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SOCIO-ECONOMIC DEVELOPMENT (“SED”) POLICY

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1. Introduction

Concor Construction is a South African based company, originally established in the Western Cape in the early 1900s. Concor has delivered infrastructure projects across South Africa and selected African countries - enabling job creation, skills development and community upliftment for over a century.

Concor consists of three operating divisions (Buildings, Infrastructure & Mining), and is regarded as one of the leading contractors in the infrastructure, building, mining and property development sectors.

2. Background

Recognising the symbiotic relationship between business sustainability and the sustainable functioning of its social surroundings, Concor has a solid track record of corporate citizenship, which has been embedded in the business over several decades. We are cognisant of the critical role of infrastructure in terms of promoting development, redressing inequality, unlocking opportunities for future growth and creating shared value for all stakeholders.

Our core purpose remains rooted in infrastructure development that enables socio-economic development and as such, we consistently review policies and programmes to ensure that our response and contribution to socio-economic development remains relevant, responsive and catalyses positive change.

3. Purpose

The Concor Socio-economic Development ("SED") policy serves as the conduit through which we aim to facilitate access, create opportunities, develop partnerships, enhance self-efficacy and promote sustainable livelihoods within communities, with due consideration for the natural environment.

The SED policy forms the basis for engagement with development stakeholders, and operationalisation of approved programmes

4. Scope

Notwithstanding geographical locations, applicable legislation and financial and operational limitations, Concor operating divisions and project sites are encouraged to invest in and support locally appropriate community development initiatives.

Application of the SED policy and allocation of the annual budget is however limited to South African operations, in alignment with the Broad-Based Black Economic Empowerment ("B-BBEE") Codes of Good Practise (2013) and the Revised Construction Sector Code (2017).

Business units beyond South African borders can however adapt the SED policy for use in local countries.

5. SED Policy Implementation

The Concor SED policy is operationalised through two programmes, namely Socio-economic Development and Employee Community Involvement.

Socio-economic Development is defined in the B-BBEE Codes, as monetary or non-monetary contributions made by companies to communities, natural persons or groups of natural persons, where at least 75% of the beneficiaries are Black people. The objective of SED is the promotion of **sustainable access to the economy for the beneficiaries**. The most common contributions under SED are as follows:

- Development programmes for black women, black youth, black disabled people as well as black people living in rural areas.
- Support for education programmes, resources and materials at primary, secondary and tertiary education levels, as well as bursaries and scholarships.

Concor's SED programmes are geared towards providing holistic support and engagement across the education pipeline, while simultaneously addressing issues of poverty, unemployment and economic growth - in line with objectives described in both the National Development Plan and the Revised Construction Sector Code.

Employee Community Involvement on the other hand recognises the role that employees play in supporting community development. Implementation of ECI programmes is geared towards promoting employee engagement, while simultaneously enhancing employee motivation and job satisfaction.

5.1. Socio-economic Development ("SED")

Structured programmes - Focus on fewer, structured programmes that are funded over longer periods. Concor prioritises education, focusing specifically on literacy and numeracy development and Science, Technology, Engineering and Mathematics ("STEM").

Investment in STEM sparks interest in construction and the built environment, improves access to and success in secondary and tertiary education, creates a steady pipeline of future talent into our business and the construction sector, and addresses critical skills shortages within our industry as a whole.

Corporate Social Investment – Discretionary funding is allocated in support of smaller, once-off projects, for the purpose of **social upliftment** and **welfare**. Discretionary funding from the SED budget enables assistance to communities/community projects and facilitates enhanced client and community relations. This goes a long way in safeguarding our employees and assets, enhancing our visibility and reputation in these communities, and enabling much-needed contributions to local economic development.

5.2. Employee Community Involvement (“ECI”)

Sikhulisa Fund - The Sikhulisa Fund (“Sikhulisa”) is our flagship ECI programme through which employees make voluntary, payroll contributions in support of orphans and vulnerable children.

Sikhulisa also represents Concor’s longest investment in community upliftment, since its establishment in the 1950’s. Funds raised through the Sikhulisa is donated to charitable organisations that serve the needs and interest of vulnerable and ‘at-risk’ children across the country. Matched funding from the Group SED budget is also allocated to Sikhulisa. Matched funding not only increases the value of funding available for donation, but also demonstrates Concor’s support for employee donations.

Funding of SED projects is prioritised in Communities with Limited Services, as defined in the Revised Construction Sector Code and in line with Statistics South Africa data, where:

- less than 65% of the households have access to piped water; Or
- less than 85% of households have access to electricity;
- In addition to (a) or (b), over 50% of the households have an average household income in the first five levels (including none) of the income data table.

6. Principles

The Concor SED policy and programmes is underpinned by the following principles which promotes:

- Transformation, diversity and inclusion;
- Development and responsiveness to local contexts and needs;
- Collaboration and partnerships across the public and private sector;
- Investment of financial and human resources;
- Transparency and accountability towards stakeholders;
- Adherence to relevant legislation, codes of good practice and best practice trends within SED; and
- Delivering on our SED mandate in a responsible, accountable and sustainable manner.

7. Budget

The Concor SED budget is developed annually, taking into account company performance, as indicated by relevant benchmarks (i.e. % of EBIT, NPAT). The SED budget aims to be at least 1.25% of NPAT of South African operations only, as per the minimum requirements set out in the Revised Construction Sector Code.

8. Governance

SED implementation is governed by the SED Committee, which comprises representatives from South African operating divisions. The SED Committee is mandated to assist the Concor Holdings Board in achieving the Group’s stated SED objectives.

The SED Committee is accountable to the Social & Ethics Committee (“SE Committee”), a subcommittee of the Concor Holdings Board. Implementation, monitoring and reporting outcomes of the SED programme is managed within the Group Corporate Affairs function.