

Steinhoff International Holdings N.V.

## REGULATIONS OF THE SUPERVISORY BOARD

Adopted by the Supervisory Board on 11 July 2019



## Table of Contents

<b>Contents</b>	<b>Page</b>
1 Introduction .....	2
2 Duties and powers of the Supervisory Board .....	2
3 Composition; (re)appointment; Supervisory Board Rotation Schedule.....	3
4 Supervisory Board Profile.....	5
5 Induction program, education and training.....	7
6 Remuneration of Supervisory Directors.....	7
7 Chairman and Deputy-Chairman.....	8
8 Company Secretary.....	9
9 Committees .....	9
10 Frequency, notice, agenda and venue of meeting.....	10
11 Attendance of and admittance to meetings .....	10
12 Chairman of the meeting; minutes or reports .....	11
13 Decision-making.....	11
14 Conflicts of interests .....	11
15 Vacancy or inability to act .....	12
16 Relation with the Management Board .....	13
17 Relation with the External Auditor.....	13
18 Relation with the Shareholders.....	14
19 Relation with the works council .....	14
20 Other positions .....	14
21 Confidentiality.....	15
22 Miscellaneous.....	15
Schedule List of definitions.....	17

## **1 Introduction**

- 1.1** These Regulations have been adopted by the Supervisory Board pursuant to article 25.5 of the Articles and best practice provision 2.3.1 of the 2016 Dutch Corporate Governance Code.
- 1.2** These Regulations are complementary to the provisions regarding the Supervisory Board and the Supervisory Directors as contained in applicable laws and regulations and the Articles.
- 1.3** The meaning of certain capitalised or uncapitalised terms used in these Regulations is set forth in the list of definitions attached as **Schedule**.

## **2 Duties and powers of the Supervisory Board**

- 2.1** The Supervisory Board supervises the manner in which the Management Board implements the long-term value creation strategy. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it.
- 2.2** The Supervisory Board is charged with the supervision of the performance of duties by the Management Board as well as the general course of affairs of the Company and the business connected with it. The Supervisory Board and the Management Board are jointly responsible for the corporate governance structure of the Company, compliance with the Dutch Corporate Governance Code and any other applicable legislation and regulations.
- 2.3** The Management Board shall provide the Supervisory Board in due time with the information required for the performance of its duties. Notwithstanding the previous sentence, the Supervisory Board and its individual members each have responsibility for obtaining all information from the Management Board, the Internal Auditor, the External Auditor and, if established the (central) works council, needed to enable them to carry out their duties properly as a supervisory body. The Supervisory Board shall assist the Management Board by giving advice.
- 2.4** In performing their duties, the Supervisory Directors shall act in accordance with the interests of the Company and the business connected with it, taking into consideration the interests of the Company's stakeholders.
- 2.5** The supervision of the Management Board by the Supervisory Board shall include, but is not limited to:
  - 2.5.1** long-term value creation of Company and its affiliated enterprise;
  - 2.5.2** the activities of the Management Board regarding the creation of a culture aimed at long-term value creation of the Company and its affiliated enterprise;
  - 2.5.3** the Internal Audit function;
  - 2.5.4** the effectiveness of the internal risk management and control systems;
  - 2.5.5** the integrity and quality of the financial reporting process;
  - 2.5.6** the information- and communication technology (ICT) systems of the Company and the managing of the risks associated with cybersecurity;
  - 2.5.7** the safeguarding of the Management Board's responsibilities and process of providing information to the Supervisory Board;

- 2.5.8 compliance with applicable laws and regulations;
  - 2.5.9 the relations with the Shareholders;
  - 2.5.10 the risks associated with the remuneration structure for employees of the Company and its affiliated enterprise;
  - 2.5.11 the corporate social responsibility issues that are relevant to the Company; and
  - 2.5.12 handling and deciding on reported (potential) conflicts of interests.
- 2.6** The Supervisory Board shall discuss the corporate strategy and the main risks of the business, the result of the assessment by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto at least once a year. The Supervisory Board report, as included in the Annual Accounts, shall make references to these discussions.
- 2.7** At least once a year the Supervisory Board shall, without the Management Board being present, evaluate its own functioning, the functioning of the Committees and that of the individual Supervisory Board members, and discuss the conclusions that must be drawn on the basis thereof. Attention shall be paid to:
- 2.7.1 substantive aspects, the process, the mutual interaction and the interaction with the Management Board;
  - 2.7.2 events that occurred in practice from which lessons can be learned; and
  - 2.7.3 the desired profile, the composition, competencies, and expertise of the Supervisory Board.
- 2.8 At least once a year the Supervisory Board shall also, without the Management Board being present, evaluate the functioning of the Management Board as a whole and the functioning of its individual Managing Directors, and discuss the conclusions that must be drawn on the basis thereof.
- 2.8** The Supervisory Board shall have access to the buildings and premises of the Company and shall be authorised to inspect the books, records and other data carriers of the Company. The Supervisory Board may be assisted by experts. Reasonable costs of such assistance shall be for the account of the Company.

### **3 Composition; (re)appointment; Supervisory Board Rotation Schedule**

- 3.1** The Supervisory Board shall consist of at least five (5) Supervisory Directors. If the number of Supervisory Directors in office is less than five (5), the authorities of the Supervisory Board and of the remaining Supervisory Directors or Supervisory Director shall continue to apply in full. If the number of Supervisory Directors in office is less than five (5), the Supervisory Board will take measures forthwith to increase the number of members. The Supervisory Board shall determine the exact number of Supervisory Directors.
- 3.2** Only individuals can be Supervisory Directors.
- 3.3** A Supervisory Director may be appointed for a period of four years and may then be reappointed once for a period of four years. The Supervisory Director may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons shall be

given in the report of the Supervisory Board. In any appointment or reappointment, the Supervisory Board Profile shall be observed.

- 3.4 Supervisory Directors are appointed by the General Meeting. Appointment shall be made upon a non-binding nomination made by the Supervisory Board with due observance of the provisions of the Articles.
- 3.5 A Supervisory Director nominated for appointment shall attend the General Meeting at which votes will be cast on his appointment.
- 3.6 A Supervisory Director may be suspended or removed by the General Meeting at any time. Suspension or removal shall be made upon a proposal made by the Supervisory Board with due observance of the provisions of the Articles.
- 3.7 Any suspension may be extended one (1) or more times, but may not last longer than three (3) months in aggregate.
- 3.8 Supervisory Directors shall retire periodically in accordance with a rotation schedule to be adopted by the Supervisory Board in order to avoid, as far as possible, a situation in which many Supervisory Directors retire at the same time (the “**Supervisory Board Rotation Schedule**”).
- 3.9 The Supervisory Board may at any time amend the Supervisory Board Rotation Schedule. Amendments to the Supervisory Board Rotation Schedule, however, do not permit a Supervisory Director in office to remain in office for a period that exceeds the term for which that Supervisory Director has been appointed, or require that Supervisory Director to retire before expiry of his term.
- 3.10 A Supervisory Director shall be appointed only after careful consideration. On re-appointment of a Supervisory Director the provisions of this clause 3 and related provisions of the Articles regarding appointment of a Supervisory Director shall apply accordingly.
- 3.11 A Supervisory Director shall retire earlier in the event of inadequate performance, in the event of structural incompatibility of interests and in other instances in which retirement is deemed necessary by the Supervisory Board. In the event of early retirement of Supervisory Director, the Company will issuing a press release mentioning the reasons for the departure.
- 3.12 A Supervisory Director who is temporarily entrusted with the management of the Company shall resign as a Supervisory Director.
- 3.13 The Supervisory Board may appoint one or more Supervisory Directors as “delegated” Supervisory Director. A delegate Supervisory Director is a Supervisory Director who has a special task. The delegation may not extend beyond the duties of the Supervisory Board and may not include the management of the Company. It may entail more intensive supervision and advice and more regular consultation with the Management Board. The delegation shall be of a temporary nature only. The delegation shall not detract the Supervisory Director from the role and power of the Supervisory Board. The delegate Supervisory Director remains a member of the Supervisory Board and shall report regularly on the execution of his special duty to the Supervisory Board.
- 3.14 The Supervisory Board shall ensure that the Company has a sound plan in place for the succession of Managing Directors and Supervisory Directors that is aimed at retaining the balance in the requisite expertise, experience, diversity and independence. Due regard shall be given to the Supervisory Board Profile in drawing up that plan for Supervisory Directors.

## **4 Supervisory Board Profile**

**4.1** The Supervisory Board shall prepare and adopt a profile, taking account of the nature of the business and activities of the Company and its Subsidiaries (the “**Supervisory Board Profile**”). The Supervisory Board Profile shall address:

- 4.1.1** the desired expertise and background of the Supervisory Directors;
- 4.1.2** the desired diverse composition of the Supervisory Board, as expressed in the diversity policy;
- 4.1.3** the size of the Supervisory Board; and
- 4.1.4** the independence of the Supervisory Directors.

Insofar the existing composition differs from the intended composition, the Supervisory Board shall account for this in the Supervisory Board report, as included in the Annual Accounts, and shall indicate how and within what period it is expected to achieve its aim.

**4.2** The Supervisory Board shall draw up a diversity policy with regard to the composition of the Management Board, the Supervisory Board and, if applicable the executive committee that addresses the concrete targets relating to diversity and the diversity aspects relevant to the Company, such as nationality, age, gender and education and professional experience.

**4.3** The Supervisory Board shall endeavour to ensure, within the limits of its powers, that it is at all times composed so that:

- 4.3.1** the Supervisory Directors are able to act independent from and critically towards each other, the Management Board and any other particular interest;
- 4.3.2** each Supervisory Director is capable of assessing the broad outline of the overall policy of the Company;
- 4.3.3** each Supervisory Director has the specific expertise required to perform his duties as a Supervisory Director within the Supervisory Board Profile and in accordance with the law, Articles and Regulations of the Supervisory Board;
- 4.3.4** the Supervisory Directors jointly match the Supervisory Board Profile and the composition of the Supervisory Board is such that it is able to carry out its duties properly. The Supervisory Board will strive for a mixed composition including in respect of gender and age as referred to in Section 2:166 of the Dutch Civil Code; and
- 4.3.5** the Supervisory Directors observe the restrictions set forth in clause 20 of these Regulations and Section 2:142a of the Dutch Civil Code regarding the nature and number of their other positions.

**4.4** In addition, the Supervisory Board shall endeavour to ensure, within the limits of its powers, that:

- 4.4.1** at least one (1) Supervisory Director shall be a financial expert with relevant knowledge and experience in the area of financial administration or accounting for listed companies or other large companies; and
- 4.4.2** the majority of the Supervisory Directors shall be independent within the meaning of clause 4.5 of these Regulations.

**4.5** A Supervisory Director is not independent if the following criteria of dependence apply to him. These criteria are that the Supervisory Director concerned, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- 4.5.1 has been an employee of the Company or a Managing Director, or an employee, a member of the management board or an executive director of an Affiliated Company in the five (5) years prior to his/her appointment as Supervisory Director;
- 4.5.2 receives personal financial compensation from the Company or an Affiliated Company, other than the compensation received for the work performed as a Supervisory Director and in so far as this is not in keeping with the normal course of business;
- 4.5.3 has had an important business relationship with the Company or an Affiliated Company in the year prior to the appointment;
- 4.5.4 is a member of the management board or an executive director of a company in which a Managing Director is a supervisory board member or a non-executive director;
- 4.5.5 holds at least ten per cent. (10%) of the Shares (including Shares held by natural persons or legal entities cooperating with him on the basis of an express, tacit, oral or written agreement);
- 4.5.6 is a member of the management board or supervisory board, or executive director or non-executive director, or a representative in some other way, of a legal entity which holds at least ten per cent. (10%) of the Shares, unless such company is a member of the same group as the Company; or
- 4.5.7 has temporarily performed management duties during the previous twelve (12) months in the absence or incapacity of Managing Directors.

In the Supervisory Board report, as included in the Annual Accounts, the Supervisory Board shall state that that in his view the above has been fulfilled. The Supervisory Board shall also state in its report, as included in the Annual Accounts, which Supervisory Director is considered not independent (if any).

**4.6** Each Supervisory Director shall provide the Chairman or the Company Secretary with the following information and will inform her/him of any update (if any) for inclusion in the Supervisory Board report, as included in the Annual Accounts:

- 4.6.1 gender;
- 4.6.2 age;
- 4.6.3 principal position;
- 4.6.4 nationality;
- 4.6.5 other positions, insofar as they are relevant to the performance of his duties as Supervisory Director;
- 4.6.6 date of initial appointment; and
- 4.6.7 current term of office.

The Chairman and the Company Secretary shall procure that this information is provided in the Supervisory Board report, as included in the Annual Accounts.

## **5 Induction program, education and training**

- 5.1** All Supervisory Directors shall follow a formal introduction programme geared to their role that covers, which, in any event, covers:
- 5.1.1** general financial, social and legal affairs;
  - 5.1.2** financial reporting by the Company;
  - 5.1.3** any specific aspects that are unique to the Company and its business activities;
  - 5.1.4** the culture and the relationship with the works council (or central works council); and
  - 5.1.5** the responsibilities of a Supervisory Director.
- 5.2** The Supervisory Board shall conduct an annual review to identify any aspects with regard to which the Supervisory Directors require further education or training during the period of their appointment.
- 5.3** The costs of any induction, education and training program shall be for the account of the Company.

## **6 Remuneration of Supervisory Directors**

- 6.1** The authority to establish remuneration for Supervisory Directors is vested in the General Meeting. The Supervisory Board shall from time to time submit clear and understandable proposals on its remuneration to the General Meeting.
- 6.2** The remuneration of a Supervisory Director shall promote an adequate performance of their role and may not depend on the results of the Company. A Supervisory Director shall not be granted any Shares and/or rights to Shares by way of remuneration. Any shareholding by a Supervisory Director in the Company on whose board he sits are long-term investments and in accordance with the insider trading policy of the Company regarding securities of the Company and other securities referred to in this policy.
- 6.3** The Company and its Subsidiaries shall not grant personal loans, guarantees or the like to Supervisory Directors except within the framework of its usual business operations, on conditions which apply to all employees and with the approval of the Supervisory Board. Loans are not remitted.
- 6.4** Apart from their remuneration, Supervisory Directors shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings, the reasonableness of such costs being assessed by the Chairman or, with respect to the Chairman, by the Deputy-Chairman.

## **7 Chairman and Deputy-Chairman**

- 7.1** The Supervisory Board shall designate one (1) of the Supervisory Directors as Chairman, for a term to be determined by the Supervisory Board, and shall designate one (1) of the other Supervisory Directors as a Deputy-Chairman, for a term to be determined by the Supervisory Board. The Chairman shall not be a former Managing Director and should be independent within the meaning of within the meaning of clause 4.5 of these Regulations.

- 7.2** The Deputy-Chairman replaces and assumes the powers and duties of the Chairman in the latter's absence or in other situations in which the Chairman is unable to perform his duties, such at the discretion of the Supervisory Board. In addition, the Deputy-Chairman shall act as contact for individual Supervisory Directors and Managing Directors concerning the functioning of the Chairman.
- 7.3** The Chairman shall act on behalf of the Supervisory Board as the main contact for the Management Board, the Supervisory Directors and for the shareholders regarding the functioning of the Managing Directors and the Supervisory Directors. The Chairman shall meet on a regular basis with the Chief Executive Officer. As a general rule, the Chairman presides over General Meetings of Shareholders. The Chairman is responsible for ensuring the proper conduct of business at meetings in order to promote a meaningful discussion.
- 7.4** Without prejudice to the generality of clause 7.3, the Chairman in any case ensures that:
- 7.4.1** an agenda is prepared for meetings of the Supervisory Board;
  - 7.4.2** the Supervisory Directors and Managing Director follow their induction programme and, as needed, additional education or training programmes;
  - 7.4.3** the Supervisory Directors are provided in good time with all information necessary for the proper performance of their duties;
  - 7.4.4** there is sufficient time for deliberation, consultation and decision-making by the Supervisory Board;
  - 7.4.5** the Supervisory Board and the Committees function properly;
  - 7.4.6** the performance of individual Managing Directors and Supervisory Directors is assessed at least once (1) a year;
  - 7.4.7** the Supervisory Board elects a Deputy-Chairman;
  - 7.4.8** the Management Board performs activities in respect of culture;
  - 7.4.9** the Supervisory Board recognises signs from the enterprise affiliated with the Company and ensures that any (suspicion of) material misconduct and irregularities are reported to the Supervisory Board without delay;
  - 7.4.10** the Supervisory Board has proper contact with the Management Board, (where applicable) the works council (or central works council) and the General Meeting;
  - 7.4.11** effective communication with shareholders is assured;
  - 7.4.12** the General Meeting proceeds in an orderly and efficient manner; and
  - 7.4.13** the Supervisory Board is involved closely, and at an early stage, in any merger or takeover processes.
- 7.5** The Chairman shall act as the contact for Shareholders and other stakeholders of the Company and will ensure a balanced understanding of the major Shareholders' or stakeholders' issues and concerns.
- 7.6** The Company Secretary actively supports the Chairman in the matters relating to clause 7.4 of these Regulations.

## **8 Company Secretary**

- 8.1** The Supervisory Board shall be assisted by the Company Secretary, who shall be appointed by the Management Board subject to approval of the Supervisory Board. The Management Board shall be authorised to suspend and replace the Company Secretary at all times subject to approval of the Supervisory Board.
- 8.2** All Supervisory Directors and Committees have access to the advice and services of the Company Secretary.
- 8.3** The Company Secretary sees to it that correct Supervisory Board procedures are followed and that the obligations of the Supervisory Board under applicable laws, as well as these Regulations, and/or the Articles are complied with. The Company Secretary shall assist the Chairman in the organisation of the affairs of the Supervisory Board, including the provision of information, meeting agendas, evaluations and training programmes.
- 8.4** If the Company Secretary also undertakes work for the Management Board and notes that the interests of the Management Board and the Supervisory Board diverge, as a result of which it is unclear which interests the Company Secretary should represent, the Company Secretary shall report this to the Chairman.
- 8.5** In absence of the Company Secretary, his duties and powers under applicable laws, as well as these Regulations and/or the Articles, or parts thereof, are exercised by his deputy, to be designated for such purpose by the chairperson of the meeting.

## **9 Committees**

- 9.1** The Supervisory Board shall have an Audit and Risk Committee, a Human Resources and Remuneration Committee and a Nomination Committee. The Supervisory Board may establish such other Committees, standing or ad hoc, pertaining to the Supervisory Board and the performance of its duties, as it may deem necessary.
- 9.2** The Supervisory Board appoints the members of each Committee and determines the tasks of each Committee and may establish rules regarding its working methods and decision-making process. The Supervisory Board may, at any time, change the duties and the composition of each Committee. Only Supervisory Directors can be a member of the Audit and Risk Committee, the Human Resources and Remuneration Committee and the Nomination Committee.
- 9.3** The Supervisory Board remains collectively responsible for decisions prepared by its Committees. A Committee may only exercise such powers as are explicitly attributed or delegated to it by the Supervisory Board and may never exercise powers beyond those exercisable by the Supervisory Board as a whole.
- 9.4** The Supervisory Board shall receive, within the term specified in the rules for the Committee concerned, a report from each Committee of its deliberations and findings. In these reports each Committee must inform the Supervisory Board in a clear and timely manner about the way it has used delegated powers and of major developments in the area of its responsibilities. All Supervisory Directors have unrestricted access to all Committee meetings and records.
- 9.5** The Supervisory Board shall adopt regulations for each Committee and may amend these at any time. These regulations shall indicate the role and responsibility of the Committee concerned, its composition and the manner in which it performs its duties. The regulations for

a Committee may permit that one member concerned may not be independent within the meaning of clause 4.5 of these Regulations. The regulations for a Committee may contain more detailed rules on the composition of the Committee concerned.

## **10 Frequency, notice, agenda and venue of meeting**

- 10.1** The Supervisory Board shall meet as often as deemed necessary for the proper functioning of the Supervisory Board. The Supervisory Board shall meet at least four (4) times each financial year. Meetings shall, as much as possible, be scheduled annually as much as possible in advance. The Supervisory Board shall also meet earlier than scheduled if this is deemed necessary by the Chairman or, in his absence, the Deputy-Chairman, two other members of the Supervisory Board or the Management Board.
- 10.2** Meetings of the Supervisory Board are in principle called by the Chairman or, in his absence, the Deputy-Chairman, or the Company Secretary, in consultation with the Chairman or Deputy-Chairman. Save in urgent cases to be determined by the Chairman or, in his absence, the Deputy-Chairman, the agenda for a meeting shall be sent to all Supervisory Directors at least five (5) calendar days before the meeting. For each item on the agenda an explanation in writing shall be provided, where possible, and/or other related documentation will be attached.
- 10.3** With due observance of these Regulations, each Supervisory Director has the right to request that a Supervisory Board meeting be called and/or that an item be placed on the agenda for a Supervisory Board meeting. The Company Secretary shall assist in relation thereto.
- 10.4** The meetings of the Supervisory Board shall be conducted in the English language.
- 10.5** Meetings of the Supervisory Board may be held by means of an assembly of Supervisory Directors in a formal meeting or by conference call, video conference or by any other means of communication, provided that all Supervisory Directors participating in such meeting are able to communicate with each other simultaneously. Participation in a meeting held in any of the above ways shall constitute presence at such meeting.

## **11 Attendance of and admittance to meetings**

- 11.1** A Supervisory Director may be represented at Supervisory Board meetings by another Supervisory Director holding a proxy in writing. The existence of such authorisation must be proved satisfactorily to the chairman of the meeting and the Company Secretary.
- 11.2** If a Supervisory Director is frequently absent from Supervisory Board meetings he shall be called to account for this by the Chairman.
- 11.3** The admittance to the meeting of persons other than Supervisory Directors and the Company Secretary shall be decided by majority vote of the Supervisory Directors present at the meeting.

## **12 Chairman of the meeting; minutes or reports**

- 12.1** Supervisory Board meetings shall be presided over by the Chairman or, in his/her absence, the Deputy-Chairman. In their absence, the chairman of the meeting shall be appointed by the Supervisory Directors present at the meeting, by a simple majority of the votes cast.
- 12.2** The Company Secretary or any other person designated for such purpose by the chairman of the meeting shall draw up minutes or a report of the proceedings at the meeting. The

minutes or report should provide insight into the decision-making process at the meeting. The minutes or report shall be submitted for adoption by the Supervisory Board at the next meeting.

### **13 Decision-making**

- 13.1** The Supervisory Directors shall endeavour to achieve that resolutions are, as much as possible, adopted unanimously.
- 13.2** Each Supervisory Director has the right to cast one (1) vote.
- 13.3** Where unanimity cannot be reached and the law, the Articles or these Regulations do not prescribe a larger majority, all resolutions of the Supervisory Board are adopted by a simple majority of the votes cast. If there is a tie in voting, the proposal shall be deemed to have been rejected.
- 13.4** The Supervisory Board can only adopt valid resolutions in a meeting where the majority of the Supervisory Directors then in office is present or represented.
- 13.5** When determining how many votes are cast by Supervisory Directors or how many Supervisory Directors are present or represented, no account shall be taken of Supervisory Directors that are not allowed to take part in the discussions and decision-making by the Supervisory Board pursuant to the laws of the Netherlands, the Articles or these Regulations.
- 13.6** Resolutions of the Supervisory Board can be adopted either in or outside a meeting. In general, resolutions of the Supervisory Board are adopted in a Supervisory Board meeting.
- 13.7** A resolution of the Supervisory Board can be adopted in writing other than at a meeting, provided that the proposal concerned is submitted to all Supervisory Directors then in office in respect of whom no (potential) conflict of interests exist and none of them has objected to the relevant manner of adopting resolutions, as evidenced by written statements from all Supervisory Directors then in office. In the next meeting of the Supervisory Board held after such consultation of Supervisory Directors, the chairman of that meeting shall set out the results of the consultation.

### **14 Conflicts of interests**

- 14.1** A Supervisory Director is alert to conflicts of interest and shall in any case not:
  - 14.1.1** enter into competition with the Company;
  - 14.1.2** demand or accept (substantial) gifts from the Company for himself or for his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
  - 14.1.3** provide unjustified advantages to third parties to the detriment of the Company; or
  - 14.1.4** take advantage of business opportunities to which the Company is entitled for himself or for his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
- 14.2** A conflict of interest may exist if the Company intends to enter into a transaction with a legal entity:
  - 14.2.1** in which a Supervisory Director personally has a material financial interest; or

14.2.2 which has a Managing Director or Supervisory Director who has a relationship under family law with a Supervisory Director.

14.3 A Supervisory Director shall report any conflict of interests that is of material significance to the Company or to him/her or an interest which may have the appearance of such a conflict of interests (both a “**(potential) conflict of interests**”) without delay to the Chairman and the other Supervisory Directors and shall declare the nature and extent of that interest and shall provide all relevant information, including information concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Chairman shall without delay report any conflict of interests or potential conflict of interests that is of material significance to the Company and/or to him/her to the Deputy-Chairman and the other Supervisory Directors.

14.4 The Supervisory Board shall decide, outside the presence of the Supervisory Director concerned, whether there is a conflict of interest.

14.5 All transactions in which there are conflicts of interests with Supervisory Directors shall be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interests with Supervisory Directors that are of material significance to the Company and/or the relevant Supervisory Directors require the approval of the Supervisory Board.

14.6 All transactions between the Company and legal and natural persons who hold at least ten per cent. (10%) of the Shares must be agreed on terms that are customary in the market. Decisions to enter into transactions with such persons that are of material significance to the Company are/or to such persons require the approval of the Supervisory Board.

## 15 **Vacancy or inability to act**

15.1 If a seat on the Supervisory Board is vacant or a Supervisory Director is unable to perform his duties, the remaining Supervisory Directors or Supervisory Director shall be temporarily entrusted with the exercise of the duties and authorities of the Supervisory Board.

15.2 If all seats on the Supervisory Board are vacant or all Supervisory Directors or the sole Supervisory Director, as the case may be, are unable to perform their duties, one or more persons to be designated for that purpose by the General Meeting shall be temporarily entrusted with the exercise of the duties and authorities of the Supervisory Board.

15.3 The Supervisory Director who in connection with a (potential) conflict of interests renounces to exercise certain duties and powers will insofar be regarded as a Supervisory Director who is unable to perform his duties as referred to in article 30 of the Articles.

## 16 **Relation with the Management Board**

16.1 Notwithstanding the provisions in the Articles and these Regulations, the Supervisory Board and its individual Supervisory Directors have their own responsibility for obtaining all information from the Management Board that the Supervisory Board needs in order to be able to carry out its duties properly.

16.2 The Supervisory Board may obtain, if it considers it necessary, information from officers and external advisors of the Company. The Management Board shall provide the necessary

means for this purpose. The Supervisory Board may require certain officers and external advisors of the Company to attend its meetings.

## **17 Relation with the External Auditor**

- 17.1** The External Auditor is appointed by the General Meeting. The Supervisory Board shall nominate a candidate for this appointment and may recommend replacement of the External Auditor.
- 17.2** The Supervisory Board gives the External Auditor a general idea of the content of the reports relating to his functioning. The Audit Committee shall report annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the External Auditor. The Audit Committee shall advise the Supervisory Board regarding the nomination with respect to the External Auditor's appointment or reappointment or dismissal and shall prepare the selection of the External Auditor. The Audit Committee gives due consideration to the Management Board's observations. The Supervisory Board shall take this into account when deciding its nomination to the General Meeting for the appointment of an External Auditor.
- 17.3** The main conclusions of the Supervisory Board regarding the External Auditor's nomination and the outcomes of the External Auditor selection process shall be communicated to the General Meeting. If the Supervisory Board does not accept the Audit Committee's advice concerning the External Auditor's appointment, the reasons for this decision must be stated in the proposal to the General Meeting.
- 17.4** The Supervisory Board resolves, on a proposal submitted by the Audit Committee, on the External Auditor's engagement to audit the financial statements. By way of implementation of the decision of the General Meeting, or as the case may be of the Supervisory Board or Management Board, to appoint the External Auditor, the Supervisory Board and/or the Management Board with the approval of the Supervisory Board, will on behalf of the Company enter into an agreement to that effect with the External Auditor.
- 17.5** Notwithstanding the provisions in the Articles and these Regulations, the Supervisory Board and its individual Supervisory Directors have their own responsibility for obtaining all information from the External Auditor that the Supervisory Board needs in order to be able to carry out its duties properly. The Supervisory Board may obtain, if it considers it necessary, information from officers and external advisors of the Company. The Supervisory Board may require certain officers and external advisors of the Company to attend its meetings.
- 17.6** The Management Board and the Audit and Risk Committee shall annually, and on an interim basis if necessary, report to the Supervisory Board on their dealings with the External Auditor, particularly on the Audit and Risk Committee's views of the External Auditor's independence (including the desirability of rotation of the responsible partners of the External Auditor).
- 17.7** The Supervisory Board shall procure that the External Auditor shall in any event attend the meeting of the Supervisory Board, at which the report of the External Auditor with respect to the audit of the Annual Accounts is discussed, and at which Annual Accounts are to be approved. The External Auditor shall receive all information that is necessary for the performance of his work in a timely fashion and shall be given the opportunity to respond to the information that has been provided.

## **18 Relation with the Shareholders**

- 18.1** The Management Board and Supervisory Board shall ensure that the General Meeting is adequately provided with information. The Management Board and the Supervisory Board shall endeavour to procure that the General Meeting is provided with all requested information in time, unless this would be contrary to an overriding interest of the Company. If the Management Board or the Supervisory Board invokes an overriding interest, it must give reasons.
- 18.2** A proposal for approval or authorisation by the General Meeting shall be explained in writing. The Management Board shall in this explanation state all the facts and circumstances that are relevant for the approval or authorisation to be granted. The explanation to the agenda shall be posted on the Company's website.
- 18.3** The General Meetings shall be presided over by the Chairman or, in his absence, the Deputy-Chairman. In accordance with the Articles, the chairman of the General Meeting may also be designated in another way.
- 18.4** The Supervisory Board sees to it that the responsible partner (certifying auditor) of the External Auditor is present at the General Meeting and that he can address the meeting. The External Auditor may be questioned by the General Meeting in relation to his statement on the fairness of the Annual Accounts.

## **19 Relation with the works council**

As and when applicable, proposals of the Management Board requiring prior approval by the Supervisory Board and in respect of which the works council of a Group Company in the Netherlands has an advisory right or approval right must first be approved by the Supervisory Board. If granted, this approval will be deemed to have been given subject to a positive or neutral advice or approval, as the case may be, by the relevant works council.

## **20 Other positions**

- 20.1** A Supervisory Director shall report any other positions he may have to the Supervisory Board in advance. The Supervisory Board shall discuss the other positions at least once annually at a meeting of the Supervisory Board.
- 20.2** Supervisory Directors shall limit the number and nature of their other positions so as to ensure due performance of their duties. They will hold no more than five memberships of supervisory boards in Dutch listed companies, with a chairmanship counted twice. The previous sentence is *mutatis mutandis* applicable with regard to positions of non-executive director or chairman of a one-tier board.
- 20.3** As soon as the Company qualifies as a large company as referred to in Section 2:142a of the Dutch Civil Code, the reference to "listed companies" in clause 20.1 of these Regulations shall include such qualifying large Dutch companies.

## **21 Confidentiality**

- 21.1** No Supervisory Director shall, during his membership of the Supervisory Board or afterwards, disclose in any way whatsoever to anyone whomsoever any information of a confidential nature regarding the business of the Company and/or companies in which it holds a stake,

that came to his knowledge in the capacity of his work for the Company and which he knows or should know to be of a confidential nature, unless required by law.

- 21.2** A Supervisory Director is allowed to disclose the above information to Supervisory Directors as well as to staff members of the Company and of companies in which the Company holds a stake, who, in view of their activities for the Company and/or companies in which the Company holds a stake, should be informed of the information concerned. A Supervisory Director shall not in any way whatsoever utilise the information referred to above for his personal benefit.

## **22 Miscellaneous**

- 22.1 Acceptance by Supervisory Directors.** Anyone who is appointed as a Supervisory Director must, upon assuming office, declare in writing to the Company that he accepts and agrees to the contents of these Regulations and pledge to the Company that he will comply with the provisions of these Regulations. The Supervisory Board shall endeavour to ensure that each Supervisory Director currently in office and any future Supervisory Director shall comply or undertake to comply (as the case may be) with these Regulations.
- 22.2 Occasional non-compliance.** The Supervisory Board may occasionally decide not to comply with these Regulations, with due observance of applicable laws and regulations and with the prior approval of the Chairman.
- 22.3 Amendment.** These Regulations may be amended by the Supervisory Board at any time. The Company Secretary can carry out the annual review on behalf of the Supervisory Board and is authorised to make non-material (technical) adjustments to these regulations (including the Annexes) of which he will inform the chairman of the Supervisory Board.
- 22.4 Interpretation.** In the event of lack of clarity or difference of opinion on the interpretation of any provision of these Regulations, the opinion of the Chairman shall be decisive.
- 22.5 Governing law and jurisdiction.** These Regulations are governed by the laws of the European part of the Netherlands. The competent court in Amsterdam, the Netherlands, has exclusive jurisdiction to settle any dispute arising from or in connection with these Regulations (including any dispute regarding the existence, validity or termination of these Regulations).
- 22.6 Complementarity to Dutch law and Articles.** These Regulations are complementary to the provisions governing the Supervisory Board as contained in Dutch law, other applicable Dutch or EU regulations and the Articles. Where these Regulations are inconsistent with Dutch law, other applicable Dutch or EU regulations or the Articles, the latter shall prevail. Where these Regulations are consistent with the Articles but inconsistent with Dutch law or other applicable Dutch or EU regulations, the latter shall prevail.
- 22.7 Partial invalidity.** If one or more provisions of these Regulations are or become invalid, this shall not affect the validity of the remaining provisions. The Supervisory Board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of these Regulations is, to the greatest extent possible, similar to that of the invalid provisions.
- 22.8 Website.** These Regulations and the composition of the Supervisory Board shall be posted on the Company's website.

## Schedule List of definitions

1 In the Regulations of the Supervisory Board, the following terms have the following meanings:

“**Affiliated Company**” has the meaning attributed to it in Section 5:48 of the Financial Supervision Act (*Wet op het financieel toezicht*).

“**Annual Accounts**” means the annual accounts of the Company as referred to in Sections 2:101 and 2:361 paragraph 1 of the Dutch Civil Code.

“**Articles**” means the articles of association of the Company, as amended and restated from time to time.

“**Audit and Risk Committee**” means the audit and risk committee designated as such in clause 9 of the Regulations.

“**Chairman**” means the chairman of the Supervisory Board.

“**Committee**” means each committee of the Supervisory Board as referred to in clause 9 of the Regulations.

“**Company**” means Steinhoff International Holdings N.V., and, where appropriate, the Subsidiaries and possible other Group Companies, whose financial information is incorporated in the consolidated annual accounts of the Company.

“**Company Secretary**” means the company secretary of the Company or, in absence of the Company Secretary, his or her deputy designated by the Management Board in the manner provided for in the Articles.

“**Deputy-Chairman**” means the deputy-chairman of the Supervisory Board.

“**External Auditor**” means the organisation in which certified public accountants cooperate, as referred to in Section 2:393 paragraph 1, of the Dutch Civil Code, that is charged with the audit of the Annual Accounts.

“**General Meeting**” means the body of the Company consisting of the person or persons to whom, as a Shareholder or otherwise, voting rights attached to Shares accrue, or (as the case may be) a meeting of such persons (or their representatives) and other persons with Meeting Rights.

“**Group Company**” means a group company of the Company as referred to in Section 2:24b of the Dutch Civil Code.

“**Human Resources and Remuneration Committee**” means the human resources and remuneration committee designated as such in clause 9 of the Regulations.

“**in writing**” means transmitted by letter, telecopier, telefax or e-mail, or any other electronic means of communication, provided the relevant message is legible and reproducible.

“**Management Board**” means the management board of the Company.

“**Management Report**” means the management report of the Company drawn up by the Management Board, as referred to in Section 2:101 and 2:391 of the Dutch Civil Code.

“**Managing Director**” means a member of the Management Board.

**“Meeting Rights”** means the right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with the Articles.

**“Nomination Committee”** means the nomination committee designated as such in clause 9 of the Regulations.

**“Ordinary Share”** means an ordinary share in the capital of the Company.

**“(potential) conflict of interest”** has the meaning attributed thereto in clause **Fout! Verwijzingsbron niet gevonden..**

**“Preference Share”** means a non-cumulative financing preference share in the capital of the Company.

**“Regulations”** means the regulations of the Supervisory Board, including the schedules belonging thereto, each as amended and restated from time to time.

**“Shareholder”** means a holder of one or more Shares.

**“Shareholder”** means a holder of one or more Shares.

**“Shares”** means a share in the capital of the Company. Unless the contrary is apparent this shall include each Ordinary Share and each Preference Shares.

**“Subsidiary”** means a subsidiary of the Company as referred to in Section 2:24a of the Dutch Civil Code.

**“Supervisory Board”** means the supervisory board of the Company.

**“Supervisory Board Rotation Schedule”** means the rotation schedule for the Supervisory Board as referred to in clause 8 of the Regulations.

**“Supervisory Director”** means a member of the Supervisory Board.

**“Supervisory Board Profile”** means the profile of the Supervisory Board as referred to in clause 4.1 of the Regulations.

**2** Save where the context dictates otherwise, in these Regulations:

- (a) words and expressions expressed in the singular form also include the plural form, and vice versa;
- (b) words and expressions expressed in the masculine form also include the feminine form; and
- (c) a reference to a statutory provision counts as a reference to this statutory provision including all amendments, additions and replacing statutory provisions that may apply from time to time.

**3** Headings of clauses and other headings in the Regulations are inserted for ease of reference and do not form part of the Regulations concerned for the purpose of interpretation.