



Group Corporate Social Investment Policy

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PREAMBLE

Barloworld strives to be responsive to the needs of the communities in which it does business and contributes to their social and economic development, and to the stewardship of the natural environments in which it operates. This commitment is underpinned by the group’s value-based management approach which ensures that it searches for solutions which add sustainable value for its key stakeholders over time.

Corporate Social Investment (CSI) is one of several methods used to build reputation, brand equity and enduring relationships which enhance business value propositions, gain competitive advantage in capital, labour and customer markets, and to positively influence regulatory frameworks and service delivery systems.

In Barloworld CSI is aligned with the group’s values, policies and codes, demonstrates the organisation’s corporate social responsibility and its commitment to the local communities and the countries in which it does business, and fits logically into its drive for sustainability.

PURPOSE

Through this policy, Barloworld aims to outline the Group CSI strategy, provide guidance to its divisions and business units ensuring alignment; focus and Group’s approach to CSI. Group member companies are encouraged to develop local CSI responses according to the socio-economic development needs and context in various countries in which they do business, with the aim, where appropriate, of delivering local solutions to challenges in society.

This policy is designed to support and enhance Barloworld’s reputation by ensuring that Barloworld’s social investments deliver public benefits through business partnerships with socially acceptable, ethically responsible parties, credible non-governmental organisations (NGOs) and or non-profit organisations (NPOs) who are deemed capable of achieving their mandates. Initiatives by enlarge that are aligned to national development agendas of countries in which Barloworld operates and the United Nations (UN) Sustainable Development Goals (SDG) will be given priority.

SCOPE

This policy applies to all Barloworld group companies, divisions and business units.

POLICY AND APPROACH

1.	GROUP CORPORATE SOCIAL INVESTMENT POLICY AND APPROACH
1.1	<p>Barloworld is committed to creating a shared value to all its stakeholders. The Group's philosophy is that of active corporate citizenship through investment in the future, in the group's people around the world and their various communities, and in the environmental sustainability of the planet.</p> <p>The group allocates a minimum of 1% of its net profits after tax to CSI.</p>
1.2	<p>Barloworld group CSI Operational Framework is tiered into three (3) Programmes:</p> <p>1.3.1 Group CSI Programme: a central CSI programme which represents group operations across diverse industries and geographic locations, and attempts to address the foremost problems in society in a structural manner. This programme is aimed at delivering public benefits, building Barloworld's reputation and enhancing brand equity.</p> <p>These activities are funded from a CSI levy of 0.75% of net profits after tax on South African-based operations, for which socio-economic development (SED) points are earned for contributing divisions' broad-based black economic empowerment (BBBEE) scorecards.</p> <p>1.3.2 Divisional CSI Programme: at an operations level in the organisation, charitable donations or CSI aimed at addressing social causes take place, support being offered to a wide range of projects, NGO's and charities, often with local community, industry, product or workplace linkages.</p> <p>1.3.3 Group Employee Volunteer Programme: through volunteerism, annually the group coordinates and manages a central employee volunteer initiative incorporating the divisions. Further to this, employees are encouraged to become involved in their communities through structured team forums or individually. See section 3 of the policy below</p>
1.3	<p>Barloworld will proactively establish flagship and legacy projects and allocate majority funding budgets to the flagship projects. The remainder of funding budgets will be allocated to welfare and charity organisations as well as humanitarian and disaster relief organisations.</p> <p>The Group CSI main focus areas over the next five years are:</p> <ol style="list-style-type: none"> 1. Education <ul style="list-style-type: none"> • Programmes focusing on quality education with emphasis on improving science, technology, engineering and mathematics (STEM) subjects at high school levels • Teacher Development Programmes with emphasis on the STEM career streams 2. Agriculture and Agro-processing <ul style="list-style-type: none"> • Access to tertiary education programmes • Access to women and youth skills in the sector 3. Social Innovation <ul style="list-style-type: none"> • Initiatives that ensures conservation and environment sustainability • Social Innovation Programmes that resolve local community challenges including people living with disabilities <p>Funding support and or partnership will be established with credible organisations and or non-profit organisations that provide community development interventions in the abovementioned focus areas</p>

2.	OPERATIONAL GUIDELINES ON CORPORATE SOCIAL INVESTMENT
2.1	<p>Governance and Decision Making Structure</p> <p>The management and administration of the Group CSI Funding is the responsibility of Trustees of the Barloworld Trust supported by the Group CSI business unit. The Barloworld Trust is a registered non-profit organisation, the trustees are all employees of Barloworld. Trustees mandate amongst others is to select and approve the allocation of funding to evaluated CSI projects and ensure the Barloworld CSI objectives are implemented. Divisions are encouraged to establish an appropriate governance structure with the levels of authority for CSI expenditure approved by relevant Executive Committee. Records of due diligence studies on beneficiaries should be retained for audit purposes across divisions.</p>
2.2	<p>CSI Budgets</p> <p>Annual budget allocation for the Group CSI is 0.75% of group net profit after tax in SA and the divisional allocation is 0.25% net profit after tax, combined it equates to 1% overall allocation by Barloworld to CSI in South Africa. Other countries CSI budgets may vary from the Group's allocations.</p> <p>The indicative budget allocation per focus area:</p> <ul style="list-style-type: none"> • Education: 50% • Agriculture and Agro-processing 30% • Social Innovation 10% <p>Discretionary budget allocations</p> <ul style="list-style-type: none"> • Welfare/Charity/Employee Volunteer Programme: 7% • Disaster Relief and Humanitarian Relief (Ad hoc): 3%
2.3	<p>Projects Selection Criteria</p> <p>As a general rule, the success of development partnerships with non-governmental organisations (NGO's) depends on their leadership and management capacity, the relevance and sustainability of their interventions, and their strategic linkages and partnerships. Organisations eligible for funding by Barloworld must comply with the following:</p> <ul style="list-style-type: none"> • Legal identity, tax status, (in South Africa Section 18A); BEE CSO verification • Minimum of 1 year in existence • Demonstrate the scope of its programmes and projects and geographic locations • Serve marginalised and disadvantaged communities (75% black beneficiaries as per Broad Based Black Economic Empowerment (BBBEE) Codes of Good Practice) • Have youth/ young adults and women as their main beneficiaries • Have other funding sources and strategic partnerships • Have and or incorporate monitoring and evaluation systems to measure the impact of their intervention programmes within identified communities
2.4	<p>Projects not funded by Barloworld</p> <ul style="list-style-type: none"> • Organisations that do not align with the Barloworld CSI focus areas • Political organisations, political groups or a related organisation or official, to any politician, to the campaign of any candidate for elected office or in support of any elected official, either directly or indirectly through a third party; • Organisations with a history of mismanagement of funds or whose grants have been suspended

<p>2.5</p>	<p>by any other development agencies and or corporates.</p> <ul style="list-style-type: none"> • Religious organisations unless there is support for welfare activities within the church organisations • Organisations that unfairly discriminate on the basis of race, ethnicity, nationality, religion, gender, sexual orientation, age or disability; • Large-scale infrastructure projects that are the responsibility of national, provincial or local government • Organisations that are less than a year in existence • Conferences and Individual Research Projects • Individual cash donations to sports and recreation activities <p>Due Diligence</p> <p>A due diligence review is a structured and systematic process of understanding with whom the company is engaged in doing business. At the division’s discretion, a risk-based approach should be applied in selecting beneficiaries for CSI or donations.</p> <p>(a) The following aspects should be reviewed for potential risks to the group/division/business unit’s reputation and for social investment potential:</p> <ul style="list-style-type: none"> ○ The organisation, its history and key roleplayers ○ Vision, mission and strategic objectives ○ Scope of its programmes and projects, geographic locations, products and services offered ○ Definition of ultimate beneficiaries ○ Legal identity, tax status, (in South Africa) BEE CSO verification ○ Strategic linkages and partnerships ○ Funding sources, financial management and costs <p>(b) Meeting the beneficiary organisation regularly, visiting its sites</p> <p>(c) Interviewing its ultimate beneficiaries, any partners in its delivery of public benefits, as well as its other funders</p> <p>(d) Measure and evaluate: agree on how and how often the beneficiary will demonstrate accountability and return on investment, such as reporting its performance against defined strategic objectives and key performance indicators at agreed intervals</p> <p>Applications for Funding</p> <p>All funding request applications must be in writing and should be within the open window of applications (see our website for details). A further evaluation as part of Barloworld due diligence process will be conducted and the outcome will be communicated in writing should applications be considered.</p> <p>Email applications to: csi@barloworld.com</p>
<p>3</p>	<p>EMPLOYEE VOLUNTEER PROGRAMME</p>
<p>3.1</p>	<p>The group is committed in principle to offering each employee one day’s paid leave per annum for volunteering, subject to the approval of his or her divisional CEO and direct manager. Employees are encouraged to spend this leave participating in company managed or employee-driven and owned team-based or individual volunteerism activities which provide assistance to community and/or non-governmental organisations with social service delivery or development and/or environmental conservation objectives. A benefit would be for these activities to be with organisations with whom the group or company has established development partnerships. Recognition should be given to employees for acting as ambassadors for their employer and</p>

<p>3.2</p>	<p>colleagues in the community and the market. The aim should be to demonstrate that the programme is employee-led and employer supported. Publicity may be used to raise the profile of the related cause or organisation to attract wider support for the activity and its beneficiaries.</p> <p>Criteria for approving projects</p> <p>Barloworld’s support for volunteerism is designed to encourage its people in whichever way they choose to become involved in their communities. Although employees’ skills, knowledge and time should be the primary resource involved, consideration may be given by the division or operating company to providing reasonable activity support costs.</p> <p>In authorising such activities, responsible managers should ensure that:</p> <ul style="list-style-type: none"> • The proposed volunteering supports this guideline • There is no conflict of interest with Barloworld or its activities, or with those of its key stakeholders • The activity will not bring Barloworld into disrepute • The activity is appropriate to the skills and experience of the individual(s) concerned • The activity and time allocated will not disrupt or adversely affect the activities of the business unit concerned • All requests regarding time off for volunteering are in writing and logged with Human Resources • Volunteerism verification forms are completed by the responsible line manager and the non-profit organisation benefiting from the activity, and logged with Human Resources • A donations and “hours bank” database should be established and reported with CSI spend for each site
<p>4.</p>	<p>EVALUATION AND REPORTING</p>
<p>4.1</p>	<p>Beneficiary Reporting obligations</p> <p>Beneficiaries will be obliged to submit annual reports on the success and performance of their projects against key deliverables; exception will be on ad hoc donations and or once off contributions. The due diligence reporting framework will be agreed upon the issuing of the grant. An independent impact analysis will be conducted by an external service provider for Barloworld. The impact analysis will be determined by the value and the size of the grant.</p>
<p>4.2</p>	<p>Internal Reporting obligations</p> <p>The Group CSI and divisions will prepare quarterly reports for presentation to relevant Executive Committee structures or designated structures on all funded projects and CSI budget spend. Collaborate with Group Marketing and Communications on implementing external and internal communication strategy on CSI funded projects.</p>
<p>5.</p>	<p>DEFINITIONS AND GLOSSARY OF TERMS</p>
	<ul style="list-style-type: none"> • “Board” – The Barloworld Trust Board • “NDP” – National Development Plan (RSA Government Vision 2030 development agenda) • “SDG” – Sustainable Development Goals • “UN” – United Nations • “Donation” - is a gift to a charitable cause for altruistic reasons, without the establishment of a development partnership which might confer accountability on the part of the recipient for the achievement of stated objectives. • “CSI” – Corporate Social Investment is a considered and sustained investment in a specific intervention aimed at achieving and sustaining positive social and/or environmental outcomes, • “Sponsorships” - are support for events, activities, persons, or organisations financially or through the provision of products or services with the purpose of creating publicity for the sponsor. Sponsorships are deemed to be a marketing expense, not CSI.

6.	REFERENCES
	<ol style="list-style-type: none"> 1. Barloworld Integrated Report 2020 - https://www.barloworld.com/investors/integrated-reports/ 2. United Nations - http://www.un.org/sustainabledevelopment/sustainable-development-goals/ 3. The DTI Code of Good Practice - https://www.thedti.gov.za/economic_empowerment/bee_codes.jsp 4. National Development Plan - http://www.gov.za/issues/national-development-plan-2030 5. London Benchmarking Group (LBG) - http://corporate-citizenship.com/service/lbg/ 6. The Trialogue - http://trialogue.co.za/

VIOLATIONS

It is the responsibility of divisional Executive Committees to comply with this policy. Failure to do so could result in damage to Barloworld's reputation, with potential harm done to strategic partnerships and loss of brand equity.

Barloworld could also be held criminally liable for failing to prevent bribes being made or received in the process of selecting beneficiaries or allocating grant funding, wherever in the world they are paid.

Barloworld takes any breach of this policy very seriously.

RELATED DOCUMENTS

This policy is aligned with the Barloworld Worldwide Code of Conduct and the Code of Ethics, and should be applied in conjunction with the Group Policy on Marketing Sponsorships.

Approval and Ownership

Owner	Title	Date
Vovo Ngcwabe	Head: CSI	19/05/2021
Approved By	Title	Date
Gugu Sepamla	Group Executive: Corporate Affairs and Public Policy	19/05/2021
Social, Ethics and Transformation Committee	Chairperson	19/05/2021

REVISION HISTORY

Version	Revision Date	Review Date	Description
2	19/05/2021	30/04/2023	<i>Alignment with group policy framework, inclusion of scope, clarification on due diligence, reworked definitions, and defined responsibilities</i>