



Barloworld
Leading brands

Barloworld Limited Corporate Governance Framework

Policy #	Effective Date	Email	andiswan@barloworld.com
Version V 1.0	Contact	Andiswa Ndoni	Phone 011 445 1169

Definitions and abbreviations.....	1
Introduction	2
Corporate Governance Principles	2
Relationship within a Group of Companies	2
Ethical Leadership, Strategy And Corporate Citizenship.....	3
Combined Assurance Overview	3
Governance Structure.....	3
Role of the Barloworld Board.....	4
Committees Of The Barloworld Board.....	6
Selection And Appointment Of Directors.....	8
Management’s Role.....	9
Oversight Functions	9
Board Composition.....	10
Board Operations.....	11
Code of Conduct	12
Governance Of Frameworks, Policies And Methodologies.....	12
Related Documents	12
Approval and Ownership	13
Revision History.....	13

DEFINITIONS AND ABBREVIATIONS

Annual General Meeting	A shareholders' meeting which is held once in every calendar year (but no more than 15 months after the date of the previous Annual General Meeting), and at which very specific business must be transacted
Board	Board of Directors of Barloworld Limited
Barloworld	Barloworld Limited and its subsidiaries
Companies Act	Companies Act no. 71 of 2008 and its Regulations (as amended from time to time)

Group	Barloworld Limited and its subsidiaries, divisions and business units. The Barloworld Group does not include joint ventures or other independent entities governed by independent boards of trustees.
King IV	King Code and Report on Corporate Governance for South Africa

INTRODUCTION

Barloworld Limited (the “Company”) considers good corporate governance to be a prerequisite for value creation and trustworthiness.

To secure strong and sustainable corporate governance, it is important that Barloworld Limited ensures sound and healthy business practices, reliable financial reporting, and an environment of compliance with applicable legislation and regulations.

Barloworld Limited has governance documents setting out principles for how business should be conducted. References to certain more specific policies are included in this corporate governance framework where relevant.

To serve the interests of stakeholders and the Company’s corporate governance programme is subject to an ongoing review, assessment, and improvement. The Board proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and to promote the highest standards of ethical behavior and risk management at every level of the organization.

CORPORATE GOVERNANCE PRINCIPLES

By following the principles of corporate governance, approved by the Barloworld Board, the Board and management shall contribute to achieving the following objectives:

1. **Integrity:** To act in good faith and in the best interest of the Company.
2. **Transparency:** To make the necessary disclosures and this process needs to be made observable to outsiders.
3. **Accountability:** There is an obligation and responsibility to give an explanation or reason for the company’s actions and conduct.
4. **Fairness:** There needs to be an equal treatment or fairness in the treatment of all stakeholders including shareholders, employees and communities.
5. **Competence:** Act with due care, skill and diligence and take reasonably diligent steps to become informed about matters for decision-making and further continuously develop competence to lead effectively.
6. **Responsibility:** Assume collective responsibility for steering and setting the direction of the Company, while taking risks and capturing opportunities. Members of the Board should devote sufficient time and effort for the preparation and attendance of meetings.

RELATIONSHIPS WITHIN A GROUP OF COMPANIES

The Board determines priorities for achieving Group objectives and provides direction on how the relationship and exercise of power within the Group should be approached and implemented. The Board gives guidance and effect to the direction on relationships between the Group and subsidiaries and exercise of authority across the Group.

In developing this Governance Framework, the Board has taken into consideration its subsidiary companies. The Board recognizes each subsidiary within the Group as a separate and independent juristic person to whom its directors owe fiduciary duties.

The Board ensures that this Governance Framework addresses amongst others the following:

1. Delineation of the rights and role of the Group.
2. When and if applicable, delegation of certain responsibilities by the Board of Directors of the subsidiary to a Committee of the Barloworld Board, without abdicating accountability, governance and operational policies of the Group have been adopted by subsidiary companies.
3. The extent to which governance and operational policies of the Group have been adopted by subsidiary companies in the Group.
4. Engagement by the Group with the Board of Directors of a subsidiary company before the Group exercises its rights to elect directors to the Board of Directors of the subsidiary; and
5. Arrangements to address the risks of breaching legal duty in relation to the use of information obtained while acting as a member of one company in the Group for the other the purposes another company in the Group.

The Board discloses in external reports an overview of the group governance framework that it has implemented across the Group.

ETHICAL LEADERSHIP, STRATEGY AND CORPORATE CITIZENSHIP

The Company believes integrated thinking is an important element of effective governance implementation. In so doing, important social, economic and environmental matters are embedded in the Group's structures from Board level.

Leadership within the Board, Executive Committee and all levels of management are committed to the strategic objectives of the Company, the high ethical standards that we live by, and the governance of risk and ethics within our organisation.

COMBINED ASSURANCE OVERVIEW

The Combined Assurance guideline provides a current "as is" analysis of all the assurance activities within the Group. The Barloworld Board, Executive and Senior Management identify additional areas that may require assurance on an ongoing basis.

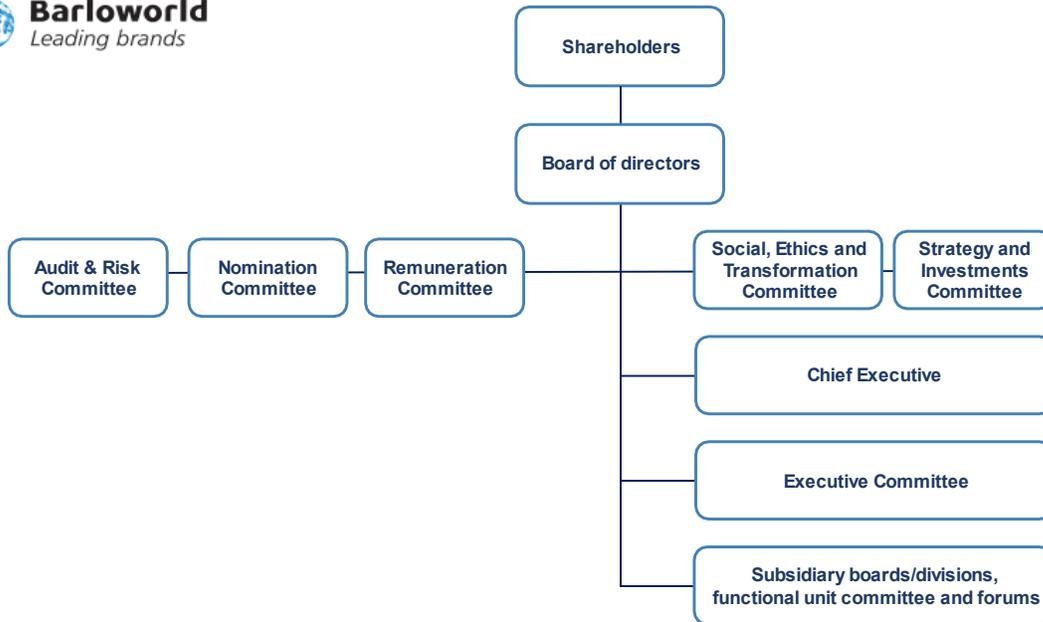
The assurance guideline is monitored by the Company's Risk, Internal Audit and Compliance functions within the Group on an ongoing basis, supported by External Auditors annually.

The Group has four common levels of assurance:

Management Assurance	Oversight assurance	Independent Assurance	External Independence Assurance
<ul style="list-style-type: none"> •Management Controls •Oversight Activities 	<ul style="list-style-type: none"> •Legal; •Risk; •Compliance; and •IT Risk 	<ul style="list-style-type: none"> •External Audit; •Internal Audit 	<ul style="list-style-type: none"> •Assurance provided by independent external assurance providers.

GOVERNANCE STRUCTURE

The Company recognises the value of King IV, which advocates a governance structure that supports ethical leadership, sustainability and corporate citizenship. For the Company this includes, inter alia, establishing a Board with appropriate Board Committees. Therefore, in support of a transparent organisational structure and these lines of responsibility, the Company has established the governance structure as set below:



In discharging its responsibilities, the Board is supported by management together with various Board Committees. Board Committees have specific Terms of References, appropriately skilled members, senior management participation and access to specialist advice when considered necessary.

Various informal forums may be established for the purpose of gathering information, agreeing and tracking actions, and where necessary, escalating findings or recommendations to decision – making forums. In addition, subsidiaries within the Group also have their boards and some meet on a quarterly basis.

ROLE OF THE BOARD

The role, function and powers of the Barloworld Board, the directors and committees and its relationship *vis-à-vis* other organs of the Company and its direct and indirect subsidiaries and joint ventures are determined by law, the Memorandum of Incorporation (“MOI”) of the Company, agreements such as shareholders’ agreements (where relevant), corporate governance best practices and decisions and policies of the Board.

The Board is responsible for the strategic direction of the Company and for the control of the Company.

In managing or directing the affairs of the Company the Board has authority to exercise its powers and perform any of the functions of the Company except to the extent that the Companies Act or MOI provide otherwise.

The Board accordingly has the power to make any decision in respect of the Company which has not been specifically reserved for decision-making by the shareholders. This power includes the power to exercise the rights as a direct or an indirect shareholder of the group companies.

The Board exercises its powers responsibly:

1. In the best interests of the Company with due regard to the interest of stakeholders of the Company based on sound corporate governance principles and the Barloworld Worldwide Code of Conduct; and
2. In compliance with the requirements of the law, the listing requirements on which the securities of the Company are listed, principles of sound corporate governance, and Board policies and procedures.

Within the powers conferred upon the Board by the MOI and the Companies Act, the Board has determined its main function and responsibility as being to add significant value to the Company by:

- a. Retaining full and effective control over the Company and providing effective leadership in the best interest of the Company.
- b. Informing and approving the strategy and strategic objectives of the Company and ensuring that strategy, risk, performance, people, and sustainability considerations are effectively integrated and appropriately balanced.
- c. Determining and setting the tone at the top of the Company values including principles of ethical business practice and the requirements of being a responsible corporate citizen.
- d. Bringing independent, informed and effective judgment to bear on material decisions of the Company and Group companies including material Company and Group policies, the group framework of delegated authorities, capital expenditure, transactions and consolidated group budgets and Company budgets.
- e. Satisfying itself that the Company and group entities are governed effectively in accordance with corporate governance best practices including risk management, legal compliance management, sustainability related considerations, appropriate and relevant non-binding industry rules, codes and standards and internal control systems.
- f. Monitoring the implementation by group entities, Board committees and executive management of the Board's strategies, decisions, values and policies with a structured approach to governance, reporting, risk management, sustainability information management (including information technology) and risk-based auditing.
- g. Ensuring that the Company complies with applicable law and best corporate governance practice.
- h. Ensuring that the Company has effective Board committees as required by the Companies Act, MOI, King IV and recommended by other applicable laws and best corporate governance practices.
- i. Governing the disclosure control processes of the Company including ensuring the integrity of the Company's integrated report and reporting on the effectiveness of the Company's system of internal controls.
- j. Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and
- k. Monitoring of the relationship between management and stakeholders of the Company.

COMMITTEES OF THE BOARD

To assist in exercising its responsibilities, the Board has established five committees, Audit and Risk; Social, Ethics & Transformation; Strategy and Investments; Nomination and Remuneration and when required, *ad hoc* Committees will be appointed.

Committee composition is recommended annually by the Nomination Committee. Following each meeting, the Committee Chairs report to the Board on the Committee's activities and make such recommendations as are deemed appropriate in the circumstances.

Each Committee has Terms of Reference setting out its responsibilities under applicable laws and regulations. The Nomination Committee reviews all the Committee mandates at least annually to ensure appropriate allocation of responsibilities. The Committees regularly review and assess the adequacy of their own mandates to ensure that regulatory requirements and best practices are reflected and recommend changes for approval by the Board.

At the end of the financial period, each Committee prepares a report highlighting the key focus areas over that financial period. These reports as well as details about the composition and responsibilities of each Committee, are reported in the Integrated Annual Report.

Committee Chairs

Each Committee is comprised by a majority of independent members and is chaired by an independent member who is responsible for the effective operation of the Committee and the fulfilment of the Committee's mandate. The Board has approved written role and functions of the Board Chairman. The Chairman should encourage and facilitate open and candid discussion among Committee members.

Audit and Risk Committee

The Audit and Risk Committee shall assist the Board in discharging its duties in the operation of adequate systems and control processes, presentation of fair and balanced financial statements and reports, complying with all relevant corporate governance disclosure requirements and accounting standards. In addition, it carries out an overview of risk management processes.

Members shall be non-executive directors, all of whom shall be independent. Members of the committee shall be elected by shareholders at each Annual General Meeting on recommendation by the Board through the Nomination Committee and appointed for a period of one year. The Board may fill any vacancy.

The Audit and Risk Committee's purpose is to review the adequacy and effectiveness of these activities and assist the Board in its oversight of, amongst other things:

- i. have regard to all factors and risks that may impact on the integrity of the financial statements and related external reports.
- ii. evaluate the nature and extent of the documented review of internal financial controls.
- iii. annually report to the Board and stakeholders on the effectiveness of the internal financial controls and experience of the senior members of management responsible for the financial function.
- iv. oversee the preparation and integrity of information to be published in the Integrated Report.

- v. review the disclosure of sustainability issues in the Integrated report to ensure that it does not conflict with the financial information.
- vi. nominate and recommend to shareholders the appointment as an auditor a registered auditor, who, in the opinion of the Audit Committee is independent of the Company.
- vii. determine the fees to be paid and approve the terms of engagement of the auditor.
- viii. approve the risk-based internal audit coverage plan and ensure that internal audit reviews its audit plan during the financial year.
- ix. review adequacy of accounting records, internal control systems, independence of the internal audit function, and any significant differences of opinion between management and the internal auditors.
- x. ensure that the Board is aware of matters which may significantly impact the financial position of the Company.
- xi. ensure that there is a process in place to deal with any concerns and/or complaints (whether from within or outside the Company) relating to accounting policies, the financial statements and internal financial controls.
- xii. to oversee governance of information technology.
- xiii. to oversee fraud and corruption risks in relation to financial reporting.
- xiv. have oversight over the direction and effectiveness of the company's assurance functions and services, with focus on the combined assurance model and ensuring that significant risks and material matters facing the company are adequately addressed.
- xv. reviewing the adequacy and effectiveness of the risk management process, the significant risks facing the company and the mitigating controls and activities.
- xvi. review and recommend annual budgets for Board approval.
- xvii. identifying material non-financial issues in the company for assurance and
- xviii. promoting sustainable business policies and practices throughout the group consistent with the high standards expected of Barloworld's Value Based Management philosophy and the company's objective of long-term shared value creation for all its stakeholders.

Nomination Committee

The role of the Committee is to assist the Board to ensure that:

- The Board has the appropriate composition to execute its duties effectively.
- Directors are appointed through a formal process.
- Induction and ongoing training and development is conducted.

- Formal succession plans for the Board, Chief Executive Officer and senior management appointments are in place.
- Consider the extent to which the general corporate governance mechanisms of the Company are appropriate and effective in view of developments in the Company.

Remuneration Committee

The Remuneration Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The Remuneration Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The role of the Remuneration Committee is to assist the board to ensure that:

- a) The Group remunerates directors and executives fairly and responsibly; and
- b) The disclosure of director and remuneration is accurate, complete and transparent.

Social, Ethics & Transformation Committee

The committee shall assist the board in discharging its statutory duties for monitoring the company's activities with respect to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, labour and employment matters. The committee shall draw matters within its mandate to the attention of the Board and will report to the shareholders at the company's annual general meeting.

The committee shall monitor the tone at the top and how management actively inculcates a culture of ethical conduct in accordance with King IV.

The Committee shall assist the Board in:

- a. addressing sustainable development in the company including climate change and environmental stewardship
- b. reviewing and guiding sustainable development aspects of integrated reporting in the company

Strategy and Investments Committee

The primary purpose of the Committee is to consider and provide direction and assurance to the Board on strategy, investments and risk management. The Committee will review and assess progress on strategic plans, strategic actions, programmes and initiatives to ensure such progress on programmes and initiatives that support strategic objectives and the shareholders' interests. This Committee shall also review, evaluate and make recommendations to the Board regarding strategies relative to emerging concepts, technologies, trends and changing market requirements and address major risks, gaps, opportunities and other issues.

External Advisors

The Board and its respective Committees may engage external advisors at the expense of the Company. The Board has authority to retain and approve the fees of any external consultants or other external advisors that they determine to be necessary to carry out their duties.

SELECTION AND APPOINTMENT OF DIRECTORS

The Board has delegated to the Nominations Committee the responsibility for identifying and recommending to the Board, candidates for the Board, after considering the necessary competencies for new Board members, prudential fitness and proprietary criteria, conflict of interest (actual or perceived), relevant regulatory and statutory requirements and taking into account contribution to the overall balance of the composition of the Board, together with gender and race diversity appropriate to the needs of the company.

The Board is mindful of the need for establishing a board that enhances the efficient and effective running of the Company. Board membership shall comprise directors with an appropriate mix of skills, experience and personal attributes.

Recommendations for new Board members are put to the Board for consideration and approval. All newly appointed directors are subject to confirmation at the next annual general meeting of shareholders following their appointment.

Barloworld upholds a code of business conduct to which the non-executive directors must comply.

The non-executive directors are, in addition, expected to comply with the recommendations of King IV as well as the Listing Requirements of the JSE Limited.

MANAGEMENT'S ROLE

There is a clear demarcation of roles and responsibilities between the Board, Executive Directors and Executive Members that fosters an environment of transparency, confidence and mutual trust in which the Board is able to constructively challenge and provide guidance to management.

Group Executive

The Board may appoint such Executive Directors and Executive Members to ensure the strategic goals and objectives of the Company are met and specify such duties and delegate such powers to them as the Board determines. The Board has established an Executive Committee (Exco) comprised of the Group Executives including the Group Chief Executive Officer (Group CEO), Group Finance Director (GFD).

The Board delegates to the Executive members authority and responsibility for day-to-day affairs and reviews their performance and effectiveness. The Executive Committee (Exco) is accountable for implementing Board's decisions and is responsible for directing and overseeing the operations of the Company. The Group CEO, GFD and the Group Executive members annually prepare key performance indicators, responsibilities and required capabilities of the positions and are measured on those by the Board.

OVERSIGHT FUNCTIONS

The Board, without detracting in any way from its general powers, may from time to time determine in terms of the group framework of delegated authorities, which matters are:

- a) Reserved for final decision-making by the Board; or
- b) Require the Board's consent before a final decision is made.

Matters that have specifically been reserved for Board decision-making or consent prior to final decision-making and the approval authority of the Board committees in respect of Company and Group matters are detailed in the Group approval's framework. All other matters are delegated to the Group CEO and the Exco subject to the obligation to report all material matters to the Barloworld Board.

The Exco is not a committee of the Board, but supports the Group CEO, who is the highest executive decision-making functionary of Barloworld Limited and the Barloworld Group. In addition, the Group CEO is delegated with authority from, and is accountable to the Board for the development and successful implementation of the group strategy and the overall management and performance of the Group within the framework of its policies, reserved powers and routine reporting requirements, consistent with the primary aim of enhancing long-term shareholder value.

BOARD COMPOSITION

Board size, composition and selection

Barloworld Limited has a unitary board of directors comprised of no less than six directors comprising the chief executive officer, chief financial officer, the chairman and three other non-executive directors and no more than 30 in total as stated in the MOI.

The Board may determine the number of directors on the Board at any time, subject to the provisions of the Companies' Memorandum of Incorporation (MOI) and the Companies Act. The Board composition should reflect relevant diversity as identified by the Board.

The Board is empowered to fill vacancies on the Board.

The Board, with the assistance of the Nomination Committee, has a formal, transparent and rigorous process for identify and the Nomination Committee assists with the process of identifying, assessing and selecting board candidates for recommendation to shareholders. All board appointments are subject to shareholder approval at the annual general meeting following the appointment.

The selection process includes reviewing whether the board candidate: ·

- possesses the relevant knowledge, skills, experience and, particularly in respect of non-executive directors, independence of mind, given their responsibilities on the board and considering the Group's business; ·
- has a record of integrity and good reputation; ·
- has sufficient time to fully carry out their responsibilities.
- has disclosed all conflicts of interest and
- promotes diversity and inclusion in the composition of the board.

Background and reference checks (a "fit and proper" clearance) and adverse media screening are performed by an independent third-party service provider appointed by the Company and independent of the candidate.

Independence of the Board

According to King IV, the independence of a director should be considered from the perspective of a third party.

The independence of a director should be questioned if they meet certain requirements, King IV lays these out as follows:

- The director is a significant provider of financial capital or ongoing funding to the Company or is in any way associated to the provider of financial capital or funding in the Company such as an officer, employee or representative of the Company.
- The director owns securities in the Company that have material value which contribute to the personal wealth of the director.
- The director participates in a share-based incentive scheme offered by the Company.
- The director has been in the employ of the Company as an executive manager, or is related to an executive manager, during the preceding three financial years.
- The director has been the designated auditor to help perform the audit function of the business in the preceding three financial years.
- The director is a significant ongoing advisor of the Company, other than a member of the board.
- The director is the member of the board or executive management of one of the customers or related party of the Company; and

- The director is entitled to remuneration which is contingent on the performance of the Company.

The Companies Act has the same provisions when it comes to assessing the independence of a director. It is therefore imperative to assess the independence of the director thoroughly in order to meet any of the requirements discussed in King IV and the Companies Act.

The independence of the non-executive directors is assessed on an annual basis.

Director Term Limit

The rotation of Directors is done in accordance with the MOI of the Company.

To keep renewing the composition and independence of the Board, one-third of the non-executive Directors who have served longest since their previous re-election, are required to retire annually, and if available and eligible, stand for re-election at the Company's annual general meeting.

In terms of the Director Term limit policy, a non-executive director (NED) must retire from the Board of Directors by not standing for re-election at the next annual general meeting of the Company's shareholders meeting following the earlier of his or her 9th anniversary of service on the Board or 70th birthday.

A director may continue to serve for longer than nine years, but not more than 12 years, provided the Board in its absolute discretion and unanimous decision determines that it is in the best interests of the Company and its shareholders to extend the Director's service for the additional recommended time.

Where a directors' service has been extended beyond the 9-year term limit, the NED will be subject to annual re-election by shareholders at the annual general meeting.

A retiring Director will be considered for re-election subject to the Nomination Committee recommending their eligibility, considering past performance and contribution made.

BARLWORLD BOARD OPERATIONS

Board Chairman

In accordance with the MOI of Barloworld Limited, the directors may elect from their number a Chairman and a deputy or a vice chairman (to act in the absence of the Chairman) of their meetings and determine the period for which each is to hold office.

The Chairman is responsible for leading the board, ensuring its effectiveness, and setting its agenda.

Conflicts of interest

Every board and board committee meeting are preceded by a declaration of interests on the matters that are on the meeting agenda. In cases where there are material interests, a director is recused from the meeting and does not participate in the decision-making on the particular matter. In addition, a general disclosure of interests for the Board is done on quarterly basis and the interests register is kept by the Company Secretary.

The register of conflicts and / director' personal financial interests will be made available on the Group's website <https://www.barloworld.com/sustainability/policies-and-disclosures/>

Conflicts of interest and independence are annually assessed for every non-executive director.

The Group Conflicts of Interest policy requires all employees to declare alternative business interests and avoid conflicts of interests. Where there are material conflicts of interest for an employee who is in the management level that are unavoidable, the conflicts of interest must be declared, approved by the Group CEO and the risks to Barloworld adequately mitigated.

Meeting attendance

Board members are expected to attend Board meetings and meetings of Committees in which they serve, as well as each annual general meeting. Attendance of all or majority of Board and Committee meetings is required, except where the Chair or the Nomination Committee determines that factors beyond a member's control prevented an individual from achieving the minimum attendance level.

Director development

The development of industry and group knowledge is a continuous process. Directors are briefed on legal developments and changes in the risk and general business environment on an ongoing basis.

Training on directors' duties is available at all times to directors at the company's expense to promote continuous development of directors.

Directors can seek independent professional advice concerning the company's affairs should they require.

Director Induction

New directors undergo a formal induction process to equip them with organisation, industry and regulatory information that makes them effective in the shortest possible time. New directors receive company founding documents, board and committee minutes, policies, significant reports, including Integrated Report. One-on-one meetings and site visits are scheduled with management and the group company secretary to introduce new directors to the Group and its operations.

Board Performance Evaluation

The evaluation of the Board, its committees, and individual directors, including the Chairman is performed every two years.

The Nomination Committee is responsible to review the effectiveness of the Board and Board Committees and its individual members. For this purpose, the Nomination Committee adopts an appropriate methodology to perform the performance evaluations.

CODE OF CONDUCT

Barloworld Limited has established a Code of Conduct that seeks to ensure that the Company maintains the highest level of integrity and ethics and thereby driving the necessary culture. The Code establishes written standards designed to promote integrity and ethical behaviour that apply to the Chair and members of the Board, senior management, and all employees across the Group.

RELATED DOCUMENTS

This policy should be read in conjunction with the following policies:

- Barloworld Worldwide Code of Conduct
- Director Term limit Policy
- Board Diversity Policy

APPROVAL AND OWNERSHIP

Owner	Title	Date
Andiswa Ndoni	Group Company Secretary	
Approved By	Title	Date
Nomination Committee		20/05/2021
Board		21/05/2021

REVISION HISTORY

Version	Revision Date	Description	Next review Date
V1.0		This is a new policy	Sept 2023
Vx.x	Every Two Years		
Vx.x			