



Barloworld
Leading brands

A WORLD INSPIRED



United Nations Global Compact
Barloworld Limited
Communication on Progress
October 2014 to September 2015

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1. Statement of continuing support

 Barloworld <i>Leading brands</i>	<p>Barloworld Limited 180 Katharine Street Sandton PO Box 782248 Sandton 2146 South Africa</p> <p>Tel +27 (0)11 445 1000 Fax +27 (0)11 444 3643 www.barloworld.com</p> <p>Reg No 1916/00005/06 Type Registration Number TPREG0065G4U</p>
<p>9 December 2015</p> <p>Secretary-General United Nations New York, NY 10017 USA</p> <p>Dear Sir</p> <p>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.</p> <p>We express our support for the advancement of these principles within our sphere of influence.</p> <p>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.</p> <p>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.</p> <p>We confirm the details of Barloworld's primary contact for the UNGC below.</p> <p>Yours sincerely</p>  <p>CB Thomson Chief Executive</p> <p>Main point of contact for the UNGC at Barloworld Limited</p> <p>Title: Mr Name: Christopher Surname: Whitaker Position: Executive: Strategy and Sustainability E-Mail address: christopherW@barloworld.com Telephone: +27 11 445 1000 Postal address: PO Box 782248, Sandton, South Africa, 2146</p> <p><small>Directors: DB Ntsebeza (Chairman) CB Thomson (Chief Executive) PJ Blackbeard PJ Buteman NP Dongemane NO Edozien* AGK Hamilton* A Landis** SS Mkhabela B Njoyana SS Ncaluze SB Pfeiffer*** DM Seesela OI Shongwe DG Wilson Secretary: LP Maraka * (Nigerian) ** (British) *** (German) **** (American)</small></p>	

See Barloworld's responses to GRI G3.1 at www.barloworld.com . Disclosure 1.1 (available from 21st December 2015)

2. Description of practical actions

Barloworld has prepared an integrated report for its 2015 financial year from 1 October 2014 to 30 September 2015. This together with complementary on-line reports and responses, constitute the group's integrated reporting for 2015. These will be available from 21st December 2015.

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 Content Index and full response is available online at www.barloworld.com. Barloworld's response to GRI G3.1 is aligned with Application Level A+. We are aware of the transition to the GRI G4 reporting framework and in our GRI Content Index we have, where relevant, mapped our G3.1 responses to GRI G4 for ease of reference.

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 – The GRI Guidelines and the UNGC Communication on Progress*' (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.

a. 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 2015 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 21st December 2015).

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 Human Rights.

The group Chief Executive has expressed continuing support for the UNGC's 10 Principles (see GRI 1.1, Barloworld Sustainable Development – Chief Executive's message, and Barloworld's 2015 COP). 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 respect and contribute to the realisation of human rights
- 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.
- We build outstanding long-term relationships with our principals , suppliers and customers

Applicable aspects from our Code of Ethics are:

- Obey the law
- Respect others
- Be Fair.

This commitment carried into our supply-chain through our Worldwide Conduct, the applicable aspects are:

- Teamwork Value includes:
 - **We build outstanding long-term relationships with our principals, suppliers and customers:** ...*'We expect our suppliers to comply with the sound business practices we embrace, following the law and conduct activities in a manner that respects human rights'*
- Commitment Value includes:
 - **We respect and contribute to the realisation of human rights:** *'Barloworld has a long-standing commitment to human rights and the dignity of all people. We create a work environment that recognises the rights of employees so that we can all enjoy a workplace that is respectful, puts safety first and values fairness, responsibility, transparency and diversity. We work with principals and suppliers who also demonstrate strong values and ethical principles and avoid those who violate the law or fail to comply with the sound business practices we promote.'*

Third party service providers and suppliers (TPSP&S) in all business divisions have been subjected to a risk assessment and due-diligence process in relation to bribery and corruption.

This due diligence process involves the integration a more rigorous screening of TPSP&S into the existing procurement processes and setting clearly defined minimum requirements.

This process is now applied to new TPSP&S and is ongoing for existing TPSP&S, in accordance with the Barloworld due diligence policy. To date some 16 500 suppliers are being covered by such assessment.

As part of this process, some 3 330 suppliers have signed the Barloworld Supplier Code of Conduct which 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."

The Supplier code of conduct also specifically prohibits the use of compulsory or child labour as well as unfair discrimination, and requires freedom of association and the right to collective bargaining.

An internal review has also been conducted on all our major principals and Original Equipment Manufacturers for risks relating to human rights or labour practices, and there were no adverse findings and all have a low risk rating. These suppliers account for the majority (some 70%) of our procurement spend in the group.

Investment and procurement practices

Human rights considerations form part of the group's due diligence 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.

Our approach to Human rights compliance in our supply-chain is reflected in our Worldwide Code of Conduct as set out above.

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 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.

Our Barloworld Worldwide Code of Conducts includes the following under the Value of 'Commitment'

We make responsible ownership and investment decisions – Barloworld investments must be compatible with social and economic priorities, local laws, customs and traditions of the countries where we do business. In all cases, our conduct should promote acceptance and respect for our company. We also expect that our host countries will recognise the need for stability, growth and business success and that they will honour their agreements, including those relating to rights and properties of citizens of other nations.

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 Worldwide Code of Conduct, our values and ethics.

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.

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. 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 Worldwide Code of Conduct, our values and ethics.

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.

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. 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 that 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. 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. 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.

Third party service providers and suppliers (TPSP&S) in all business divisions have been subjected to a risk assessment and due-diligence process in relation to bribery and corruption. This due diligence process involves the integration a more rigorous screening of TPSP&S into the existing procurement processes and setting clearly defined minimum requirements. This process is now applied to new TPSP&S and is ongoing for existing TPSP&S, in accordance with the Barloworld due diligence policy. To date some 16 500 suppliers are being covered in such assessment. As part of this process, some 3 330 suppliers have signed the Barloworld Supplier Code of Conduct which 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."

The code also specifically states:

"The supplier may not directly or indirectly use any form of forced or compulsory labour or child labour. The supplier shall not employ children under the age of 15. (Note: Amend this age to conform to local labour law where applicable.)

Where applicable, the supplier should ensure that all employees are permitted to participate in collective bargaining, without fear of intimidation or reprisal and be free to choose whether or not to do so.

The supplier should promote diversity and may not discriminate in employment and occupation on such grounds as race, religion, disability, national origin, colour, gender, sexual orientation, age and/or physical or mental disability, or other unfair discrimination."

An internal review has also been conducted on all our major principals and Original Equipment Manufacturers for risks relating to human rights, with no adverse findings and all have a low risk rating. These are significant suppliers and account for the majority (some 70%) of our procurement spend in the group.

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.

Reporting of human rights violations and grievance mechanisms

The Barloworld Whistleblowing policy sets out procedures for reporting improprieties or improper conduct so that the rights of employees and other associated persons are protected where such disclosures are made in good faith.

Barloworld's Worldwide Code of Conduct specifically covers process for reporting violations of the code. It includes an anonymous Barloworld Ethics Line, and provides assurance that the group does not tolerate any reprisals against an employee for raising a concern or making a report in good faith.

Coverage

Responses to the indicators cover the performance of Barloworld Limited in all the geographic regions in which the Barloworld group and its subsidiaries operate. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Associates and joint ventures are equity accounted.

b. 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 2015 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 21st December 2015).

Management Approach

Employment

Barloworld understands that its employees are the foundation of its success and achieving its ²⁰²⁰ vision. 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 (see GRI 1.1, Barloworld Sustainable Development – Chief Executive's message and Barloworld's 2015 COP).

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 Employee 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. Although the Group require the IPM survey to be run every second year, the majority of the Divisions elected to run the survey in 2015 except Equipment southern Africa.

Material aspects

The Barloworld Integrated Employee Value Model sets out key aspects of our approach to People management:

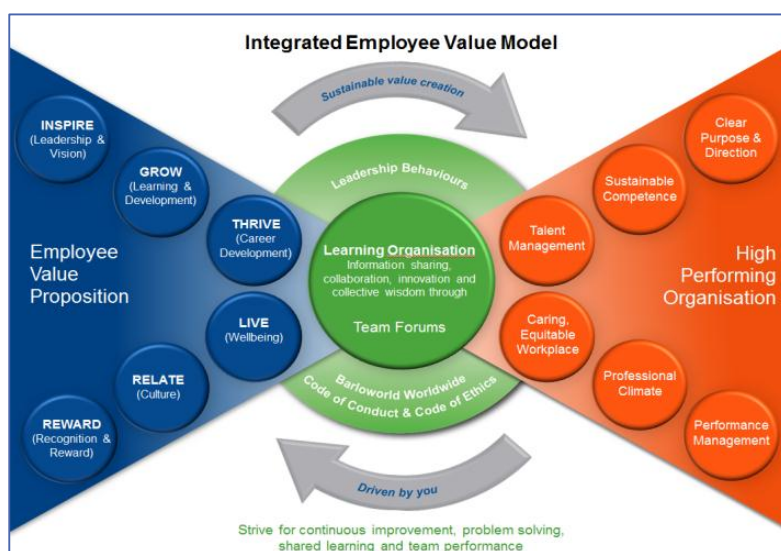


Figure 1: Barloworld Integrated Employee Value Model (IEVM)

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.

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

Barloworld remains committed to building a workforce which reflects the communities in which we operate. As a world-class organisation with a broad array of stakeholders, we believe that diversity is what helps maintain our winning edge. Within all areas of our business we strive to create an inclusive talent pool, one which taps into the vast potential found across races, genders, sexual orientations and other demographics.

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, age or sexual orientation
- 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 in accordance with local demographics and legislation. 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 3 or higher according to the previous B-BBEE Codes of Good Practice.

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.

Supply-chain labour practice assessment

This commitment carried into our supply-chain through our Worldwide Conduct, the applicable aspects are:

- Teamwork Value includes:
 - **We build outstanding long-term relationships with our principals, suppliers and customers:** ...*'We expect our suppliers to comply with the sound business practices we embrace, following the law and conduct activities in a manner that respects human rights'*
- Commitment Value includes:
 - **We respect and contribute to the realisation of human rights:** *'Barloworld has a long-standing commitment to human rights and the dignity of all people. We create a work environment that recognises the rights of employees so that we can all enjoy a workplace that is respectful, puts safety first and values fairness, responsibility, transparency and diversity. We work with principals and suppliers who also demonstrate strong values and ethical principles and avoid those who violate the law or fail to comply with the sound business practices we promote.'*

Third party service providers and suppliers (TPSP&S) in all business divisions have been subjected to a risk assessment and due-diligence process in relation to bribery and corruption. This due diligence process involves the integration a more rigorous screening of TPSP&S into the existing procurement processes and setting clearly defined minimum requirements. This process is now applied to new TPSP&S and is ongoing for existing TPSP&S, in accordance with the Barloworld due diligence policy. To date some 16 500 suppliers are being covered in such assessment. As part of this process, some 3 330 suppliers have signed the Barloworld Supplier Code of Conduct which 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."

The Supplier code of conduct also specifically prohibits the use of compulsory or child labour as well as unfair discrimination, and requires freedom of association and the right to collective bargaining.

An internal review has also been conducted on all our major principals and Original Equipment Manufacturers for risks relating to human rights or labour practices, and there were no adverse findings and all have a low risk rating. These suppliers account for the majority (some 70%) of our procurement spend in the group.

Reporting of labour practices violations and grievance mechanisms

The Barloworld Whistleblowing policy sets out procedures for reporting improprieties or improper conduct so that the rights of employees and other associated persons are protected where such disclosures are made in good faith.

All operations have well established disciplinary and grievance procedures in place. These are formal, documented and easily accessible to all employees. They allow inter alia: for employees subject to these codes to be represented, and the right to a fair hearing.

In addition, Barloworld's Worldwide Code of Conduct specifically covers process for reporting violations of the code. It includes an anonymous Barloworld Ethics Line, and provides assurance that the group does not tolerate any reprisals against an employee for raising a concern or making a report in good faith.

Coverage

Responses to the indicators cover the performance of Barloworld Limited in all the geographic regions in which the Barloworld group and its subsidiaries operate. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Associates and joint ventures are equity accounted.

c. 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 2015 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 21st December 2015).

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 interim aspirational group target of a 2% efficiency improvement in non-renewable energy and greenhouse gas (GHG) emissions (scope 1 and 2) efficiency by the end of our 2015 financial year, off a 2014 baseline against a business as usual scenario that again tracks revenue as a proxy for business activity. This interim one-year target allowed the group to align its subsequent target period to its medium term strategic period of 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 (see GRI 1.1, Barloworld Sustainable Development – Chief Executive's message and Barloworld's 2015 COP).

The methods and means of environmental reporting are constantly being evaluated and enhanced where appropriate to ensure we are leading in this aspect of our business. Two systems implementations were embarked on in the current reporting period. These will enhance data integrity, governance and the efficiency of current reporting processes as well as allow for greater integration between financial and non-financial reporting aspects within the group which support our integrated management approach. It is anticipated that our enhanced data measurement and management will improve day-to-day management and monitoring of environmental issues.

Our current reporting systems have been assured by both internal and external audit (Deloitte). Both assurance providers are involved in the above-mentioned systems implementation to ensure integration of adequate governance processes and controls within the systems.

The group's internal audit function continues to be involved in the assurance process for non-financial data, particularly of fuel, water, electricity and safety data. During the year the Equipment southern Africa, Equipment Russia (Vostochnaya Technica), and Handling Agriculture 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.

Exceptions noted in the above reviews have been tabled to the respective management teams and at the group Audit Committee. Management have undertaken to implement the necessary mitigation to eliminate or reduce to a satisfactory level, the risk/s associated with identified control weaknesses.

In addition to the above assurance engagements, the group's internal audit function also conducted two follow-up 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 credible and accurate integrated reporting, Internal Audit prepared an Assurance Matrix which reflects the assurance status of various aspects addressed in the group's integrated reporting.

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 indicators as agreed with the Audit Committee. This review is conducted in line with the ISAE 3000 standards.

Mindful of our responsibilities in our value chain, a number of initiatives have been implemented to assess and limit any potential risks emanating through our supply chain. We have assessed our principals that account for the majority (some 70%) of our procurement spend, for environmental, labour, human rights, bribery and corruption, and corporate citizenship risks.

Save for the area of concern reflected below, the remainder have been assessed as low risk rating. We are aware of the well-publicised Volkswagen and Audi emission issues affecting customers internationally. We recognise the associated risks and are engaging with our principal. The Volkswagen and Audi vehicles sold by us in our dealership territories meet local emissions compliance standards, and our operations have consequently not been directly impacted. We regret any anxiety or uncertainty our customers, or any other stakeholders, may have experienced because of this matter.

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 2014 Barloworld set an interim aspirational group target of a 2% efficiency improvement in its non-renewable energy consumption by the end of this 2015 financial year, off a 2014 baseline, against a business as usual scenario that again tracks revenue as a proxy for business activity.

This interim one-year target allowed the group to align its subsequent target period to its medium-term strategic period of 2016 to 2020. In addition to the efficiency improvement target set for the end of 2020, the group has also set a target for renewable energy consumption over the same period.

The group did not achieve its aspirational 2% efficiency improvement target for non-renewable energy due to growing operations with relatively high intensity levels as well as base consumption patterns of businesses with decreased activity levels during the period.

At 2015FYE, the group energy intensity was 49.8 (GJ/Rm revenue), which is 7% behind its aspirational energy intensity target of 46.6 (GJ/Rm revenue).

The targets have nonetheless presented the group with benefits which include mitigating rapidly rising costs, particularly electricity in South Africa, (including related 'pass-through' costs), 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 improving the efficiency of non-renewable 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 switchers to more energy efficient building designs – in short, any measure that will reduce consumption and cost. Some divisions are now considering alternate energy sources, having sufficiently reduced their non-renewable energy consumption. In terms of fuel consumption, vehicles are recent models with the latest engines designed to use less fuel and emit less pollutants. At an operational level, the efficiency of related fleets are monitored against the most appropriate drivers and indicators.

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, where 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 Budget and the trucks in the logistics operations. The group completed the 2015 CDP Water disclosure for use as a tool to understand its water use, identify associated risks and opportunities, contribute to general knowledge and global databases, and identify further interventions to reduce consumption.

Barloworld is committed to responsible water stewardship with group aspirational 2020 targets set.

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, a 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 (HVAC). In line with our interim group aspirational non-renewable energy efficiency improvement target, the group had set an interim aspirational target of a 2% efficiency improvement in its greenhouse gas emissions (GHG) (scope 1 and 2) by the end of this 2015 financial year, off a 2014 baseline, against a business as usual scenario that again tracks revenue as a proxy for business activity.

This interim one-year target allowed the group to align its subsequent target period to its medium-term strategic period of 2016 to 2020. In addition to the efficiency improvement target set for the end of 2020, the group has also set a target for renewable energy consumption over the same period which will also positively impact greenhouse gas emissions.

The group did not achieve its aspirational 2% efficiency improvement target for greenhouse gas emissions (scope 1 and 2) due to growing operations with relatively high intensity levels as well as base consumption patterns of businesses with decreased activity levels during the period.

At 2015FYE, the group GHG emission (scope 1 and 2) intensity was 4.6 (tCO₂e/Rm revenue), which is 7% worse than its aspirational emission intensity target of 4.3 (tCO₂e/Rm revenue).

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. Other initiatives include the installation of renewable energy and the purchase of carbon credits within certain operations.

Car Rental 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 2013 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 in the current reporting period. Barloworld's internal audit department has reviewed the reporting processes to ensure assertions around accuracy and completeness are adequately addressed. The review has identified some recommendations which management are in the process of implementing, prior to disclosure.

Emissions identified by Barloworld include carbon dioxide, nitrous oxide and methane from combustion of petrol and diesel in trucks, machinery, 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 (NO_x) and oxides of sulphur (SO_x), 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 vehicles, plant and equipment. All effluent is cleaned of pollutants and clean water discharged into municipal reticulation systems. The group endeavours to dispose of waste materials through legitimate contractors at certified waste disposal facilities.

Barloworld is committed to responsible waste management, including disposal, with group aspirational 2020 targets set. Our Worldwide Code of Conduct addresses this under our value of Sustainability: *We focus on environmental responsibility and preventing waste.*

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 2015 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.

Mindful of our responsibilities in our value chain and a number of initiatives have been implemented to assess and limit any potential risks emanating through our supply chain. We have assessed our principals that account for the majority (some 70%) of our procurement spend, for environmental, labour, human rights, bribery and corruption, and corporate citizenship risks. Save for the area of concern reflected below, the remainder have been assessed as low risk rating.

We are aware of the well-publicised Volkswagen and Audi emission issues affecting customers internationally. We recognise the associated risks and are engaging with our principal. The Volkswagen and Audi vehicles sold by us in our dealership territories meet local emissions compliance standards, and our operations have consequently not been directly impacted. We regret any anxiety or uncertainty our customers, or any other stakeholders, may have experienced because of this matter.

For comparability, the group has continued to use energy and emission conversion factors from 2009 to avoid any impact in the resultant energy and emissions from a change in factors. As we embark on our target period 2016 to 2020, we will give consideration to updating these in the new financial period.

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 life-cycle and 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 Budget 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 group 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.

Supply-chain environment assessment

Our commitment to environmental responsibility is carried into our supply-chain through our Worldwide Code of Conduct, the applicable aspects are:

- Sustainability Value includes:
 - **We focus on environmental responsibility and preventing waste:** ‘...We are committed to complying with environmental laws and regulations and expect our suppliers to do the same’.

Third party service providers and suppliers (TPSP&S) in all business divisions have been subjected to a risk assessment and due-diligence process in relation to bribery and corruption. This due diligence process involves the integration a more rigorous screening of TPSP&S into the existing procurement processes and setting clearly defined minimum requirements. This process is now applied to new TPSP&S and is ongoing for existing TPSP&S, in accordance with the Barloworld due diligence policy. To date some 16 500 suppliers are being covered by such assessment. As part of this process, some 3 330 suppliers have signed the Barloworld Supplier Code of Conduct which 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.”

The Supplier Code of Conduct also specifically requires our suppliers to comply with environmental laws and to recognise their responsibility towards the environment and maintain proper systems to prevent and/or minimise potential hazards.

An internal review has also been conducted on all our major principals and Original Equipment Manufacturers for risks relating to the environment, in addition to other aspects.

These suppliers account for the majority (some 70%) of our procurement spend in the group. Save for the area of concern reflected below, the remainder have been assessed as low risk rating.

We are aware of the well-publicised Volkswagen and Audi emission issues affecting customers internationally. We recognise the associated risks and are engaging with our principal. The Volkswagen and Audi vehicles sold by us in our dealership territories meet local emissions compliance standards, and our operations have consequently not been directly impacted. We regret any anxiety or uncertainty our customers, or any other stakeholders, may have experienced because of this matter.

Reporting of environmental violations and grievance mechanisms

The Barloworld Whistleblowing policy sets out procedures for reporting improprieties or improper conduct so that the rights of employees and other associated persons are protected where such disclosures are made in good faith.

All operations have well established grievance procedures in place. These are formal, documented and easily accessible to all employees. In addition, Barloworld’s Worldwide Code of Conduct specifically covers process for reporting violations of the code. It includes an anonymous Barloworld Ethics Line, and provides assurance that the group does not tolerate any reprisals against an employee for raising a concern or making a report in good faith.

Material aspects

The Barloworld executive and the group's risk and sustainability committees are involved in the process to identify material environment issues reflected below:

- Energy consumption
- Greenhouse gas emissions
- Water stewardship
- Waste management, including recycling and extended lifecycle (rebuild and remanufacture), and responsible waste disposal

Coverage

Responses to the indicators cover the performance of Barloworld Limited in all the geographic regions in which the Barloworld group and its subsidiaries operate. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Associates and joint ventures are equity accounted.

d. 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 2015 Integrated Report as well as Barloworld's online responses to the GRI G3.1 reporting guidelines at www.barloworld.com available from 21st December 2015).

Management Approach

Barloworld is fully committed to the fight against bribery and corruption and to preventing dishonest, fraudulent, corrupt and illegal conduct. This is central to the Barloworld Worldwide Code of Conduct, our values and ethics and reflected in policies and practices in the group. This approach applies to all business operations and countries in which the group operates

Our Barloworld Worldwide Code of Conducts includes the following under the Value of 'Integrity'

- ***We refuse to make or receive improper payments - In dealing with public officials, other corporations and private citizens, we firmly adhere to ethical business practices. We will not seek to influence others, or seek to be influenced by others, either directly or indirectly, by paying or receiving bribes or kickbacks, including but not limited to payments to local officials by Barloworld employees or agents for the completion of routine governmental administrative actions, or by any other measure that is unethical or that will tarnish our reputation for honesty and integrity. Even the appearance of such conduct must be avoided.***

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 (see GRI 1.1, Barloworld Sustainable Development – Chief Executive's message and Barloworld's 2015 COP).

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.

Any proven cases of corruption would constitute a criminal act which would be dealt with accordingly in terms of the group's disciplinary procedures. After due process the appropriate sanction would be applied which could include dismissal. Criminal charges would also be laid, where appropriate

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

The Barloworld Ethics and Compliance framework sets out the overall ethics and compliance requirements of the group. It is structured to meet the requirements of King III, legal and regulatory requirements and other international best-practice standards. It applies to all group companies, at all locations around the world.

It is the responsibility of the ethics and compliance managers throughout the group to ensure that the Barloworld Group Ethics and Compliance framework 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. This also applies to trustees of the group's retirement and medical aid funds.

Gifts received are recorded in gift registers in accordance with the group Gifts and Hospitality policy

Public policy

The group is a member of a number of organisations the objectives of which include policy development and advocacy, such as Business Leadership South Africa.

In addition, our operations across the world belong to organised business associations and advocacy groups where they operate.

The group and its divisions participate in relevant industry forums and industry lobbying and policy development activities.

By participating in these initiatives Barloworld contributes to wider society, has an opportunity to share knowledge, raise concerns and influence policy.

Reporting impacts on society mechanisms

The Barloworld Whistleblowing policy sets out procedures for reporting improprieties or improper conduct so that the rights of employees and other associated persons are protected where such disclosures are made in good faith.

All operations have well established grievance procedures in place. These are formal, documented and easily accessible to all employees. In addition, Barloworld's Worldwide Code of Conduct specifically covers process for reporting violations of the code.

It includes an anonymous Barloworld Ethics Line, and provides assurance that the group does not tolerate any reprisals against an employee for raising a concern or making a report in good faith.

Coverage

Responses to the indicators cover the performance of Barloworld Limited in all the geographic regions in which the Barloworld group and its subsidiaries operate. The consolidated data incorporates the company and all entities controlled by Barloworld as if they are a single economic entity. There are no other entities over which the group has significant influence that it believes should be included in the report. Associates and joint ventures are equity accounted.

3. Measurement of outcomes

Barloworld reports its performance information and progress in its 2015 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 2015 Integrated Report.

These will be available from 21st December 2015. Also included in Barloworld's 2015 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 2015 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 2015 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 21st December 2015.



For more information visit www.barloworld.com