

# BARLOWORLD GROUP CORPORATE SOCIAL INVESTMENT POLICY

## Preamble

In Barloworld Corporate Social Investment (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.

The group strives to be responsive to the needs of the communities in which it does business and contribute 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 (VBM) approach which ensures that it moves beyond the conventional approach of trade-offs between its stakeholders and searches for solutions which add value for all over time.

In the course of business, through extensive, on-going interactions, Barloworld companies engage with a wide range of stakeholders to understand their interests and concerns and construct their value propositions, which include its leadership playing a meaningful role in society.

CSI is one of several methods used to build enduring relationships, enhance business value propositions, gain competitive advantage in capital, labour and customer markets, and to positively influence regulatory frameworks and service delivery systems.

Barloworld, through the framework of its values and codes, provides guidance for CSI to its divisions, who adapt their local CSI approaches according to the social conditions and development needs in the territories in which they do business, with the aim, where appropriate, of delivering local solutions.

## Policy

Barloworld is committed to playing a leadership role in society through active corporate citizenship. CSI is viewed as an investment in the future, in the group's people around the world and their various communities, and in the environmental sustainability of the planet.

The group allocates a minimum of 1% of its net profits after tax to CSI, an approach which represents international best practice on the part of companies which manage their businesses and their externalities, such as their impacts on the environment, in an ethical and responsible manner.

Investments made are proportionate to the scale of the Barloworld operations in a particular region. Since Barloworld has a significant presence in South and southern Africa, the extent of its CSI in this region is greater than in other parts of the world.

Barloworld group CSI activity involves the following aspects:

1. **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.

These activities are funded from a CSI levy on South African-based operations of 0.75% of annual net profits after tax. This programme adds value in society and contributes socio-economic development (SED) points for the contributing divisions' broad-based black economic empowerment scorecards.

2. **At operations level** in the organisation, 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. In South Africa, in terms of the dti's Codes of

Good Practice on BBEE, divisions' combined CSI levy and direct CSI spend should be equal to at least 1% of annual net profits after tax.

3. **Through volunteerism**, employees are encouraged to become involved in their communities through structured team forums or individually. To facilitate this process, the group is committed in principle to allowing one working day off per employee per annum for volunteerism, at the discretion of the employee's divisional CEO and his or her direct manager.

Barloworld should not gain or be seen to gain materially or financially from a donation or CSI.

The group prohibits financial contributions or support for political causes or organisations, for organisations that discriminate unfairly on the basis of race, ethnicity, religion, sexual orientation, age or disability or for organisations the activities of which may present a business or reputation risk to the organisation.

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

## **OPERATIONAL GUIDELINES ON CORPORATE SOCIAL INVESTMENT**

### **Preamble**

The group 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. In the course of their business, through extensive, on-going interactions, Barloworld companies engage with a wide range of stakeholders to understand their interests and concerns and construct their value propositions.

### **Definitions**

A charitable donation is a gift to a worthwhile cause without the establishment of a development partnership, conferring accountability on the part of the recipient for the achievement of stated objectives.

CSI is aimed at achieving and sustaining positive social and environmental developments in the communities in which the group operates. In its best manifestation, CSI is an attempt to address the structure of problems in society, and is a considered and sustained investment in an appropriate intervention rather than merely a good cause.

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.

### **'Due care' guidelines for CSI**

1. **Policy Framework:** Establish at business unit and/or divisional level a CSI or donations policy or approach to determine how best resources should be invested. Policies and/or approaches should be aligned with the group policy, with brand and company values, and be consistent with business interests, the nature and size of operations, the geographies and cultures in which business is being conducted, the identified impacts and issues related to your industry, and take into account regional, national and international priority areas, such as the South African dti's BBEE Codes of Good Conduct socio-economic and enterprise development objectives, and the Millennium Development Goals.

Policies / approaches should provide a congruent framework for all of the business unit's/division's contributions to charitable, social and environmental causes, be approved by divisional Executive Committees and reviewed on an annual basis.

2. **Compliance Framework:** Appropriate compliance criteria and levels of authority for expenditure on CSI or donations should be established and approved by the relevant divisional [social & ethics/ risk/audit/ executive] committees. Records of due diligence studies on beneficiaries should be retained for audit.
3. **Due Diligence:** 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 partnerships.

Exercising 'due care' in considering a CSI should involve the following activities:

3.1 Conduct a due diligence on potential beneficiaries that includes investigations into:

- o The organisation, its history and key roleplayers
- o Vision, mission and strategic objectives
- o Scope of its programmes and projects, geographic locations, products and services offered
- o Defined beneficiaries
- o Legal identity, tax status, (in South Africa) BEE CSO verification
- o Strategic partnerships
- o Funding sources, financial management and costs

3.2 Meet the beneficiary regularly, visit its sites, interview its beneficiaries and other funders

3.3 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

4. **Reporting obligations:** Report internally on CSI approach, spend and activities through appropriate divisional committees and forums, divisional Executive Committees and quarterly to Group in terms of the required reporting structure.

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