

## CORPORATE AND SOCIAL RESPONSIBILITY

### Our Group Business

Poundland Group Limited, the parent company of Poundland Limited was acquired by Steinhoff International Holdings NV on 16 September 2016 and is currently part of Steinhoff UK Limited. The company typically trades using the names “Poundland” in the United Kingdom or Dealz in the Republic of Ireland and international territories.

For the purposes of this statement, the name “Poundland” is utilised to incorporate the companies that are included in the Poundland Group.

### Our Goal

At Poundland we deliver amazing value to our customers every day. We’ve grown to become one of the largest discount and value retailers in the UK, offering thousands of great products including essential items, top brands and frequent new lines. Poundland will always be fun and friendly with something for everyone.

Our values that underpin our goal are as follows:

- We put customers first.
- Keep it simple.
- Individual responsibility team delivery.

- Treat every £1 as your own.
- Respect each other.
- Recognise and celebrate success.

The values are representative of the way we aspire to operate our business and our colleagues are encouraged to live these values during everyday interaction with our customers and each other. We put our customers first, and fully understand and recognise our responsibility to demonstrate to them that we trade fairly and take our corporate and social responsibilities seriously. We recognise our duty to operate our business in an ethical and responsible manner.

Our CSR strategy focuses on 3 key areas:

- Environment.
- Social Responsibility.
- Employee Welfare.

## Environment

Poundland strives to find a way of successfully balancing all economic activities with the necessary care for our natural environment. We recognise that our operations impact the environment and that this is an increasingly important issue for consumers. We continue to actively pursue policies that help us to reduce our carbon footprint and costs.

We have implemented an Ethical Trading Code of Conduct to determine basic principles of environmental protection and best practice in trade business. We focus on four key areas: using less electricity; maximising recycling opportunities; improving fuel efficiency; and reducing packaging waste. We consider this key to the ongoing success of our business.

Poundland continually investigates and tests new solutions to reduce the environmental impact of our operations and constantly seek to reduce our energy consumption to deliver efficiencies and meet the exacting environmental requirements of our socially aware customers.

This year we have set challenging targets for further reductions in our energy consumption.

### Packaging

Poundland recognises the need to conserve natural resources and to protect the environment. Therefore, we have adopted a policy that will reduce the environmental impacts associated with our product (primary) packaging and as a minimum, comply with all relevant legislation. Where possible, the objective is to fit the packaging around the product to reduce the consumer waste, recycling costs, comply with the Packaging and Packaging Waste Directive and reduce supply chain transport costs by utilising container space more affectively.

## Packaging Policy Statement

Primary packaging, at its most fundamental level, protects and contains the contents and communicates safety and legal requirements.

Poundland will:

- Meet all legislative requirements as a minimum.
- Work toward a continuous reduction in the use of packaging materials, reducing size and weight through improved design and appropriate use of materials.
- Always view packaging from our customers' perspective i.e. can I re-cycle it, can I re-use it, does it have an alternative use?
- Wherever possible, provide information to customers concerning which packaging has a recycled content and/or can be recycled. Ensure all environmental claims are simple, meaningful, relevant, accurate, used in the appropriate context and can be substantiated.
- Require suppliers to provide information on the size, weight, design and materials content of packaging on all own brand products sold.

- Monitor developments in packaging technologies for opportunities to reduce environmental impacts.
- Encourage suppliers of proprietary brands to adopt best environmental practice in the design of packaging used for their products.
- Comply with all rules, licences, copyrights, codes of practice and official guidance concerning environmental labelling and claims.

## Electricity and Gas

- In 2012 Poundland committed to an ongoing energy efficiency campaign aimed at reducing our emissions and their associated costs. The campaign focused on giving stores energy information that allows them to manage their energy use primarily by good housekeeping.
- The business will endeavor to maintain good housekeeping standards and add to them with targeted investment in energy projects that give a suitable return on investment. For example, we have invested in a low energy lighting scheme for our Willenhall warehouse.
- The business will maintain focus on lowering carbon emissions to minimize annual costs under the CRC energy efficient scheme.

## Waste Initiatives

We are fully focused and compliant on all areas of waste:

- Budget Pack, the Packaging Consultants focused on compliance with UK Packaging Waste Regulations, work in partnership with Poundland to provide battery collection facilities throughout all our stores. This means that customers can deposit any type of portable battery into collection containers when visiting a store. These batteries are collected, sorted and recycled, ensuring that the constituent parts are used again.
- Waste Electrical (WEEE) - We currently operate a take back system via helpdesk for the UK & NI.
- Packaging Waste (PRN's) - We provide the government with data on the weight of packaging waste materials (paper, glass, aluminum, steel, plastic, wood, mixed recycling).

## Recycling & Waste

- We recognise the potential impact on the community of waste generated from our activities; we therefore actively seek to reduce volumes of waste by recycling wherever possible.

- All our stores and distribution depots recycles all its waste paper and packaging.
- Our Customer Support Centre collects and recycles all its waste paper and packaging.
- We continue to investigate other sources of waste and opportunities to recycle.

## Social Responsibility

### Sourcing

Poundland has recently undertaken a comprehensive review of its ethical trading policies and practices. Our internal audit function operates independent scrutiny of the adoption of all our policies and procedures. We communicate our Code of Conduct and Zero Tolerance Policy to all our existing and new suppliers.

Poundland is a member of Sedex, the supplier of ethical data exchange. Sedex provides member companies with a secure web based platform for storing and sharing information on four key pillars:

- Health and Safety
- Labour Standards
- business Integrity
- The environment

Sedex helps businesses to identify opportunities for

improvement and work with their suppliers to ensure positive change.

Our good UK vendor relationships is under continuous improvement and virtually all primary manufacturers supply us direct. It is pleasing that major manufacturers of branded products recognise the significance of Poundland to consumers and the outstanding growth opportunity that we offer them to expand their brand reach. Top brands are very important to our customers and securing continuity of supply through these direct channels allows us to increase sales through improved availability and differentiate our offer from other single price competitors. We continue to recognise the relevance of secondary and tertiary suppliers who enjoy long term relationships with our growing Poundland brand. These suppliers remain important to the delivery of our overall offer.

Poundland also has the ability to source and develop products on a global basis. Therefore, our Far East and Near East continue to be an important part of our sourcing strategy. Accordingly, we have strengthened our teams in both these locations, especially in the areas of new product development, quality assurance and control.

### Code of Conduct

Poundland works closely with our suppliers to ensure that the standard to which their production sites operate are in line with our Code of Conduct. This code explains the way that we behave as an organisation and how we expect our colleagues and suppliers to act, including:

- Employment is freely chosen.
- Freedom of association and the right to collective bargaining are respected.
- Working conditions are safe and hygienic.
- Child labour shall not be used.
- Working hours are not excessive.
- No discrimination is practiced.
- Regular employment is provided.
- No harsh or inhumane treatment is allowed.
- Anti-bribery.
- Transparency and full access.
- Unauthorised Subcontract.

Poundland has a clear zero policy on:

- Dangerous working conditions.
- Forced labour.
- Child labour.
- Bribery and corruption.
- Access denied to property or records.
- Unauthorised subcontract.

Ongoing improvement of our ethical, moral and social processes remains one of our key priorities.

### Auditing

All factories that wish to manufacture own label products for Poundland are assessed by our in-house team of experts or by an accredited third party. Our sites are audited at least every two years and suppliers are obliged to be fully transparent.

Our suppliers must declare all production sites; notify of any site changes; obtain prior approval to use a site before production commences and communicate requirements to all sites. All suppliers are accountable for any non-compliance issues which arise during audits and are required to take appropriate corrective action to solve the issue within a determined timeline.

Poundland has a three-pillared ethical audit approach:

#### Monitoring

- Risk Assessment.
- Audit, report accurately.
- Get to know the real scenario.

#### Transparency

- Work with partnership approach.
- Be open and honest.
- Be transparent.

#### Development

- Completion of corrective actions.
- Move towards a long-term relationship.
- Support, improvement & recognition.

#### **Charity**

In 2017, Poundland announced its three new charity partners, Make-A-Wish UK, Tommy's and Whizz Kid and we endeavor to change the lives of over 20,000 children and their families by 2020. Poundland is actively encouraging customers, suppliers and colleagues to make donations.

## **Employee Responsibility**

### **Our Colleagues**

We recognise and celebrate success through various non-contractual initiatives in the business. For example, we offer seasonal incentives where our store colleagues receive discount vouchers to spend at their leisure. Eligible colleagues are also rewarded for meeting objectives which impact business performance and show evidence of living the company values via an annual bonus scheme. In addition, we offer at 5-year intervals long service awards to our colleagues.

All colleagues have access to a wide range of benefits via our benefits platform offering discounts for colleagues and their families to enjoy. From childcare vouchers and improved healthcare, through to special discounts in leisure and lifestyle, we offer something for everyone.

Our colleagues' welfare and wellbeing is important to us and we work in partnership with the Retail Trust who offer our colleagues an employee assistance programme which is a free, confidential and independent service to support colleagues at times of need. The service is offered 7 days a week and 365 days a year.

We are interested in what our colleagues have to say and use various means of communicating with them on a regular basis. Our colleagues are represented at the biannual JCC meetings held between the Company and our recognised union (USDAW).

In addition, the Company has a whistleblowing policy which allows colleagues to raise any concerns in confidence. We also use colleague surveys as a way of gaining feedback on matters that are important to our colleagues and encourage their engagement in company projects.

All new colleagues receive an induction programme tailored to the role they will perform. We review our training regularly to update and improve practice. A recent update has seen training taken out of the classroom and onto the shop floor through the use of 'Conversation Cards'. These cards are relaxed, informal and help Managers to train their colleagues on all aspects of their job.

We want all our people to have the right knowledge and skills so they can be brilliant at their jobs. We have launched several training programmes for our Managers, these modules run every three months and support our Managers to understand how we manage and lead 'The Poundland Way'.

We are proud of our colleagues who have contributed to our success and whose loyalty and commitment have made us Europe's leading single price retailer.

### **Local Community Support**

Our new store opening programmes and expansion plans means that we are creating jobs and opportunities for new colleagues annually. We work closely with local job centers and the DWP in helping the unemployed gain long term employment and skills and qualifications to improve their employability. We take our corporate responsibility seriously

and the role we play is having a positive impact on local communities.