosed.

THE STEINHOFF CODE OF ETHICS

CONTINUED

Acceptance of Gifts

No employee may accept any gift, payment, favour, incentive or any other business courtesy that may influence his or her actions or Steinhoff's actions with regard to a third party. Similarly, Steinhoff employees may not make these kinds of gifts to third parties. Exceptions include accepting small token gifts of thanks from a customer or supplier, such as a box of chocolates, a bottle of wine or an invitation to a sporting event or meal. However, each employee is obliged to notify his or her managing director and senior executives to complete the register available at the group managing director's office.

Bribes and Political Contributions

Various anti-corruption treaties, laws and regulations require that neither Steinhoff, nor its employees, representatives and agents, directly or indirectly, pay commercial bribes or kickbacks or make payments to government officials, government employees or political candidates or parties for the purpose of obtaining, retaining or directing business to any person. Steinhoff expects all employees to comply with these treaties, laws and regulations. Penalties for violating the anti-bribery provisions of these laws can be severe and often include heavy fines and prison sentences.

Record Keeping

Steinhoff's books and records should reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permissible, and the record-keeping functions are expected to be diligent in enforcing proper practices. In particular, those employees who have the responsibility to entertain clients on behalf of Steinhoff should take care to ensure that all expenses are reasonable, incurred in good faith and recorded accurately.

Financial Transactions and Insider Trading

Employees with material non-public price-sensitive information about Steinhoff's financial or business performance may not trade directly or indirectly in any Steinhoff securities, unless they have received specific permission, and may not trade during the closed periods. Such information includes any

information not available to the general public which, if known, would be useful to an investor. Various laws of the countries in which Steinhoff operates prohibits such insider trading in any circumstances where employees or their immediate family members seek financial gain from the use of material non-public information.

Promotion of Competition

Steinhoff believes in the principles of free competitive enterprise. Many of the countries in which Steinhoff operates have laws that aim to promote this, and severe penalties are imposed for anti-competitive conduct.

Health, Safety and Environment

Steinhoff is committed to sound health, safety and environmental management practices. Steinhoff's policy is to meet or exceed applicable safety and environmental laws, regulations and orders of the responsible governmental authorities wherever Steinhoff operates and is committed to the responsible management of its activities and continuous improvement in environmental and safety performance.

Compliance with Laws

All employees are expected to abide by the laws of the state and country in which they operate, and to ensure that the area of activity for which they are responsible within Steinhoff does likewise. In all matters of legal relevance for Steinhoff, it is imperative to seek upfront or immediate advice and coordination from the appropriate legal department.

Intellectual Property

Any invention or creative work prepared by Steinhoff employees relating to Steinhoff's business or developed, using Steinhoff's time, materials, information or facilities, is the property of Steinhoff. Employees are responsible for protecting Steinhoff's intellectual property and respecting the intellectual property rights of third parties. Each employee is obliged to notify the legal department or company secretary of any intellectual property that qualifies for protection or possible infringement of the group's rights.

Confidentiality

All employees are required to maintain the confidentiality of information they obtain in the course of their employment with Steinhoff.

Non-discrimination

Steinhoff's policy is to recruit, hire, promote and provide equal opportunities for all employees, regardless of race, ethnic origin, sex, religion or belief, age, disability, national origin, sexual orientation, or veteran status. Steinhoff expects all employees to support this policy and to treat fellow employees with respect and consideration. Harassment or unequal treatment of other employees is not permitted.

Contravention of Code

Any employee who fails to comply with this Code will be disciplined by Steinhoff and/or may face prosecution in terms of the laws of the state and country in which she/he operates.

Reporting

Candour is expected from employees at all levels at all times. Prompt communication of any problems or breaches arising in the sensitive areas described above, or in any similar areas, can be made to any member of the compliance committee or to the external regional Steinhoff ethics telephone lines, which any employee of the group may use to report anonymously possible problems or breaches of corporate policy or applicable law in their region without fear of recrimination, provided that the employee reports in good faith and on a reasonable basis, believing that the information disclosed is substantially true.

Anti-Competition / Antitrust ("Anti-Competition") Policy and Guidelines

Steinhoff strictly avoids anti-competitive conduct. Each employee must understand and comply with the anti-competition laws as they may bear upon his or her activities and decisions. It is the responsibility of regional managers and supervisors to ensure that this is done.

Each employee is responsible for bringing to the attention of his or her legal department any circumstances with anti-competition implication –

promptly and before any action is taken on behalf of Steinhoff.

The purpose of anti-competition laws

The purpose of anti-competition laws is to maintain a free enterprise system by prohibiting business activities that unreasonably restrain trade or reduce competition.

The laws are based on the premise that the public benefits by obtaining the best quality and greatest choice of products at the lowest prices through vigorous competition.

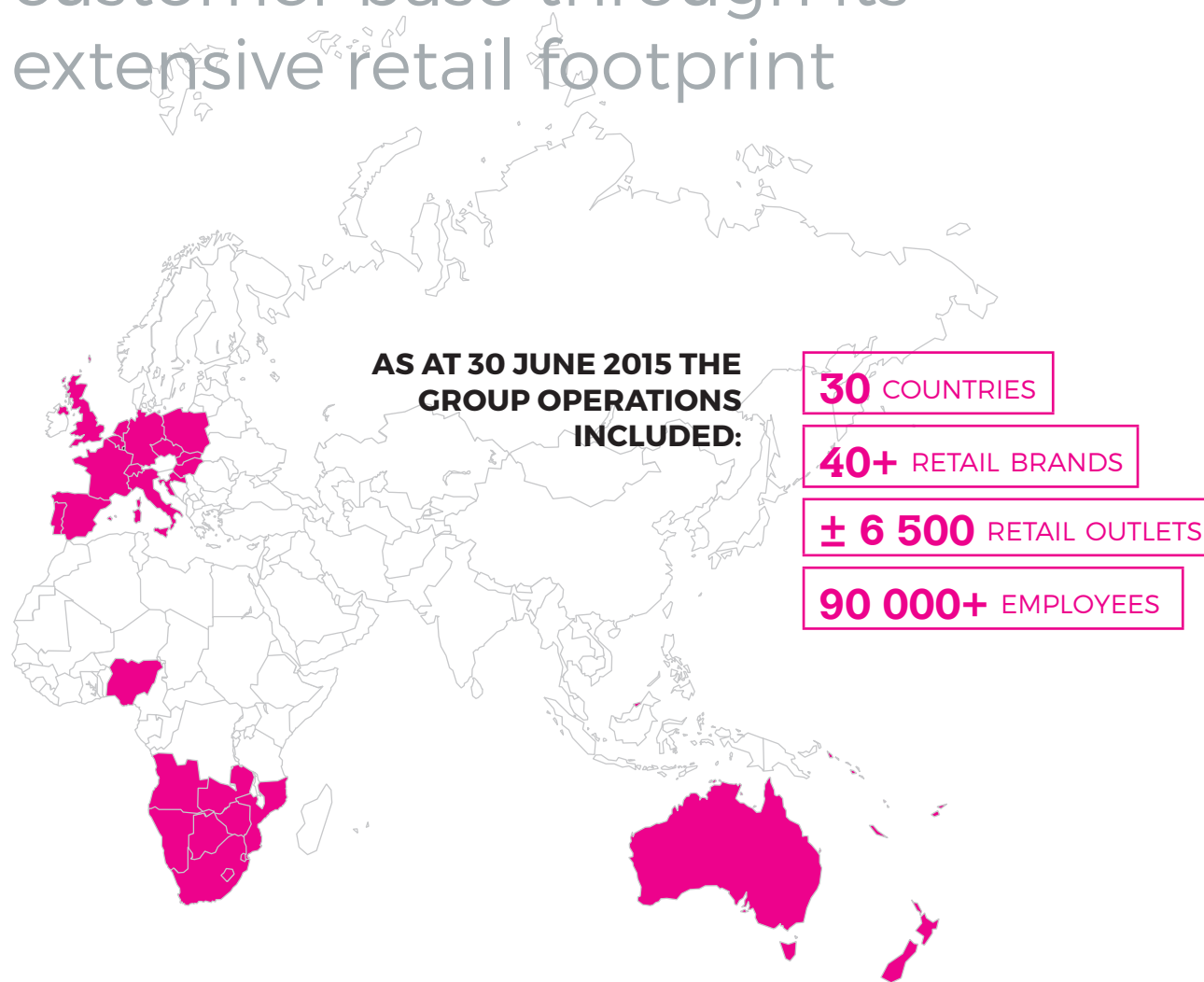
These laws regulate the anti-competitive behaviour of companies and of their employees, whether this behaviour takes the form of agreements with competitors, suppliers, customers and licensees, unilateral initiatives or practices undertaken by the Steinhoff group that might be considered abusive, or structural changes resulting from mergers and acquisitions.

The breach of anti-competition rules can result in a number of detrimental consequences, including loss of reputation, payment of significant fines to government regulators, payment of damages to injured parties and imprisonment.

For these reasons, all of Steinhoff's contractual relationships should be reviewed in advance by the legal department.

THE GROUP'S INTEGRATED BUSINESS MODEL

is based on a strategy of sourcing and manufacturing products at low cost and distributing them to the group's value-conscious customer base through its extensive retail footprint



WE STRUCTURE OUR OPERATIONS

in terms of retail product markets, being **household goods**, **general merchandise** and **automotive**

INTEGRATED RETAIL

20 countries
24 retail brands
2 218 retail outlets
± 3.1m m² retail space
± 50 000 employees

20 countries
4 111 retail outlets
± 1.9m m² retail space
Founded in **1965**
± 37 000 employees

2 countries
87 dealerships
46 rental outlets
± 5 000 employees

GROUP STRUCTURE

Retail operations are positioned towards price-conscious (value) consumer segments, providing them with affordable products through a vertically integrated supply chain.

INTEGRATED RETAIL



HOUSEHOLD GOODS

Furniture and homeware retail businesses.



GENERAL MERCHANDISE

Clothing and footwear, accessories and homeware.



AUTOMOTIVE

Dealerships and rental outlets in southern Africa provide vehicles, parts, insurance, accessories, servicing and car rental.



INTEGRATED SUPPLY CHAIN AND PROPERTIES

The integrated supply chain sources from across the world and supplies both external and group-owned retailers.

The property segment includes all properties managed centrally by Steinhoff Properties.

TOTAL GROUP REVENUE

R134.9 billion

RETAIL STORES

6 500

EMPLOYEES

90 000

PROPERTY OWNED

4.0 million m²

SCOPE 1 AND 2 CARBON EMISSIONS

278 000t CO₂e

Sustainability

Steinhoff adheres to values of trust, respect, commitment and loyalty. The group aims to create an environment where employees, customers and business partners are encouraged to contribute towards responsible business practices with long-term sustainable benefits.

Respect for stakeholders and the environment

Enhance reputation as an ethical, profitable and responsible brand

➔
MATERIAL
ISSUE

To manage the risks that threaten its ability to provide sustainable long-term benefits to stakeholders



Steinhoff's business model is based on its long-term strategy which defines key business drivers that assist in maintaining the group's focus on implementing its strategy and achieving sustainable results. To date, this has proved successful in growing the business under sometimes volatile and uncertain economic and political conditions globally.

This approach continues to create value for stakeholders and is at the core of the group's sustainability efforts.

The diversity of the group's businesses and its geographical footprint influence how materiality of sustainability aspects is determined and addressed. There are many issues across the group that could be material to certain divisions but not to others, or to the group as a whole. Decisions around materiality are therefore made at divisional level and are based on the potential impact of risks and opportunities and the possible effect on stakeholders in that division.

South Africa's transformational needs drive Steinhoff's focus in terms of financial contribution towards social change. The group's environmental initiatives, on the other hand, are largely influenced by global trends. This has resulted in certain of the group's divisions being at the core of many of its sustainability initiatives, where the impact of or on the business, would be more significant.

Group and divisional strategies are aligned and focused on:

- maintaining a diverse geographical footprint and revenue streams;
- strengthening the group's integrated supply chain;
- promoting flexibility and balance in our supply arrangements; and
- retaining reliable and efficient logistics services, growing the customer base and supporting group sustainability efforts.

South Africa's transformational needs are the core drivers of Steinhoff's focus in terms of the group's financial contribution towards social change. The group's environmental initiatives, on the other hand, are largely influenced by global trends.

COMMITMENT TO SUSTAINABLE MANAGEMENT AND REPORTING

The corporate responsibility management structure comprise all business functions. A group policy provides clear accountability to the board, while the day-to-day responsibility to implement and manage sustainability programmes and initiatives sits firmly with divisional boards and their respective management teams.

As required by the South African Companies Act, 71 of 2008 (the Companies Act), a social and ethics committee has been constituted as a board committee of which Dr Len Konar is the chairman. The committee focuses on social and ethical concerns and will continue:

- addressing issues of sustainability;
- providing strategic direction to the group on corporate responsibility matters with input from the divisional management teams; and
- reporting to the Steinhoff board as prescribed by the Companies Act.

This committee meets annually to review the status of the group's position regarding the elements of compliance contained within the requirements of the Companies Act and within Steinhoff's social and ethics committee charter. The committee reviews the implementation of various policies and best practices as described in the Companies Act, and as required by the group. These include amongst other the UN Global Compact's principles on human rights, the International Labour Organisations recommendations, the principles of The Organisation of co-operation and development, timber sourcing under the EU Timber regulations etc.

Based on the level of detailed information required by certain stakeholders, Steinhoff will continue to publish comprehensive corporate governance and corporate responsibility information.

Each division is responsible for developing its own sustainability strategy and framework in line with the overall group strategy, while considering stakeholder needs and social and environmental obligations. With the group's retail focus, sourcing and supply chain management receive a higher level of attention. To this end certain of the divisions are signatories to relevant initiatives and programme, or subscribe to international best practice frameworks. These include adherence to the EU Timber regulation (responsible timber sourcing), the CSI in France (aims to encourage their suppliers to comply with universal human rights principles) and Interseroh (reviews and advises on waste management practices and waste management suppliers).

Currently, Steinhoff has three main operational areas of focus, namely:

- Retail: Household goods
- Retail: General merchandise
- Retail: Automotive

DRIVING SUSTAINABLE POLICIES AND MEETING TARGETS

Steinhoff recognises that in order for the group to continue its success in attracting affordable capital, retaining a loyal workforce and sustainable customer base, Steinhoff needs to protect and enhance its reputation as an ethical, profitable and responsible brand.

Respect for stakeholders, employees and the environment, is a non-negotiable business principle throughout the group and management is confident that it has appropriate systems in place, not only to protect the brand and its businesses, but also to provide long-term benefits to various stakeholders.

Responsibility for the implementation of and compliance with policies lies with the chief executive officer/managing director of each division. These executives take responsibility for the communication of the group's policies to all employees in their respective divisions. However, it is the ultimate responsibility of each employee (and extended stakeholders) to observe Steinhoff's principles of honesty, integrity and fairness and to act in accordance with all the laws and regulations relevant to that division and country of operation.

Various group policies and practice guidelines assist divisional management with managing appropriate behaviour and these are in place across the group, and include:

- Anti-fraud and anti-corruption practices
- Disciplinary procedures
- Enterprise risk management
- Ethical sourcing
- Health and safety
- HIV/Aids
- Information technology
- Labour regulations
- Performance management and remuneration
- Procurement and supplier management
- Product quality and safety
- Recruitment and selection and other employment-related practices
- Training and development
- Transformation and equity in employment

Directives to achieve certain targets are endorsed at group level, set at divisional level and are applied and managed at operational level. These directives are driven by relevant committees and they are cascaded throughout the group, to a business unit level through established divisional committees. Data on sustainability forms part of divisional reporting structures and it is part of the group's

annual internal reporting processes. Much of the data is also used for other reporting requirements, for example, statistics on employment equity are submitted to the Department of Labour in South Africa relating to African operations.

All data collected is used to further the group's understanding of its position and that of its subsidiaries and to assist in developing relevant targets and strategies where it is appropriate, applicable and material.