



Introduction

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) has been engaged by Barloworld Limited (Barloworld) to perform a Second Party Opinion (SPO) assurance engagement (Limited level) to verify the alignment of the Barloworld Gender-Linked Bond Framework (GLBF) with the International Capital Market Association (ICMA) Sustainability-Linked Bond Principles (SLBP) of June 2020. This report is produced in accordance with the terms of our engagement letter dated 13 June 2022.

IBIS independence and quality control

IBIS is an independent provider of non-financial assurance services. This engagement was conducted by a multidisciplinary team of non-financial assurance specialists led by Petrus Gildenhuys, who has more than 25 years' experience in non-financial performance measurement involving both advisory and assurance work, and supported by assurance specialist Charlotte de Koker, and gender specialist Gretchen Blake. IBIS conducted the engagement in alignment with the *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information* issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

Scope and Objectives

The scope of the engagement is confined to undertaking a limited pre-issuance assurance engagement on the Barloworld GLBF's alignment with the ICMA SLBP of June 2020 in terms of:

- Selection of Key Performance Indicators (KPIs),
- Calibration of Sustainability/Gender Performance Targets (GPTs),
- Bond characteristics; and
- Reporting.

IBIS' responsibilities do not extend to any other disclosures or assertions. No assurance is provided regarding the baseline values of the KPIs assured by any third party or prospective financial performance of any bond issued in terms of the GLBF.

Respective responsibilities

The management of Barloworld is responsible for generating and maintaining accurate and reliable information provided to IBIS for this assessment. IBIS shall not be held liable if any of the information provided by Barloworld's management were not accurate or complete.

IBIS' responsibilities are to conduct an assurance engagement and to report its conclusions to the Directors of Barloworld in accordance with the assurance procedures followed.

Inherent limitations

The evidence gathering procedures performed in a Limited assurance engagement vary in nature, and are less in extent than for, a Reasonable assurance engagement. As a result, the level of assurance obtained in a Limited assurance engagement is lower than the assurance that would have been obtained had we performed a Reasonable assurance engagement.



Restriction of liability

Our work has been undertaken to enable us to express the conclusion on the specified scope and objectives of the engagement to the Directors of Barloworld in accordance with the terms of our engagement, which include the publication of this assurance statement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e., other than to the Directors of Barloworld, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

Summary of work performed

Barloworld provided IBIS with the Barloworld GLBF document and supplementary information to support the independent assurance process. IBIS' limited assurance procedures were based on our professional judgement and consisted of:

- Management enquiry,
- Inspection and corroboration of the Barloworld GLBF information and statements, and
- Evaluation of the Barloworld GLBF's characteristics against the ICMA SLBP requirements related to selection of KPIs, calibration of GPTs, bond characteristics, and reporting.

Summary of Findings

Selection of KPIs

The Barloworld GLBF is based on Barloworld's human capital and transformation strategy. Barloworld's aspirations include two gender related thematic components with supporting KPIs and GPTs. The GLBF is focused on the materiality of Barloworld's South African continued operations given the materiality of the South African continued operations in the context of Barloworld's total organisation presence.

Table 1: Barloworld GLB themes, KPI description, and rationale for selection

Themed Component	KPI Description	Rationale for selection of the KPIs
Gender Diversity Leadership	<p>KPI #1</p> <p>% Female representation in Leadership.</p> <p>Leadership is defined as permanent employees and/or non-executive board members at Barloworld's South African continued operations and Barloworld Limited Board.</p>	<p>The rationale for strengthening female representation at a leadership level aligns with Barloworld's Gender-Diversity Strategy. The strategy aims to achieve female representation within Barloworld's workforce that exceeds the targets of Economically active women in the Commission of Employment Equity (CEE) annual report. To deliver on Barloworld's strategy to increase representation of women at all levels, Barloworld has targeted leadership as a step towards enhancing a culture of gender diversity.</p>
Growing the proportion of black women-owned businesses in Barloworld's South African Operations' supply chain	<p>KPI #2</p> <p>Discretionary Spend procurement from black women-owned suppliers as a % of total measured discretionary procurement spend.</p>	<p>The rationale to increase the participation of women-owned businesses through their supply chain aligns with Barloworld's strategy on strengthening women's economic empowerment. It is our view that this is an impactful KPI due to the value of spend on procurement and the sphere of influence that the business has in the selection of suppliers.</p>



The selection of the KPIs is determined by the following characteristics:

- Relevance and Materiality,
- Measurability,
- Verifiability, and
- Ability to be benchmarked.

All KPIs are limited to the measurement of the performance of permanent employees and/or non-executive directors and Discretionary Spend procurement at Barloworld’s South African continuing operations and are aligned to Barloworld’s financial and non-financial reporting period. The reporting boundary excludes associates and joint ventures but includes entities controlled by Barloworld.

Verification of KPIs against ICMA Principles

An overview of the findings for the selected KPIs in the Barloworld GLBF are presented in the tables below.

Table 2: KPI #1 – % Female representation in Leadership

KPI Characteristics	Evaluation Results
<p>Relevance and materiality</p>	<p>Female representation at leadership level validates Barloworld’s commitment to Diversity and Inclusion (D&I) and specifically its ambition to achieve female representation across all levels of the workforce. The advancement of female economic empowerment is a key strategic focus area for the organisation. It is embedded in the strategic business objectives where human capital is defined as a key strategic enabler in the execution of the strategy to sustainably double the intrinsic value created by the organisation every four years.</p> <p>Barloworld has reported on gender representation at all management levels in the past and has demonstrated achievement of increased representation at senior management levels, whilst sustaining the representation of 50% women’s representation at board level.</p> <p>Gender representation exceeding the Economically Active Population (EAP) targets of females in the workforce within South Africa is considered material to aligning the business strategy with the achievement of gender equality targets defined globally and in South Africa.</p> <p>The KPI is materially aligned with the target requirements defined by the United Nations Sustainable Development Goals (UN SDG) 5 <i>Gender Equality</i>; the South African Broad Based Black Economic Empowerment (B-BBEEE) scorecards; Employment Equity goals and targets contained in the South African Employment Equity Act; as well as skills development objectives prescribed in the South African Skills Development Act.</p>
<p>Measurability</p>	<p>Measurement of female representation in the leadership of the organisation is a common and practical metric used for measurement of employment equity related performance.</p> <p>The KPI is measuring the level of female representation at a leadership level and includes permanent employees and non-executive board members at Barloworld’s South African Continuing Operations.</p> <p>The KPI has a clearly defined measurement and reporting boundary and includes individuals represented at a board, executive level and divisional executives and boards in South African continued operations. Additional supporting evidence can be obtained</p>



	<p>including board charters, executive meetings and minutes of board meetings to verify the population as well as percentage female representation in the reporting population.</p> <p>The reporting of disaggregated gender-based data, including female representation at senior or leadership levels within an organisation, is a legal requirement in terms of the South African Employment Equity Act through annual submission of Employment Equity reports to the Department of Labour as well as annual verification performed by a B-BBEE verification agent.</p>																
Verifiability	<p>The KPI is verifiable through the inspection of Barloworld full time permanent employees and non-executive directors' employee records. The personal files are used for verification of gender classification, level of employment as well as employment location. The same information is also verified annually by a B-BBEE verification agent in accordance with South African regulatory requirements.</p>																
Ability to be benchmarked	<p><u>Peer benchmark:</u></p> <p>Gender representation is widely reported by organisations in their annual disclosures through either an Integrated Report or a Sustainability Report. Generally, gender representation at various employee levels is reported using standardised reporting classifications such as the Employment Equity Reporting classification of top-, senior-, and middle management or as defined by sustainability reporting standard metric requirements.</p> <p><u>General performance benchmark:</u></p> <p>There are several acceptable global and South African benchmarking sources for measurement of employment equity performance.</p> <table border="1" data-bbox="459 1153 1410 1713"> <thead> <tr> <th>Source</th> <th>Applicability</th> <th>Baseline Year</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>2X Challenge Criteria for Leadership</td> <td>Global Benchmark</td> <td>n/a</td> <td>20 – 30% share of women's representation in senior management</td> </tr> <tr> <td>The Grant Thornton Women in Business Survey</td> <td>Global Benchmark</td> <td>2022</td> <td>32% proportion of senior leadership roles held by women globally in 2021; and 40% proportion of senior leadership roles held by women in Africa.</td> </tr> <tr> <td>EAP diversity target in the annual CEE Report</td> <td>South African benchmark</td> <td>2021</td> <td>44,6% women's representation in leadership in the 2022 South African EAP diversity.</td> </tr> </tbody> </table> <p>The selected Barloworld GLBF KPI fully aligns with the global and local benchmark criteria for employment equity in leadership which include representation in executive and board levels. The same benchmark data can be used for measuring performance against peers and industry practice.</p>	Source	Applicability	Baseline Year	Benchmark	2X Challenge Criteria for Leadership	Global Benchmark	n/a	20 – 30% share of women's representation in senior management	The Grant Thornton Women in Business Survey	Global Benchmark	2022	32% proportion of senior leadership roles held by women globally in 2021; and 40% proportion of senior leadership roles held by women in Africa.	EAP diversity target in the annual CEE Report	South African benchmark	2021	44,6% women's representation in leadership in the 2022 South African EAP diversity.
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Table 3: KPI #2 – Discretionary Spend Procurement from black women-owned suppliers as a % of total measured procurement spend

KPI Characteristics	Evaluation Results
<p>Relevance and materiality</p>	<p>Within the context of Barloworld’s spend on products and services, this is a material measurement to strengthen women’s economic empowerment due to the significance of the spend on procurement. The significance of Barloworld’s Discretionary Spend procurement of products and services strengthen the materiality of this KPI to have an impactful outcome on women’s economic empowerment and thus strongly supports the Barloworld D&I strategy.</p> <p>The thematic component includes a measurement of equity and diversity performance through measurement of black women-owned suppliers. The selection of this KPI strongly aligns with the selected reporting boundary focusing on South African continued operations, where diversity targets are very relevant to ensure continued business performance. The South African target performance for gender equity and diversity include performance targets for addressing historic disadvantage diversity requirements on a national scale.</p> <p>The economic empowerment of women is further considered as a global and South African ambition which is materially enabled through procurement and spend in the supply chain. The KPI aligns with the UN SDG 5 gender equality as well as UN SDG 8 which targets development-oriented policies that support productive activities and encourage the growth of micro-, small- and medium sized enterprises.</p>
<p>Measurability</p>	<p>Measurability requires tracking of all procurement irrespective of the value of products or services procured, with information on ownership of the vendor in terms of gender disaggregated data. The KPI can be effectively measured if Barloworld has adequate procedures in place for the collection of the data annually.</p> <p>Another significant requirement for measuring of the metric includes providing adequate definitions for measurement, including defining the variance between discretionary and non-discretionary spend in the supply chain, where non-discretionary spend generally includes unavoidable expenses for services or products provided by mandated suppliers i.e., utility related services.</p>
<p>Verifiability</p>	<p>If the data of all vendors spend disaggregated on a gender basis is available, it can be verified. The same information is also verified annually by a B-BBEE verification agent in accordance with South African regulatory requirements.</p>
<p>Ability to be benchmarked</p>	<p><u>Peers:</u></p> <p>No direct peers were identified that disclose discretionary procurement spend. However, performance on discretionary procurement spend is widely reported by other South African corporate listed entities that have a material local influence through their supply chain spend.</p> <p><u>Industry Benchmark:</u></p> <p>National Benchmark data is available for specific sectors e.g., mining, agriculture etc, which includes services and sectors in which Barloworld operate. Barloworld used the B-BBEE code target of local procurement from women owned suppliers which is a generally acceptable benchmark in the South African context.</p> <p>The same benchmark data can be used for measuring performance against peers and industry practice.</p>



Calibration of GPTs

The GPTs are time bound targets identified per themed KPI. The GPTs indicate the ambition levels of Barloworld and consider whether these ambitions are realistic. The GPTs must:

- Materially improve the KPI from a Business-as-usual (BAU) scenario,
- Align with Barloworld’s business strategy, and
- Be set on a predetermined timeline.

The selected GPTs related to Barloworld’s expressed ambitions beyond BAU are described below.

Table 4: Barloworld GLBF GPTs and description of the ambition level

Themed component	GPT	Baseline Year	Baseline Performance										
Gender Diversity Leadership	<p>It is Barloworld’s ambition to reach or exceed 50% female representation in leadership by 2025 and maintaining the level of ambition to 2026, as outlined below:</p> <table border="1"> <thead> <tr> <th>Target Date</th> <th>Performance Target</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>47,5%</td> </tr> <tr> <td>2024</td> <td>48,7%</td> </tr> <tr> <td>2025</td> <td>50,0%</td> </tr> <tr> <td>2026</td> <td>50,0%</td> </tr> </tbody> </table>	Target Date	Performance Target	2023	47,5%	2024	48,7%	2025	50,0%	2026	50,0%	2021	44,9%
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2023	47,5%												
2024	48,7%												
2025	50,0%												
2026	50,0%												
Growing the proportion of black women-owned businesses in Barloworld’s South African Operations’ supply chain	<p>Barloworld has the ambition to increase procurement spent on black women-owned suppliers across the South African continued operation’s supply chain. The KPI measures the Discretionary Spend procurement from black women-owned suppliers as a % of the total measured discretionary procurement spend. It is Barloworld’s ambition to reach or exceed 15% by 2025 and maintaining the level of ambition to 2026, as outlined below:</p> <table border="1"> <thead> <tr> <th>Target Date</th> <th>Performance Target</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>14,4%</td> </tr> <tr> <td>2024</td> <td>14,7%</td> </tr> <tr> <td>2025</td> <td>15,0%</td> </tr> <tr> <td>2026</td> <td>15,0%</td> </tr> </tbody> </table>	Target Date	Performance Target	2023	14,4%	2024	14,7%	2025	15,0%	2026	15,0%	2021	13,8%
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2023	14,4%												
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Table 5: KPI #1 - Gender Diversity Leadership

GPT criteria	Barloworld alignment
Improvement in relation to BAU	Barloworld has set an ambitious GPT to achieve a 50% female representation in the leadership of its South African operations. The organisation’s historic performance between 2017 and 2021, has demonstrated an increase in female representation on average of 4,8%. The current performance of Barloworld leadership diversity is therefore, in most ambits, already above the global and national benchmark targets for diversity in senior management or leadership roles. Barloworld aims to achieve and maintain a greater ambition of female representation in its leadership, compared to



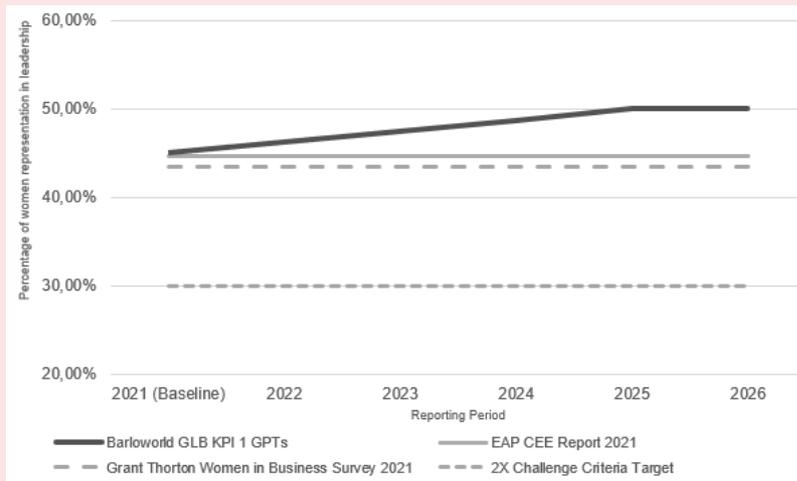
global and national benchmarked targets.

Due to the strong historical performance and a high baseline which already surpasses both global and national employment equity targets, the defined GPTs for the first thematic theme was defined to increase performance incrementally and maintain performance at a 50% representation female representation in the organisation leadership until maturity of the bond.

This proposed performance target trajectory indicates an incremental increase in performance over an interim target period of 2023 and 2024, aimed to enable Barloworld to achieve and maintain the highly ambitious target of 50% in 2025. Once investment has been made it is believed that the organisation would have sufficient traction to meet the expected outcome in 2025 and to maintain the performance level until 2026.

Through applying industry benchmark information, the GPT is considered highly ambitious, when compared to 2021 reported data on female representation in leadership as presented by the CCE report on national EAP diversity, the Grant Thornton Women in Business survey, as well as the 2X Challenge Criteria, as projected on the graph below

Graph 1: Barloworld GPT performance targets against and baseline benchmark data defined for the thematic component



Alignment with business strategy and timeline

Considering the rapid evolution of gender diversity and inclusion related targets globally and in the South African market, Barloworld has adopted several policies to guide the organisation’s human capital and transformation ambitions including consideration of various factors which addresses the limitations to reaching the defined ambition including recruitment, performance optimisation, development, as well as reward and recognition objectives.

Table 6: KPI #2 – Growing the proportion of black women-owned businesses in Barloworld’s South African Operations’ supply chain

GPT Criteria	Barloworld alignment
Improvement in relation to BAU	The defined GPTs for the second themed component of the Barloworld GLBF when compared to the national industry benchmark is more ambitious and ensures the high



	<p>level of performance is maintained throughout the tenor of the bond.</p> <p>Barloworld has increased its Discretionary Spend procurement on black women-owned business on average by 2,2% annually between 2017 and 2021 with respect to its South African continued operations'. The GPTS defined for this thematic component proposes an increase in Discretionary Spend procurement between 0,6% and 1,2% annually until maturity of the bond. Although the GPTs increases are lower compared to historic performance, the GPTs should rather be evaluated against the national performance target of 12%. Through already exceeding the South African B-BBEE code target of 12,0% at the baseline year, the focus of this thematic component aims to maintain what is already considered to be an ambitious GPT.</p>
<p>Alignment with business strategy and timeline</p>	<p>The sustainable value proposition of Barloworld includes consideration of the value created to stakeholders which include the society in which Barloworld operates. This value proposition is imbedded in the organisation's commitment to being a responsible corporate citizen, delivering products, services and solutions that generate sustainable outcomes. The organisational target is to drive economic inclusion and the organisation has defined several means in which this target can be realised including discretionary procurement from disadvantaged communities.</p> <p>Barloworld developed a Siyakhula enterprise and supplier development empowerment, which operate as a programme aimed to create value beyond compliance through a measurable enterprise and supplier development programme. This programme includes development of a beneficiary pipeline aligned to commodities, or areas where the group presents the greatest opportunity for preferential procurement form beneficiaries. Through use of the existing enterprise and supplier development programme, Barloworld has imbedded existing programmes and practices that can be used to meet the ambition target defined for the Barloworld GLBF second thematic component.</p>

Bond Characteristics

The Barloworld GLBF was developed in accordance with the ICMA SLBP, dated June 2020. The Barloworld GLBF includes financial characteristics to ensure that a coupon benefit and penalty are implemented based on performance against GPTs associated with the KPIs. The relevant coupon adjustments to be applied are specified until bond maturity is reached, in the relevant gender linked bond('s) pricing supplement documentation, which" will be made public.

The relevant benefit and penalty structure, defined as a basis point adjustment at each target observation date is in line with South African market standards and present a meaningful relief and/or penance for Barloworld.

Reporting and Verification

Barloworld commits to publish and keep readily available and easily accessible performance results on its website. Barloworld further commits to include the KPI performance results within its traditional disclosure reports, including the Barloworld Integrated Report and response to the GRI Standards.

In addition, Barloworld commits to deliver additional disclosures on KPI and associated GPT performance



results until maturity of the bond and include a:

- Sustainability Certificate (to be outlined in suitable form in the relevant instrument pricing supplement).
- External verification report (e.g., Limited Assurance Report) obtained from a suitably qualified licensed practitioner in South Africa on the relevant performance against the SPT targets for the applicable target date observation.
- SENS Announcement regarding the assessment of performance against the relevant GPTs.

Barloworld further commits to provide a statement of commitment to maintaining compliance with the JSE’s sustainability segments debt listing requirements, as applied upon issuance of the bond, within the Barloworld annual JSE declaration.

Gender and race related performance reporting have been reported historically to South African regulators, as indicated in the table below, and will continue to be reported alongside performance improvements.

Table 7: Current disclosure platforms

Themed Component	Existing disclosure
Gender Diversity Leadership	<ol style="list-style-type: none"> 1. B-BBEE: Organisations are audited by accredited B-BBEE verification agents annually using Audited Financial Statements, and conducting sample interviews on the following: <ul style="list-style-type: none"> • Ownership/Shareholding (race, gender) • Management Control (Board Directors and Executives), and Workforce (categorised as race and gender) • Skills development (Race and gender) • Enterprise and supplier development (Race and Gender) • Socio-economic Development (Race and Gender) 2. Employment Equity: The Employment Equity Act requires employers to report annually to the Department of Labour on workforce race and gender data, disaggregated per occupational category and level, and on payroll data per occupational category. 3. Skills Development Act: Companies are required to submit annual training plans with detail of training to be conducted disaggregated by occupational category, race and gender. Training spend is reported by the company against the training plan. 4. CEE (Commission of Employment Equity) Annual report: issued by the Department of Labour provides the data on the National and provincial statistics on the economically active population by race, gender, and disability.

Summary of assessment results for Barloworld GLBF themes

The procedures we performed were based on our professional judgement and include inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies. The overall assessment for the bond is detailed below.

Relevance and materiality of selected KPIs

Each of the themed components (KPI 1 and 2) strongly aligns with Barloworld’s overall strategic objectives. The GLBF focuses all its GPTs on its South African operation. Given the significance of the South African business in relation to the organisation’s global footprint, as well as the strong gender-based targets defined through South African policies and regulations, the materiality and focus of this GLBF is considered appropriate.



Rationale and level of ambition of proposed GPTs

It is our view that the ambition levels of the proposed GPTs were developed based on supporting benchmark information and with due consideration to the historic performance of Barloworld for each of the gender themed components.

Relevance of selected benchmarked and baselines

All selected benchmarks used in defining the targeted ambition level of the Barloworld GLBF were considered relevant for use. For all selected targets, Barloworld defined ambition levels that are beyond levels defined in the benchmark targets. The selected benchmark targets were considered relevant for the context of Barloworld's operating environment and aligned with national ambitions for gender-related themes in South Africa.

Credibility of the strategy outlined to achieve the ambitions of the GLBF

Barloworld's business strategy, read with its sustainability value statement and material matters defined for the organisation, collectively highlights the importance of human capital investment by the organisation to achieve its strategic ambition. Barloworld's human capital ambitions are further materialised through comprehensive policies that guide practices and procedures in the organisation.

Assurance Conclusion

We believe that the information provided by Barloworld and the assessment performed by IBIS are sufficient and appropriate to form a basis for our Limited assurance conclusion.

In our opinion, and based on our Limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Barloworld GLBF does not conform in all material respects to the ICMA SLBP of June 2020 with regard to:

- Selection of KPIs,
- Calibration of SPTs,
- Bond characteristics; and
- Reporting.

A comprehensive management report detailing our observations and recommendations for improvement has been submitted to Barloworld management for consideration.



Petrus Gildenhuys

Director, IBIS ESG Consulting Africa (Pty) Ltd

Johannesburg

3 August 2022