



Conflict Minerals Report

Stein Mart, Inc. has included this Conflict Minerals Report (“CMR”) as an exhibit to its Form SD for calendar year 2018, as provided for in Rule 13p-1 under the Securities Exchange Act of 1934, as amended (collectively, the “Rule”). The date of filing of this Conflict Minerals Report is May 31, 2019.

This report has been prepared by management of Stein Mart, Inc. (herein referred to as “Stein Mart,” the “Company,” “we,” “us,” or “our”) and includes the activities of all subsidiaries. As used herein and consistent with the Conflict Minerals Rule, “Conflict Minerals” or “3TG” are columbite-tantalite (coltan), cassiterite, gold, wolframite and the derivatives tantalum, tin and tungsten, without regard to the location of origin of the minerals or derivatives.

Forward-Looking Statements

This document contains forward-looking statements that are based upon management’s expectations and beliefs concerning future events impacting Stein Mart. Certain matters contained herein concerning the future, including risk mitigation steps, constitute forward-looking statements and are based upon management’s expectations and beliefs concerning future events. There can be no assurance that these future events will occur as anticipated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update or revise our forward-looking statements in light of new information or future events. Undue reliance should not be placed on such forward-looking statements. Forward-looking statements are not guarantees of performance. Wherever used, the words “plan”, “expect”, “anticipate”, “believe”, “estimate” and similar expressions identify forward-looking statements. Forward-looking statements contained in this document are subject to certain risks, uncertainties or assumptions and may be affected by certain factors. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of the Company may vary materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Applicability of the Conflict Minerals Rule to Our Company

We believe we are subject to the Rule because we contract to manufacture “products” that may contain conflict minerals, as defined by the Rule, present in our supply chain that may have originated in Democratic Republic of the Congo or an adjoining country (the “Covered Countries”) and may not be from recycled or scrap sources. Accordingly, Stein Mart is filing this CMR as an exhibit to Form SD to describe the due diligence measures taken to determine the source and chain of custody of the conflict minerals used in its products for 2018.

1. Company Overview

Headquartered in Jacksonville, Florida, Stein Mart is a national specialty off-price retailer offering designer and name-brand fashion apparel, home décor, accessories and shoes at everyday discount prices. Stein Mart provides real value that customers love every day both in stores and online. Begun in the early 1900’s as a single store in Greenville, Mississippi, Stein Mart Inc. was organized in Mississippi in 1968 before merging into a Florida corporation in 1992. Stein Mart, Inc. operated 287 stores in 30 states and an e-commerce retail selling site as of February 2, 2019.

In accordance with the *Organization for Economic Cooperation and Development (OECD)* Guidance and the Rule, this CMR is available on our website <http://ir.steinmart.com/sec.cfm>

2. Description of Stein Mart’s Reasonable Country of Origin Inquiry:

Stein Mart’s reasonable country of origin inquiry (RCOI) employed a combination of measures to determine whether the necessary 3TGs in our products originated from the Covered Countries. Our primary means of determining country of origin of necessary 3TGs was by conducting a supply chain survey with direct vendors using the Responsible Minerals Initiative Conflict Minerals Reporting Template (CMRT).

This supply chain survey, and the conflict minerals program as a whole, was developed and implemented with our third-party service provider.

We began our scoping process by extracting a comprehensive vendor list from our database. This list was then filtered to remove:

- Inactive Vendors (minimum 1 year since last purchase)
- Vendors for whom we have no significant design influence over the products we purchase

This ensured all vendors surveyed provided products to Stein Mart which were available for sale in our stores in the year 2018.

The resulting list contained a total of 269 vendors.

We then conducted the vendor survey portion of the RCOI.

During the vendor survey, vendors were contacted via a SaaS (Software as a Service) platform which enables users to complete and track vendor communications as well as allow vendors to upload completed CMRTs directly to the platform for risk assessment and management.

Non-responsive vendors were contacted a minimum of three times. This included follow ups from the supply chain team.

Our communications included education on the completion of the CMRT to alleviate any remaining confusion with vendors.

All of these communications were monitored and tracked for future reporting and transparency.

The 2018 program continued to include automated data validation on all submitted CMRTs. The goal of data validation is to increase the accuracy of submissions and identify any contradictory answers in the CMRT. All submitted forms were accepted and classified as valid or invalid so the data is retained. Suppliers were contacted in regards to invalid forms and were encouraged to resubmit a valid form.

Conflict Minerals Policy

The Company has adopted the “Stein Mart Conflict Mineral Compliance Policy” which is publicly available in its entirety at: <http://ir.steinmart.com/static-files/bde1de46-1fc2-43b3-bf3a-927b37ca63cf>

For additional information about our commitment to responsible sourcing and other human rights, see Stein Mart’s Vendor Code of Conduct:

<https://vendors.steinmart.com/sites/SupplyChain/Documents/Stein%20Mart%20Terms%20and%20Conditions%20of%20Purchase%2004-2015.pdf>

3. Due Diligence Process

3.1 Design of Due Diligence

Our due diligence measures have been designed to conform, in all material respects, with the framework in *The Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Second Edition (OECD Guidance)* and the related supplements for gold and for tin, tantalum and tungsten.

3.2 Management Systems

As described above, Stein Mart has adopted a conflict minerals policy which is posted on our website at:

<http://ir.steinmart.com/static-files/bde1de46-1fc2-43b3-bf3a-927b37ca63cf>

Internal Team

Stein Mart has established a management system for conflict minerals. Our management system includes the Executive Steering Committee sponsored by the Executive Vice President and Chief Financial Officer as well as executive-level representatives and a team of subject matter experts from relevant functions such as:

- Chief Legal Officer
- Senior Vice President of Supply Chain
- Senior Vice President of Planning and Allocation
- Senior Vice President and Controller

A team of subject matter experts is responsible for implementing our conflict minerals compliance strategy and is led by the Senior Vice President of Supply Chain who acts as the executive conflict minerals program manager. Senior management is briefed about the results of our due diligence efforts on a regular basis.

Control Systems

Controls include, but are not limited to, Stein Mart's Ethical Business Conduct Policy which outlines expected behaviors for all of our employees, and our Vendor Code of Conduct and a vendor conflict minerals clause in our terms and conditions of purchase which is further described below.

We rely on our direct vendors to provide information on the origin of the 3TGs contained in components and materials supplied to us—including sources of 3TG that are supplied to them from lower tier vendors.

This is communicated in Stein Mart's Standard Terms and Conditions which are applicable to all goods purchased with the intent to be sold in any of our retail stores. These terms include the following language:

We fully support the humanitarian goals of the Dodd Frank Act and are committed to conducting our business operations in a manner that complies with all applicable laws and regulations regarding conflict minerals. We are committed to working with our supply chain to increase transparency regarding the origin and traceability of minerals contained in our products with the goal of ensuring all products sold by us to our customers are DRC Conflict-Free. We will follow the current *Organization for Economic Cooperation and Development (OECD)* framework to incorporate proper due diligence measures into our supply chain regarding trade in conflict minerals.

The following requirements must be met by Stein Mart vendors:

- Assist Stein Mart by responding to all inquiries regarding compliance with SEC regulations related to conflict minerals and provide all necessary declarations.

- Undertake reasonable due diligence, consistent with the Organization for Economic Cooperation and Development (OECD) current guidelines, within their supply chain seek to determine the chain of custody and origin of the conflict minerals. Due diligence includes developing policies and management systems to use DRC Conflict Free minerals, including making these requirements apply to their direct vendors and sub-tier vendors and requiring them to do the same with lower tiers of vendors.
- Make commercially reasonable efforts to comply with information requests on the source and origin of conflict minerals in the parts, components or materials provided to Stein Mart. This includes completion of the Responsible Minerals Initiative - conflict minerals reporting template.
- Maintain chain of custody data for five years and provide the same to Stein Mart upon request.

Stein Mart's Terms and Conditions document may be found in its entirety at:

<https://vendors.steinmart.com/sites/Accounting/Documents/Stein%20Mart%20Terms%20and%20Conditions%20of%20Purchase%2009-2018.pdf>

Vendor Engagement

With respect to the OECD requirement to strengthen engagement with vendors, we have provided education on the Conflict Minerals regulation, communicated the Company's understanding of expectations of the law and required compliance for a continued business relationship, and leveraged the existing communications within the company (specifically procurement) to encourage vendor interactions with us as well as understand the requirement for completion. Feedback from this engagement has allowed us to enhance the training, as well as focus and adapt it to each user's needs. Direct vendor engagement has also allowed for our vendor communications to be more focused and ensure expectations are clear.

Grievance Mechanism

We have a longstanding grievance mechanism whereby employees and vendors can report violations of our policies. Employees may call the Stein Mart independent confidential hotline at 855-SMTLINE (855-768-5463), and request assistance.

Maintain records

We have adopted a policy to retain relevant documentation. Documentation will be retained for a period of five years.

Identification, assessment and strategy to respond to risk in the supply chain

Because of Stein Mart's size, the complexity of its products, and the depth, breadth, and constant evolution of its supply chain, it is difficult to identify parties downstream from its direct suppliers. Stein Mart continues to work with suppliers to identify the downstream sources of its conflict minerals through the CMRTs, follow up on invalid responses on the CMRTs, use a risk-based assessment of identified smelters and assessment of the conflict minerals programs of its suppliers, as described below. All of the information and findings from this process and activities are stored in a database that can be tracked and audited.

In accordance with OECD Guidelines, it is important to understand risk levels associated with conflict minerals in the supply chain. Smelters not being certified DRC-Conflict Free pose a significant risk to the Supply Chain. Each facility that meets the CFSI definition of a smelter or refiner of a 3TG mineral is assigned a risk of high, medium or low based on 3 scoring criteria:

- Geographic proximity to the DRC and covered countries;
- Conflict-Free Smelter Program (CFSP) audit status;
- Known or plausible evidence of unethical or conflict sourcing.

We also calculate supplier risk based on the chances that the supplier provides 3TGs that may originate from Non-Conflict Free sources. The value of this risk is calculated based on the risk ratings of the smelters declared by that supplier on their CMRT.

Additionally, suppliers are evaluated on program strength (further assisting in identifying risk in the supply chain). Evaluating and tracking the strength of the program does meet the OECD Due Diligence Guidelines and can assist in making key risk mitigation decisions as the program progresses. The criteria used to evaluate the strength of the program are:

- Do you have a policy in place that includes DRC conflict-free sourcing?
- Have you implemented due diligence measures for conflict-free sourcing?
- Do you verify due diligence information received from your suppliers?
- Does your verification process include corrective action management?

When suppliers meet or exceed those criteria, they are deemed to have a strong program. When suppliers do not meet those criteria, they are deemed to have a weak program.

Stein Mart does not have a direct relationship with conflict minerals smelters and refiners and, as a result, does not perform or direct audits of these entities within its supply chain. Stein Mart captured smelter and refiner information as part of the CMRT, as some suppliers provided the names of facilities they used as smelters or refiners. Stein Mart compared, via our third party service provider, the facilities identified by the suppliers to the list of smelters maintained by the RMI.

As described in our Conflict Minerals policy, we engage any of our vendors whom we have reason to believe are supplying us with 3TGs from sources that may support conflict in the Covered Countries to establish an alternative source of 3TGs that does not support such conflict, as provided in the OECD guidance.

We believe that the inquiries and investigations described above represent a reasonable effort to determine the mines or locations of origin of the 3TGs in our Covered Products, including (1) seeking information about 3TG smelters and refiners in our supply chain through requesting that our suppliers complete the CMRT, (2) verifying those smelters and refiners with the expanding CFSI lists, (3) conducting the due diligence review, and (4) obtaining additional documentation and verification, as applicable.

Carry out Independent Third Party Audit of Supply Chain Due Diligence at Identified Points in the Supply Chain

Stein Mart does not have a direct relationship with conflict minerals smelters or refiners and as a result, Stein Mart does not perform direct audits of these entities in its supply chain. However, Stein Mart encourages suppliers with more direct relationships with smelters to participate in comparable due diligence validation activities.

Report annually on supply chain due diligence

Stein Mart reports annually on supply chain due diligence by filing a Form SD and a Conflict Minerals Report with the SEC.

Due Diligence Results

Certain of the responses provided by suppliers to the CMRT included the names of facilities listed by the suppliers as smelters or refiners. We do not have a direct relationship with 3TG smelters and refiners and do not perform or direct audits of these entities within our supply chain. We compared the facilities listed in these responses to the list of smelters maintained by Responsible Minerals Initiative, and if a supplier indicated that the facility was "Conflict-Free," confirmed that the name was listed by the RMI as such.

As of May 31, 2019, we have validated 319 smelters or refiners. Of the 319 valid smelters identified, 256 have been certified as conflict free as listed by the RMI.

A significant number of the responses received either provided data at a company or divisional level or did not specify the smelters or refiners used for materials supplied to Stein Mart. Accordingly, we are unable to determine, in those cases, whether the 3TGs reported by certain suppliers were contained in components supplied to us, or to validate that any of these smelters or refiners are actually in our supply chain.

Steps to be taken to mitigate risk

We intend to take the following steps to improve the due diligence conducted to further mitigate any risk that the necessary 3TGs in our products could benefit armed groups in the Covered Countries:

- a. Continue to engage with vendors and direct them to training resources to attempt to increase the response rate and improve the content of the vendor survey responses.
- b. Engage any of our vendors found to be supplying us with 3TG from sources that support conflict in the Covered Countries to establish an alternative source of 3TG that does not support such conflict.
- c. Work with vendors to use the most current version of the CMRT each year as that will contain the most current smelter IDs available.
- d. Require the use of the smelter identification numbers. Vendor responses will not be considered complete without identification numbers.
- e. Request vendors to inform Stein Mart of the correlation between these smelters and the products and parts they supply to Stein Mart.