



RISK MANAGEMENT POLICY

Policy #	BW-GRP-RMPOL	Effective Date	24 March 2020	Email	PontshoM@Barloworld.com
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PURPOSE

Preface

Organisations of all types and sizes face a range of risks that may affect the achievement of their objectives.

These objectives may relate to a range of the organisations activities, from strategic initiatives to its operations, processes and projects, and be reflected in terms of societal, environmental, safety and security outcomes, commercial, financial and economic measures, as well as social, cultural, geopolitical, technological and reputation impacts.

All activities of an organisation involve risks that must be managed. The risk management process aids decision making by taking account of uncertainty and the possibility of future events or circumstances (intended or unintended) and their effects on agreed objectives.

Risk management involves applying logical and systematic methods for:

- communicating and consulting throughout this process;
- establishing the organisation's context for identifying, analysing, evaluating, treating and monitoring risk associated with any activity, product, function or process and;
- reporting the results appropriately.

Objective

The aim of this policy is not to eliminate risk, rather to identify and manage the risks involved in Barloworld's activities to maximise opportunities and minimise adversity. Effective risk management requires:

- a strategic focus
- forward thinking and active approaches to management
- a balance between the cost of managing risk and the anticipated benefits, and
- contingency planning in the event that critical threats are realised.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

The risk management policy, in line with King IV and, where appropriate, international codes of best practice, is aimed at enhancing value for Barloworld's stakeholders.

Policy Statement

Barloworld will:

- use appropriate procedures in risk management to support and enhance its strategic objectives
- ensure that risk management is an integral part of its decision-making processes
- use a structured risk management programme to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property
- set limits regarding the company's risk appetite
- identify and take advantage of opportunities as well as minimising adverse effects
- train its people to implement risk management effectively
- strive to continually improve its risk management practices

SCOPE

Policy Application

This policy applies to Barloworld Limited and all Barloworld divisions. Sub-divisions, companies, joint ventures where Barloworld has a majority shareholding, management control or a relevant agreement, and other entities within each division are to comply with the policy.

POLICY

1.	<i>Risk Management Philosophy</i>
	Barloworld's Risk Management Philosophy is set out in Annexure A.
2.	<i>Policy Requirements</i>
	The Barloworld Corporate Office and all Barloworld divisions must use the Barloworld High Level Risk Analysis (HLRA) methodology and documentation. Executive management at divisional level is required to direct the HLRA methodology to an appropriate level within each division.
3.	<i>Policy Distribution</i>
	The Risk Management policy must be widely distributed throughout the Barloworld Corporate Office and all Barloworld divisions. The document is available on the group intranet and must also be available on all divisional intranet sites.
4.	<i>Risk Management Process</i>
	Please refer to the Risk Management Plan for the Guidelines for the Execution of the Barloworld HLRA Process.
5.	<i>Risk Management Structure and Responsibilities</i>
5.1.	<u>General</u> Every Barloworld employee is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of the risk management strategies. Risk management must be integrated with other planning processes and management activities.

<p>5.2.</p>	<p><u>Board of Directors</u></p> <p>"The governing body should delegate to management the responsibility to implement and execute effective risk management." King IV, Principle 11, clause 5.</p> <p>Barloworld's Board, through the Risk and Sustainability Committee, is responsible for the risk management process within the Barloworld Group. The Risk and Sustainability Committee operates within approved Terms of Reference to assist the Board in fulfilling its oversight responsibilities. The Board proactively oversees Barloworld's risk strategy formulation, risk methodologies and risk assessments, as well as reinforces the Group's commitment to sound risk management. The Board ensures that management has in place appropriate capabilities to implement approved risk responses. The Board ensures, through the Risk and Sustainability Committee that it receives and reviews regular reports on risks and the risk management process.</p>
<p>5.3.</p>	<p><u>The Risk and Sustainability Committee</u></p> <p>The Risk and Sustainability Committee, established and empowered by the Board, operates with Terms of Reference established by the Board. The Risk and Sustainability Committee assists the board in reviewing the risk management process and the significant risks facing the company.</p>
<p>5.4.</p>	<p><u>Group Chief Executive and Divisional CEO's</u></p> <p>The Chief Executive and Divisional CEO's are accountable for the implementation and maintenance of sound risk management.</p>
<p>5.5.</p>	<p><u>The Group Financial Director</u></p> <p>The Finance Director is accountable through the Risk and Sustainability Committee for the implementation of this policy</p>
<p>5.6.</p>	<p><u>The Group Executive: Risk and Insurance (GE; R&I)</u></p> <p>The GE; R&I role is to provide a resource and focus for the development and implementation of the risk management policy. The GE; R&I will maintain day to day contact and involvement with the divisions to ensure that the policy is implemented and be available for advice on risk management issues. The GE; R&I will, where appropriate, transfer risk management knowledge within the Group. The GE; R&I is responsible for the provision of the risk management techniques used by the organisation for the identification, assessment, management and treatment of risks on an appropriately uniform basis throughout the Group.</p>
<p>6.</p>	<p><i>References</i></p>
	<p>Reference has been made, inter alia, to the King IV Report, ISO 31000 "Risk management – Principles and guidelines" as well as the COSO documentation relating to Enterprise Risk Management.</p>
<p>7.</p>	<p><i>Information and/or Advice</i></p>
	<p>Information and/or advice relating to this policy document can be obtained from the Head: Group Risk & Insurance, Pontsho Mokoena, contact information below:</p> <p>E-mail address – PontshoM@Barloworld.com LesibanL@barloworld.com Telephone number - +27 11 445 1826 Mobile number - +27 82 211 5151</p>

8.	<i>Date of Revision</i>
	This policy was revised on 24 March 2020.

VIOLATIONS

Due to the varying nature and location of our businesses, local practices and different legal requirements, each division or subsidiary may use their own defined violations sections where the below wording will not be favored.

Any violation of this policy may result in disciplinary action, up to and including termination of employment. Barloworld reserves the right to notify the appropriate law enforcement authorities of any unlawful activity and to cooperate in any investigation of such activity. Barloworld does not consider conduct in violation of this policy to be within an employee's or involved person's course and scope of employment, or the direct consequence of the discharge of the employee's or involved person's duties. Accordingly, to the extent permitted by law, Barloworld reserves the right not to defend or pay any damages awarded against employees or involved persons that result from violation of this policy.

RELATED DOCUMENTS

Barloworld Risk Management Plan

King IV – Report on Corporate Governance for South Africa 2016

Annexures

A – Barloworld Limited – Risk Management Philosophy

B – Key Definitions

APPROVAL AND OWNERSHIP

Owner	Title	Date
<i>Pontsho Mokoena</i>	<i>Head: Group Risk & Insurance</i>	<i>24 March 2020</i>
Approved By	Title	Date
<i>Risk and Sustainability Committee</i>	<i>Risk and Sustainability Committee</i>	<i>24 March 2020</i>

REVISION HISTORY

Version	Revision Date	Review Date	Description
<i>4</i>	<i>24 March 2020</i>		<i>Group wide review and incorporation of King IV requirements</i>



BARLOWORLD LIMITED
RISK MANAGEMENT PHILOSOPHY

The assumption of risk is inherent in all businesses.

At Barloworld, we are aware of the strategic and operational risks inherent in driving value creation. The risks are addressed in a manner commensurate with our risk appetite, and takes into account the returns we aim to deliver.

We have a responsibility to identify, evaluate and manage risk effectively whilst also considering the interests of all our stakeholders.

Dominic Sewela
Group CEO

29 October 2019

Annexure B – Key Definitions

There are many definitions of risk related words and/or phrases. No definition is incorrect and no definition is more correct than any other.

- Risk

Risks are uncertain future events that could influence both in a negative and a positive manner, the achievement of the company's objectives.

or

Risk is the possibility that an event will occur and adversely affect the achievement of objectives.

or

Risk is the effect of uncertainty on objectives

or

Risk is the threat that an event or action will adversely affect the organisation's ability to achieve its business objectives and execute its strategies successfully. A business risk arises as much from the likelihood that something good will happen as it does from the threat that something bad will happen. Risk covers current, future and potential events and actions.

Or

"Risk is about the uncertainty of events; including the likelihood of such events occurring and their effect, both positive and negative, on the achievement of the organisation's objectives. Risk includes uncertain events with a potential positive effect on the organization (i.e. opportunities) not being captured or not materializing." King IV Glossary of Terms

etc

- Risk Management

Risk management is the identification and evaluation of actual and potential risk areas as they pertain to the company as a total entity, followed by a process of either avoidance, termination, transfer, tolerance (acceptance), exploitation or mitigation (treatment) of each risk, or a response that is a combination or integration.

or

Risk Management is coordinated activities to direct and control an organization with regard to risk.

etc

- Risk Management Process

The risk management process entails the planning, arranging and controlling of activities and resources to minimise the negative impacts of all risks to levels that can be tolerated by stakeholders whom the board has identified as relevant to the business of the company, as well as to optimize the opportunities, or positive impacts, of all risks.

or

The series of actions taken by management to run an entity.

etc

- Risk appetite

The level of residual risk that the company is prepared or willing to accept without further mitigation action being put in place, or the amount of risk the company is willing to accept in pursuit of value.

A company's risk appetite will vary from risk to risk

- Residual risk

The level of Risk remaining after risk treatment (control)