



Group Stakeholder Management Policy

Classification	INTERNAL
Document Type	Policy
Policy Reference Number	BW-GRP-CA-003
Area of Applicability	Barloworld Group
Policy Owner	Group Executive: Risk, Ethics and Governance
Policy Owner Contact Information	Email:
Version	V1.0
Date Approved	19 May 2021
Approved by	Executive Committee Social, Ethics and Transformation Committee
Policy Sponsor	Group Executive: Risk, Ethics and Governance
Effective Date	20 May 2021
Next Review Date	May 2023
Documentation Status	<input type="checkbox"/> Working draft <input type="checkbox"/> Consultation Release <input checked="" type="checkbox"/> Final version

APPROVAL AND OWNERSHIP

Policy Owner	Date
Group Executive: Risk, Ethics and Governance	April 2023

Approved By	Date
Executive Committee	19 May 2021
Social, Ethics and Transformation Committee	
Board of Directors	

REVISION HISTORY

Version	Revision Date	Description	Next review Date
V1.0	April 2023	Review	May 2023

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1 DEFINITIONS AND ABBREVIATIONS

Table 1: Definitions

Terminology	Description

Table 2: Abbreviations

Abbreviation	Description
Divisional CEO	Chief Executive Officer of a particular Division
GCEO	Group Chief Executive Officer
Group FD	Group Finance Director
EXCO	Group Executive Committee

2 Introduction

This Stakeholder Engagement Policy is reviewed and updated every second year to provide for developing stakeholder needs across all geographies where Barloworld has a footprint. In South Africa, the adherence to the fourth edition of the King Report on Corporate Governance (King IV) released in November 2016 informs some of the key elements within this policy which proposes bringing greater inclusion of stakeholder needs, interests and expectations in corporate decision making in the interest of enhanced governance outcomes.

Barloworld Group recognises the importance of strong and constructive relationships with its stakeholders and aims to balance the needs of all stakeholders with our responsibility to provide reliable information and communications, products and services by establishing relationships built on universally accepted stakeholder management principles including trust, respect, transparency and constructive engagement.

Barloworld Group will achieve this by proactively identifying stakeholders, understanding the issues that are important to them, and aligning these to the organisation's strategic and operational objectives as well as business targets. The engagement of stakeholders will be done within the parameters of the constitution, laws and regulations of the country of operation, international law and all agreements to which Barloworld Group is a signatory.

Barloworld Group employees and representatives shall at all times uphold exemplary ethical behaviour in all representations they make on behalf of the organisation.

3 Preamble and Policy Summary

Stakeholder relationship management has become an established and distinct business discipline proven to add strategic value to organisations. Practitioners and academics around the world have

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explored ways to optimise the new discipline and stretch the boundaries of where its strengths can best contribute to corporate advancement.

Stakeholder relationship management is a critical step in the realisation of company and business strategies as it helps identify existing and potential stakeholder capacity (interest, influence, support, resources etc.). The success of Barloworld's strategy requires the organisation to forge strategic and meaningful partnerships with different stakeholders in building capacity to effectively deliver sustainable interventions.

The Risk, Ethics and Governance business unit enables Barloworld the ability to identify risks and opportunities early; and prioritise and allocate resources accordingly. Failure to identify, analyse and engage stakeholder risks may lead to compromising interventions. Barloworld has established programmes to create a healthy and sustainable relationship with all its stakeholders in order to position itself as a fair, responsible, yet aggressive player, in an increasingly competitive market. The primary objective for the business unit is to implement a coherent Stakeholder Engagement framework to position Barloworld towards the creation of healthy relationships.

Barloworld stakeholder engagement and management occur at different levels and this is due to the nature of the business, size of the company and the geographical configuration of Barloworld. This policy aims to lay down the principles to guide the Group on how to manage and engage various stakeholder groupings. It serves as a basis for a coherent response to addressing duplication and fragmentation in stakeholder relationship and management.

4 Purpose and Objective

In line with good corporate governance, the purpose of this policy is to provide the basis for coherent response to the manner in which the Barloworld Group engages with its stakeholders. It describes and outlines principles for engagement, stakeholder groupings, roles and responsibilities in the management of stakeholders. The policy further makes provision for governance of Barloworld's stakeholder engagement towards the desired outcomes of reputation, legitimacy and relationship health. The Barloworld Group's Stakeholder Engagement Policy aims to ensure a consistent, principled approach to stakeholder engagement across the group. The policy further outlines disclosure for assurance:

- a) In adherence to King IV on governance matters before the social, ethics and sustainability committee of the Board, and in
- b) Stakeholder engagement is in line with international standards such as AA1000SES, and iii. Barloworld's core values. Adhering to the Stakeholder Engagement Policy brings alignment and improved coordination between different Barloworld role players' efforts to interact with stakeholders and impacts positively on stakeholders' overall assessment of the group.

This policy aims to achieve the following objectives:

- a) To protect and enhance Barloworld's reputation.
- b) To transform Barloworld's relationship with stakeholders to one of trust, mutual respect, partnership and constructive engagement.
- c) To ensure that stakeholders enable rather than obstruct the achievement of enterprise objectives.

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- d) To proactively listen and respond to the interests, needs, wants and expectations of stakeholders for structured engagements.
- e) Ensure good sustainable reporting to all stakeholders.
- f) Ensure that stakeholder expectations are aligned to the company strategy.

5 Scope

This policy is applicable to all Barloworld Group employees that engage with Barloworld stakeholders. This policy must be read and interpreted in conjunction with Group Communications related policies. This policy is applicable to all directors and employees of Barloworld Group and its subsidiaries. It is binding on service providers to Barloworld Group, in so far as they engage stakeholders on behalf of the group. It relates to all engagement with external stakeholders irrespective of the context and objective, or whether a stakeholder is regarded as material or not. It is primarily geared towards engagement with external stakeholders, and must be applied when Barloworld engages an individual or company not part of the group.

6 Roles and Responsibilities

6.1 Board of Directors

The role of the Board:

- a) The Board provides oversight of the value that Barloworld delivers to its stakeholders.
- b) The Board provides guidance on strategic stakeholder management issues that may have material impact on the company strategy or operations, e.g. major acquisition/partnership or employee salary dispute. The Board should therefore be kept up to date on all stakeholder engagements that may have material impact on the company strategy or operations.

6.2 Group Chief Executive Officer

The role of the GCEO:

- a) Accountability for stakeholder management vests in the Group Chief Executive Officer.
- b) The GCEO may delegate responsibilities to any suitable Chief Executive as per Barloworld Group Delegation of Authority Policy.
- c) The GCEO of Barloworld Group is the chairperson of EXCO meetings where stakeholders related matters are discussed.

6.3 EXCO

The role of EXCO:

- a) Ensures inclusion of stakeholder matters in corporate strategy and business plan development.
- b) Ensures consistent monitoring and measuring of stakeholder performance against set targets.

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- c) Ensures consistency of messages to key stakeholders.
- d) Ensures that stakeholder needs are identified and understood.
- e) Ensures that the enterprise stakeholder management plan is in place.
- f) Reviews the stakeholder management dashboard regularly.
- g) Serves as a forum for stakeholder management.
- h) The chief of corporate governance serves as a co-ordinator of enterprise stakeholder management.

6.4 Role of Stakeholder Owners and Stakeholder Forum

The identified Stakeholder Owners are accountable for the needs of their stakeholders by:

- a) Ensuring stakeholder segmentation.
- b) Ensuring that information on prioritisation of needs, wants and expectations of stakeholders inform business plans.
- c) Ensuring that an enterprise stakeholder management plan exists.
- d) Liaison with ministers and Director Generals relevant to specific portfolios is the responsibility of the stakeholder owners.

7 Regulatory Background

Barloworld's vision of creating enduring economic and social value for our stakeholders by building businesses that serve industrial customers is underpinned by commitment to sustainable business practices and responsible environmental, social and governance (ESG) practices. The investor community is increasingly focusing on businesses ESG components which are critical and essential in creating and sustaining long-term value. A robust stakeholder engagement system and approach provides stakeholder confidence to the extent that it is able to proactively manage and provide appropriate responses to stakeholder issues and concerns.

Policy Statement

8 Barloworld Key Principles

8.1 Accountability towards stakeholders and society

The group is acknowledging, assuming responsibility for, and is transparent about, the impacts of its policies, decisions, actions, products and associated performance on stakeholders and the broader society in which it operates. Therefore, Barloworld should involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and the group should report, explain and answer to stakeholders for its decisions, actions and performance. The way in which the organisation governs, develops strategy and manages performance must reflect its accountability towards stakeholders within, and outside of its value chain.

8.2 Stakeholder inclusive decision making

In decision making the legitimate needs, interests and expectations of all stakeholders, not only shareholders, -is taken into account in the best long-term interests of the group. The decision-makers have an obligation to engage stakeholders to obtain reliable information about stakeholder needs, interest and expectations, before decisions are made. Stakeholder inclusivity involves the balancing of interests - over time by way of prioritising some instances trading off interests. A decision on how to achieve this balance is made on a case-by-case basis as current circumstances and exigencies require, but must always be done with due consideration of all stakeholders and in the best interest of the organisation over the longer term.

8.2.1 Roles and responsibility are assigned for ongoing stakeholder relation management

In order to know and understand the legitimate and reasonable interests, needs and expectations of stakeholders, the leadership of the organisation and management need an on-going relationship with pre-identified stakeholders regarded important to the organisations' s sustainable success.

Understanding stakeholders' expectations will greatly assist the executive to develop better strategy and to respond more adequately to issues as they arise. Stakeholder relationships must therefore be a recurring item on the agenda of the sustainability, ethics and social committee of the board, and executive meetings, so that the leadership and governing structure can be kept apprised of the current state of the relationship between Barloworld and its stakeholders.

8.2.2 Barloworld is, and is seen to be, a responsible corporate citizen

Barloworld is an integral part of broader society. It has a standing as a juristic person, with rights, but also responsibilities and obligations towards society. Barloworld strives to maximise socio-economic welfare, enhance stakeholders' sustainability and build a more resilient world through the provision of risk solutions in selected emerging markets.

Acting responsibly towards society in these markets entails a thorough understanding of how one's business activities impact sustainable socio-economic development in countries where one operates. Barloworld must mitigate negative impacts, and enhance positive impacts.

The way Barloworld relates to stakeholders in society must demonstrate the group's serious intent to create value for all stakeholders. On the basis of its perceived responsibility and ability to create value for all stakeholders (i.e. the youth, the poor, the disenfranchised), broader society affords Barloworld a "social licence (SL) to operate".

8.2.3 Barloworld has regard for stakeholder issues and determines the materiality of such issues

By having regard for stakeholder issues Barloworld becomes attuned to the opportunities and challenges posed by the triple context in which it operates. Barloworld must identify issues stakeholders regard as important, and assess the materiality thereof. Disciplined regard for stakeholder issues should enable Barloworld to glean the most relevant and significant issues for the group and its stakeholders,

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recognising that materiality may be stakeholder specific, it is: some issues will be material to some stakeholders, but not to Barloworld or other stakeholders.

8.2.4 Barloworld fully responds to material stakeholder issues

Responsiveness as principle must include both communication, and conduct. Responsiveness is due consideration of issues in decision-making, allowing stakeholder views on material issue to influence the outcomes of decisions, as well as full disclosure regarding the group's response to material issues.

8.2.5 Barloworld disclose stakeholder's governance matters before the social and ethics committee

The following should be disclosed in relation to organisational ethics:

- a) An overview of the arrangements for governing and managing ethics.
- b) Key areas of focus during the reporting period.
- c) Measures taken to monitor organisational ethics and how the outcomes were addressed.
- d) Planned areas of future focus.

8.3 Barloworld principles – How are they operated

8.3.1. Stakeholder engagement and relationship management is integrated into the ongoing management activities of the divisions and group functionaries.

8.3.2. The Chief Executive Officer and the Social, Ethics and Transformation Committee in each division are responsible and accountable for stakeholder engagement. Responsibility for group functions rests with the relevant directors and heads of group functions.

8.3.3. In each division and group function, key stakeholders are identified by objective criteria including:

- a) Role and/or Responsibility: stakeholders to which Barloworld has, or in the future may have, legal, financial or operational responsibilities enshrined in regulations, contracts, policies or codes of conduct.
- b) Influence: Stakeholders that influence, or in future may be able to influence, the ability of Barloworld to meet its goals;
- c) Proximity: Stakeholders with whom Barloworld interacts most, including internal stakeholders, those with longstanding relationships, those on whom the group depends most in its day-to-day operations, and those living in proximity to its operating sites;
- d) Dependency: Stakeholders that are most dependent on Barloworld, for example employees and their families, customers who are dependent on its products and services for their safety, livelihood, health or welfare, and principals/suppliers for whom Barloworld is a dominant customer; and
- e) Representation: stakeholders that are, through regulatory structures or culture/tradition, entrusted to represent other individuals; e.g. representatives of

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government, local communities, trade unions and membership-based organisations.

- f) Significant changes to business strategies and/or the business environment may indicate additional sets of stakeholders to be engaged.
- 8.3.4. Appropriate initiatives are implemented by each division and group function to ensure a process for proactively identifying and addressing the significant issues and concerns of their key stakeholders.
- 8.3.5. Appropriate stakeholder engagement methodologies and processes and systems are developed, recorded and implemented at divisional and group functional level.
- 8.3.6. Engagements, both formal and informal, direct and indirect, are appropriately recorded and reported by:
- a) Stakeholder group
 - b) Frequency
 - c) Type of engagement
 - d) Issues raised and addressed
- 8.3.7. Each division and group function continuously seek ways to better manage and improve their stakeholder engagement procedures and performance.
- 8.3.8. Established risk management processes at divisional and functional levels ensure that stakeholder risks are continually assessed, evaluated and addressed.
- 8.3.9. Through ongoing and appropriate stakeholder engagements, Barloworld strives to inform, in an appropriate and timely manner, stakeholders at group, divisional and functional levels of the implications and impacts of its activities in a fair and transparent manner.
- 8.3.10. Also, to ensure that any disputes are resolved as effectively, efficiency and as expeditiously as possible.
- 8.3.11. Processes are implemented and sustained to ensure that the Chief Executive Officer and SETC are fully informed about pertinent stakeholder concerns as well as the risks and opportunities which may emanate from these.

8.4 Commitment of Barloworld

Barloworld's commitment is to:

- a) Meet agreed needs of our customers in line with our business plans.
- b) Create economic value and returns to the investors.
- c) Ensure valued strategic partnerships with key stakeholders such as suppliers and partners.
- d) Ensure Barloworld becomes an employer of choice thus building a competitive advantage using the strength of the committed, diversified and competent workforce.
- e) Portray Barloworld as a responsible corporate citizen

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- f) Participate strategically in the development of policy, regulations and laws that impact on our business.
- g) Ensure understanding of the market and its competitive players for an informed response.
- h) Build an excellent corporate reputation and minimise risk related to stakeholders.
- i) Ensure that the enterprise is well governed and managed.
- j) Measuring and reporting publicly on key strategic stakeholder engagements.

8.5 Measurement and Reporting

This Group Stakeholder Management Policy will be key to the overall strategy of Barloworld. It is therefore important that it should be measured and reported to the highest level of Barloworld. We believe that it should be reported to the Board. Although it may be cumbersome to include Stakeholder Policy to the Board, therefore, we believe it should make it to the Social and Ethics Committee of the Board. Stakeholder Policy is a strategic document and therefore it should be measured according to corporate governance.

King IV is the corporate governance in South Africa and is a Listing 8 Requirement. In King IV, we found Chapter 5 which is dedicated to Stakeholder Relationships. Therefore, we believe the Stakeholder Policy should be measured according to this chapter, especially article 4 and sub-section (e). This sub-section says, "measurement of the quality of material stakeholder relationships and appropriate response to the outcomes". King IV has NOT required measurement and reporting on the quality of the issues, or quality of engagements and interventions. Nor has King IV required measurement of the quality of the reputation or the brand. King is unambiguously clear in its call for Board to measure quality of relationship of material stakeholders.

The policy implementation measurement will be done by an independent third party outside Barloworld with the relevant knowledge and capabilities to fulfil the measurement of the stakeholder on a bi-annual basis. The Stakeholder Policy will be measured every two-year period.

8.6 Monitoring and Reviews

8.6.1 Approach to monitoring and review

Stakeholder Group	Measure
Investors	(King IV) Investor satisfaction index
Suppliers	(King IV) Supplier satisfaction index
Competitors	(King IV) Competition survey
Customers	(King IV) Customer satisfaction index
Authorities	(King IV)
Partners	(King IV)
Media	(King IV)
Employees	Employees satisfaction index
Civil and Community Society	(King IV)

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8.6.2 Dimension for stakeholder monitoring and review

The Group Executive: Risk, Ethics and Governance will ensure that the following are regularly assessed and documented:

- a) Levels of stakeholder satisfaction.
- b) Stakeholder Relationship Assessment according to the outputs of the King IV framework.

8.6.3 Stakeholder engagement reporting and disclosure

Stakeholder engagement reporting and disclosures will ensure that the following documents are produced and distributed timeously:

- a) Updated stakeholder dashboard and
- b) The Integrated Report.

9 Communication

This policy should be communicated to all Barloworld employees that engage with Barloworld stakeholders.

10 Related Policies and Other Documents

Document Name
Group Communication related policies

11 Raising Concerns and Seeking Guidance

If any person becomes aware of a circumstance or action that violates or appears to violate this policy on bribery and corruption, they are encouraged to contact their manager, the Group General Counsel, the Group Executive: Compliance, or alternatively the Barloworld Ethics Line at www.tip-offs.com.

The Barloworld Ethics Line is an independent and confidential system for reporting allegations of unethical behaviour, illegal actions, or actions that violate the Barloworld Worldwide Code of Conduct.

The Barloworld Global Whistleblowing Policy applies to the use of the Barloworld Ethics Line, and it contains the contact details pertaining to each company, division, or business unit.

Barloworld is committed to ensuring that no employee suffers any occupational detriment as a result of reporting a genuine concern in good faith.

12 Breach of Policy

It is the responsibility of Barloworld employees to comply with this policy and failure to do so could amount to misconduct and a material breach of the contract of employment.

13 Deviations from Policy

It is the responsibility of the executive management to ensure that this policy is adopted and approved by an appropriate executive committee.

Any deviations to this Barloworld policy that amend the meaning or raise the minimum standard of the group policy requirements must be pre-approved in writing by the Policy Sponsor. Once approved, such deviations must be tabled, approved and recorded at an appropriate executive meeting.

Any deviations that add more specific requirements, and therefore lower the minimum standard required by this Barloworld policy, may be included at the discretion of executive management and then tabled, approved and recorded at an appropriate executive meeting.

Language translations of Barloworld policies must be conducted or checked by a professional language translator to avoid translation errors that may change the meaning of the policy requirements.