

Steinhoff International Holdings N.V.

REGULATIONS OF THE AUDIT AND RISK COMMITTEE

Adopted by the Supervisory Board on 29 July 2020



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1 Introduction

- 1.1 These regulations have been adopted by the Supervisory Board pursuant to clause 9.5 of the Regulations of the Supervisory Board and best practice provision 2.3.3 of the Dutch Corporate Governance Code.
- 1.2 The Audit and Risk Committee is a standing committee of the Supervisory Board.
- 1.3 These regulations are complementary to the provisions regarding the Supervisory Board and its Committees as contained in applicable laws and regulations and the Articles.
- 1.4 The terms used in these regulations shall have the same meaning as ascribed thereto in the Regulations of the Supervisory Board, except where expressly indicated otherwise.

2 Role and responsibilities

- 2.1 While the Audit and Risk Committee has the responsibilities, duties and powers set forth in these regulations, it is not the duty of the Audit and Risk Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete or accurate and are in accordance with generally accepted accounting principles and applicable laws and regulations. Neither these regulations nor any activity of the Audit and Risk Committee shall release the Management Board, the Supervisory Board or the External Auditor and the internal audit department from their duties and responsibilities. In carrying out its function, the Audit and Risk Committee shall comment in any way it deems necessary on the financial statements but is not providing any expert or special assurance as to the Company's financial statements or compliance with applicable laws and regulations, or any professional certification as to the External Auditor's work.

3 Composition

- 3.1 The Audit and Risk Committee shall consist of at least three (3) members.
- 3.2 All members of the Audit and Risk Committee must be Supervisory Directors.
- 3.3 More than half of the members of the Audit and Risk Committee shall be independent within the meaning of clause 4.5 of the Regulations of the Supervisory Board.
- 3.4 At least one (1) member of the Audit and Risk Committee shall be a financial expert, in the sense that he has relevant knowledge and experience of financial administration and accounting for listed companies or other large companies.
- 3.5 The members of the Audit and Risk Committee shall be appointed and may be replaced at any time by the Supervisory Board.
- 3.6 The Supervisory Board shall appoint one (1) of the members of the Audit and Risk Committee as chairperson of the Audit and Risk Committee. The Audit and Risk Committee may not be presided over by the Chairman or a former Managing Director.
- 3.7 The term of office of a member of the Audit and Risk Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Supervisory Board as a whole and that of other Committees from time to time.
- 3.8 The Company Secretary shall act as secretary to the Audit and Risk Committee.

- 3.9** In absence of the Company Secretary, his duties and powers under applicable law, as well as these regulations or the Articles, or parts thereof, are exercised by his deputy, to be designated for such purpose by the chairperson of the meeting.

4 Duties and powers

- 4.1** The Audit and Risk Committee has the following duties:

4.1.1 The Audit and Risk Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management, governance, ethics and control systems.

4.1.2 In carrying out its duties pursuant to clause 4.1.1, the Audit and Risk Committee shall focus, among other things, on monitoring the Management Board with regard to:

- (i) relations with, and compliance with recommendations and observations and follow up of comments of the internal audit department and the External Auditor;
- (ii) the financing of the Company;
- (iii) the application of information and communication technology, including risks related to cybersecurity and information at 3rd parties;
- (iv) the Company's tax and regulatory compliance policies; and
- (v) if designated, the role and functioning of the Chief Financial Officer.

4.1.3 The Audit and Risk Committee shall furthermore:

- (i) inform the Management Board and the Supervisory Board of the outcome of the statutory audit, including an explanation of the manner in which the statutory audit has contributed to the integrity of the financial reporting and the role of the Audit and Risk Committee in that process;
- (ii) monitor the statutory audit of the Annual Accounts, in particular the performance of the audit taking into account the assessment of the Netherlands Authority Financial Markets in accordance with article 26, paragraph 6 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities;
- (iii) monitor the financial reporting process and to make proposals to ensure the integrity of the process;
- (iv) monitor the effectiveness of internal controls, the internal audit and risk management functions in relation to the financial reporting of the Company;
- (v) review and monitor the independence of the External Auditor or audit firm, in particular the provision of additional services to the Company;
- (vi) determine the procedure for the selection of the External Auditor or audit firm and the nomination for the engagement to perform the statutory audit; and
- (vii) monitor governance, social and ethics matters, and include and receive reports from Pepkor Holdings Limited and/or Steinhoff Investment Holdings

Limited, being the Company's major South African subsidiaries (the “**Major South African Subsidiaries**”);

4.1.4 to prepare the decision-making of the Supervisory Board in relation to any of the responsibilities and proposed resolutions as referred to in this clause 4.1.

4.2 The following annexes to these regulations contain further details on some of the duties of the Audit and Risk Committee described in clauses 4.1.1, 4.1.2 and 4.1.3 of these regulations:

Annex 1 - Supervision of External Auditor and internal audit department;

Annex 2 - Supervision of financial reporting and publications;

Annex 3 - Supervision of compliance with applicable laws and regulations;

Annex 4 - Financing and finance-related strategies;

Annex 5 - List of information to be included in the report of the External Auditor; and

Annex 6 - Governance, social and ethics matters.

4.3 Each member of the Audit and Risk Committee has access to all relevant books, records and buildings and premises of the Company and its Subsidiaries and the authority to interview officers and employees of the Company and its Subsidiaries to the extent necessary or useful for the proper performance of his duties. Members of the Audit and Risk Committee shall exercise this right in consultation with the chairperson of the Audit and Risk Committee and the Company Secretary.

4.4 The Audit and Risk Committee shall be provided with the information it needs to perform its duties properly. Without prejudice to previous sentence, each Audit and Risk Committee member has its own responsibility for obtaining all (additional) information from the Management Board, the internal audit department, the external auditor and the employee participation body necessary for the due performance of its supervisory duties. The Audit and Risk Committee may retain or may be assisted by experts, officers or other external advisors. The reasonable costs of such assistance shall be for the account of the Company.

4.5 The Audit and Risk 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. The Supervisory Board remains collectively responsible for decisions prepared by the Audit and Risk Committee.

4.6 Each member of the Audit and Risk Committee may attend meetings of the audit committees of Subsidiaries.

5 Duties regarding the External Auditor

5.1 The Audit Committee shall advise the Supervisory Board regarding the External Auditor's nomination for appointment, reappointment or dismissal and shall prepare the selection of the External Auditor and the responsible lead partner of the audit firm. During the aforementioned tasks, the Audit Committee shall give due consideration to the Management Board's observations.

5.2 The Audit Committee shall give due consideration of the Management Board's observations when reporting and advising on the issues listed under clause 5.1 of these regulations.

- 5.3** The Audit Committee shall submit a proposal to the Supervisory Board for the External Auditor's engagement to audit the Annual Accounts. In formulating the terms of engagement, attention will be paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Supervisory Board shall resolve on the engagement.
- 5.4** The chairperson of the Audit and Risk Committee must be informed by the External Auditor if, during the performance of his duties, he discovers or suspect an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a Managing Director, the External Auditor shall report this directly to the Chairman.
- 5.5** The instruction(s) by the Management Board to the External Auditor to provide non-audit services shall be approved by the Supervisory Board on the recommendation of the Audit and Risk Committee.
- 5.6** The Audit and Risk Committee shall determine whether and, if so, how the External Auditor shall be involved in the content and publication of financial reports of the Company other than the Annual Accounts.
- 5.7** The Audit and Risk Committee shall request that the External Auditor includes in his report the matters which the External Auditor wishes to bring to the attention of the Management Board and the Supervisory Board in relation to his audit of the Annual Accounts and the related audits, which in any event will include the matters listed in Annex 5.
- 5.8** The Company shall publish a press release, after consultation with the Audit and Risk Committee, in the event of the early termination of the relationship with the audit firm.

6 Duties regarding the internal audit department

- 6.1** The Audit and Risk Committee shall advise the Supervisory Board regarding the nomination for appointment or dismissal of the head of the internal audit function by the Management Board.
- 6.2** The Audit and Risk Committee shall provide the Management Board annually with its opinion as to the way in which the internal audit department fulfils its responsibility.
- 6.3** The internal audit function shall draw up an audit plan, involving the Management Board, the Audit and Risk Committee, the External Auditor, divisional management and other assurance providers considering the group objectives and risk exposure in this process. The audit plan shall be submitted to the Management Board, and then to the Supervisory Board, for approval. In this internal audit plan, attention shall be paid to the interaction with the External Auditor.
- 6.4** The Management Board shall ensure that the internal audit function shall have sufficient resources to execute the internal audit plan and have access to information that is important for the performance of its work. The internal audit function shall have direct access to the Audit and Risk Committee and the External Auditor.
- 6.5** The Audit and Risk Committee shall keep records of how it is informed by the internal audit function.
- 6.6** The Audit and Risk Committee shall review the essence of the audit results of the internal audit function reported by it.

7 Meetings

- 7.1** The Audit and Risk Committee shall meet as often as deemed necessary for the proper functioning of the Audit and Risk Committee. The Audit and Risk Committee shall meet at least four (4) times each financial year. The Audit and Risk Committee shall meet at least once (1) each financial year with the External Auditor without the Managing Directors being present. Meetings shall, as much as possible, be scheduled annually in advance and are held as far as possible shortly before the meetings of the Supervisory Board. The Audit and Risk Committee shall also meet earlier than scheduled if this is deemed necessary by any of the members of the Audit and Risk Committee.
- 7.2** Meetings of the Audit and Risk Committee are in principle called by the chairperson of the Audit and Risk Committee or the Company Secretary in consultation with the chairperson of the Audit and Risk Committee. Save in urgent cases to be determined by the chairperson of the Audit and Risk Committee the agenda for a meeting shall be sent to all members of the Audit and Risk Committee at least three (3) 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.
- 7.3** The chairperson of the Audit and Risk Committee, in consultation with the Company Secretary, shall set the agenda and preside the meeting of the Audit and Risk Committee and shall also ensure and actively promote the proper functioning of the Audit and Risk Committee.
- 7.4** With due observance of these regulations, each member of the Audit and Risk Committee has the right to request that an Audit and Risk Committee meeting be called and/or that an item be placed on the agenda for an Audit and Risk Committee meeting. The Company Secretary shall assist in relation thereto.
- 7.5** Meetings of the Audit and Risk Committee may be held by means of an assembly of members of the Audit and Risk Committee in a formal meeting or by conference call, video conference or by any other means of communication, provided that all members of the Audit and Risk Committee 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.
- 7.6** The head of the internal audit function, the External Auditor and the Chief Financial Officer shall attend the Audit and Risk Committee meetings, unless the Audit and Risk Committee decide otherwise. The Audit Committee shall decide if and when the Chief Executive Officer shall attend its meetings. In addition, independent experts may be invited to attend meetings of the Audit and Risk Committee. Each Supervisory Director may attend meetings of the Audit and Risk Committee.
- 7.7** The meetings of the Audit and Risk Committee shall be conducted in the English language.
- 7.8** The Company Secretary or any other person designated for such purpose by the chairperson of the meeting shall draw up minutes of the proceedings at the meeting of the Audit and Risk Committee. 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 Audit and Risk Committee at the next meeting.
- 7.9** The Audit and Risk Committee shall exercise utmost discretion when making written records of its deliberations and recommendations.

8 Decision Making

- 8.1** The Audit and Risk Committee members shall endeavour to achieve that resolutions are, as much as possible, adopted unanimously.
- 8.2** Each Audit and Risk Committee member has the right to cast one (1) vote.
- 8.3** The Audit and Risk Committee may only adopt valid resolutions in a meeting if at least two (2) members of the Audit and Risk Committee are present at the relevant meeting in person.
- 8.4** Where unanimity cannot be reached and applicable laws, the Articles or these regulations do not prescribe a larger majority, all resolutions of the Audit and Risk Committee are adopted by a simple majority of the votes cast.
- 8.5** Resolutions of the Audit and Risk Committee can be adopted either in or outside a meeting. In general, resolutions of the Audit and Risk Committee are adopted in an Audit and Risk Committee meeting.
- 8.6** A resolution of the Audit and Risk Committee can be adopted in writing other than at a meeting, provided that the proposal concerned is submitted to all Audit and Risk Committee members and none of them has objected to the relevant manner of adopting resolutions, as evidenced by written statements from all Audit and Risk Committee members then in office. In the next meeting of the Audit and Risk Committee held after such consultation of Audit and Risk Committee members, the chairperson of that meeting shall set out the results of the consultation.

9 Reporting to the Supervisory Board

- 9.1** The Audit and Risk 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.
- 9.2** The Audit and Risk Committee shall report annually, and on an interim basis if necessary, to the Supervisory Board on the functioning of, and the development in, the relationship with the External Auditor.
- 9.3** In preparing its decision-making for the Supervisory Board shall receive a report from the Audit and Risk Committee of its deliberations and findings. This report includes, at least, the following information:
- (i) the methods used to assess the effectiveness of the design and operation of the internal risk management, governance, ethics and control systems;
 - (ii) the methods used to assess the effectiveness of the internal and external audit processes;
 - (iii) material considerations regarding financial reporting; and
 - (iv) the way material risks and uncertainties have been analysed and discussed (which includes in any event the Company's major financial risk exposures and the steps the Management Board has taken to monitor and control such exposures), along with a description of the most important findings of the Audit and Risk committee.
- 9.4** The minutes of the meetings of the Audit and Risk Committee shall be circulated among all Supervisory Directors as soon as possible after the relevant meeting.

9.5 If requested, the chairperson of the Audit and Risk Committee shall at meetings of the Supervisory Board provide the Supervisory Board with further information on the outcome of the discussions of the Audit and Risk Committee.

9.6 All Supervisory Directors have unrestricted access to all records of the Audit and Risk Committee.

10 Miscellaneous

10.1 The chairperson of the Audit and Risk Committee (or one of the other Audit and Risk Committee members) shall be available to answer questions regarding the Audit and Risk Committee's activities at the annual General Meeting.

10.2 The Audit and Risk Committee 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.

10.3 The Audit and Risk Committee shall review and re-assess the adequacy of these regulations annually, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board. The Company Secretary can carry out the annual review on behalf of the Audit and Risk Committee and is authorised to make non-material (technical) adjustments to these regulations (including the Annexes) of which he will inform the chairperson of the Audit and Risk Committee.

10.4 The Supervisory Board can at all times amend these regulations and/or revoke any powers granted by it to the Audit and Risk Committee.

10.5 Clauses 14, and 22.4 through 22.7 of the Regulations of the Supervisory Board shall apply by analogy to the Audit and Risk Committee, while for the application of these regulations the power of the Supervisory Board or the Chairman referred to in these clauses is considered a power of the Audit and Risk Committee or the chairperson of the Audit and Risk Committee.

10.6 The Management Report shall state the composition of the Audit and Risk Committee, the number of meetings held by the Audit and Risk Committee and the main issues discussed at these meetings.

10.7 These regulations of the Audit and Risk Committee shall be posted on the Company's website.

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Annex 1

Supervision of External Auditor and internal audit department

External Auditor

1. Assess and evaluate the External Auditor and the lead partner of the audit team of the External Auditor.
2. Obtain and review a report from the External Auditor (at least annually) regarding (i) the External Auditor's internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review, or peer review, of the organisation, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) months with respect to one (1) or more independent audits carried out by the organisation, (iii) any steps taken to deal with any such issues and (iv) all relationships between the External Auditor and the Company.
3. Evaluate the qualifications, performance and independence of the External Auditor, including considering whether the External Auditor's quality controls are adequate, and taking into account the opinions of the Management Board and internal audit department.
4. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as well as the other members of the External Auditor, as required by applicable laws or regulations or the Company's auditor independence policy.
5. Review and discuss annually with the External Auditor, the effectiveness of the internal audit function and the Management Board, the adequacy of the internal audit charter and the independence of the internal audit process (as prescribed by applicable laws or regulations and the Company's auditor independence policy).
6. Discuss with the External Auditor and the Management Board the internal audit department's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
7. Meet with the External Auditor prior to the audit to discuss the planning, scope and staffing of the audit.
8. Review the appointment and replacement of the Group audit executive and the senior internal auditors.
9. Annually discuss with the External Auditor:
 - (a) the scope and materiality of the audit plan and the principal risks of the Annual Accounts identified by the External Auditor in the audit plan; and
 - (b) based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the Annual Accounts and the management letter.

Internal audit

10. Review the reports most significant to the Management Board prepared by internal audit department and the Management Board's response.
11. If there is no separate department for the internal audit function, the Audit and Risk Committee shall annually advise the Supervisory Board regarding the need to establish an internal audit department and whether adequate alternative measures have been taken. The

supervisory board shall include the conclusions, along with any resulting recommendations and alternative measures, in the report of the Supervisory Board.

Annex 2

Supervision of financial reporting and publications

1. Review and discuss with the Management Board and the External Auditor the audited Annual Accounts, the Management Report, and disclosures made in management interviews, analyses and the like.
 2. Review and discuss with the Management Board and the External Auditor the interim financial statements prior to their release, including the results of any review (if applicable) by the External Auditor of the interim financial statements.
 3. Discuss with the Management Board and the External Auditor, including but not limited to:
 - (i) significant financial reporting issues and judgements and estimates made in connection with the preparation of the Annual Accounts or interim financial statements, including the quality of earnings, significant deviations between planned and actual performance;
 - (ii) clarity and completeness of disclosures and whether disclosures made have been set properly in context;
 - (iii) quality, acceptability and timing of, and any changes in the Company's selection or application of accounting principles and practices;
 - (iv) compliance with the accounting principles and legal requirements;
 - (v) any issues as to the adequacy of the Company's internal controls and any special steps adopted in light of any control deficiencies;
 - (vi) significant adjustments and/or unadjusted differences resulting from audits performed;
 - (vii) reflection of unusual circumstances or events and Management Board's explanation for the accounting principles adopted;
 - (viii) reasons for significant year on year fluctuations;
 - (ix) asset valuations and re-valuations;
 - (x) calculation and levels of general and specific provisions;
 - (xi) write-offs and reserve transfers;
 - (xii) material basis for the going concern assumption; and
 - (xiii) recommendations on profit distributions to be made.
 4. Review and discuss reports of the External Auditor on:
 - (i) all major elements of the accounting policies and the methods used;
 - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management Board or any Managing Director, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor; and
 - (iii) other important written communications between the External Auditor and the Management Board or one of the Managing Directors, e.g. management letters.
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Annex 3

Supervision of compliance with applicable laws and regulations

1. Obtain reports from the Management Board, the Group's internal audit executive, and the External Auditor to the effect that the Company and its Subsidiaries comply with the applicable laws and regulations and the internal rules of the Company.
2. Review reports on and intended disclosures on insider and affiliated party transactions. Advise the Management Board on policy and procedure of the Company for compliance with applicable laws and regulations.
3. Discuss serious matters of judgement and significant legal steps taken against or by the Company.
4. Discuss serious matters pertaining to any tax and legal issues relating to the Group.

Annex 4
Financing and finance-related strategies

1. Review and discuss with the Management Board at least once a year the general financial strategy of the Company.
2. Review and discuss with the Management Board the financial policy and financial procedures of the Company, including its currency, policies and procedures.

Annex 5

List of information to be included in the report of the External Auditor

Pursuant to Section 2:393, subsection 4, of the Dutch Civil Code, the report of the External Auditor shall contain the matters which the External Auditor wishes to bring to the attention of the Management Board and the Supervisory Board in relation to its audit of the Annual Accounts and the related audits.

The following examples can be given:

- A. With regard to the audit:** information about matters of importance to the assessment of the independence of the External Auditor; information about the course of events during the audit and cooperation with the internal audit department and/or any other external auditors, matters for discussion with the Management Board, a list of corrections that have not been made, etc.
- B. With regard to the financial figures:** analyses of changes in Shareholders' equity and results which do not appear in the information to be published and which, in the view of the External Auditor, contribute to an understanding of the financial position and results of the Company; comments regarding the processing of one-off items, the effects of estimates and the manner in which they have been arrived at, the choice of accounting policies when other choices were possible, and particular effects of such policies; comments on the quality of forecasts and budgets.
- C. With regard to the operation of the internal risk management and control systems (including the reliability and continuity of automated data processing) and the quality of the internal provision of information:** points for improvement, gaps and quality assessments; comments about threats and risks to the Company and the manner in which they should be reported in the particulars to be published; compliance with the Articles, instructions, regulations, loan covenants, requirements of external supervisors, etc.

Annex 6
Governance, social and ethics matters

1. to monitor the activities of the Social & Ethics Committees of the Major South African Subsidiaries;
2. to monitor the reporting lines within the Group;
3. to receive and review the whistleblowing reports; and
4. to monitor implementation of and compliance with the Group's Code of Conduct.

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