

United Nations Global Compact**BARLOWORLD LIMITED – COMMUNICATION ON PROGRESS:**

October 2013 to September 2014

1. Statement of continuing support

 **Barloworld**
Leading brands

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Secretary-General
United Nations
New York, NY 10017
USA

Dear Sir

I reiterate our support for the principles of the United Nations Global Compact (UNGC) which addresses human rights, labour rights, environmental stewardship and anti-corruption.

We express our support for the advancement of these principles within our sphere of influence.

We remain committed to ensuring that the spirit and content of the principles are part of the group's values, strategy and daily operations, and continue to make clear statements in this regard to our stakeholders and the public.

We recognise that a key requirement for participation in the UNGC is the annual submission of a Communication on Progress (COP) which is attached and, as in previous years, will be uploaded to your website.

We confirm the details of Barloworld's primary contact for the UNGC below.

Yours sincerely



CB Thomson
Chief Executive

Main point of contact for the UNGC at Barloworld Limited

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M Laubscher SS Mkhabela B Nkonyama SS Mzalaba SB Pfeiffer*** DM Sewela OI Shongwe DC Wilson
Secretary: LP Manaka * (Nigerian) ** (British) *** (German) **** (American)

See Barloworld's responses to GRI G3.1 at www.barloworld.com . Disclosure 1.1 (available from 22nd December 2014)

2. Description of practical actions

Barloworld has prepared an integrated report for its 2014 financial year from 1 October 2013 to 30 September 2014. This together with complementary on-line reports and responses, constitute the group's integrated reporting for 2014. These will be available from 22nd December 2014.

The integrated reporting reflects Barloworld's value creation approach and the appreciation of its responsibility for economic, environmental and social aspects of its activities.

The group's integrated reporting also includes the group response to all components of the Global Reporting Initiative – Sustainability Reporting Guidelines G3.1 (GRI G3.1). The full response is available online at www.barloworld.com. Barloworld's response to GRI G3.1 is aligned with Application Level A+.

In order to ensure alignment and consistency in its description of practical actions in support of the UNGC over the past year and its responses to the GRI G3.1 framework, Barloworld follows the Annex A 'Global Compact (GC) Principles-GRI Indicators Cross Reference Table' contained in the publication *'Making The Connection'* (Global Reporting Initiative and The Global Compact), and has included all its relevant GRI G3.1 responses under the appropriate UNGC 'Issue Areas'. Also referenced is the publication *'Making the Connection: Using the GRI G3.1 Guidelines to Communicate Progress on the UN Global Compact Principles'* (The Global Compact and Global Reporting Initiative) and the GRI Performance Indicators referred to in such document in respect of the respective Global Compact Principles have also been included to ensure completeness.

Issue Area: Human Rights

GC Principles:

- **Principle 1** – Business should support and respect the protection of internationally proclaimed human rights.
- **Principle 2** – Business should make sure that they are not complicit in human rights abuses.

Relevant GRI Indicators:

- Management Approach (see below)
- EC5; LA4, LA6-9, LA13-14; HR1-11; SO1, SO5, SO9-10; PR1-2, PR8 (for responses to these indicators, which cover measurement and progress where appropriate, see the Barloworld 2014 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 22nd December 2014).

Management Approach

The board views the upholding of human rights as an imperative. The board has, therefore, created a social, ethics and transformation committee which is required by South African law to deal with and monitor, among others, issues of human rights.

Barloworld respects human rights. These are central to the group's legitimacy and covered in its Code of Ethics and Worldwide Code of Conduct. The group is a signatory to the UN Global Compact, of which Principles 1 and 2 specifically address this issue. The group Chief Executive has expressed continuing support for the UNGC's 10 Principles.

Internal focus is on work place related human rights which include: health and safety, development, prohibiting unfair discrimination, collective bargaining arrangements and prohibiting child labour. These are addressed through human resources initiatives across the group. The group also recognises and respects personal privacy.

The Barloworld Worldwide Code of Conduct articulates our values and our commitment to uphold human rights, protect the health and safety of others and contribute toward a global environment in which all people can work safely and live healthy, productive lives, now and in the future.

Relevant aspects of the Barloworld Worldwide Code of Conduct include:

- We provide employees with opportunities to develop
- We treat people fairly and prohibit unfair discrimination
- We protect the health and safety of others and ourselves
- We recognise and respect personal privacy.

Applicable aspects from our Code of Ethics are:

- Obey the law
- Respect others
- Be fair.

More specifically within the supply chain, a Supplier Code of Conduct was approved in November 2013 for use throughout the group and includes, among other things, the following voluntary undertaking from suppliers:

“The supplier understands that it has responsibility for its own supply chain and for managing standards of conduct within its supply chain. It therefore agrees to encourage and promote high ethical standards and adherence to international best practices in human rights, health, safety and environmental standards when undertaking its contractual obligations towards Barloworld.”

This statement now replaces the expected standard previously set out in the Ethics and Compliance programme by providing a more specific context and focus on human rights applied within the business operations.

The Supplier Code of Conduct is already in use in some business units and its use will be further expanded going forward as an integral part of our ongoing focus on supplier due diligence initiatives.

Investment and procurement practices

Human rights considerations form part of the group’s screening process for all investment opportunities.

The group’s modus operandi with regard to investments is one where it generally acquires a business in its entirety, or a controlling stake thereof. Workplace related human rights include health and safety, development, prohibiting unfair discrimination, collective bargaining arrangements and prohibiting child labour.

These are covered in the human resources section of the due diligence process for all new investments opportunities. If the transaction proceeds, any gaps identified are then addressed in terms of the group’s values, code of conduct, compliance with applicable legislation, including those frameworks to which it is a signatory. All agreements specifically include clauses covering employees.

While we do not currently have a specific policy on human rights compliance in the supply chain, there are certain standards that are applied throughout the Barloworld group.

Suppliers, service providers and contractors are expected to comply with applicable legislation; they are also expected to comply with their contractual obligations which set certain standards of conduct. The contracts of those not complying would be reviewed and appropriate action taken according to the circumstances.

The group sources the majority of its products from leading global OEMs with established and entrenched human rights policies and practices. Further, by representing leading global Original Equipment Manufacturers (OEMs) and brands, Barloworld participates in supply chains that conform to norms and regulations and that aspire to the highest standards. Where non-conforming suppliers are identified, appropriate action is taken according to the circumstances.

We are also guided by the principles in the Barloworld Worldwide Code of Conduct, our values and ethics and we would apply these in order to take the appropriate action on human rights matters should the case arise, according to the circumstances.

Non-discrimination

A workplace free from unfair discrimination is a fundamental value of the group and is entrenched in its Code of Ethics and Worldwide Code of Conduct. Group processes ensure that any instances of unfair discrimination can be reported and addressed.

Freedom of association and collective bargaining

Collective labour relations are constructively managed on the principle of freedom of association. Employees may associate or not with representative organisations and trade unions. Trade unions sufficiently representative of employees are recognised at appropriate operational levels, and operations covered by industry agreements participate in relevant industry forums.

There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk.

As the group represents leading global principals and suppliers, it is not aware of any suppliers where freedom of association and collective bargaining are at risk.

The group requires that its supply chains conform to its values. Evidence of non-compliance would result in appropriate action being taken according to the circumstances.

Child labour

Barloworld does not have child labour. It is contrary to the group's code of ethics and values.

As the group represents leading global principals and suppliers, it is not aware of any use of child labour in its supply chain nor has it identified any suppliers at risk.

The procurement practices throughout the group are being developed to ensure that its supply chain operates lawfully and conforms to group values. Evidence of non-compliance would result in appropriate action being taken according to the circumstances.

Prevention of forced and compulsory labour

Barloworld does not have forced and compulsory labour. It is contrary to the group's code of ethics and values.

As the group represents leading global principals and suppliers it is not aware of any use of forced and compulsory labour in its supply chains nor has it identified any suppliers at risk.

The procurement practices throughout the group are being developed to ensure its supply chain operates lawfully and conforms to group values. Evidence to the contrary, would result in appropriate action being taken according to the circumstances.

Security practices

Most business units and operations outsource their security arrangements. As with all other suppliers, they are expected to comply with the law.

Barloworld employees who are responsible for security are trained in relevant practices and procedures.

Indigenous rights

Barloworld respects the rights of indigenous people as considered in the GRI definition. As the group represents leading global principals and suppliers, it is not aware of any abuse of indigenous people's rights in its supply chain. The group is developing processes to ensure that its supply chain operates lawfully and conform to its values. Evidence to the contrary would result in appropriate action being taken given the circumstances.

Assessment

Workplace related human rights include health and safety, development, prohibiting unfair discrimination, collective bargaining arrangements and prohibiting child labour.

These are covered in the human resources section of the due diligence process for all new investments opportunities. The group's modus operandi with regard to investments is one where it generally acquires a business in its entirety, or a controlling stake thereof.

During the due diligence process, the targeted entity is assessed, including human resources matters and these include the above mentioned human rights issues. If the transaction proceeds, any gaps identified are then addressed in terms of the group's values, code of conduct, compliance with applicable legislation, including those frameworks to which it is a signatory. All agreements specifically include clauses covering employees.

Suppliers and contractors are expected to comply with legislation and their contractual obligations which set certain required standards of conduct. The contracts of those that do not comply will be reviewed and appropriate action taken according to the circumstances. The group sources most of its products from leading global OEMs with established human rights policies and practices.

Remediation

The group has not needed to make reparations for any human rights violations. Should such a case occur, we would comply with the law and act in accordance with any directive issued.

We would also be guided by the principles in the Barloworld Worldwide Code of Conduct, our values and ethics in order to take the appropriate action on human rights matters should the case arise, according to the circumstances.

Issue Area: Labour

GC Principles:

- **Principle 3** – Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- **Principle 4** – Business should uphold the elimination of all forms of forced and compulsory labour.
- **Principle 5** – Business should uphold the effective abolition of child labour.
- **Principle 6** – Business should uphold the elimination of discrimination in respect of employment and occupation.

Relevant GRI Indicators:

- Management Approach (see below)
- EC5, EC7; LA1-2, LA4-5, LA10, LA12-15; HR1-7; SO5 (for responses to these indicators, which cover measurement and progress where appropriate, see the Barloworld 2014 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 22nd December 2014).

Management Approach**Employment**

Barloworld understands that its employees are the foundation of its success and achieving its 2015³ vision. This is captured in the slogan '2015³.....driven by you'. Accordingly, 'people' is identified as one of our strategic focus areas.

The group is a signatory to the UN Global Compact, of which Principles 3 to 6 specifically address Labour. The group Chief Executive has expressed continuing support for the UNGC's 10 Principles.

One of the group's most vital attributes is creating value through - and for - employees by attracting, developing and retaining globally competitive people necessary to implement our strategy and meet our growth targets.

Specific activities in this regard include developing internal human resources for promotional opportunities through detailed development needs analysis per person, leadership/management development programmes, and continued focus on technical skills upliftment.

We have identified six Critical Success Factors that guide the group in managing its employees. Each of these factors is closely aligned to the value drivers identified in the Integrated Financial Value Model, delivers on the Employee Value Proposition and ensures sustainable intellectual capacity and value creation competence. Through the Learning Organisation, powered by structured team forums and reinforced by our Leadership Behaviours, Worldwide Code of Conduct and Code of Ethics, employees are able to take an active role in reviewing and continuously improving organisational processes, systems and practices and building the organisation of the future. The Critical Success Factors are:

- Clear purpose and direction establishes clarity and alignment and clearly understood and owned at organisational, team and individual level
- Sustainable competence focusing on organisational learning and development of employees
- Talent management focusing on the processes to identify, develop and manage the career paths of employees
- Caring, equitable workplace to support and ensure employees' safety and wellbeing as well as investing in society as a responsible corporate citizen
- Professional climate creating a culture of innovation, ethical leadership, environmental stewardship and good corporate governance
- Performance management at organisational, team and individual levels.

The Learning Organisation is the sustainability platform upon which the six critical success factors are based to deliver on the Employee Value Proposition. The key drivers are information sharing, collaboration, innovation and collective wisdom through structured team forums.

This approach is implemented across the group in a range of interfaces and interventions. An Individual Perception Monitor (IPM) surveys employee attitudes on the status of the six critical success factors. These results are used to identify areas for attention. It has a four point scale and the group target is a rating level of at least three in all business units for all factors. Scores of above three are considered excellent. The IPM survey was run in 2014 in all Divisions except Equipment Iberia.

Labour/management relations

Collective labour relations are constructively managed based on the principle of freedom of association. Employees may associate or not with representative organisations and trade unions. Trade unions that are sufficiently representative of employees are recognised at appropriate operational levels, and operations covered by industry agreements participate in relevant industry forums. There are no operations where the right to exercise freedom of association and collective bargaining is at significant risk.

Employee representatives, including trade unions, worker committees, health and safety committees and industry bodies are openly engaged at appropriate levels in the organisation and in South Africa, work-skills and employment equity forums are established. Similar initiatives take place in the group's Iberian operations.

There are no formal health and safety agreements with trade unions although this aspect is regularly included on the agenda of meetings with management in the various operations. Businesses that operate under industry agreements with unions are covered to the extent that these issues are addressed at industry level.

Occupational health and safety

The group has a philosophy of 'zero injuries or harm' to employees. Business units operate under a strict divisional risk management audit protocol incorporating health and safety.

Occupational health and safety (OHS) standards are covered by prevailing legislation.

OHS is the direct responsibility of divisional Chief Executive Officers (CEOs). Formal health and safety committees with management and worker representatives cover all South African staff and the majority of staff in all other operations. Equipment Russia are implementing such committees. Regional laws cover staff in our operations including Iberia, UK, Russia, and the United States of America.

In addition to quarterly SHE reports, Health and safety reporting is reviewed on a bi-annual basis by the Risk and Sustainability Committee, a sub-committee of the board.

Operations are encouraged to start all meetings with a safety message (or "safety moment").

Training and education

Value creation through and for employees by attracting, developing and retaining globally competitive people is necessary to implement the group's strategy and meet its growth targets. This remains one of the group's most vital attributes. Specific activities include developing internal human resources for promotional opportunities through detailed development needs analysis per person, leadership/management development programmes, and a continued focus on technical skills upliftment.

Barloworld recognises that achieving its vision and sustainable value-creation objectives rests on the ability of its people. Having the right calibre of employees, which covers attracting, developing and retaining talented and globally competitive employees, is central to ensuring competence and intellectual capital in the group.

This objective is achieved through focused talent identification, recruitment, individual employee development plans, career-paths, training and development programmes, competitive reward systems and careful succession planning.

Diversity and equal opportunity

Whilst great progress has been made, empowerment and transformation remains a key focus area for Barloworld and continues to be central to our success. We understand that equity is central to achieving equal opportunities and the principle is applied fairly and justly. Equally, we value the competitive advantage inherent in a diverse workforce and are committed to an employee complement that reflects the demographics of the countries in which we operate.

Central tenets of the group's approach to equality include:

- Prohibition of unfair discrimination on the grounds of gender, race, religion, disability or sexual preference
- Proactive pursuit of programmes and initiatives to achieve our equality objectives
- Complying with legislation in all countries in which it operates
- Identification and elimination of employment barriers which unfairly discriminate

By identifying empowerment and transformation as a strategic focus area, we ensure group and individual commitment to equality in the workplace across all operations.

Race, gender and disability are addressed in employment equity, transformation and empowerment targets in South Africa in line with legislation. Localisation and gender objectives are set in non-South African operations. Required employment equity plans and progress reports are submitted in South Africa and other southern African countries. These plans set out employment targets that address race, gender and disability.

In South Africa, Barloworld follows the Department of Trade and Industry's (dti's) Broad-Based Black Economic Empowerment (B-BBEE) scorecard with the target for all South African operations to achieve a level 2 or 3.

Equal remuneration for women and men

Remuneration and employee benefits are attractive, well-structured and competitive. All remuneration and employee benefits are aligned with legislation. Remuneration practices are regularly reviewed and the group is committed to removing unfair discrimination in pay scales. In South Africa, pay differentials are disclosed in terms of employment equity legislation.

Male and female income levels are continually reviewed and unfair anomalies are addressed.

We have implemented the Towers Watson global grading system in all operations, and our positions are graded accordingly. Wage and salary levels are benchmarked by country and category. This ensures equity and non-discrimination in remuneration practices.

Issue Area: Environment

GC Principles:

- **Principle 7** – Business should support a precautionary approach to environmental challenges.
- **Principle 8** – Business should undertake initiatives to promote greater environmental responsibility.
- **Principle 9** – Business should encourage the development and diffusion of environmentally friendly technologies.

Relevant GRI Indicators:

- Management Approach (see below)
- EC2; EN1-30; SO5; PR3-4 (for responses to these indicators, which cover measurement and progress where appropriate, see the Barloworld 2014 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 22nd December 2014).

Management Approach**Overall**

The group's strategic intent is to develop products and services to capitalise on emerging sustainable business opportunities, realise cost savings through energy efficiency and other sustainable business practices as well as enhance Barloworld's reputation by leading in sustainable development.

We are committed to providing leading customer solutions that address environmental stewardship and customer competitiveness and adopt a similar approach to our internal operations. This is incorporated into strategy and addressed by:

- An integrated management approach entrenching accountability for economic, environmental and social activities in each of our businesses
- An aspirational group target of a 12% efficiency improvement in non-renewable energy and greenhouse gas (GHG) emissions (scope 1 and 2) efficiency by the end of our 2014 financial year off a 2009 baseline. A new aspirational group target of a 2% efficiency improvement for these aspects has been set for our 2015FY against a business as usual perspective (tracking revenue as a proxy for business activity) and off a 2014 baseline. This will allow the group to align its subsequent target period with its strategic period being 2016 to 2020.
- Minimise our carbon footprint and off-set where appropriate to achieve a carbon-neutral status
- Provide solutions that create value for our customers by assisting them to achieve their sustainable development objectives
- Identify and pursue emerging sustainable business opportunities as well as cost-saving opportunities
- Integrated sustainability reporting ensuring credibility, transparency, completeness and comparability.

The group is a signatory to the UN Global Compact, of which Principles 7 to 9 specifically address the Environment. The group Chief Executive has expressed continuing support for the UNGC's 10 Principles.

The methods and means of environmental reporting are constantly being enhanced to ensure we are leading in this aspect of our business. It is anticipated that our enhanced data measurement and management will improve day-to-day management and monitoring of environmental issues.

Our reporting systems have been assured by both internal and external audit (Deloitte).

The group's internal audit function continues to be involved in the assurance process for non-financial data, particularly of fuel, water and electricity data. During the year the Equipment southern Africa, Equipment Russia (Vostochnaya Technica) and Handling South Africa divisions were formally reviewed by the group's internal audit function. The principal issue centred on the structure of the data collection process. This has been addressed by ensuring this data is collected on the financial reporting platform.

None of the operations listed above have scored below a 'Satisfactory' internal audit rating, which provides management with added confidence that reporting systems are functioning as intended with sound controls around completeness and accuracy. Recommendations made have been mostly implemented to further improve the data collection and reporting process.

In addition to the above assurance engagements, the group's internal audit function also conducted two consulting engagements in our South African operations, one of which was at Avis Rent a Car and the other at Avis Fleet Services.

To assist the group in preparing a credible and accurate integrated report, an assurance matrix continues to be developed which maps the content of the integrated report against a number of assurance standards and indicates responsibility for applying each of the standards. Still in its infancy, the matrix will assist the Audit Committee in fulfilling its responsibility for overseeing the group's integrated reporting, as defined by the King III principles.

External auditors provide assurance over reporting of material aspects as agreed with the Audit Committee. This review is conducted in line with the ISAE 3000 standards.

Materials

Materials are sourced from Original Equipment Manufacturers (OEMs) and other suppliers and used to support the retail and service nature of the group's operations. Materials that have a high impact on the environment are monitored.

The group remains committed to reporting material use by weight to ensure consistency and comparability.

As Barloworld predominantly represents OEMs and principals, opportunities for using recycled materials are limited. Re-treaded tyres are the most significant in this regard. Barloworld Equipment has significant rebuild and remanufacture facilities in Russia and South Africa which provide extended and multiple lives to equipment and components reducing the demand for new materials as well as reducing waste volumes.

Energy

As a responsible corporate citizen and aligned with global imperatives, in 2009 the group had set an aspirational target of a 12% efficiency improvement in its non-renewable energy consumption by the end of this 2014 financial year, off a 2009 baseline.

The majority of our operations have performed ahead of our group aspirational 12% efficiency improvement target for non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) set for the end of this financial year off a 2009 baseline. However, our overall group target was not achieved due mainly to a number of investments made in logistics road transport business which has higher energy and emissions compared to our other businesses.

Nonetheless our target focussed attention and prompted relevant initiatives which benefitted the group over the past five years and will continue to do so into the future. In order to maintain this momentum, we have set another aspirational group target of a 2% efficiency improvement against a business as usual perspective (tracking revenue as a proxy for business activity) for our non-renewable energy consumption and related greenhouse gas emissions (scope 1 and 2) for end of our 2015 financial year off a 2014 baseline year.

This will allow the group to align its subsequent target period to its strategic period being 2016 to 2020.

At 2014FYE, the group energy intensity was 47.6, which is 27% worse than its aspirational energy intensity target of 37.5.

Benefits include mitigating rapidly rising costs, particularly electricity in South Africa, organisational resilience and the associated need to reduce greenhouse gas emissions.

These are entrenched in the group's strategic planning processes and operations. The group focuses on reducing energy consumption, mainly in the form of electricity and fuel for vehicles. In terms of the former, the group's divisions and their operations have a range of initiatives to reduce consumption spanning timers on light switches to more energy efficient building designs - in short, any measure that will reduce consumption and cost. In terms of fuel consumption, vehicles are recent models with the latest engines designed to use less fuel and emit less pollutants.

Regular maintenance ensures that engines run optimally and consume less fuel. The group also sources products from its OEMs with the latest fuel saving technologies.

Divisions utilise the skills and resources within their respective operations to assist in identifying and maximising efficiency opportunities internally within the group.

Water

Barloworld is committed to being a responsible custodian of water by measuring, monitoring, managing and reporting its water use as standard business practice and, and if necessary, proactively implementing initiatives that conserve water or mitigate the effects of its use for business operations.

The group recognises that water is an increasingly scarce and critical global resource. Although none of its operations are particularly water intensive, Barloworld is committed to more efficient water consumption through reduced use, increased recycling and water-harvesting initiatives.

Through these initiatives, the group strives to minimise the risk of any future water constraints and realise the commercial benefits of effective and efficient water usage.

Barloworld will continue to assess the physical, regulatory and reputational risks associated with water use and, where feasible, adapt its operations, processes and procedures accordingly. It will also pursue identified opportunities.

The group endeavours to reduce consumption through a range of water savings measures and technologies throughout its divisions. These must make economic sense before being implemented but, where commercially sensible, including enhanced resilience, the group would typically adopt them.

Where water-savings technologies are part of the group's product offerings, these new products are added to the group's portfolio. The main users of water in the group are motor retail operations, vehicle hire companies such as Avis and the trucks in the logistics operations. The group completed the 2014 CDP Water Disclosure for use as a tool to understand its water use, identify associated risks and opportunities, contribute to general knowledge and global database, and identify further interventions to reduce consumption.

Biodiversity

Barloworld's operations do not have a material direct impact on biodiversity. This is due to the mainly urban location of its operations and the nature of its business. As such, an approach to managing biodiversity is not required as it would be for a mining company, for example. Despite this, the group's impact on biodiversity will continue to be monitored and should this necessitate a response, strategy will be developed and implemented.

However, if one of our suppliers was judged to have had a severe impact on an area of high biodiversity value, and therefore be in breach of Barloworld's own code of ethics, the group would consider an appropriate response.

Emissions, effluents and waste

Indirectly we reduce emissions by using less electricity and, directly, by using fuel more efficiently in our vehicles as well as in our building heating ventilation and cooling systems. In line with our aspirational non-renewable energy efficiency improvement target, in 2009 the group had set an aspirational target of a 12% efficiency improvement in its greenhouse gas emissions (scope 1 and 2) by the end of this 2014 financial year, off a 2009 baseline.

The majority of our operations have performed ahead of our group aspirational 12% efficiency improvement target for non-renewable energy consumption and greenhouse gas emissions (scope 1 and 2) set for the end of this financial year off a 2009 baseline. However, our overall group target was not achieved due mainly to a number of investments made in logistics road transport business which has higher energy and emissions compared to our other businesses.

Nonetheless our targets focussed attention and prompted relevant initiatives which benefitted the group over the past five years and will continue to do so into the future. In order to maintain this momentum, we have set another aspirational group target of a 2% efficiency improvement against a business as usual perspective for our non-renewable energy consumption and related greenhouse gas emissions (scope 1 and 2) for end of our 2015 financial year off a 2014 baseline year against a business as usual scenario that again tracks revenue as a proxy for business activity.

This will allow the group to align its subsequent target period to its strategic period being 2016 to 2020.

At 2014FYE, the group GHG emission (scope 1 and 2) intensity was 4.4, which is 10% worse than its aspirational emission intensity target of 4.0.

The group has implemented a wide range of energy-reduction initiatives to reduce GHG emissions. These include communication, monitoring and reporting as well as operational initiatives such as the efficient maintenance of vehicle fleets using the latest clean-engine technologies from OEMs.

Avis RAC South Africa's customer rental emissions generated are classified as scope 3 emissions and have been disclosed from our 2010 financial year. These emissions have been expanded to cover rental fleets from other operations during the 2014 financial period. While the expanded reporting has resulted in more complete data being reported internally, these are not included in the disclosed scope 3 – rental fleet emissions data. Barloworld's internal audit department is reviewing the reporting processes to ensure assertions around accuracy and completeness are adequately addressed prior to disclosure.

Emissions identified by Barloworld include carbon dioxide, nitrous oxide and methane from combustion of petrol and diesel in trucks, machinery and equipment and vehicles, and from purchasing electricity. This is in line with the nature of our operations and the sources of our emissions. There are no significant ozone depleting substances as emissions sources in Barloworld's operations.

Barloworld does have other non-Kyoto protocol greenhouse gas emissions sources, namely oxides of nitrogen (NOx) and oxides of sulphur (SOx), given the nature of its automotive operations. Measures to mitigate these non-greenhouse gas emissions rely on consumption of low sulphur fuels and advanced engine technology for cleaner fuel combustion. These measures are outside the control of Barloworld although they are adopted and used internally where feasible.

Effluents emanate from cleaning plant, equipment and vehicles. All effluent is cleaned of pollutants and clean water discharged into municipal reticulation systems. Waste material is disposed of through legitimate contractors at certified waste disposal facilities.

The group does not generate significant volumes of waste. Both hazardous and non-hazardous waste streams are monitored by type, volume, disposal method and destination. The group is committed to reporting all waste by weight or volume to ensure consistency and comparability.

A critical aspect of the group's waste management and product life-cycle stewardship addresses extended product use. This includes ensuring products have a number of useful lives, facilitated in part through our remanufacture and rebuild programmes.

The group completed the 2014 CDP Climate Change Disclosure for use as a tool to understand its carbon footprint, identify associated risks and opportunities, contribute to general knowledge and global database, and identify further interventions to reduce emissions.

During the current target period (2010-2014), the group has continued to use the 2009 energy and emission conversion factors to avoid any impact in the resultant energy and emissions from a change in factors. It is anticipated that the same conversion factors will be utilised for the 2015 financial period after which consideration will be given to update these.

Products and services

Barloworld recognises the environmental impact of its customer solutions and, supported by its principals, is committed to providing leading products and solutions that foster environmental stewardship. The group works with its Original Equipment Manufacturers (OEMs) to ensure customers' sustainability objectives are met and their competitive position enhanced.

Represented OEMs focus on improving the life-cycle environmental footprint of products that the group offers to customers.

Energy and emission efficiencies as well as product disposal are core aspects being addressed.

The group does not manufacture or extract as part of its operation. It transports items through its logistics operations where it endeavours to plan routes to minimise energy consumption and greenhouse gas emissions. The group communicates to its suppliers information on the latest sustainability technologies and interacts with principals on customers' requirements for product safety and environmental stewardship.

As part of its customer offerings Avis Rent a Car provides emissions data on its rental invoices. This promotes awareness to customers of their environmental footprint and enables emissions reporting for corporate clients.

Compliance

Entrenched in our Code of Ethics and Worldwide Code of Conduct is the requirement to 'Obey the law' and 'Protect the environment'. This is regarded as the minimum requirement and the group strives to conduct its operations as a responsible corporate citizen. Where possible, we also participate in the formulation of responses to draft policy and legislation.

Transport

Aside from emissions caused by air-travel and business vehicle trips, the group is aware of the potential for accidents as a result of transportation. The group strives to operate modern fleets using the latest technologies as well as to provide appropriate driver training and development, to maximise safety aspects and minimise fuel consumption and emissions.

Drivecam and Drive Smart systems have been implemented in our Logistics fleet that assists in managing both driver and public safety.

Issue Area: Anti-corruption

GC Principles:

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

Relevant GRI Indicators:

- Management Approach (see below)
- SO2-6 (for responses to these indicators, which cover measurement and progress where appropriate, see the Barloworld 2014 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 22nd December 2014).

Management Approach

Barloworld is fully committed to preventing dishonest, corrupt and illegal conduct. This is central to its Code of Ethics, the Barloworld Worldwide Code of Conduct and reflected in policies and practices in the group that prohibit corrupt behaviour. This approach applies to all business units and regions where the group operates. Risks are investigated prior to investing in regions where such practices may be more prevalent.

We address all reported allegations and other reports of potential impropriety, breach of the law or breach of Barloworld policy and deal with all cases as appropriate to the circumstances

The group is a signatory to the UN Global Compact of which Principle 10 addresses corruption. The group Chief Executive has expressed continuing support for the UNGC's 10 Principles.

Criminal behaviour is not tolerated and formal charges are laid against perpetrators. Internal proceedings are instituted against perpetrators who will be dismissed if found to have participated in unacceptable conduct.

The group's risk management approach covers all operations and risks associated with corrupt and dishonest behaviour. These are analysed and assessed as part of the risk management process.

Induction and other staff training programmes address expected behaviour in terms of the company's ethics, codes, policies and procedures. Ongoing communication through employee handbooks, letters of appointment, management briefings and structured team forum meetings reinforce our commitment to our values and expected behaviour. New employees participate in induction training and orientation.

There are processes in the group to review compliance with legislation, company ethics, codes and policies.

In addition to our Code of Ethics, the Barloworld Worldwide Code of Conduct and Anti-Fraud Policy, the Barloworld policies on Anti-Bribery and Corruption, Gifts and Hospitality and Due Diligence of Third Party Service Providers are implemented across the group and employees are required to comply.

It is the responsibility of the ethics and compliance managers throughout the group to ensure that the Barloworld Group Ethics and Compliance programme is implemented throughout all operations and regions.

To ensure that conflicts of interest are avoided, employees are required to formally declare any direct or indirect interests in contracts and/or businesses. Barloworld board members and divisional executives are also required to disclose conflicts of interest and gifts received are recorded in gift registers. This also applies to trustees of the group's retirement and medical aid funds.

3. Measurement of outcomes

Barloworld reports its performance information and progress in its 2014 Integrated Report and other complementary reports and responses, such as its responses to the GRI G3.1 guidelines, which are available on-line.

As indicated in section 2 hereof (Description of practical actions), the GRI indicators referenced in the respective Issues Areas cover measurement and progress where appropriate, as do various sections contained in Barloworld's 2014 Integrated Report.

These will be available from 22nd December 2014. Also included in Barloworld's 2014 Integrated Report are illustrative case studies.

Barloworld's response to GRI G3.1 is aligned with Application Level A+. This is with reference to the information disclosed in the printed Barloworld 2014 Integrated Report and the information provided in other supplementary documents as well as the other information available on its website.

A GRI G3.1 Content Index which references the GRI's G3.1 disclosures, indicators, and management approaches to the appropriate information in the Barloworld 2014 Integrated Report and supplementary documents, as well as links to all Barloworld's online GRI responses, will be available on the group's website at www.barloworld.com.

The above reports and information will be available at www.barloworld.com from 22nd December 2014.