



## **Social, ethics and transformation committee report**

For the 12 months ended  
30 September 2023

**Well-positioned  
to deliver  
stakeholder value  
by consistently  
executing on our  
strategy**

**NEO MOKHESI**  
**Chairman**  
 Social, ethics and  
 transformation  
 committee



## Barloworld social, ethics and transformation committee report

The Barloworld group's Social, ethics and transformation committee (SETC) is a formal subcommittee of the board per the Companies Act and the King IV Code.

My role as chairman of the committee is to report to shareholders for the period ended 30 September 2023 on the committees' statutory responsibilities and board-approved terms of reference (available on our website: [www.barloworld.com/investors/integrated-reports/](http://www.barloworld.com/investors/integrated-reports/)), which are reviewed annually to ensure their relevance.

During the period under review, four meetings were held. Profiles of the members of the committee and their meeting attendance can be viewed in the Leadership section of the integrated report for 2023. The company's Executive Committee members are invited to attend all committee meetings.

### Committee monitoring and oversight



The committee reviews quarterly reporting on the following:

- Effectiveness of the ethics initiatives and programmes in place to improve the ethical culture within the organisation
- The group's performance regarding the protection of human rights
- Sustainability, environmental stewardship and climate change
- Employee health, safety and wellness
- Stakeholder engagement
- Progress with transformation, including equity, diversity and inclusion in the workplace and human resource development, as well as socio-economic transformation (progress with preferential procurement with small, medium (SMEs) and large black-owned entities and enterprise and supplier development (ESD))
- Tracking the group's performance regarding key ESG targets on behalf of the Remuneration Committee. The aim is to incentivise the achievement of these targets.

### Joint monitoring and oversight



The SETC, audit committee and the risk committee jointly oversee:

- Risk profiles and registers
- Ethics status report and policies
- Fraud risk profile
- Compliance management status
- The integrated report assurance process, scope and findings



## Monitoring of compliance

The committee monitors the company's compliance with all relevant legislation or prevailing codes of best practice including the:

- United Nations Global Compact Principles
- OECD recommendations regarding corruption
- Employment Equity Act
- Broad-Based Black Economic Empowerment (B-BBEE) Act
- King IV Code

and ensures its own compliance with the requirements of the Companies Act and applies the relevant principles of the King IV Code.



## Driving ethical culture and behaviours

As a committee, we had oversight of the Ethics and Compliance Framework and related policies to ensure these remain relevant, set the tone at the top and define the minimum expected behaviours and practices.

While training, development and awareness initiatives remained group-wide, there was a particular focus on leadership and management levels as a lever to further embed an ethical culture and enhance the tone at the top. An example of such initiatives was the roll-out of the Sustainable Executive Enterprise Development (SEED) programme which is aimed at leadership and management levels.

To further enhance the control environment, improve efficiency and management of ethics calls, we have advanced our digitisation of processes. This has allowed us to better analyse whistleblowing call trends and proactively implement targeted interventions to reduce the risk of recurrence.



## Social and economic performance

The committee had oversight of the group's socio-economic transformation strategy. *Always doing the right thing and making a positive difference* remains central to this strategy.

### Empowerment and transformation

#### Diversity, inclusion and equity

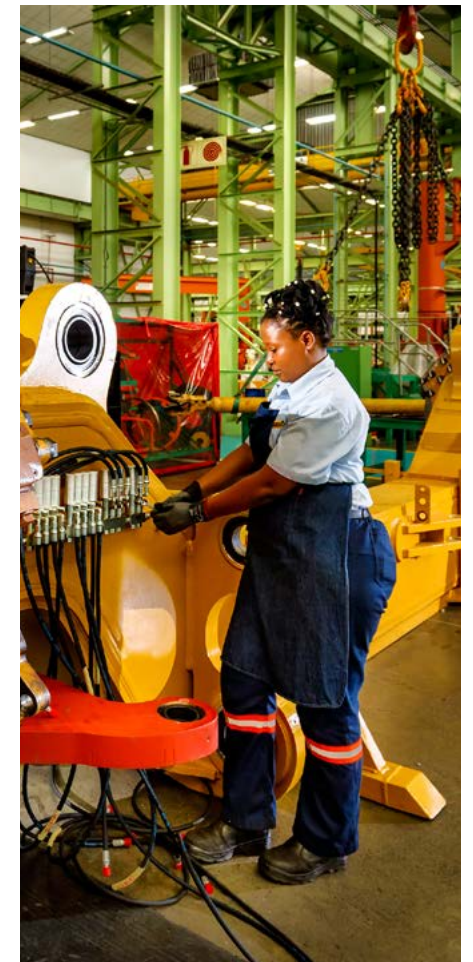
Progress against diversity and inclusion targets is monitored by the committee. Proactive levers, such as employee appointments, promotions, internal transfers and retention form part of the monitoring report.

The group continues to make notable progress on its transformation targets.

#### Women and youth empowerment

The committee's focus on women and youth empowerment includes monitoring our progress within the group on improving our gender mix, creating employment opportunities for youth, developing young talent, and ensuring readiness for critical roles by providing growth opportunities through an individual development plan.

We have made good progress with the percentage of black women in our management team in South Africa. Outside South Africa, the group focuses on limiting the number of expatriates in our teams and increasing the representation of women at all levels. More information is available in the Diversity and inclusion section of the integrated report.





## Socio-economic inclusion

Economic inclusion extends to the group's sourcing strategy, through its preferential procurement approach.

Preferential procurement provides opportunities for both women and youth-led businesses. In line with our focus on empowering women and youth, our enterprise and supplier development programme, Siyakhula, has collaborated with the Exxaro ESD fund to support black female and youth-owned businesses to assist these businesses with meeting their contractual obligations in the mining industry.

Good progress was made in the group's discretionary spend with small, medium and large black-owned entities during the year.

The group's enterprise and supplier development (ESD) programme, Siyakhula, disbursed approximately R102 million in FY2023 to over 84 beneficiaries, supporting over 1 964 jobs. Equipment southern Africa spent R480 million with ≥50.1% black women-owned companies in FY2023.

## Social impact

Barloworld is mindful of the social needs of the communities in which we operate. To address these needs the Barloworld Trust continued to invest its R12 million budget in education and food security (FY2022: R11 million).

For more details, refer to the Our Role in Society, Safety and Occupational Health and Environmental Stewardship sections in the Integrated report at: [www.barloworld.com/investors/integrated-reports/](http://www.barloworld.com/investors/integrated-reports/)



## Driving workplace safety and employee well-being

Given their interdependence, the group takes an integrated approach on employee wellness and safety.

### A renewed focus on wellness and a strategy refresh

The wellness of our employees remains a concern to and focus of the board and SETC. Since Covid-19's impact, companies have experienced a marked increase in employees with mental health challenges worldwide. To ensure we provide our employees with the support and assistance they need to care for their mental health, the SETC increased its focus on wellness during FY2023 and refreshed our strategy to meet employees' needs better.

A new service provider was appointed to meet the group's requirements of an increased focus on mental wellness, including on-site services. Since the new offering became available, use of the employee assistance programme has almost doubled, with employees using both the mental and financial wellness services on offer.

The availability of an on-site facility has made it easier for our employees to access wellness services, resulting in early detection and intervention and helping to save lives. Our committee is pleased with the outcome to date of the changes we have made. We will continue to focus on ensuring the wellness services available to our employees meet their needs, as it is a crucial element of the support we provide our employees.



## Safety of our people

The committee had oversight of the group safety performance and it was pleasing that for the third year in succession, no work-related fatalities were reported for continuing operations.

Leading and lagging key performance indicators provide the committee with comfort that safety awareness and a safety culture is well entrenched in the organisation and continues to receive management attention. In FY2023, the group's lost-time injury frequency rate reduced year-on-year by 42% to 0.17.

**42%**  
year-on-year improvement in the group's lost-time injury frequency rate to 0.17 from 0.30



## Limiting our environmental footprint and climate change impacts

As the impact of climate change, one of the critical global challenges of our time becomes reality, we must focus on ensuring that our efforts to limit the impact of climate change on our business and its impact on climate change are effective. The targets that we have in place to manage and reduce our impact on climate change include finding ways to be increasingly efficient in our use of non-renewable energy.

We have a five-year target of a 15% reduction against our 2021 baseline in our greenhouse gas (GHG) emissions (Scope 1 and 2) and the intensity of the group's use of non-renewable energy and municipal water withdrawal. Our divisions developed five-year KPIs relevant to their operations and progress against group and divisional KPIs.

The group and the divisions continually monitor them, and the SETC receives quarterly progress reports.

The committee was pleased that the annualised efficiency targets were met in FY2023.

We always look for ways to reduce or recycle our waste and move towards a circular economy. We dispose of our waste responsibly using appropriately accredited waste management companies.



## Sustainable financing

Barloworld has leveraged its targets for diversity and inclusion, inclusive procurement, employee safety and renewable energy consumption through gender-linked and sustainability-linked bonds. Performance against these targets is monitored by the committee and it was pleasing that all set targets were achieved or surpassed for FY2023.

## Stakeholder engagement

Inclusive stakeholder engagement remains critical to enhancing the group's sustained value creation. The board and executive management strive to balance the needs and expectations of our key stakeholders through roadshows and meetings.

Improving employee engagement is a priority for Barloworld, which was a focus of the committee during the year under review. The group uses the outcomes of the OneBarloworld Employee Engagement survey to gauge employees' responses and respond to opportunities for improvement.

The Group Stakeholder Engagement Framework and Stakeholder Engagement Policy were reviewed and approved by the committee. A Group Stakeholder Engagement Champions Forum has been established to strengthen our stakeholder engagement structures. Its membership consists of divisional representatives nominated to serve on the forum. The forum's mandate includes ensuring that stakeholder needs are identified and understood, and stakeholder matters are integrated with our corporate strategy and business plan development.

## What we plan to focus on in FY2024

Efforts to improve the ethical culture will remain ongoing.

We will continue to monitor the impact of the group's wellness programme and our efforts to empower women and youth.

Following the migration into the Barloworld Empowerment Foundation (BWEF) of the Barloworld Trust, Siyakhula and Mbewu, and the plans to migrate the Barloworld Trust and Mbewu into the Barloworld Foundation Trust, the committee will be monitoring the BWEF's progress regarding delivering on the group's B-BBEE commitments and our purpose of inspiring a world of difference, enabling growth and progress in society.

Climate change and the associated risks and targets will remain a key focus area for our committee. In FY2024, we will extend our focus to include the financial impacts of climate change on the business.

The application of the Group Stakeholder Engagement Framework and policy and the Group Stakeholder Engagement Champions Forum will also be a focus area for the committee.

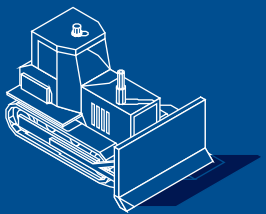
## Conclusion

The committee is satisfied that Barloworld continued to meet its objectives regarding the areas over which it had oversight during the year under review. Appropriate policies are in place to sustain the company's commitment to responsible and ethical corporate citizenship, social and economic development, fair labour practices, upholding human rights, and our environmental responsibility.

We are also satisfied that there has been no material non-compliance with legislation or non-adherence to codes of best practice in the areas within the committee's mandate during FY2023.

### Neo Mokhesi

Chairman of the social, ethics and transformation committee



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