



8 December 2008

United Nations Global Compact

**BARLOWORLD LIMITED – COMMUNICATION ON PROGRESS:
September 2007 to September 2008**

1. Statement of continued support

Barloworld continues to support the principles of the UN Global Compact (UNGC). The aspects addressed by the UNGC are incorporated into the group's value creation philosophy and management approach the cornerstone of which is sustainable value creation for all of its stakeholders i.e. its customers, employees, principals/suppliers, shareholders and the communities in which it operates.

As a distributor of leading international brands, Barloworld represents major original equipment manufacturers (OEM's). These include Caterpillar, numerous motor vehicle manufacturers, Hyster, Avis and Budget. Such principals are environmentally aware and continue to develop products that contribute to mitigating and addressing environmental damage. They also have their own standards and requirements which are filtered into the relevant Barloworld divisions and operations providing further standards and ensuring compliance.

In addition, the group has adopted the Global Reporting Initiative (GRI) framework. Over the past years the group's annual report has addressed aspects covered by GRI format and its 2008 Annual Report continues this practice.

Accordingly, the aspects covered by the 10 UNGC Principles are addressed in the group's management approach, activities and reported in its annual report.

Barloworld endorses the Human Rights, Labour Standards, Environment and Anti-Corruption areas of the UNGC. Its undertakings, initiatives and practical actions in this regard are reported below under each principle.

The group understands that in an increasingly competitive world, long-term value creation is not achievable through short-term solutions or obtainable at the expense of future generations or moral decay. It is realisable only if the interests of all stakeholders are balanced and all derive lasting benefit.

This is the core of its value creation philosophy and approach. Consequently, the aspects covered by the UNGC are incorporated into the group's guiding values as well as into its 10 Pillars of Sustainability and will therefore continue to be central to Barloworld's ongoing activities.

CLIVE THOMSON
CEO Barloworld Limited

2. Description of practical actions

United Nations Global Compact (UNGC)	Barloworld's practical actions
<p><u>Human Rights</u></p> <p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: Business should make sure that they are not complicit in human rights abuses.</p>	<p>Human rights are central to Barloworld's legitimacy and are principally addressed in the group's Code of Ethics which include: Obey the law; respect others; be fair and be honest.</p> <p>They are also covered in the constitution, legislation and common law of all countries in which Barloworld operates.</p> <p>In addition, internal policies, procedures and practises prohibit a violation of human rights. Any breach of these is treated seriously and could result in dismissal and criminal charges being pursued if appropriate.</p> <p>All employees and stakeholders are included in this protection and are also expected to conduct themselves accordingly.</p> <p>Any investments undertaken by the group would comply with applicable legislation and fulfil the standards reflected in Barloworld's code of ethics, internal policies and procedures. A similar approach applies to suppliers and contractors. Those that do not comply are reviewed and ultimately terminated in the event that the shortcomings cannot be addressed.</p> <p>In South Africa, the broad-based black economic empowerment (BBBEE) status of suppliers and contractors is closely reviewed.</p> <p>Breaches can be addressed through the applicable legal system, internal procedures including the anonymous Barloworld Ethics Line.</p> <p>Employees may also use established grievance procedures which prohibit victimisation and may also seek union and industry assistance in this regard.</p> <p>Barloworld applies the principles contained in the ILO Guidelines on Occupational Health and Safety to all its operations.</p> <p>Established formal health and safety committees comprising of management and worker representatives cover all South African staff. Other global operations comply with local legislation.</p> <p>Employee health is an important component of creating value for employees and stringent programmes are enforced in all operations.</p> <p>All legislative requirements are also complied with in this regard and the wearing of personal protection equipment is strongly enforced throughout the group.</p>

<p><u>Human Rights (cont)</u></p>	<p>A comprehensive range of wellness and support programmes are in place.</p> <p>These include medical aid schemes and other employee assistance programmes such as Independent Counselling and Advisory Services (ICAS), Procure and HIV/Aids management.</p> <p>HIV/Aids receives special attention in all Barloworld's southern African operations. Comprehensive programmes cover education, prevention, voluntary testing and counselling (VCT) and disease management which include the distribution of antiretroviral medication.</p> <p>Employees are continually encouraged to know their status and to look after themselves and others accordingly.</p> <p>Employees receive assistance from company sponsored antiretroviral medication schemes and from existing medical aid schemes.</p> <p>In September 2008, Barloworld completed a BBEE transaction which effectively empowered 29% of its South African assets. Participants in the transaction include South African based employees, current and future black managers, community based partners, black non-executive directors, an education trust and well as seven strategic equity and black business partners (one still to be finalised).</p> <p>Barloworld is committed to being a leader in empowerment and transformation. This extends to gender equality and the removal of any discrimination based on gender, race, religion or disability. Policies and procedures are in place that underscore this commitment. This aspect also forms one of the five Barloworld strategic focus areas.</p>
<p><u>Labour Standards</u></p> <p>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Business should uphold the effective abolition of child labour.</p> <p>Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Barloworld policy of freedom of association enables employees to associate or not with employee representative organisations and trade unions. Barloworld recognises trade unions that are sufficiently representative of the employees at the appropriate organisational level.</p> <p>In South Africa 49% of employees are unionised, in other southern African countries 27% of employees are unionised and in Europe 45% of employees belong to unions. In South Africa, 45% of employees are covered by collective bargaining agreements and 50% in Europe.</p> <p>There is no child, or forced and compulsory labour employed in any Barloworld operation.</p> <p>Such employment would be illegal in the countries of operation and against internal values, standards, policies and procedures. Established recruitment practises would highlight any underage applicant.</p>

<p><u>Labour Standards (cont.)</u></p>	<p>Indigenous rights are respected in all operations. This is underscored by the internal values, practices and procedures in all Barloworld operations.</p> <p>Barloworld is committed to the elimination of discrimination in respect of employment and occupation.</p>
<p><u>Environment</u></p> <p>Principle 7: Business should support a precautionary approach to environmental challenges.</p> <p>Principle 8: Business should undertake initiatives to promote greater environmental responsibility.</p> <p>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Protecting the environment is one of the group's core values and reflected in its code of ethics and contained in the Barloworld 10 Pillars of Sustainability.</p> <p>Barloworld is mindful of the environmental impact of its activities and the consequences these have on climate change. The group's commercial activities are generally not environmentally aggressive however Barloworld understands the negative environmental impact of the products and customer solutions it provides.</p> <p>Nonetheless, a group environmental policy is in place and relevant processes are being implemented across the group to reduce the negative consequences of its activities and to ensure that all operations are conducted in an environmentally responsible manner.</p> <p>Priority areas for the group include: natural resource protection, optimisation of energy consumption and, making a positive contribution towards slowing climate change. It is understood that the setting of targets and the measurement of progress toward such targets is an integral part of this commitment.</p> <p>As part of the GRI reporting framework, measurement of the environmental aspects has been a feature of the group's approach for the past four years.</p> <p>Barloworld business units operate under increasingly strict compliance regulations which include European Union and American standards as well as Scandinavian and Australian legislation. Standards in southern Africa and South Africa in particular are being raised.</p> <p>The group environmental policy provides the framework under which the operations structure their respective environmental policies and systems appropriate to the nature of their operations.</p> <p>Nature of products</p> <p>In offering its customers integrated solutions, Barloworld is mindful of their requirements for products and solutions that are environmentally sensitive and efficient.</p> <p>In this regard, the operations offer customers solutions that include the latest technology provided by the relevant OEM's addressing energy efficiency and minimising emissions.</p>

Environment (cont.)

Examples of this include the inclusion of Hybrid (Toyota Prius) and SAAB BioPower and Volvo V50 flexi-fuel vehicles in car rental fleets. Barloworld's logistics division provides through the CAST-CO₂ module of its leading supply chain design system, the ability to calculate the carbon footprint impact of any supply chain modelling and hence, the ability to reduce such impacts. Implementing this system has shown a significant reduction in carbon emissions.

Caterpillar's ACERT technology enables their engines to meet current and future emissions regulations and provides a long term solution for the global engine market.

In addition, the Scandinavian car rental operations offer customers an opportunity to offset their carbon footprint through the purchase of carbon credits. Invoices reflect the carbon emission during the rental period.

The group is committed to working with its customers to ensure their requirements, including environmental targets and objectives, are fulfilled and their competitive position enhanced.

Important environmental aspects

The group intends to focus aspects which it believes are the most relevant and material given the retail nature and after-market activities of its businesses. These include energy and water consumption and greenhouse gas emissions. Material consumption and waste disposal are also important aspects of focus.

Material consumption would relate primarily to internal commercial activities, whilst waste disposal would include both internal waste as well as waste generated from providing customer solutions.

These aspects will be reviewed on a continual basis to ensure relevance and materiality. Individual operations are encouraged to identify additional aspects that are significant for their particular activities and implement appropriate initiatives in respect thereof.

Barloworld appreciates the link between greenhouse gas emissions (GHG's) and environmental degradation and strives to reduce the carbon footprint of its activities. In order to do so effectively, Barloworld understands that targets must be set, strategies identified, initiatives implemented and results measured.

Practical initiatives to reduce energy consumption are being considered in most operations that not only positively influence carbon emissions but are also commercially sensible due to rising energy costs and increasingly strict legislation.

Barloworld believes that the measurement and control of its emissions is central to its role as a responsible corporate.

Environment (cont.)

Mindful that greenhouse gas emissions contribute of climate change, Barloworld is determined to reduce its carbon footprint.

To this end, the relevant data has been reported over the past four years during which Barloworld has continually improved recording and reporting systems in order to determine an accurate and comprehensive emissions baseline and measurement standards.

During the year it has implemented a structured programme to accurately measure the carbon footprint of its logistics and automotive divisions focussing on their Scope 1 and Scope 2 emissions. It is intended to roll-out this program into the remaining operations during the course of 2009 with the intention of defining an accurate baseline for the group.

Thereafter, reduction targets can be set and a strategy followed to reduce such emissions where possible.

Barloworld's approach in this regard is first to measure, then to implement strategies that address the following areas;

- Avoiding emission producing activities
- Reducing emissions of unavoidable activities
- Switching to appropriate energy reduction technology where feasible
- Off-setting remaining emissions from commercial activities.

Barloworld is also mindful of the carbon emissions generated by the customer solutions provided to their customers and strives to provide its customers with environmentally friendly solutions that reduce environmental damage through incorporating the latest technology available, including fuel efficient vehicles and equipment and, optimised supply chain logistics.

As an additional element of its flexible, value adding, integrated customer solutions, Barloworld anticipates including the opportunity for customers to off-set their greenhouse gas emissions resulting from the use of the provided solution such as vehicles and equipment either rented or hired. This is already provided by its Norway and Sweden car rental operations.

Anti-Corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

In addition to the prevailing legislative environment, internal policies and procedures throughout Barloworld prohibit corrupt behaviour. Criminal behaviour is not tolerated and formal charges are laid against a perpetrator.

The Barloworld Ethics Line ensures the anonymity of any complainant.

Facilitated by legal practitioners, structured sessions take place with group and divisional executives to review all business conduct and ensure compliance with legislation and internal values, standards, policies and procedures.

Induction and other staff training initiatives address these aspects as a component of required and expected behaviour.

An anti-fraud policy is currently being distributed to all staff that are expected to accept and comply with such policy. The policy highlights the group's "Zero Tolerance" towards fraud and corruption and protects employees who raise serious concerns relating to fraud and corruption from victimisation. This approach applies in all regions where the group operates and associated risks are investigated and appropriate measures taken prior to investing in regions where such activity may be more prevalent than in others.

Employees in high risk areas are continually reminded of the group's policy in this regard and advised of the severe consequences of participating in such practices. Employees are encouraged to disclose all attempts of unacceptable conduct, including bribery and corruption and are supported in dealing with such matters.

Barloworld's anonymous Ethics Line initiative may be used in instances where anonymity is preferred.

No funds were paid to political parties during the year and it is not Barloworld's policy to support any political party.

The group and its divisions participate in relevant industry forums and appropriate industry lobbying activity and policy development. These activities are non-political and are commercially motivated.

Extract from Barloworld's Anti-Fraud Policy

SCOPE OF THE POLICY

The policy applies to all attempts and incidents of fraud and corruption impacting or having the potential to impact the Group.

<p><u>Anti-Corruption (cont.)</u></p>	<p>THE POLICY The policy of the Group is zero tolerance to fraud and corruption.</p> <ul style="list-style-type: none"> • In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law, as well as the application of appropriate prevention and detection controls. • Employees who commit an act of fraud will be subject to disciplinary action, up to and including termination with cause. • Where possible and practicable, the Group will pursue full recovery of all losses resulting from an act of fraud.
--	---

3. Measurement of outcomes

Barloworld reports, in greater detail, its progress in its annual financial report. Also included in its 2008 annual financial report are illustrative case studies.

See www.barloworld.com