

STEINHOFF INTERNATIONAL HOLDINGS N.V.

REMUNERATION POLICY

Adopted by the General Meeting on 1 December 2015

Linklaters

Linklaters LLP
World Trade Centre Amsterdam
Zuidplein 180
1077 XV Amsterdam

Telephone (+31) 20 799 6200
Facsimile (+31) 20 799 6300

Ref L-221356

Steinhoff International Holdings N.V.

Remuneration Policy

1 Introduction

- 1.1** This remuneration policy (the “**Remuneration Policy**”) has been adopted by the General Meeting upon a proposal by the Supervisory Board pursuant to article 15.12 of the Articles and, where applicable, by the Management Board.
- 1.2** The terms used in this Remuneration Policy shall have the same meaning as ascribed thereto in the Regulations of the Management Board, except where expressly indicated otherwise.

2 General

- 2.1** The Company is an international business with revenue earned in many countries. The Company expects its Managing Directors and the members of the Executive Committee (the Managing Directors and members of the Executive Committee together the “**Senior Management**” and each a “**Senior Manager**”) to be internationally mobile and to have knowledge and experience across borders. As a result, the Company competes for skills and talent in a global marketplace and its approach to remuneration needs to be flexible and competitive in all of the countries where the Group operates.
- 2.2** The objective of the Remuneration Policy is therefore to provide remuneration in a form which will attract, retain and motivate Senior Management, while protecting and promoting the objectives of the Company.
- 2.3** The Remuneration Policy is based on the following principles:
- 2.3.1** remuneration is aligned with the corporate strategy of the Company;
 - 2.3.2** total rewards are set at levels that are competitive and relative within the specific market and industry, taking into account the Company’s results, including financial and non-financial indicators relevant for the Company’s value creation on the long term;
 - 2.3.3** incentive-based awards are earned through achieving demanding performance measures and targets with due regard for the sustainable wellbeing of all stakeholders over the short, medium and long term;
 - 2.3.4** incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle; and
 - 2.3.5** the design of long-term incentives is prudent and does not expose stakeholders to a position where the sustainability of the Group is placed at risk.
- 2.4** The Supervisory Board, upon proposal of the Human Resources and Remuneration Committee, shall determine the remuneration and other conditions of employment for Senior Management taking into account the provisions of this Remuneration Policy.
- 2.5** Part of the remuneration package of Senior Management may be variable and dependent on performance of the individual Senior Managers and of the Company and the business

connected with it. The variable component shall be linked to pre-determined, assessable and influenceable targets, which are predominantly structured to incentivise Senior Management throughout the business cycle but drive the long-term sustainability of the business.

- 2.6** The Supervisory Board seeks to ensure an appropriate balance between the fixed, variable and performance-related elements of the remuneration of the Senior Management and between those aspects of the package linked to short-term financial performance and those aspects linked to longer-term sustainable stakeholder value creation. The remuneration of a Senior Manager shall, subject to clause 4.2 of this Remuneration Policy, be determined for the duration of his/her appointment, except if in light of the relevant element of the remuneration, such as the annual bonus, a determination for a shorter term would be appropriate.
- 2.7** The Supervisory Board has the discretionary power to up- or downwards adjust any variable remuneration component rewarded to a Senior Manager with respect to a previous financial year if the Supervisory Board feels that the outcome is unreasonable due to exceptional circumstances during the relevant performance period. In addition, the Supervisory Board shall have the right to recover any bonus awarded to a Senior Manager on the basis of incorrect information on whether or not the financial performance targets or other qualifying criteria have been met or other circumstances the bonus was dependent on ('claw back').
- 2.8** A framework regarding the remuneration of Senior Managers in the form of Shares or rights to subscribe for Shares shall be submitted by the Supervisory Board to the General Meeting for its approval. The framework must, at a minimum, state the number of Shares or rights to subscribe for Shares that may be granted and the criteria that shall apply to the granting of such Shares or rights to subscribe for Shares or the alteration of such arrangements. Remuneration of Senior Managers in the form of Shares or rights to subscribe for Shares within the boundaries of the framework approved by the General Meeting shall be determined by the Supervisory Board. Remuneration of Senior Managers in the form of Shares or rights to subscribe for Shares outside the framework so approved, shall be submitted by the Supervisory Board to the General Meeting for its approval.
- 2.9** The shareholders of Steinhoff International Holdings Limited approved share incentive schemes in 1999, 2003 and 2010 (the "**2010 Share Rights Scheme**") at the annual general meetings of Steinhoff International Holdings Limited and Steinhoff International Holdings Limited and its subsidiaries have administered these respective schemes from 1999 to 2015. In connection with the framework described in clause 2.8, the General Meeting has amended and adopted the 2010 Share Rights Scheme, for and on behalf of the Company and to the extent necessary, on 1 December 2015.

3 Remuneration elements

- 3.1** Senior Managers are engaged by means of an employment or service agreement with a Subsidiary of the Company.
- 3.2** The total remuneration package of Senior Managers consists of the following components:
- 3.2.1** base salary;
 - 3.2.2** annual bonus;

3.2.3 long-term Share-based incentives (“LTIs”); and

3.2.4 benefits.

4 Base salary

4.1 The base salary is a fixed cash compensation paid on a monthly basis.

4.2 The base salary is subject to annual review. It is set to be competitive at the median level with reference to market practice in companies comparable in size, market sector, business complexity and international scope.

4.3 In determining the base salary of Senior Managers, Company performance, individual performance and changes in responsibilities are taken into account. In addition, the Supervisory Board will take into account the impact of the base salary on the pay differentials within the Company.

4.4 The Supervisory Board determines an appropriate level for the base salary per Senior Manager with the aid of external reference data issued by independent remuneration experts.

5 Annual bonus

5.1 Senior Management is entitled to an annual performance related bonus payment. The objective of the annual performance related bonus payment is to incentivise and reward strong short-term financial and personal performance, the implementation of strategic initiatives such as meeting growth targets while continuing to be focussed on sustainable results which is aligned with the long-term strategy of the Group.

5.2 Annual bonuses and the performance conditions are set by the Supervisory Board on an individual basis on or before the beginning of the relevant financial year. The annual bonus is based on a percentage of the annual base salary.

5.3 Performance targets include financial, operational and transformation targets, representing in excess of 80% of the potential annual bonus. Where performance criteria are supplemented by personal performance objectives, such personal performance objectives represent on average less than 20% of the potential bonus that can be achieved. The Supervisory Board shall review the performance targets annually to ensure that these are appropriate, given the economic context and the performance expectations for the Company or relevant division.

5.4 Annual bonuses are determined and recorded in the financial year following that to which the performance relates. The Supervisory Board shall have the discretion to defer all or part of the annual bonus payment on terms to be agreed on an annual basis and dependent on the performance criteria applicable to such bonuses and the longer-term measurement that could be implied by such performance criteria.

6 Long-term Share-based incentives

6.1 Senior Management shall participate in the 2010 Share Rights Scheme which was approved by the shareholders of SIHL at the annual general meeting of SIHL on 6 December 2010 and as amended and adopted at the General Meeting of 1 December 2015.

- 6.2** The allocation of LTIs is based on the following key eligibility criteria:
- 6.2.1** individuals who are key to driving the group's long-term business strategy;
 - 6.2.2** retention of key talent/scarce skills; and
 - 6.2.3** talent management strategy and succession plans.
- 6.3** The targets for LTIs are set with reference to industry and market benchmark performance. Such benchmarks are determined annually by measuring operational performance against those of peer group companies (in comparable industries and markets) in local currencies. Furthermore, the application and rules of the LTIs are evaluated annually to ensure compliance with applicable legislative and regulatory requirements.
- 6.4** Benchmark performance criteria are aligned with the Group's long-term strategic priorities, namely:
- 6.4.1** Integrated retail: to create a balanced and solid European and African footprint of household and apparel goods businesses; to develop strong and relevant local household and apparel goods retail brands that outperform competitive local businesses; sustainably raise the operating margins; leverage of the Group's global scale and knowledge; exert sufficient influence over the entire supply chain; having due regard for the long term sustainability of the business of the Group, its environmental and social impact and governance matters.
 - 6.4.2** Other Investments: to exert influence on the Group's associate and other investments to manage appropriate returns on investment and long term sustainability.
- 6.5** The Shares or rights to subscribe for Shares granted under the 2010 Share Rights Scheme are subject to the following conditions as determined by the Supervisory Board, where applicable, upon a proposal by the Human Resources and Remuneration Committee or after having been advised by the Human Resources and Remuneration Committee:
- 6.5.1** Rights are granted to qualifying senior executives on an annual basis.
 - 6.5.2** Vesting of rights occurs on the third (3rd) anniversary of grant date, provided the performance criteria set out below have been achieved.
 - 6.5.3** In the event of performance criteria not being satisfied by the third (3rd) anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.
 - 6.5.4** Under exceptional circumstances these grants could be reassessed and made subject to re-measurement, which shall be decided upon by the Supervisory Board, where applicable, upon a proposal by the Human Resources and Remuneration Committee or after having been advised by the Human Resources and Remuneration Committee.
- 6.6** The following performance criteria apply for allocation of Shares under the 2010 Share Rights Scheme as determined by the Supervisory Board, where applicable, upon a proposal by the Human Resources and Remuneration Committee or after having been advised by the Human Resources and Remuneration Committee:
- 6.6.1** The Company's growth in headline earnings per share ("**HEPS**"), cumulatively over the relevant three (3) year measurement criteria, outperforming those of peer

group of companies in comparable industries and markets and in local currencies. The calculation of HEPS is determined in terms of Johannesburg Stock Exchange listing requirements and is subject to external assurance by way of the annual external audit of the Company's financial statements.

6.6.2 At least eighty per cent. (80%) of operating profit of the Company cumulatively over the relevant three-year measurement criteria should be generated in cash, as measured by cash generated from operations as a percentage of operating profit.

6.6.3 A minimum return on equity of seven per cent. (7%) needs to be achieved by European operations and fifteen per cent. (15%) for African operations over the vesting period. The return on equity is calculated as headline divided by the average Shareholders' equity and is adjusted for currency fluctuations.

6.6.4 The relevant Senior Manager must have qualified for his/her annual bonus, which would include meeting his/her respective key performance indicators.

6.7 No threshold applies for meeting the applicable targets and vesting of Shares does not occur unless all targets are met. The objective of this requirement is to ensure that management applies equal focus on achieving all targets. As a result of this, vesting can occur at nil per cent. (0%) or one hundred per cent. (100%).

7 Benefits

7.1 Benefits include membership of retirement funds and medical aid schemes, to which contributions are made by a Senior Manager and the relevant Group Company where the Senior Manager is employed.

7.2 In addition, the Senior Managers are entitled to expense allowances required for the proper performance of their duties.

7.3 The contracts with Senior Managers do not contain any 'golden parachute' provisions. There are no Senior Managers with a notice period of more than one (1) year and none of the Senior Managers' contracts include predetermined compensation as a result of termination exceeding eighteen (18) month's salary and benefits.

8 Insurance and indemnity

The Company will take out customary liability insurance for the benefit of Senior Management and the Articles will provide for a customary indemnity provision for the benefit of the Managing Directors.

9 Loans and guarantees

The Company shall not grant personal loans or guarantees or the like, including mortgage loans, to a Senior Manager except within the framework of its usual business operations, on conditions which apply to all employees and with the approval of the Supervisory Board.

10 Miscellaneous

10.1 This Remuneration Policy is reviewed and evaluated by the Supervisory Board annually and any changes are to be adopted by the General Meeting in the annual General Meeting.

- 10.2** Deviations of elements of this Remuneration Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be disclosed in the Annual Report or, in case of an appointment of a Managing Director, in good time prior to the appointment of the relevant Managing Director.
- 10.3** This Remuneration Policy was adopted by the General Meeting on 1 December 2015 and shall be posted on the Company's website.

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